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Hon. Martin Oberman  
Chairman  
Surface Transportation Board

Hon. Michelle Schultz  
Vice Chairman  
Surface Transportation Board

Hon. Patrick Fuchs  
Member  
Surface Transportation Board

Hon. Robert Primus  
Member  
Surface Transportation Board

Hon. Karen Hedlund  
Member  
Surface Transportation Board

*Via electronic mail*

**RE: Ongoing Rail Service Challenges and Expanded Service Metrics**

Dear Chairman Oberman, Vice Chairman Schultz, and Members, Fuchs, Primus, and Hedlund:

The American Chemistry Council (ACC) is writing to provide our perspectives on current rail service challenges and how they continue to impact U.S. chemical producers. Specifically, we are sharing: 1) results from ACC's most recent member survey about supply chain and freight transportation issues, 2) additional feedback from companies on specific rail service concerns, and 3) ACC views on the expanded service metrics that Class I railroads currently report under EP 770-1.

ACC commends the Board for its actions to address the service crisis plaguing the U.S. freight rail network. Unfortunately, the crisis has not subsided, and it is unclear that the U.S. rail network is on a path to recovery. To date, steps by Class I railroads to boost hiring and other measures have not translated into meaningful service improvements. Furthermore, ACC members continue to face new challenges and obstacles, including embargos and restrictions, that severely hamper their ability to maintain operations and meet customer demand.

ACC Supply Chain Survey

ACC recently updated our member survey on supply chain and freight transportation issues. ACC has now conducted this survey three times (December 2021, March 2022, and July 2022) to gain a better understanding of the scale of challenges faced across all transportation modes and how these challenges impacted chemical industry operations.

Survey results focused on the second quarter of 2022 provide troubling signs that the rail service crisis has not abated and, in fact, has become worse for many ACC member companies.

- In July, nearly half (46%) of companies reported that rail delays/service challenges had *gotten worse* since the 4th quarter of 2021. Only 7% reported that service improved. For comparison, when asked the same question in March, 39% reported that service had gotten worse.
- The vast majority of companies (90%) reported that they experienced *longer transit times* for rail service. High numbers of companies continued to report *missed switches* (66%), *reduced service days* (64%), *increased demurrage charges* (59%), and *increased rates* (59%).
- Nearly half of companies (43%) reported that they were forced to *increase the size of their tank car fleet* because of freight rail service issues. As Board members know, adding rail cars to handle the same volume of shipments adds substantial costs for shippers and contributes further congestion to the rail network.

ACC is preparing a survey report with more detailed findings and will provide it to the Board shortly.

#### Additional Information on Rail Service Problems

ACC members have been significantly impacted by the BNSF embargo on rail shipments into California. For products covered by the embargo, BNSF has granted few permit requests (generally less than 10%) and some companies have gone weeks without being allowed to ship any product to their customers. As a result, companies have been forced to reduce production while shifting as much traffic as possible to truck. Even more troubling, BNSF has extended the embargo into August with no end-date given.

ACC members have reported significant problems with CSX service, including major challenges in the Cincinnati area. In July, one ACC company facility received just over half of scheduled switches, forcing the facility to cut production by 50% and threatening a complete shutdown. Another site experienced numerous missed switches despite their service days being reduced from 5 days/week to 3 days/week. Multiple companies stated that transit times were up more than 50%. CSX has indicated that they are “working to improve service as quickly as possible” but have not provided any clear timelines.

The New Orleans interchange remains a problem area for delays and congestion. Chemical and plastics production is heavily concentrated in the Gulf Coast and substantial chemical traffic moves through New Orleans.

#### Expanded Rail Service Metrics

ACC appreciates the Board’s May 6, 2022, decision in EP 770-1 requiring Class I railroads to report more comprehensive and customer-centric performance metrics for a six-month period. ACC monitors the weekly reports and compiles data on several system-wide metrics (Weekly Recrew Rate, Industry Spot and Pull, and Weekly Percentage of Manifest Service Rail Cars Placed Within 24 Hours of Original Arrival Estimate). This data provides valuable information on railroad performance, including some initial visibility on first mile/last mile service. Individual ACC members also use the terminal and operating division data for insight on rail service impacting their facilities and routes.

The system-wide metrics reported in EP 770-1 provide further evidence that overall rail performance has yet to improve significantly. For example, as shown in the attached charts, the weekly average of carriers' "spot and pull" fulfillment has declined since reporting began. On-time performance for manifest traffic improved somewhat, but progress appears to have stagnated since mid-June.

As stated in the Board's decision, the expanded service data is intended to "promote transparency, accountability, and improvements in rail service." Unfortunately, the value of this data is hampered by the difficulty in accessing it on STB's website. We urge the Board to make the data publicly available in a more useful format. Specifically, the Board should provide the reports on a single webpage, with the files organized by week and clearly labeled (e.g., "KCS Weekly Service Data – 7/15/2022"). As soon as practical, the Board should begin providing compiled data in a database or dashboard with data analytics and visualization functions. We also encourage the Board to extend the time period for collecting this information and move forward with First-Mile/Last-Mile Service rulemaking in EP-767.

ACC appreciates the Board's longstanding interest in service and operational challenges impacting rail shippers. If you have any questions, or would like to discuss the survey findings, please contact me at 202/249-7710 or [jeffrey\\_sloan@americanchemistry.com](mailto:jeffrey_sloan@americanchemistry.com).

Sincerely,

A handwritten signature in cursive script, appearing to read "Jeffrey Sloan".

Jeffrey Sloan  
Senior Director, Regulatory Affairs

### Attachment 1

#### Summary of Key Service Metrics Reported in EP 770-1

