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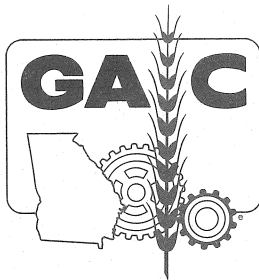
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# GEORGIA AGRIBUSINESS COUNCIL

COUNCIL MISSION: "To advance the business of agriculture through economic development, environmental stewardship and education to improve the quality of life for all Georgians."

August 9, 2017

Mr. Craig Camuso  
Regional VP for State Government Affairs  
CSX Transportation  
1590 Marietta Blvd.  
Atlanta, GA 30318

Dear Craig:

It was good seeing you last week to discuss the challenges our industry is experiencing with CSX. As a follow-up, I write to you today on behalf of the more than 1000-member companies of the Council to state our deep concerns regarding the numerous failures of agricultural freight management by CSX Transportation. We are grateful for your partnership on a variety of agribusiness issues and for your concern for our industry on these very important challenges.

As discussed, over the past several weeks we have heard examples of CSX customers experiencing extensive delays in freight delivery, retroactive rail continuation charges, unpredictable transit times, and a lack of access to the volume of railcars needed for inventory and logistics management. As such, there have been unnecessary disruptions to feed mills, farm input suppliers, and peanut buying points, among others, in numerous locations across Georgia and the region.

We respect the CSX team for seeking to refine and better facilitate your rail services, but at what cost? Any delays will have an impact, but disrupting the food and farm product delivery chain can have devastating consequences. We recognize the role of economies of scale for CSX, but that holds true for those shipping and receiving freight in our industry as well. Inventory management and freight costs are important to the success of agribusiness suppliers. Our farmers, food processors, poultry facilities, fertilizer dealers, and livestock producers do not have a way to stop their operations to wait on CSX to figure out its rail service strategy. Maintaining your customer commitments without fail must be job one. Some specific instances include:

1. Commodity buyers in neighboring states are unable to get railcars to and from Georgia sellers in a timely manner on CSX, forcing them to examine alternative transportation options. Some of the worst offenses were railcars that had been sitting for 9 days without movement. As of today, we are aware of railcar shipments that have been sitting 5 days or more. This is unacceptable. It should be noted that other suppliers who were on Norfolk Southern lines were not having these issues.
2. Adjustments could be forthcoming in that there is an examination of shipping by truck to a facility that could transfer onto a railcar on a Norfolk Southern line. The logistics and expense of doing so is quite challenging, but with CSX's deficient performance and erratic communications of late, the feasibility must be considered. Losing product and/or customers is not an option.

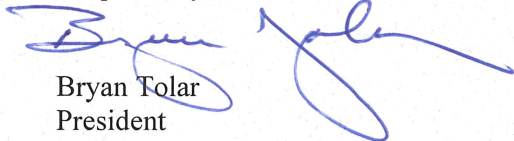


3. Agribusiness customers are having to contact CSX's marketing staff to learn the details of service changes after the fact. Sadly, even CSX staff is uncertain as to how long these issues might continue. Some CSX customers are now taking additional time to enter the complaints into the ShipCSX web portal in addition to watching carefully to ensure that railcars do not get stuck in terminals.
4. Penalties for smaller customers have become exorbitant and they have received letters stating such penalties are retroactive to the first of the year. Ironically, these same agribusiness facilities could become bigger CSX customers if services were improved. We are aware that annual continuation charges (ACC) grew 50% in 2017 for some CSX customers. These penalties are enforced even though there are times when businesses cannot access the number of railcars needed to meet the ACC thresholds. These businesses need the support of CSX services and they should not be penalized because your parameters change or needed railcar capacities cannot be met.

CSX plays an important role in the success or failure of the agribusiness industry, as well as the economic health of rural communities in particular. We raise these concerns to your attention because of the critical role rail transportation has long played in the success of the agribusiness economy here in Georgia.

We welcome your response to these concerns that we can share with our membership as well as state elected officials and leaders. Continued rail management failures and overbearing ACC policies by CSX must not become the new normal. The reputation of CSX and the livelihoods of many families across Georgia and the nation covet your immediate remedy to these shortcomings.

Respectfully,

  
Bryan Tolar  
President