



February 14, 2022

The Honorable Martin Oberman
Chair
Surface Transportation Board
395 E St SW
Washington, DC 20423

Re: Testimony of the Glass Packaging Institute – Docket No. EP 711 (Sub. No. 1) Reciprocal Switching Proposal

Dear Chair Oberman and Commissioners:

On behalf of the Glass Packaging Institute (GPI), the North American trade association for the glass container manufacturing companies, and suppliers of raw materials, recycled glass, machinery, equipment and services to the industry, I am pleased to offer the following testimony and comments on EP-711, Sub No. 1, the Reciprocal Switching proposal, currently under consideration by the Board.

Background

Glass container manufacturers and their raw materials suppliers utilize rail daily to transport materials to plants and finished product to market.

The majority of the glass container plants in operation today were built several decades ago, located purposely and in close proximity, to Class 1 rail spurs. Efficient and reliable rail transportation is vital to the operations and the careers provided at these facilities plants. The bulk of our supplier member companies, which provide soda ash, silica sand, limestone, recycled glass and other glass bottle and jar inputs were also situated near rail lines and spurs, in order to facilitate delivery to the glass container plants.

The furnaces at glass container plants, which melt the raw materials and recycled glass to produce new bottles and jars, operate 24-hours a day, seven days a week. Like many manufacturing facilities across the country, they cannot be shut down (or easily “turned off”) due to a lack of raw materials delivery without incurring significant risk of employee safety, possible

damage to capital equipment, and enormous expense from lengthy shut-down and start-up procedures. In fact, shutting down a furnace due to lack of supply from largely-rail delivered furnace inputs has the potential to place the plants out of compliance with their operating permits.

Reciprocal Switching Proposal

GPI strongly urges the Surface Transportation Board to adopt the reciprocal switching proposal under consideration. The recently issued Executive Order on Competition issued by the Biden Administration, “encourages” the STB to adopt a practical competitive switching proposal, if it would be “good for competition”. We believe adoption of the proposal, which would provide shippers a practical reciprocal switching option, on a case-by-case basis, would increase competition, and as a result, make rail rates more competitive and fairer for our member companies and shippers across industries.

While the ability to grant reciprocal switching has technically been available since 1980, as the Commissioners are aware, no company has been granted one in that time, due to the high-qualifying regulatory hurdles currently in place.

Exacerbating these logistic and financial challenges for shippers has been the broad implementation of precision railroad scheduling (PSR) independently by the Class 1 rail lines. In many instances, the use of PSR has significantly increased delivery times and associated costs for shippers, many of them largely referred to as “captive”, by the nearby Class 1 rail lines from which they are served.

As outlined below, the challenges for GPI member companies to secure access to reliable and cost-competitive Rail 1 class service have existed long before the original reciprocal switching went under consideration by the STB in 2011.

Challenges Experienced by the Glass Container Industry

GPI has received numerous examples from member companies of long-time service issues with Class 1 rail lines over the past several years. While these issues find short-term resolutions, they remain both persistent and recurring over time.

The instances of the below service and delivery challenges, and their associated costs, could be greatly reduced by adoption of the reciprocal

switching proposal, which as we have noted, would provide reasonable opportunity for other Class 1 rail options and service.

- Rail cars scheduled to be released by Class 1 lines often take several additional days (in many instances, several weeks) to arrive at intended destinations.
- Ordered Class 1 rail cars are frequently sent to wrong locations, requiring companies to re-adjust planning and re-schedule delivery of raw materials.
- GPI member companies are assessed frequent expedite and demurrage fees when a rail switch is missed due to circumstances outside of their control, (i.e., rail bunching and congestion.) These fees are often assessed after only 24 hours, an unreasonably short timeframe for such charges to be levied.
- There is a consistent lack of timely and sufficient communication and proactive resolution from the Class 1 lines to shippers on rail car status.

GPI urges the Board to take definitive steps now to finalize the reciprocal switching proposal, and to consider further action to provide shippers with greater access to competitive rail service.

On behalf of GPI, we appreciate the opportunity to provide our testimony and perspective today. We look forward to further discussions, and to meeting with the Board, after the conclusion of the hearing.

Sincerely,

A handwritten signature in black ink, appearing to read "Scott DeFife", with a stylized flourish at the end.

Scott DeFife
President