

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

304452

Docket No. EP 770

URGENT ISSUES IN FREIGHT SERVICE

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COMMENTS OF INDORAMA VENTURES

Indorama Ventures respectfully seeks leave to file these comments after the STB-designated filing date regarding its service issues in this important proceeding. Because of the short timeframe to file comments, Indorama Ventures needed additional time to obtain internal authority to submit these comments in a public proceeding. Indorama Ventures does not believe these comments will result in any prejudice to its rail carriers and would welcome their response to these crucial rail service issues that our company has undergone as set forth herein.

My name is Barbara Hagler, and I am one of the North America Logistics Managers for Indorama Ventures, Combined PET segment. Along with my counterpart, we are responsible for the logistics function for the majority of Indorama Ventures in the Americas, which includes rail-related activities in North America. We have firsthand experience with being captive shippers and working with the railroads on service issues and rate negotiations since the early 2000's. As you may recall, Indorama is a global chemical and plastics company with 21 manufacturing facilities located in the United States, Canada, and Mexico, along with over 30 transloading sites.

I would like to start off by thanking the Board for continuing your efforts to hear what shippers are battling with regarding today's rail service failures. We cannot stress the importance of consistent, reliable service from the railroads to keep our supply chain running smoothly. When the railroad is not able to provide adequate service, we have the potential to lose sales as well as incur additional costs in transportation, storage, or even site shutdowns. Most of our sites and customers are captive to a single railroad, with no other realistic shipping/receiving options in many cases.

As we advised the Board last month during our testimony in the Reciprocal Switching hearing, Indorama has faced significant service failures by the railroads. Implementation of PSR resulted in less railroad employees, reduced service, closed hump yards, and changing their overall operating guidelines to improve their operating ratios. This was done at the expense of their customers and employees. Since 2017, Indorama sites have experienced missed switches at plants and customer sites, bunching of cars in transit leading to a feast or famine scenario at the delivery site, slow return of empties back to the operating sites, and longer transits. The railroads have pushed our sites to take on more expense and change operations to match their new processes and operating strategies. We have had to increase our rail car fleet by over 10% in the past couple of years solely due to inconsistencies with rail service. We have brought on additional storage yards, at our expense, to accommodate changes in free time and last-mile operations and schedules. Then, COVID-19 hit and suddenly the railroads had cut so many employees they were unable to recover as their employees called in sick or left for other industries. Any small uptick in volume now causes significant issues for the railroads. This has been devastating to our business with service failures causing us to slow or stop production due to lack of raw-material cars or empties being delivered to our sites.

In our plants in the Southeast, we have lost almost 110 million pounds of production in the last 14 months at one plant. Another plant in the Southeast lost production of over 5.5 million pounds over a 6-month period. Both sites are captive with competing railroads nearby.

Another plant in the Northeast lost 52 million pounds of production in the first 2 months of 2022 alone due to increased transit times and railroad delays.

Cost to Indorama for these delays has been over approximately \$105 million.

During a 10-month duration in 2021, another plant had to ship approximately 280 trucks to cover customer shipments primarily due to rail service issues.

The Norfolk Southern Sheffield Yard has had their challenges with crew issues, locomotive shortages, and overall congestion, but within the last two weeks, NS has been overwhelmed with Union Pacific traffic backing up as NS cannot move trains to the Memphis UP interchange due to congestion on the UP. We are seeing cars sit in Sheffield Yard for 10 to 12 days before they are moved.

As recently as this week, on April 25th, we were notified by the Union Pacific of their new initiative to temporarily reduce volume by 20% on their network to help them ease

congestion. They suggested Indorama move rail shipments to other modes, or competing railroads if possible, or ask customers to slow orders for a short period of time. This is just another example of the railroad being unable to provide adequate service and pushing back on the customer at our expense to help right their network.

Indorama is also highly focused on the environment and reducing our carbon footprint. We have companywide goals to increase our recycled product as well as ship more product via rail due to the safer impact on the environment versus other modes. Indorama has made significant investments in track space at our sites as well as in our private car fleet in order to help make rail service more attractive and effective.

These actions cannot continue, and something must change with the way the railroads operate. The railroads must be held accountable for lack of reliable service. The rail shipping industry should not be expected to continue to take on the cost and repercussions of the railroads' failures. The system is clearly broken, and Indorama stands by willing to help with the fix in any way we can. We just prefer that shippers like us are not left to hold all the cost, lost sales, and inconvenience.

Thank you again to the Board for your time and consideration in holding the hearing and requesting comments on this crucial topic.

Respectfully submitted

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