



214932

490 Stuart Road, NE, CLEVELAND, TN 37312

Facsimile Cover Sheet

To: Mr. Vernon Williams, Secretary
Surface Transportation Board

Phone:
Fax: 202-565-9002

From: Michael D. Gilley
Phone: 423/336-4828
Fax: 423/336-4830

Date: October 12, 2005

Pages including this cover page:

1

Views on the Impact, Effectiveness and the Future of the
Staggers Act

Michael D. Gilley
Olin Corporation

Revised letter.
Please discard
previous FAX.
Thanks.



**CHLOR ALKALI
PRODUCTS**

490 Stuart Road, NE, Cleveland, Tennessee 37312
423/336-1828 • 423/336-4830

Michael D. Gilley
Vice President, Logistics

October 12, 2005

Mr. Vernon Williams, Secretary
Surface Transportation Board
Attn: STB ExParte No 658
1925 K Street, N.W.
Washington, D.C. 20423-0001

Subject: Views on the Impact, effectiveness and the future of the Staggers Act

Dear Mr. Williams:

Olin Chlor Alkali Products is one of the world's leading manufacturers of chlorine, caustic soda and related chemicals. Like many manufacturers, we rely on railroads to deliver our raw materials and finished products in a timely and cost effective manner. Our four (4) facilities are served by a single rail carrier. As a "captive shipper" we are subject to exorbitant prices, poor services and weak safety performance. On the 25th anniversary of the Staggers Act, we appreciate the opportunity to provide our views and comments.

Since the Staggers Act of 1980, the railroads industry has seen major changes. As a result of the federal policy that removed the regulation of rates, rail customers currently face numerous policies restricting their ability to function in a competitive marketplace, a totally opposite effect from what deregulation intended. In fact, unlike other deregulated transportation providers (air and truck) the number of competitors has been dramatically reduced from 40 Class 1 railroads to 7 today.

With this Act, the railroads financial health has improved significantly. There has been significant mergers and carrier rationalization. At the same time, rail carriers have substantially increased rates for all captive shippers - without fear of regulatory intervention.

Railroads have also had the upper hand with respect to captive customers. No other transportation mode can restrict access to competitors the way the rail carriers are allowed to do. Railroads have been protected from competition and customers have no recourse on rates. Since 2002, our industry has seen double to triple digit rate increases! Fuel surcharges have escalated by more than 15% in the past two years. In today's global marketplace, U.S. rail transportation costs have become the determinant cost of doing business. Without Congressional intervention, captive rates will continue to rise at double digit levels or higher forcing a growing number of industries to cease domestic manufacturing in favor of imports.

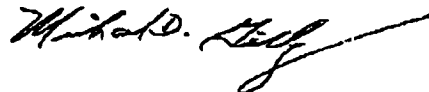
As rail costs are increasing, reliability is decreasing. Our company, our suppliers and our customers all depend on the scheduled and reliable delivery of products. In recent years, system average transit times have increased by 30% and transit time variability has increased significantly. In addition to jeopardizing continuous plant operations, this lessening of efficiency has required us to invest over 1 million dollars annually in additional rail cars to meet customers and production needs.

Environmental, health and safety performance is a priority for our company. We require our shippers to treat our products with that same degree of respect. The frequency and severity of railroad accidents is of major concern to us. Railroad performance needs to be urgently addressed.

Rail customers and railroads need each other. It is clear that the current policies do not provide any protection, recourse or fairness for the rail customers. These policies are imposing dramatic cost increases on captive rail customers while at the same time customers are experiencing a decrease in performance, reliability and safety. Reforms are necessary to preserve U.S. economy and the railroads.

We cannot continue to endure a 20% percent annual increase in railroad freight costs. Please consider changes that are fair to both the shippers and the railroads.

Sincerely,



Mike Gilley
Vice President, Logistics