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Surface Transportation Board – Via STB E-Filing Portal

Re: *Oversight Hearing On Demurrage And Accessorial Charges*
STB Docket No. EP 754 – Responding to Notice of Public Hearing dated April 8, 2019
On Behalf of Verso Corporation – Comments Submitted Without Testimony

Dear Surface Transportation Board:

Verso Corporation (with its affiliates, "Verso") is a leading North American producer of specialty and graphic papers, packaging and pulp, including at mills located in Wisconsin Rapids and Stevens Point, Wisconsin ("Wisconsin Mills"), among others. Verso authorized submission of these Comments.

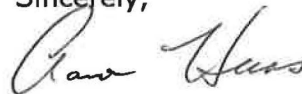
Verso has considerable freight shipped from its Wisconsin Mills that may only be shipped by rail due to roll size and/or consignee receiving capacity. Each of the Wisconsin Mills is served by a single rail carrier. Without any significant change in volume or type of demurrage and accessorial services at Verso's Wisconsin Mills, demurrage and accessorial service charges for 2018 were in excess of 100% higher than for 2017. The trend has continued in 2019.

In 1992 and early 1993, in connection with *Wisconsin Central Transportation Corporation, et al. – Continuance in Control – Fox Valley & Western Ltd.*, ICC Finance Docket No. 32036, Verso's predecessor-in-interest, Consolidated Papers, Inc., sought to preserve the benefits of competitive pricing and routing for the Wisconsin Mills. As set forth in the publicly filed "Contract Summary," the parties entered into a long term contract, Fox Valley & Western Ltd., WTC-FVW-C-0001, ICC-FVW-C-0001, effective September 1, 1993 and listed as terminating December 31, 2017. The 2017 rates were based on a competitive market, while the 2018-2019 rates have been set without the benefit of competition.

For these among other reasons, Verso believes demurrage and accessorial services and charges are interrelated to the Board's considerations in *Review Of Commodity, Boxcar and TOFC/COFC Exemptions*, STB Docket No. EP 704-1, specifically requests by the American Forest & Paper Association ("AF&PA"), for revocation of existing forest products exemptions and the box car exemption. At AF&PA's request, the Board decided on March 18, 2019 to waive the general prohibition on ex parte communications to permit informal discussion of the issues raised in EP 704-1. Verso submits that demurrage, accessorial charges, requested revocation of the exemptions and state of competition in the railroad industry, as they affect the Nation's forest and paper industries, are interrelated issues and each should be addressed by the Board.

Additionally, Verso has experienced instances where a rail carrier will not compete with freight that may be shipped by truck but rail shipment would be preferable for numerous reasons. Verso's five (5) mills in the U.S. Lake States Region for many years moved sixteen to twenty percent (16-20%) of wood consumption into those mills via rail. Verso's ability to continue using rail declined dramatically starting in 2018 when the rail carrier stopped reasonably competing for many shipments. Compared to the 2-year average annualized baseline period of 2016-2017, Verso experienced a 22% reduction of volume hauled via rail during 2018. This forced Verso to convert this raw forest products traffic onto an additional 8,200 trucks during 2018, with resulting traffic congestion at Verso's mills and other locations. Rail car availability and switching frequency eroded in a proportional fashion. Accessorial charges such as demurrage and siding lease rates more than doubled during this same period. These trends have continued in 2019.

Sincerely,



Aaron Haas