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Docket No. EP 742

Testimony of:
Phil McDivitt
President and CEO, Ascend Performance Materials

Presented to:
Surface Transportation Board

Re: Public Listening Session Regarding
CSX Transportation, Inc.'s Rail Service Issues

13 September 2017



My name is Phil McDivitt, and I am the president and CEO of Ascend Performance Materials, a customer of CSX Transportation.

I thank the Surface Transportation Board for reviewing issues related to CSX's service and allowing Ascend to submit testimony outlining how CSX's service failures have negatively impacted our business. It is my intent through this letter to respectfully request that the Board take every action within its power to compel CSX to immediately return to an acceptable level of service for the sake of its customers and the health and safety of the public and the environment.

Ascend is a fully integrated producer of chemicals and nylon plastics and fibers. We rely on rail service to transport chemical products in a safe and timely manner between our manufacturing sites and to our customers. CSX is the only rail carrier between many of our sites and customers. To say that their service has become unreliable would be an understatement. In fact, CSX's service is failing its customers. This failure is disrupting operations, impacting customers and, most importantly, is posing serious risks to the health and safety of the public and the environment.

Since June 2017, we have experienced an unprecedented number of service failures with CSX. Transit times on multiple routes that have been in place for years suddenly spiked by as much as 80 percent. In addition, CSX has failed multiple times to communicate transit changes to us directly, and even lost track for several days of three tank cars carrying hazardous materials. The failure to communicate these service changes and disruptions has, in some cases, left us in a position where we have been unable to mitigate the disruptions and/or plan for adequate alternatives. The following is a list of just several examples of specific service issues:

- During June and July 2017, shipments between our Decatur, Alabama, site and our Pensacola, Florida, site averaged 12.1 days. The average for this lane was 7.1 days from October 2016 to May 2017. (See Chart 1 in Appendix.)
- During June and July 2017, return trips from Pensacola, Florida, to Decatur, Alabama, averaged 12.4 days. The average for this lane was 7.4 days from October 2016 to May 2017. (See Chart 2 in Appendix.)
- During July 2017, shipments between our Decatur, Alabama, site and our Greenwood, South Carolina, site averaged 13.9 days. The average was 9.4 days from August 2016 to June 2017. (See Chart 3 in Appendix.)



- During July 2017, shipments from our Pensacola, Florida, site to a customer in Chattanooga, Tennessee, averaged 17.7 days. The prior average was 13 days from February 2017 to June 2017. (See Chart 4 in Appendix.)
- On April 18, 2017, we were notified by a third party that CSX would discontinue intermodal service from Mobile, Alabama, to Savannah, Georgia, three days later on April 21, 2017. Our containers booked on that service needed to be rebooked via other routings on short notice. The steamship line was not notified by CSX, which directly impacted Ascend.
- In early August 2017, repeated delays of rail cars en route to our Greenwood, South Carolina, site caused a shortage of critical materials. When we requested a special train, CSX first responded that we would have to pay an additional cost but subsequently failed to provide it. To mitigate the impact on our business, we resorted to shipment by truck at considerable cost.

CSX has failed repeatedly to notify us of service disruptions in a timely manner – if they notified us at all. Procuring alternate transport for our materials on short notice creates potentially unsafe situations for our employees and contractors, the public and the environment.

As the Board knows, rail is one of the safest and most efficient modes of transport. The standard operating procedures governing our shipping plans are designed to reduce risk and having unreliable rail service introduces unnecessary risks to us and the public.

Unreliable rail service imposes significant financial burden in the form of additional costs to our company. We have reduced production due to material shortage at one of our sites. We have already been forced to use trucks to meet critical demand, and we have explored adding more rail cars to our fleet to manage the logistical challenges CSX has created. These disruptions cost Ascend millions of dollars in additional expenses.

We understand that CSX is trying to streamline its own operations. However, we believe CSX has a responsibility to ensure any changes to its operations do not impose undue negative effects on its customers. Further, we should be able to rely on CSX to communicate any changes to Ascend in a detailed and timely manner.



We have tried repeatedly to address these issues directly with CSX, but we have lost faith in their ability to self-correct. We ask the Surface Transportation Board to compel CSX to restore service to previous levels.

Again, thank you for your attention to this matter and the opportunity to provide this testimony.

Sincerely,

A handwritten signature in black ink that reads 'Phil McDivitt'. The signature is written in a cursive, slightly slanted style.

Phil McDivitt

President and CEO

Ascend Performance Materials

APPENDIX

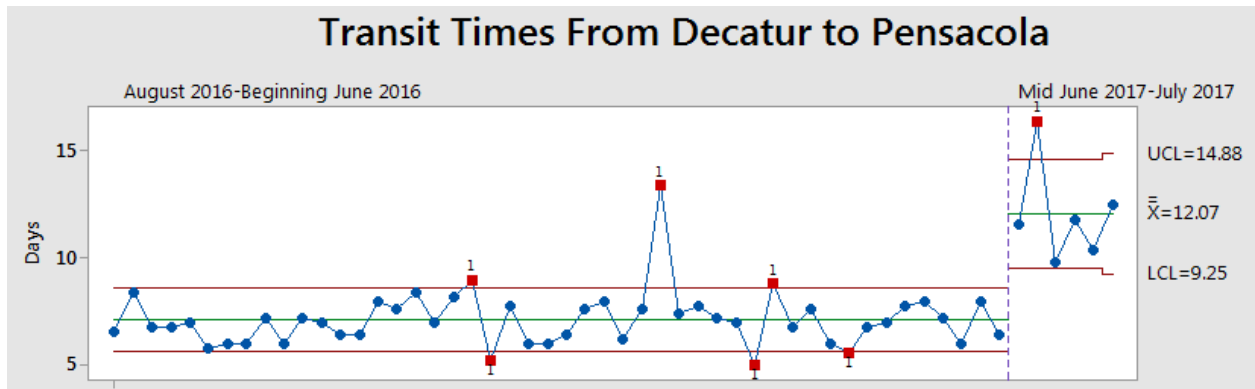


Chart 1. Showing increase in average transit from 7.1 to 12.1 days.

