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April 28, 2004

The Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street N.W.
Washington, D.C. 20423

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Dear Secretary Williams:

Ref: STB Finance Docket No. 33388 (Sub- No. 91)
And my letter dated March 18 requesting time to speak at the May 3 public hearing

Please excuse me for just now sending my written testimony to the Board. The information in the Federal Register indicated "written statements by persons speaking...may be submitted prior to the hearing but are not required." I spoke to Mr. Rudolph Saint Louis on Monday, who indicated I should submit a statement in advance. Enclosed is my statement along with ten copies of my intended remarks.

Sincerely,

A handwritten signature in cursive script that reads "Kenneth R. Pramik".

Kenneth R. Pramik

Enclosures: 10 copies

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**REMARKS OF KENNETH R. PRAMIK
DIRECTOR TRANSPORTATION
CEMEX, INC.**

Before the Surface Transportation Board

**STB Finance Docket No. 33388 (Sub. 91)
Conrail Transaction Oversight**



Public Hearing in Washington, D.C. – May 3, 2004

My name is Ken Pramik, and I am Director of Transportation at CEMEX. I appreciate the opportunity to appear before the Board today to relate our experiences, particularly in regard with CSX, since the time of the STB's final approval of the Conrail Transaction. CEMEX is the largest cement manufacturer and shipper in North America. We ship via all major modes of transportation. We manage a private cement hopper car fleet numbering nearly 1,500. Personally, my career in transportation began pre-Staggers. I have been directly involved in rail transportation as a shipper for the past thirty years.

CEMEX as well as my experiences with the CSX since the Conrail split have been very different compared to the many years prior. It is our opinion that the financial and operational challenges CSX faced with the new properties caused significant changes in management practices which have adversely affected our business and ultimately has led to CSX's de-marketing of at least two of our major traffic lanes. The service crisis we experienced just after the split was more pronounced on the Norfolk Southern, however they recovered after a few months. CSX service for us has deteriorated and most recently has become a major problem affecting our Florida market, as well as driven up our costs, as we often must truck to our distribution terminals to avoid stock outs.

During the time when CSX and Norfolk Southern were bidding for the Conrail assets, we were assured by then CSX Chairman Snow that existing shippers and business would not bear the cost of the Conrail acquisition. The reasoning was that new rail

business generated by taking freight off the highway system would be more than adequate to pay the cost and provide profit for CSX. Within a year after the transaction date, we began to see a different attitude and results in our business dealings with CSX. Since the split, we have experienced annual increases every year, including through the time of recession after 9/11. These increases were above inflation demonstrating that the increases were not market based, and that CSX was taking advantage of their captive shipper base. Specific examples include a single 17% rate increase on our largest volume move. This is a move CSX had handled for at least 15 years previously. This year we were presented with increases of 26% on two major moves, which has now resulted in a non-competitive situation for CEMEX in those two markets. Additionally CSX has reduced service to our rail captive plant in Brooksville, Florida and made changes for operational conveniences on the routings of our traffic, which have increased transit times, and negatively impacted our car costs, as well as the overall supply costs to our terminals.

It is our position that CEMEX has been and continues to pay for the CSX's part of the Conrail acquisition. CEMEX recommends the extension of the Conrail "General Oversight" proceedings beyond the original five year term, and extend this oversight beyond the Shared Asset Areas, as the issues and repercussions of CSX's overpayment and poor management of the Conrail assets continue to be felt throughout the CSX rail system. We would further ask the STB to take actions to reduce abusive operational and commercial practices by CSX. We also would hope the STB will soon be in position to move forward and create a procedure for "small shippers" to contest rate matters via an arbitration process. Thank you for consideration of our position in this matter. We would be glad to make further information and details available to the Board.