

The Surface Transportation Board

**Ex Parte 742 – Public Listening Session
Regarding CSX Transportation, Inc.’s Rail Service Issues**

October 11, 2017

Statement of Kevin G. Acker

**Strategic Relationship and Category Manager, Rail
The Chemours Company**

Good morning Chairman Begeman and Vice Chairman Miller, my name is Kevin Acker and I am the Strategic Relationship and Category Manager for Rail at The Chemours Company in Wilmington, DE. In my role, I am responsible for a \$115M annual enterprise that provides rail transportation services to my internal clients and our external customers. I am a 15-year rail customer representing two Fortune 500 companies and a 15-year veteran of two Class 1 rail carriers having held positions in marketing, sales, and transportation.

I am grateful to the Board for holding this listening session and I appreciate the opportunity to share our experience over the last five months and offer suggestions to mitigate the impact of future sweeping network interruptions.

Chemours is a \$5.4B commodity chemical company that owes its success to its unwavering commitment to servicing its customers. For us to provide best-in-class service to our customers we demand best-in-class service from each business partner along our lengthy supply chains. When a link in one of those supply chains is broken, we take extraordinary measures to protect our customers.

Chemours is dependent on the North American rail network to satisfy the needs of its customers. We rely on CSX and 53 other rail carriers for the safe and efficient delivery of inbound raw materials and outbound finished goods. A full 96% of our rail business is captive.

We are local to CSX at our single largest rail served site at New Johnsonville, TN. On an annual basis, this site receives 4000 cars of inbound raw materials and ships 1600 cars of outbound finished product.

The events over the last five months have cost Chemours dearly. We are a seven day a week customer at New Johnsonville and CSX has failed to provide scheduled service 53% of the time between May 1st and August 31st. We altered production schedules to compensate for lack of delivery; we reduced run rates and changed formulations to keep our plant running; we have had to ship and receive four trucks for each railcar that was hopelessly delayed; and, we have asked our customers to do the same. To date, we have spent in excess of \$1.3M in trucking to assure delivery of critical raw materials for production and to supply finished product at a time of peak cycle demand. And, we will continue to supplement rail shipments with truck until we regain our confidence that CSX can deliver the service our customers demand.

In August, we experienced transit time increases of between 57 and 187% in six key customer lanes vs. full year 2016. These increases not only stress a fleet of railcars, they also add a substantial working capital burden.

September showed improvement over August but we are still not back to full year 2016 transit times or better, as we're told we will be as a result of precision scheduled railroading and I'm hopeful October will show further improvement in transit times as well.

Communication between CSX and Chemours has improved greatly since June but it's largely due to the full engagement of our CSX account team and their senior management. It's still not clear to me what, if any, proactive role the customer service group has in resolving a customer's issues and that is of concern to me. I believe the customer service team plays a vital role in ensuring the operating plan is being executed and service issues are resolved promptly.

Since September 1st there has been only one occasion when CSX failed to service our New Johnsonville site and they did the right thing, they called our plant representative, explained the challenge, and asked our permission to skip a service day. That's what partners do.

CSX is a partner of Chemours, a strategic partner. We simply will not succeed without them operating at their level best. The last five months have been a very costly disappointment to us and I hope we've turned a corner. CSX knows there is still much work to do to deliver the caliber of service we are paying for and I firmly believe they are committed to getting this right.

We at Chemours fully support a consistent, reliable, and cost effective railroad which, we're told, is what Precision Scheduled Railroading will deliver. We expect CSX will want to share the benefits of PSR in terms of lower costs to its customers so its customers can remain competitive in the markets they serve, grow their businesses, and therefore, grow CSX.

If the implementation of this unilateral action by CSX has taught us one thing, it's that the Board clearly has a role in protecting the business interests of rail shippers.

To mitigate similar network meltdowns in the future, I believe the Board should more closely monitor the performance measures from all the carriers to proactively identify possible network disruptions and respond to them immediately. I believe the Board should require the rail carriers to file a "flight plan", so to speak, if a carrier intends to implement a significant change to its operating plan. I believe that flight plan must include, in detail, how it intends to notify its customers of the impending change, how the change may impact the customer, what the benefit of the change is to its customer, and what the management of change process will be (i.e. how it intends to resolve implementation issues, who the appropriate customer contacts will be, what is the escalation process is, etc.).

On behalf of the The Chemours Company, I would like to again thank you for this opportunity to share our experience to date with CSX's implementation of Precision Scheduled Railroading and to reiterate, Chemours fully supports a more efficient, higher velocity, and less costly rail network.

Thank you.