



November 8, 2023

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

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**Re: Comments of the Glass Packaging Institute – Docket No. EP 711 (Sub-No. 2)
Reciprocal Switching for Inadequate Service**

Dear Chair Oberman and Commissioners:

On behalf of the Glass Packaging Institute (GPI), the North American trade association for the glass food and beverage container manufacturing companies, suppliers of raw materials, recycled glass, machinery, equipment, and services to the industry, I am pleased to offer the following comments and overall support for the Reciprocal Switching for Inadequate Service (Sub-No 2) proposal currently under consideration by the Board.

While our comments are tailored to the broader glass container industry, our concerns on the current lack of competition across the Class 1 rail lines, and its impact on service and costs are shared by a large cross-section of shipper entities.

Background

Glass container manufacturers and their raw materials suppliers utilize rail daily to transport materials to plants and finished products to market. As GPI has highlighted over the course of several meetings with Commissioners, and as noted in our earlier testimony and comments, the majority of glass container plants in operation today were built decades ago, situated purposely and in close proximity to Class 1 rail lines and spurs.

Efficient and reliable rail transportation is vital to the operations and careers provided at the plants. The bulk of our supplier member companies, providing soda ash, silica sand, limestone, recycled glass and other glass bottle and jar

inputs largely use rail to facilitate delivery to the glass container plants.

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 damage to operating equipment. Restarting the furnace of a container plant involves enormous expense and is done only after a rebuild or furnace reconstruction (on average, once every 20 years). Shutting down a furnace due to lack of supply from largely-rail delivered inputs also has the potential to place plants out of compliance with their operating permits.

Ongoing Challenges Experienced by the Glass Container Industry and the Continued Need for Access to Reciprocal Switching Options

GPI continues to receive examples from its members connected to long-term service issues with Class 1 rail lines. While these issues find short-term resolutions, they remain both persistent and recurring.

The below service and delivery challenges (and their associated costs) could be significantly reduced through finalization of the Reciprocal Switching for Inadequate Service proposal, providing reasonable opportunity to obtain broader Class 1 rail servicing options.

- 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 to re-schedule delivery of raw materials.
- Frequent assessment of detention and demurrage fees when a rail switch is missed due to circumstances outside of their control, (i.e., rail bunching and congestion, lack of staffing.) These fees are often assessed after only 24 hours, an unreasonably short timeframe for such charges to be levied.
- Consistent lack of timely and sufficient communication, and proactive resolutions being put forth from the Class 1 lines to shippers on rail car status.

Comments on the Reciprocal Switching Proposal

GPI urges the Board to put into place the Reciprocal Switching for Inadequate Service proposal out for comment. The incorporated metrics for reliability and timeliness would improve overall service, making Class 1 service more competitive for our member companies and shippers across industries.

We ask that the Board consider two additional recommendations to further address deadlines, service metrics and other shipper considerations.

1. Benchmarking Timeframe Adjustment

The proposed 12-week timeframe on which rail service and related reliability metrics would be benchmarked is too long from our perspective. This represents a full quarter of shipments and deliveries to and from our supplier and customer bases. We ask that the Board **consider shortening this timeframe to 8 weeks**, so any issues may be addressed in a timelier manner.

2. Success Rate for Original Estimated Time of Arrival (OETA)

GPI asks that the OETA service standard be raised to 75% permanently after the first year of implementation. This would allow for the Class 1 rails, who under the proposal would only need to reach OETAs 60% percent of the time for the first year of the rule, to properly plan for deliveries, schedules and required personnel.

This also represents the very reasonable expectation of the glass industry, its suppliers and customer bases, that 3 out of 4 deliveries or shipments will meet their OETAs.

Rural Captive Shippers

There will be many shippers in and outside the glass industry that simply do not have access to other Class 1 rail service options, regardless of service or reliability metrics missed. We ask that the Commission closely review future data, paying particular attention to any concerns expressed from these “rural captive shippers” after the rule goes into effect. GPI wants to make certain that these shippers are not provided poor service or otherwise disadvantaged as the Class 1 rail lines focus their priorities in more competitive areas of the country.

This docket and proposal are in line with the Executive Order on Competition issued by the Biden Administration (July 2021), which encouraged the Board to adopt a practical competitive switching proposal for competition purposes. As you know, the ability to grant reciprocal switching has technically been available since 1980, however no company has been granted one in that time due to the current qualifying regulatory requirements in place.

GPI remains appreciative of efforts by the STB and staff to address these longstanding shipper issues, and the definitive steps being taken to improve rail services, expand options and establish accountability across operating metrics.

Thank you for your consideration of our comments - we look forward to additional discussions and engagement with the Board and all stakeholders.

Sincerely,

A handwritten signature in black ink, appearing to read "Scott DeFife". The signature is stylized with a large, sweeping "S" and a long horizontal stroke at the end.

Scott DeFife
President