

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

ENTERED
Office of Proceedings
May 8, 2019
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Public Record

STB Docket No. EP 754

OVERSIGHT HEARING ON DEMURRAGE AND ACCESSORIAL CHARGES

**Written Statement of Lyondell Chemical Company, Equistar Chemicals LP, and
LyondellBasell Acetyls, LLC**

Lyondell Chemical Company, Equistar Chemicals LP, and LyondellBasell Acetyls, LLC (collectively, "LYB") hereby submit this written statement to the Surface Transportation Board ("STB" or "the Board") in conjunction with the Board's May 22, 2019, hearing on rail carriers' demurrage and accessorial charges. LYB thanks the Board for holding this hearing and for consideration of the information in this statement.

Lyondell Chemical Company, Equistar Chemicals LP, and LyondellBasell Acetyls, LLC are part of a group of companies with an ultimate corporate parent of LyondellBasell Industries N.V. LyondellBasell Industries N.V. represents one of the largest plastics, chemicals and refining companies in the world, with a domestic workforce of over 11,000 and nearly \$17 billion in U.S. revenue. The products from the LyondellBasell Industries N.V. group of companies are found across the economy and are key to advancing solutions to enhance food safety and access through lightweight and flexible packaging, supply clean water through stronger and more versatile pipes and improve the safety, comfort and fuel efficiency of many of the cars and trucks on the road.

As it relates to North American rail services, LYB is a large shipper of polyethylene, polypropylene, polypropylene compounds, and an array of chemicals and intermediate products that supply the North American manufacturing industry. Additionally, because LYB's business operations include a polymer compounding business that purchases rail-supplied product from its polyethylene and polypropylene businesses, LYB is both a shipper and a receiver on rail operations. This statement intends to provide data to support the Board's inquiry and informed decision-making related to demurrage and accessorial charges.

LYB has observed a number of railroads moving to shorter “free time” for demurrage in their serving yards. LYB reviewed data on transit time variability by origin-destination (O-D) pairs for 2018 shipments, and this rail service data does not match the shorter “free time” of zero to one day. The dataset included more than 60,000 shipments, and more than 1,300 O-D pairs. Listed below are the highlighted statistics from that dataset:

- Average transit time = 14 days
- Median transit time = 14 days
- Shipments involving a railroad interchange = 66%
- Average standard deviation of transit time for O-D pairs = 3.8 days
- Median standard deviation of transit time for O-D pairs = 3.2 days
- O-D pairs with a standard deviation <1 day = 1%

LYB recognizes many factors can drive variability, including weather, track maintenance, differences in regional operating schedules, and grouping or “bunching” cars at interchange. While bunching cars is a practice that can create efficiency for a railroad, the practice can result in variability for a customer of a railroad.

LYB has several large petrochemical facilities that ship and receive cars, and most of those sites have space to accommodate variability in transit time. The greater challenge in accommodating variability in transit time lies with LYB's smaller compounding sites and LYB's customers. Most of these sites do not have the geographic footprint to support expansive rail sidings to support normal operations plus several days of railcar supply to offset the transit time variability. These smaller sites rely on the railroads to provide a buffer to allow for a steady flow in and out of their facilities. While LYB's smaller sites and customers do not cause the variability in transit time, they pay for it through demurrage charges. As structured, the full responsibility for managing the variability lies with the customers of the railroad. If the customers of a railroad were allowed some amount of “free time” to account for the variability, then the railroads and their customers would both have incentives to support efficiencies that reduce variability.

LYB recognizes many operational challenges exist that the railroads manage in support of LYB's business, and LYB supports efforts to drive lower costs and greater efficiency for the industry. However, LYB requests that the expectations placed on the customers of railroads and financial implications thereof be considered in conjunction with the railroads' own performance

during the Board's assessment of demurrage and accessorial charges. With the proper structure, all parties involved would have incentives to share in the responsibility for improving rail efficiency.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Scott Campbell", written over a horizontal line.

Scott W. Campbell

Director, Supply Chain Americas

Lyondell Chemical Company

Equistar Chemicals, LP

LyondellBasell Acetyls, LLC

DATED: May 8, 2019