On behalf of Ohio grain shippers, the Ohio AgriBusiness Association is writing to share concerns regarding significant rate increases proposed by the CSX railroad for movement of grain originating in Ohio. OABA is a 135-year-old agribusiness trade association that represents Ohio's grain industry, along with the feed, seed, fertilizer and crop protection product industries.

These new rates will greatly impact grain elevators using CSX lines and could have even broader impacts on country elevator and terminal grain pricing, as well as grain logistics, markets and movements. Similar rate increases, and potential impacts, will affect other areas of the eastern Midwest, including Michigan, Indiana and Illinois. This remains an evolving issue, but clearly is one that will negatively impact farmers and agribusinesses, as well as customers and users of grain and grain products that traditionally purchase commodities from our state.

For background, CSX is one of only two major rail carriers in Ohio, leaving very little room for alternative movements of Ohio-produced grain – corn, soybeans and wheat – to markets outside the state.

These new rates will likely have the following considerable impacts on Ohio agriculture:

- Reportedly, these increases will impose additional shipping costs ranging from 10-20 cents per bushel of grain hauled by CSX, that translates to anywhere between a 35 percent to 380 percent increase in transportation costs.
- The increase in transportation costs will be passed down to farmers, who will be hit in the pocketbook. Money that historically went to help them grow their businesses and create jobs will now go to paying higher freight costs.
- We have been told that the new rate structure picks “winners and losers,” meaning that some existing grain handlers are disadvantaged more than others. The new rates reportedly are disproportionate in how they impact similar operations, causing uncertainty and confusion.
- Many grain handlers impacted negatively by these new rates have invested heavily – millions of dollars – to improve their own rail loading operations, often with the encouragement, if not insistence of CSX, and now they are put at an economic disadvantage to others.
- The increased rates on the CSX likely will alter and disrupt customary “grain flows,” with dramatic consequences on agribusinesses, farmers and customers.
- Additionally, customers of Ohio-produced grain may be forced to look elsewhere for grain. This could mean an increase in imports of grain from South America for major feeders located near ports, which would hurt Ohio companies, producers and others.
- The potential of lower volumes on rail puts additional pressure on the viability of short line railroads, which largely rely on agricultural shipments for their livelihood. This comes at a difficult time for short line operators, who are looking for opportunities to improve deteriorating infrastructure. Lower volume could mean decreased revenue and ultimately even more deterioration of the infrastructure, if not the abandonment of some lines.
- While a complete shift to trucking is not viable, these rate increases will put dramatically more trucks on the roads to move grain from traditional rail houses to more competitive rail houses.

We understand the CSX is currently listening to customer complaints and concern, but has taken no action to date on rescinding or mitigating the rate increase. We ask that the Surface Transportation

Board please review these extraordinary rate increases. If you have questions or need additional information, please contact Chris Henney at 614-326-7520 or chenney@oaba.net.

Sincerely,