

SURFACE TRANSPORTATION BOARD

Docket No. EP 755

FINAL OFFER RATE REVIEW

Summary of Teleconference Meeting between Solvay America, Inc and
Surface Transportation Board Chairman Ann D. Begeman

July 14, 2020, 3:00pm ET

ENTERED
Office of Proceedings
July 23, 2020
Part of
Public Record

Solvay Attendees: Mike Lacey, President; Fred Radvansky, Senior Rail Buyer for Inland Logistics North America; Carlos Escobar, Commercial Operations Senior Lawyer; Dave Cetola, VP Government Affairs North America; Elizabeth Boylan, Advisor for Government Affairs North America

STB Attendees: Ann Begeman, Chairman; Rachel Campbell, Managing Director; Craig Keats, General Counsel; Bill Brennan, Director of the Office of Economics; Kim Hillenbrand, Transportation Industry Analyst; Chris Diamond, Attorney-Advisor; Adam Kress, Attorney-Advisor; Amanda Gorski, Attorney-Advisor; Valerie Quinn, Attorney-Advisor

The meeting began with introductions. Solvay thanked the Board for the opportunity to weigh in on the Final Offer Rate Review (FORR). Rail service is a large and critical component of Solvay's global supply chain and Solvay highlighted the large volume shipped by its businesses over hundreds of rail routes across North America. Solvay highlighted the need for a fair and effective rate case process moving forward. Solvay joins others in the industry to advocate for shippers to have an option to participate in a rate resolution process. The existing stand-alone cost (SAC) process is impractical because it is expensive, time-consuming and difficult to manage. FORR provides a practical framework to resolve rate disputes through a fair process. Solvay probably wouldn't use FORR, but it would be a good tool for smaller shippers.

Chairman Begeman asked whether Solvay would be more willing to participate in a process that included arbitration. Solvay replied that it would need to see a proposal on arbitration before taking an official position, but is seeking a dispute resolution process that's fair. A fair process would include things like neutral arbitrators and a structure that would include things like reasonable deadlines and access to information.

Mr. Keats asked whether Solvay had relationships with other critical vendors, and if so, how it handled disputes with those vendors. Solvay replied that its utilities were critical to Solvay's business, and that there is a process for contesting rates. Nobody likes contesting rates, but a process is provided that is fair. The mere existence of that process helps ensure that utilities and their customers behave reasonably. Both sides recognize that they need each other. Customers want their utility companies to be financially healthy, and the utilities likewise want their customers to be financially healthy. Solvay believes that FORR would be unsuccessful if it resulted in the filing of thousands of complaints. It should be a tool that is used frequently enough to keep both shippers and railroads honest. Solvay would like to have

a strong relationship with its railroads and is in favor of a viable outlet for resolving rate disputes.

A question was posed about the biggest transportation challenges and opportunities faced by the business. Solvay described the fact that about 90% of the world's natural trona deposits are in Green River, Wyoming. The producers of soda ash in Green River can produce soda ash and ship it to China at lower cost than domestic Chinese producers who must produce soda ash using a synthetic manufacturing process. Roughly 50% of the soda ash produced in Green River is exported, and rail costs are by far the most important component of supply chain costs. Soda ash is a domestic, non-toxic and environmentally friendly product that is easy to ship. The growth of the four soda ash producers in Green River is contingent on their relationship with the railroad serving Green River. Solvay commented that if rail rates are reasonable, soda ash exports can grow and the railroad will handle more traffic - a win-win.

Solvay noted that a Turkish company had started delivering soda ash produced in Turkey by vessel to the East Coast of the United States at a cost of about one-third or one-fourth less than the cost to domestic soda ash producers of delivering product from Green River to the East Coast by rail.

Solvay contended that domestic producers should be able to compete with any foreign manufacturer of soda ash, but currently cannot compete with a Turkish competitor on the East Coast of the United States due to expensive rail transportation.

In closing, it is clear the STB is passionate to offer a solution in this area. Solvay expressed appreciation for the Board's efforts and the ability to share its perspective as a shipper.