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14555 Dallas Parkway, Suite 400
Dallas, Texas 75254-4300
Phone 972.404.3800

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EP 711 (Sub-No. 1)

Hon. Martin Oberman
Chairman
Surface Transportation Board

Hon. Michelle Schultz
Vice Chairman
Surface Transportation Board

Hon. Patrick Fuchs
Member
Surface Transportation Board

Hon. Robert Primus
Member
Surface Transportation Board

Hon. Karen Hedlund
Member
Surface Transportation Board

RE: PROPOSED RULE ON RECIPROCAL SWITCHING (DOCKET NO. EP 711)

Dear Chairman Oberman, Vice Chairman Schultz and Board Members Fuchs, Primus and Hedlund:

Occidental Chemical Corporation and Oxy Vinyls, LP (together, "Oxy") strongly support the adoption of the STB's proposed reciprocal switching rules, which we believe will help facilitate greater rail competition. Oxy has several facilities that are served by a single class I rail carrier. We believe these captive facilities are subject to substantially higher rail rates than our facilities that have rail competition.

We applaud the STB's decision to proceed with this rulemaking and agree that new switching rules are needed. The Staggers Act of 1980 specifically empowers the STB to grant reciprocal switching when it is in the public interest or necessary to provide competitive rail service. The STB's existing rules impose such high regulatory hurdles that no shipper has ever been able to successfully obtain competitive switching.

The rail industry today is vastly different than the industry of the 1980s and there are far fewer competitive options (and if the proposed combination of CP and KCS is approved, there will be even fewer). The STB Office of Economics' recent Annual Rail Rate Index Study shows that since 2004, real rail rates (adjusted for inflation) have increased by 30%. Many shippers remain captive to their railroad, even when reciprocal switching could help create a more responsive and competitive freight rail system.



Based on the extensive evidence already submitted in this proceeding, we believe reciprocal switching can be implemented without compromising the railroads' ability to invest in the rail network or harming service for other rail customers. The proposed case-by-case approach allows the STB to appropriately consider the interests of all stakeholders based upon the facts of each individual competitive switching request.

We encourage the STB to finalize reciprocal switching rules that will provide shippers with greater access to competitive rail options.

We appreciate the STB's consideration of this letter.

Respectfully submitted,

A handwritten signature in black ink that reads "Karenanne Stegmann". The signature is written in a cursive, flowing style.

Karenanne Stegmann
Vice President Supply Chain