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TOTAL PETROCHEMICALS

Cynthia Blanton
Attorney

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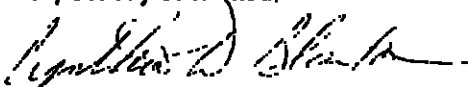
Honorable Anne Quinlan
Acting Secretary
Surface Transportation Board
395 E Street SW
Washington, D C 20423-0001

Re Submission of Written Testimony for Ex Parte No. 677 – Common Carrier Obligation of
Railroads

Dear Ms Quinlan

In accordance with the Board's Decision served on April 3, 2008, in the above-referenced proceeding enclosed for filing is the Written Testimony of TOTAL PETROCHEMICALS USA, INC

Respectfully submitted,



Cynthia D Blanton

Enclosure



TOTAL PETROCHEMICALS USA, INC.

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**BEFORE THE
SURFACE TRANSPORTATION BOARD**

EX PARTE 677

**HEARING ON THE
COMMON CARRIER OBLIGATION OF RAILROADS**

SUBMISSION OF WRITTEN TESTIMONY

BERNARD CLAUDE- PRESIDENT AND CHIEF EXECUTIVE OFFICER

TOTAL PETROCHEMICALS USA, INC.

Mr. Chairman, and Members of the Board, my name is Bernard Claude. I am the President and Chief Executive Officer of TOTAL PETROCHEMICALS USA, INC. ("TPI"), whose office is at 1201 Louisiana Street, Suite 1800, Houston, TX 77002. Thank you for the opportunity to testify here today.

First of all, I would like to introduce you to TPI. TPI is a U.S.-based producer of petrochemicals (including polypropylene, polyethylene, styrene and polystyrene), base chemicals and transportation fuels with production facilities in Texas and Louisiana. TPI is part of TOTAL S.A., the world's fourth-largest publicly-traded integrated oil and gas company, with operations in more than 130 countries spanning all aspects of the petroleum industry, including oil and gas exploration, development and production. Downstream operations include refining, marketing and the trading and shipping of crude oil and petroleum products. In addition, TPI is a market leader in the liquefied natural gas industry, and is helping to secure the future of energy through its commitment to developing renewable energies such as wind, solar and photovoltaic power, and alternative fuels.

TPI has built its North American petrochemicals business with a strong manufacturing bias, based on world-scale plants and technologically advanced operations. TPI manufactures petrochemicals for the plastics industry. We produce plastics for use in everyday household items like food containers, furniture, carpets, and beverage bottles to name just a few. Many of our products enter the commercial and industrial sectors as well, performing in critical applications from natural gas distribution and water pipelines to building insulation, from medical packaging and devices to erosion control.

In the next few minutes, I would like to share with you TPI's concerns as to the common carrier obligation of the nation's railroads.

Over the years, TPI has built some of the world's most competitive manufacturing sites in the Gulf Coast Region of the United States, including the largest polypropylene and styrenics facilities in the world. We have spent about \$2 billion in the last ten years on capital projects in the U.S., and continue to show our support for U.S.-based manufacturing with an additional \$3.5 billion planned for the next five years. Beyond these scale economies, the success of our manufacturing sites depends on an efficient, safe, and cost effective transportation and distribution network. Due to congestion and rail infrastructure limitations, transporting our products via rail all too often involves poor service, unpredictable delivery schedules and costs that continue to rise at an alarming rate. In fact, transportation costs have risen so much in the last several years that TPI's logistics costs are now higher than our manufacturing costs, jeopardizing our global competitiveness.

TPI produces over 9 billion pounds of product each year, much of which is delivered to our customers via rail transportation. Of the volume moving by rail, 4.5 billion pounds is comprised of plastic pellets, a non-hazardous commodity. TPI also makes overland shipments of materials such as styrene monomer, aromatic solvents and various oils. These materials are classified as hazardous materials by the United States Department of Transportation. Although these shipments are not toxic inhalation hazard (TIH) shipments, TPI has concerns that should the railroads' common carrier obligation for these types of products be discontinued, it will negatively impact transportation safety as well as the ability of U.S. industry to compete in the global marketplace.

The common carrier obligation plays an important role in the ability of U.S. industry to compete globally. The widening of the trade deficit in the U.S. relative to chemical industry business is continuing. Meanwhile, more and more new and existing railroad infrastructure is being consumed to support imports as railroads allocate increasing percentages of their infrastructures to support intermodal traffic. As a result, U.S. chemical manufacturers are increasingly unable to export due, in part, to gridlock in the existing rail infrastructure. TPI has experienced such gridlock first hand with respect to exports out of the Houston, Texas area. In this area, serious rail congestion has resulted in intermittent rail service stoppages and seriously impacted TPI's ability to move its product to facilities for necessary pre-export packaging. If railroads are given the opportunity to forego shipments currently protected by the common carrier obligation, TPI fears that the situation will be exacerbated.

It is also important to note that the chemical industry is struggling to compete with products manufactured in foreign countries, in part, because foreign producers enjoy the freedom of choosing their port of entry into the United States based on areas with competitive rail service. This allows foreign manufacturers to strategically avoid areas where railroads engage in noncompetitive pricing practices and to capitalize upon this advantage to the detriment of U.S. rail shippers suffering from noncompetitive pricing. TPI believes that removal of the common carrier obligation would enable such noncompetitive pricing practices to flourish to an even greater extent than they do today and put U.S. industry at a greater disadvantage.

As I conclude my testimony, I would like to recognize the railroads for lowering incident rates on the rail lines in recent years. The safety improvements of the railroads, coupled with the initiatives of the Department of Homeland Security concerning rail movements of various chemicals will continue to magnify the safety advantages of shipping products by rail. TPI believes that continued implementation of the common carrier obligation will preserve the progress that has been achieved rather than undermine it by pushing freight off of rail lines and on to the nation's highway system

I would also like to take this opportunity before the Board to commend Federal Railroad Administration (FRA) and Pipeline and Hazardous Materials Safety Administration (PHMSA) initiatives, as well as the efforts of shippers, railroads, and key railcar manufacturers in their continued mission to increase the inherent safety of a railcar. I further commend the FRA for implementing realistic, yet deliberate timelines for shippers and carriers to upgrade the nation's railcar fleets for hazardous and toxic products. These initiatives are costly for the shipping community, but consistent with our drive to continuously increase the safe transportation of our products, not only in the United States, but also throughout North America.

Thank you, Mr. Chairman and members of the Board for allowing me to testify today. TOTAL PETROCHEMICALS USA, INC appreciates your attention to this important issue.

Respectfully submitted,

TOTAL PETROCHEMICALS USA, INC.

By Bernard Claude

A handwritten signature in black ink, appearing to be 'Bernard Claude', with a stylized flourish at the end.