



James M. Foote  
President & Chief  
Executive Officer

500 Water St., C900  
Jacksonville, FL 32202

January 16, 2019

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

Dear Chairman Begeman:

In response to your December 17 letter requesting information relating to accessorial and demurrage tariff items, please find enclosed CSX's 2018 quarterly accessorial revenues, with quarterly demurrage revenue reported separately (Attachment A), as well as a list of our accessorial items with website links providing access to the tariffs (Attachment B).

From the outset, it's helpful to understand that we don't view accessorial and demurrage tariff items as a key driver of CSX revenues – they only represent 3% of our total 2018 revenues. Some additional context is that roughly 95% of CSX traffic moves under mutually agreed upon transportation contracts that adopt the relevant tariff items.

Accessorial and demurrage tariff items relate to ancillary functions where something more is required from the railroad than the straightforward linehaul movement of freight. Accessorial charges can take a variety of forms, but examples include customer requests for the railroad to perform switch work at their plant location beyond the customary release and pull of a rail car at origin/destination (intra-plant switch). Another example is the customer request to divert rail cars from the destination originally requested on the shipping instructions to an alternative location (diversion). Demurrage is assessed, for example, when a customer exceeds the "free time" available to load or unload the rail car after CSX has released the car to them.

The charges have a long history within the rail industry, and you'll see them in other transportation sectors as well, including trucking companies, port terminals and steamship lines. In all cases, their purpose is to further the efficient management of assets and promote a fluid transportation pipeline. While CSX has always had these tariff items, prior to implementing scheduled railroading, the company didn't consistently update and enforce them. In my view, that's not an acceptable way to run a railroad. Through 2017, and part of 2018, we transitioned our customers to a more customary and regular expectation that the tariff items were applicable. We also communicated that the tariff items promoted a faster, more efficient service product to the ultimate benefit of all customers on the network.

We've seen our customers grow comfortable with the changes. They want a reliable, best-in-class transportation provider. For that to be achievable, they understand they have a role to play. For example, we used to have a significant number of customers holding onto a buffer stock of CSX empty cars. When rail assets languish in this manner, total asset turn times slow down and the asset pool available to fill other customers' needs is reduced. During the transition period referenced above, customers learned that when they turn the assets back to us more quickly, we're able to handle the same amount of freight with fewer assets; they have less inventory in motion; and the network has an opportunity to run faster. If the customer owns their cars, it's even better – they no longer need as many cars in their fleet cycling to their supply chain partners.

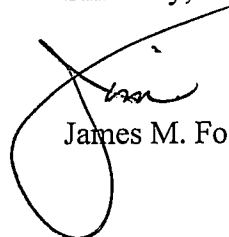
Asset management measures like these have reduced the number of idle cars in our yards, terminals and origin-destination endpoints. In fourth quarter 2018, we saw a 10% decrease in active cars online year-over-year, despite an increase in volumes during the same comparison period. We've also achieved all-time record levels for the fourth consecutive quarter in velocity, while fourth quarter car dwell improved 13% year-over-year and nearly matched the all-time record set in the third quarter. Along with this, we're continuing our commitment to safety as our first priority, and I'm pleased to advise that our fourth quarter FRA personal injury frequency index and train accident rate improved 36% and 11% respectively over fourth quarter 2017. Results like these demonstrate why customers have a vested interest in our network. They know we're working hard to ever-improve, and they recognize they stand to benefit from the superior customer service product we're pursuing. In a similar vein, our Amtrak performance levels have hit recent historic highs, and Amtrak has expressed their appreciation for our substantial improvements.

With respect to your sentiment on commercial fairness, we believe all our rates – linehaul and accessorial alike – are commercially fair. CSX is focused on growing our business, and growth would not be possible if we were acting unfairly towards our customers. Our Sales & Marketing team takes into account the facts and circumstances of varying situations, including when CSX may be at fault. We have several mechanisms in place, some detailed in the tariffs and some not, that provide accommodations to the customer when we do not meet certain service expectations. Examples include demurrage and private car storage credits, open gate service credits, and missed switching credits.

We continue to be excited about the progress we're making towards our goal of being the best all-around performing railroad in North America – one where our valued employees, customers and the communities we serve all benefit.

Should you have any questions about the information we have provided, please don't hesitate to let me know.

