

Shipper's Expectations of Service Providers

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Merichem Company safely moves millions of gallons of bulk hazardous liquids chemicals annually using a variety of modes of transportation.

Broad network of suppliers, receiving locations, and intermediate storage

- Suppliers
 - Primarily refineries
- Receiving locations
 - A variety of “outlets” which can use the delivered product in a manner consistent with EPA “Beneficial Reuse”
 - Some shipments direct from suppliers
 - Some shipments originating from terminals where product is stored
- Storage
 - Millions of gallons of chemical storage capacity
 - Used to balance supply and demand
 - Some shipments cannot go direct due to mode of transportation



Modes:

- ISOs
 - Vessels
 - Barges
 - Trucks
 - Railcars
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- Each mode has its own challenges concerning shippers and related expectations of service providers.



- International shipments
- Terms are DDP
 - Low incentive to automate

Expectations of service providers:

- Effective communication from Freight Forwarders is paramount. Most importantly:
 - What/when will ship
 - What is on the water
 - When will it arrive
 - Proactive scheduling with terminals in the network



- International shipments
- Terms are FOB

Expectations of service providers:

- A network of service providers: vessels, NVOCCs, Freight Forwarders, and Customs Brokers
 - Safe product stewardship critical
 - Communication is critical as the Buyer is responsible for practically everything under FOB
 - Effective scheduling into receiving locations is important to avoid high demurrage costs
 - Heavy reliance on strategic relationships



- Owned and leased assets
- Domestic shipments
- Primarily Gulf Coast
- High volumes in terms of gallons

Expectations of service providers:

- Strong strategic partnership
- Impeccable safety record
- Proactive safety management systems
- Significant infrastructure
- Ability to manage all facets of barge management
 - Scheduling, towing, fleetting, maintenance, etc.
- Communication around all of the above



- Primarily domestic
- High volume in terms of number of shipments
- All 3rd party

Expectations of service providers:

- Proven safety record
 - All carriers must have a satisfactory safety record with the U.S. DOT
 - FMCSA SAFER system rating monitored
 - Strong bias for doing business with ACC Responsible Care® members
 - Operators properly trained to handle and secure product
- Communication
 - Carriers must interface directly with Merichem Companies' shipping and receiving locations
 - Must be trusted to communicate in a timely manner
- Document exchange
 - Must be trusted to provide required documentation when & where necessary



- Primarily domestic
- Merichem Company provides the assets
- DOT 111 General Purpose Tank Cars
- Most challenging with respect to securing vessel for transportation

Challenges with properly sealing railcars:

- Must rely on loading/unloading Operator to properly secure the railcar

49 CFR § 172.204 - Shipper's certification:

(a)(1) "This is to certify that the above-named materials are properly classified, described, packaged, marked and labeled, and are in proper condition for transportation according to the applicable regulations of the Department of Transportation."



- Malodorous product
 - Increases the possibility of detecting a NAR (Non-accident Release)
- Shipping and receiving locations must have proper training
- Shipping and receiving locations must have the proper materials and tools available
- Must be addressed proactively

Expectations of service providers:

- Merichem Company engages service providers for railcar leasing, tracking, cleaning, maintenance, etc.
- One of the most critical service providers is VSP/Carolina Seal Inc.



- Ride-Tight® Program implemented to improve existing environmental stewardship procedures
- Virginia Sealing Products Inc/Carolina Seal Inc:
 - Performed an evaluation of Merichem Company's rail fleet:
 - Mechanical specs
 - Chemical compatibility with gaskets/O-rings
 - Suggested specific gaskets/O-rings for better sealing
 - Helped retrofit the fleet with better materials
 - Trained shipping and receiving locations
 - Classroom training
 - Hands-on training
 - Provides ongoing support
- As service providers, VSP/Carolina Seal Inc have become strategic partners critical to Merichem Company's commitment to environmental stewardship.



Common to all:

1. Demonstrated commitment to safety in shipping and responsible product stewardship
2. Effective communication

