

# PACKAGING CORP. OF AMERICA

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BRUCE RIDLEY

SVP EH&S and OPERATIONS

# PCA

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- 3<sup>rd</sup> Largest producer of containerboard products in N.A.
- 3<sup>rd</sup> Largest producer of uncoated free sheet paper in N.A.
- 8 Paper mills and 95 corrugated facilities.
- 2018 sales over \$7 Billion

# MODES

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- Mills to converting operations use rail, truck and intermodal.
- In 2018 the mills shipped over 4 million tons of roll stock.
- Intermodal is about 1%.
- Rail / Truck is about 50:50, depending on facility and season.
- Used to be closer to 80:20 when rail did shorter hauls.

# PCA ASSETS

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- PCA's trucking fleet has 10 terminals, over 200 company trucks and lots of trailers.
- Currently have over 100 owner / operator trucks hauling dedicated for us.
- International Falls, MN is home for the Minnesota, Dakota and Western Railway.
- Leased boxcars at this time is about 1800 and distributed across our network.
- 50' and 60' plate C and F

## PCA vs. PSR

- PCA works with all the Class 1s.
- Not all are doing PSR.
- Those that are, are at different stages of execution.

# Supply Chain Impact

- Internal network metrics showing improvements.
- Precision Scheduled Railroading is not very precise at origin and destination.
- Local service issues: reductions, crews timing out, power, etc.
- Inconsistent switch times within 24 hr. period and weekends.
- Inventory control is managed by modal changes when possible and increased inventory on hand at receivers.
- Box car management is challenging at best.

# Customer Service

- Fewer CSR and often not familiar with the process.
- Demurrage and Accessorial charge issues.
- Everyone has different rules.
- Difficult training all our facilities on each process.

# Impacts

Those that cut deep fast, caused a lot of supply chain upsets.

Lot of unnecessary man-hours proving not guilty of demurrage.

De-marketing of manifest traffic is causing long term reactions.

Shrinking of box car fleet may be shrinking faster than predicted.

Replacing 50' box cars with only 60' cars is not necessarily an increase in useable cubic feet.



## Long Term

PSR can be a good thing for both the carriers and shippers.

Railroads should be looking at being modal competitive.

Return on capital considered besides just O/R, velocity and dwell.

First, last miles and consistent transit times with customer service will be key to generating future revenue and long term sustainability.