Sincerely,



James M. Foote

**ATTACHMENT A**  
***CSXT 2018 Quarterly Accessorial & Demurrage Revenues<sup>1</sup>***

<b>CSX 2018 Demurrage and Accessorial Revenue by Quarter</b>						
<i>Dollars in millions</i>						
	Q1-18	Q2-18	Q3-18	Q4-18	YTD 2018	
Demurrage Revenue	\$ 54.9	\$ 56.1	\$ 66.9	\$ 68.8	\$ 246.7	
Accessorial Revenue	27.0	27.4	32.8	31.8	119.0	
<b>Total Demurrage &amp; Accessorial Revenue</b>	<b>\$ 81.9</b>	<b>\$ 83.6</b>	<b>\$ 99.7</b>	<b>\$ 100.6</b>	<b>\$ 365.7</b>	

---

<sup>1</sup> The accessorial revenue line item excludes demurrage or linehaul revenue, as requested in Chairman Begeman's December 17 letter.

**ATTACHMENT B**  
***CSXT Accessorial Items for 2018 Reported Revenues<sup>2</sup>***  
***(Tariffs accessible at website link provided)***

**CSXT 8100**

Manual Bill of Lading  
Diversion/Reconsignment  
Late Surrender Bill of Lading  
Empty Car Ordered, Reduced/Cancelled/Rejected  
Safe Loading of Railcars  
Proper Billing of Hazmat  
Non-Accidental Release Non-Hazmat  
Car Cleaning  
Adverse Loading  
OT-5 Certification Failure  
Switching Intra-Plant  
Switching Intra-District  
Switching Locomotive  
Extra or Special Switch  
Switching Intra-Plant - Rail Security-Sensitive Materials (RSSM)  
Special Train Service  
Cancelling Special Train Service  
Holding Railcar Awaiting Customs Clearance  
Customs Hold - Gov't Requested  
Insufficient Customs Documentation  
Holding Railcar Due to Incomplete Docs  
U.S. Department of Agriculture's Animal & Plant Health Inspection Services (APHIS)  
U.S. Department of Homeland Security's Customs & Border Protection Services (COBRA)  
Turning Cars  
Weighing  
Weight Overload  
Unit Train - Loading Date Change/Cancellation  
Unit Train Reservation Change  
Unit Train - Holding  
Unit Train - Recrew  
Switching - Unabsorbed Reciprocal  
Interchange Error Move  
[https://www.csx.com/share/wwwcsx15/assets/File/Customers/8100\\_TariffDocument\\_Jan2019.pdf](https://www.csx.com/share/wwwcsx15/assets/File/Customers/8100_TariffDocument_Jan2019.pdf)

---

<sup>2</sup> The listed accessorial items exclude demurrage and correlate with the accessorial revenues reported in 2018 on Attachment A. Additional items in CSXT's tariffs which did not account for revenues in 2018 were not included.

### **CSXT 8200**

Unit Train - Loading Date Change/Cancellation

Unit Train Reservation Change

Weight Overload

Unit Train - Holding

Unit Train - Recrew

[https://www.csx.com/share/wwwcsx15/assets/File/Customers/Supplemental%20Services/8200TarriffDoc-Jan2018\\_8\\_5x11\\_web\\_rSg.pdf](https://www.csx.com/share/wwwcsx15/assets/File/Customers/Supplemental%20Services/8200TarriffDoc-Jan2018_8_5x11_web_rSg.pdf)

### **CSXT 4049**

Non-Accidental Release - Hazmat

<https://www.csx.com/index.cfm/library/files/customers/publications-tariffs/tariff-4049-effective-jul-1-2018/>

### **CSXT 9803**

Dockage - Vessel/Barge

Water Supplied

<https://www.csx.com/share/wwwcsx15/assets/File/Customers/Supplemental%20Services/CSXT%209803-O-Jan%208%202019%20update.pdf>

### **Intermodal Service Directory 1**

Incorrect Description Charges

Requests for Correction of Shipping Instructions

Weighing and Re-Weighing

Empty Shipper Equipment

Secondary Lifts

Overweight Vehicles

Prohibited & Restricted Articles/Commodities

Misuse of Container

Hazmat Handling

Customs Processing/Inspections

Drayage

Additional Services (Driver Assist, Count, Load/Unload)

Vehicle Dropped at Origin or Destination

Equipment Order Not Used

Multiple Stops - Stopping in Transit

Layover

Refused or Redelivered Shipments

Diversion/Reconsignment

Cleaning of Vehicles

Shipment of Hazardous Materials

Product Disposal

[http://www.intermodal.com/share/wwwintermodal/assets/File/cxi311893\\_Directory1\\_8\\_5x11\\_web\\_rSg.pdf](http://www.intermodal.com/share/wwwintermodal/assets/File/cxi311893_Directory1_8_5x11_web_rSg.pdf)