

ENTERED
Office of Proceedings
May 8, 2019
Part of
Public Record



Sysco Corporation
1390 Enclave Parkway
Houston, TX 77077

Sysco.com

May 8, 2019

Surface Transportation Board
Docket No. EP 754
395 E Street, S.W.
Washington, D.C. 20423-0001

To the Commissioners of the Surface Transportation Board:

In support of a more fair and reasonable process for shippers to move goods via rail, these comments are submitted on behalf of Sysco Corporation ("Sysco") to be included in the public record of the Surface Transportation Board's Hearing on Demurrage and Accessorial Charges. We appreciate the opportunity provided by the Surface Transportation Board ("STB" or "the Board") in this proceeding to direct attention to our experiences and listen to our suggestions as to how to make the process better.

Sysco is the global leader in selling, marketing and distributing food products to restaurants, health care and educational facilities, lodging establishments and other customers who prepare meals away from home. Its family of products also includes equipment and supplies for the foodservice and hospitality industries. With more than 67,000 associates, the company operates approximately 330 distribution facilities worldwide.

Sysco's use of rail service is a small, but growing, segment of our overall supply chain logistics channels and a transportation segment that we are interested in growing. We rely on rail to move various goods in and out of our two redistribution centers ("RDCs") to 31 facilities across the country. In order to service the needs of our diverse customers, we need a fair and reasonable rail network that we can depend on. Unfortunately, that has too often not been the

case. Below are some of the common situations that have created an adverse working relationship with our rail carriers.

- Union Pacific railcars switched to CSX: Sysco orders three railcars per week from General Mills locations in Independence, MO, and Carlisle, IA, for delivery to Alachua, FL, over five days. Often, all three railcars arrive at the same time. At the General Mills plants in Carlisle and Independence, railcars are turned over to Union Pacific on different days and are switched over to CSX in Chicago. CSX delivers all three railcars to Sysco's Alachua, FL, RDC bunched together. Because flour rail loads require fumigation and special handling, other rail loads at the Alachua, FL, RDC are delayed and incur demurrage.
- Union Pacific railcars switched to Norfolk Southern: Sysco orders eight railcars per week from Lamb Weston originating in Richland, WA, for delivery to Front Royal, VA, over seven days. Most weeks all eight loads arrive on the same day. Lamb Weston in Richland, WA, releases railcars a few per day to Union Pacific; however, bunching occurs in the Chicago interchange, where railcars switch from the Union Pacific to Norfolk Southern. Due to all eight railcars arriving at the same time, Sysco incurs overtime labor and freezer capacity constraints in our RDC.
- Sysco has experienced a 500% increase in demurrage over the last two years. The largest impacts occurred at our SE RDC (#184) in Alachua, FL, which is serviced by CSX.

	NE RDC	SE RDC	
Fiscal Year	Rail Demurrage \$\$	Rail Demurrage \$\$	Total Rail Demurrage \$\$
2016	\$ 22,450	\$ 15,633	\$ 38,083
2017	\$ 9,159	\$ 37,500	\$ 46,659
2018	\$ 600	\$ 55,110	\$ 55,710
2019	\$ 38,150	\$ 251,155	\$ 289,305
Total	\$ 70,359	\$ 359,398	\$ 429,757

Clearly, the above rail transit inefficiencies and excessive cost increases have caused significant adverse downstream effects to our customers, who are dependent upon the reliable, timely and cost-efficient delivery of their goods. The continued detrimental action by rail carriers, absent STB relief, will ensure that we do not pursue our desired expansion of rail shipping as a transit mode.

Sysco applauds the Surface Transportation Board's continuing regulatory reviews of our nation's rail service in order to protect and enhance the safety, security and economy of this important transportation mode for all participants. We appreciate the opportunity to provide these comments, and hope you take into consideration the experiences we have documented, as you consider regulatory options to ensure the fair and reasonable transport of goods in the rail industry. It is important that any rulemaking take into consideration the unique perspectives of the regulator, the regulated community, and all stakeholders in order to deliver a thoroughly-vetted decision. Thank you in advance for your careful consideration of these comments. We are prepared to assist with any follow-up requests that STB may have.

Sincerely,

Bradley M. Christie
Government Relations
Sysco Corporation
1390 Enclave Parkway
Houston, TX 77077