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Surface Transportation Board
395 E Street SW
Washington, DC 20423-0001

RE: Comments on Reciprocal Switching for Inadequate Service, Docket No. EP 711 (Sub-No. 2)

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

Celanese is a U.S. global engineered materials and chemical company headquartered in Irving, Texas. Celanese has operations in 27 countries that serve customers globally. Our products are vital to various industries ranging from agriculture, automotive & transportation, medical & pharmaceuticals, and electrical & electronics, just to name a few. The products Celanese makes possible include adhesives, vehicle parts, medical devices, appliances, sweeteners, and building materials.

To move our products to market, Celanese relies on various modes of transportation including trucking, ocean containers, waterways, pipelines, and rail. Across the U.S., Celanese has facilities in twelve states with five rail-served facilities located in Clear Lake (1), Bishop (2), and Bay City (3) Texas; Enoree (4) South Carolina; and Narrows (5) Virginia. These facilities are “captive” to only one Class-1 railroad except for our Bay City, Texas facility. Because of that, Celanese pays higher rates and receives suboptimal rail service, which often impacts product throughput. Conversely, Celanese has two facilities in Canada (Alberta/Quebec) that benefit from dual rail service due to Canada’s regulatory landscape. Celanese has experienced the benefits of competition in regard to rates and service in Canada.

As the Surface Transportation Board (Board) has stated in this proposal, “The Board’s experience in recent service oversight proceedings reaffirms that carriers’ failure to provide reliable, timely, and efficient delivery of rail shipments can result in serious consequences for the transportation network and beyond.” When Celanese starts to experience alternate arrival times, transit time increases, or no-shows, the impacts are felt far and wide by Celanese and our customers. Resource-wise, Celanese does not have the rail fleet size—and our sites across the U.S. do not have the storage and transit yards—to help alleviate the burden caused by service inadequacy. Additionally, trucking is often not a viable alternative to rail due to the following:

- Trucking is often cost-prohibitive;
- Trucking capacity can create bottlenecks at our facilities and limit production capacity;
- Capital Expenditures are often needed at our facilities to modify them for trucking loading and unloading capacity; and
- Some of our customers do not accept truck shipments.

Celanese recognizes and commends the Board's focus on service-related issues for shippers. From visiting with shippers across the country that benefit from competitive access to visiting shippers that have expressed concerns with rail service disruptions, to holding hearings, Celanese appreciates the attention the Board has brought to rail service issues plaguing our nation. The Board's draft rule is well-intentioned and a step in the right direction. However, the proposed standards are set too low and are too narrow to provide meaningful access to reciprocal switching to address service inadequacy. Under the current proposal, our facilities would have to cease production because of rail service issues well before gaining access to a reciprocal switch prescription.

Celanese strongly supports the American Chemistry Council's (ACC) comments (Coalition Associations filed jointly with The Fertilizer Institute and The National Industrial Transportation League) and recommendations related to this docket. As an ACC member company, Celanese helped shape their comments and recommended changes—and echoes them. Celanese believes it is vital not only for you to hear from associations, but also from companies, as is often highlighted by the Board at hearings.

The data insights from the rule should help provide visibility into service challenges across the network, even if a shipper were unable to gain a reciprocal switching prescription. Even if a shipper does not have the service metrics thresholds triggered, it cannot be understated that the impacts on shippers are real. This is especially true for a shipper like Celanese who often has only three service windows a week, providing less room for error before it impacts production.

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Celanese needs access to reciprocal switching at our captive facilities. As a member of ACC, Celanese also strongly supports ACC's written comments being filed contemporaneously with these comments and ACC's past comments in related proceedings. Although Celanese is appreciative of the Board's focus and work on this issue, Celanese believes that the draft rail service metrics as written do not allow for Celanese and similarly situated companies to gain long-awaited competitive access via a reciprocal switch. Celanese therefore encourages the Board to continue focusing on service issues and looking to expand the scope of reciprocal switching access to not only mitigate inadequate service but also enhance competition, which would provide numerous benefits to shippers.

Celanese appreciates the opportunity to address the Board on this important topic, and we look forward to continued engagement on issues critical for shippers and our global customers in the future.

A handwritten signature in black ink, reading "Landon Schale". The signature is written in a cursive, flowing style.

Landon Schale

Vice President, Logistics