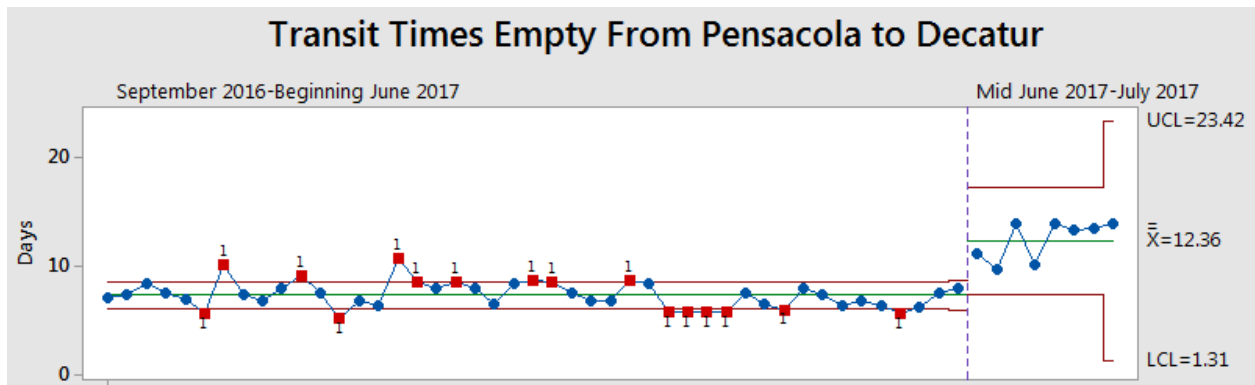


Chart 2. Showing increase in average transit from 7.4 to 12.4 days.

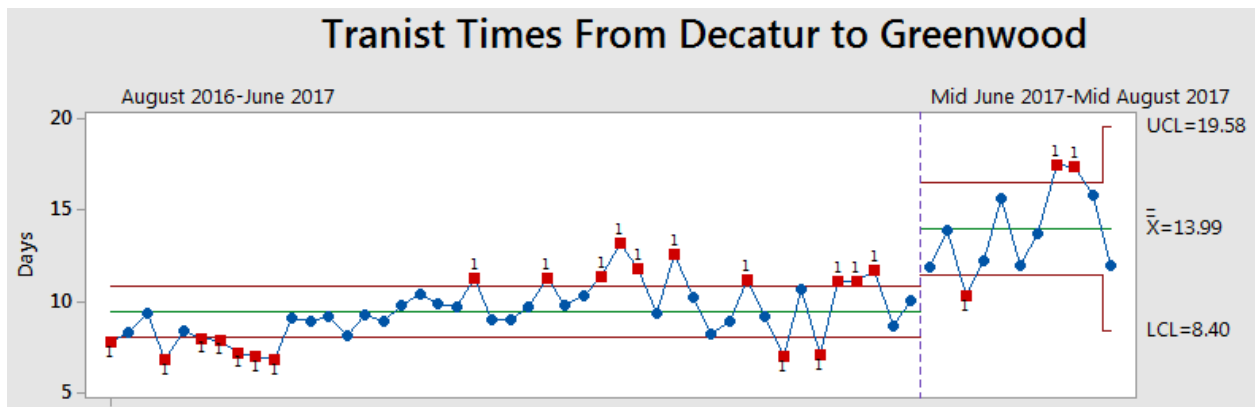


Chart 3. Showing increase in average transit from 9.4 to 13.9 days.

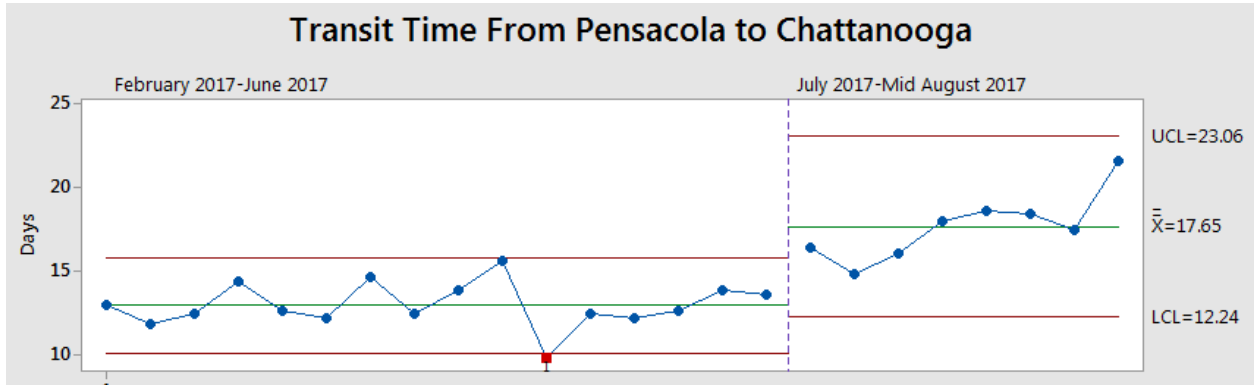


Chart 4. Showing increase in average transit time from 13 to 17.7 days.