

TOYOTA

November 16, 2017

244734

The Honorable Ann D. Begeman, Acting Chairman
United States Surface Transportation Board
395 E Street, S.W.
Washington, D.C. 20423

ENTERED
Office of Proceedings
November 17, 2017
Part of
Public Record

The Honorable Deb Miller, Member
United States Surface Transportation Board
395 E Street, S.W.
Washington, D.C. 20423

Dear Acting Chairman Begeman and Member Miller:

Toyota Canada Inc., the Canadian distributor of the TOYOTA and LEXUS brands in Canada, has become aware that a letter dated October 3rd, 2017 (copy attached) was submitted on our behalf to the U.S. Surface Transportation Board.

We respectfully retract that letter as information contained in the letter does not accurately reflect the facts or the views of Toyota Canada Inc.'s Management regarding the current service levels from CSX.

Please contact the undersigned if you require additional clarification.

Sincerely yours,



Lee Armour
National Manager
Vehicle Logistics
Toyota Canada Inc.



October 3rd, 2017

The Honorable Ann D. Begeman, Acting Chairman
United States Surface Transportation Board
395 E Street, S.W.
Washington, D.C. 20423

The Honorable Deb Miller, Member
United States Surface Transportation Board
395 E Street, S.W.
Washington, D.C. 20423

Docket No. EP 742

244456

ENTERED
Office of Proceedings
October 3, 2017
Part of
Public Record

Dear Acting Chairman Begeman and Member Miller:

Toyota Motor Manufacturing Canada, Inc. would like to take this opportunity to recount to you some of our experiences with CSX's implementation of their new "precision scheduled railroad" concept. Toyota Canada operates two of Toyota's North American manufacturing plants, in Cambridge, Ontario and Woodstock, Ontario.

Toyota Canada has had prior experience with the process of implementing these kinds of operating plans, as both Canadian National and Canadian Pacific went through similar major changes in their operations. Having experienced some of the difficulties that came when those two carriers transitioned to their new approaches, we were able to anticipate many of the operational implications that accompanied CSX's similar changes. Accordingly, Toyota Canada's logistics team kept a close eye on our autorack fleet to ensure that we noted any deviations from plan and were able to react accordingly.

The CSX team was very cooperative and helpful to us as the new operating changes began to be implemented. By alerting us to changes in advance, we were able to anticipate a great many of the implications that came along with these service design changes. We greatly appreciate their efforts in that regard.

To date, we have noted numerous positive outcomes from the CSX changes. Location dwell was an issue at the beginning, but has been reduced drastically in the last few months. Data reporting has improved. CSX's car location and movement records are now amongst the most accurate and consistently reported of all the railroads. This allows Toyota Canada's logistics team to accurately track railcars within our internal systems and to provide our internal customers with accurate ramp ETA's.

CSX's on-time performance has improved and that has helped us improve the accuracy of our internal ETA-to-dealer metrics.

CSX's operations and automotive staff has gone through some significant changes. There has been a marked improvement in reaction times and efficiency in dealing with Toyota Canada requests. The CSX marketing and sales professionals have an in-depth knowledge of operations, performance metrics, etc., which is not especially common in all marketing departments.

As we look ahead, one of the biggest challenges we expect to encounter will be misrouted railcars. This is a byproduct of significant change. However, as a customer, we identify this as an important area for CSX to focus on. One area in which CSX has shown good responsiveness has been turning around misroutes,