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VIA E-FILING

Allison C. Davis
Acting Director, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, DC 20423

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Part of
Public Record

**Re: Docket No. EP-754, Oversight Hearing on Demurrage
and Accessorial Charges.**

Dear Ms. Davis:

The Martin-Brower Company, L.L.C. thanks the Surface Transportation Board for its attention to the fairness and reasonableness of demurrage and accessorial charges and appreciates the opportunity to comment. As explained below, the recent hikes in demurrage and accessorial charges have substantial effects on Martin Brower's operations and on its customers. Allowing such increases to continue unabated would harm Martin Brower, small business owners across the country, and the public at large.

Martin Brower is a global company supporting supply-chain management and logistics for restaurants in 46 states and 19 countries. In the United States, Martin Brower serves 13,550 restaurants—including approximately 12,500 McDonalds locations. With 27 distribution centers and more than 6,000 employees, Martin Brower drivers log over 72 million miles annually. Martin Brower is proud to provide healthcare to all of its full-time employees and their families, and to have raised the average pay for all of its team members to more than \$18/hour. Martin Brower also maintains an active charitable presence throughout the communities in which it operates, primarily through its support of the Ronald McDonald House Charities.

For nearly 30 years, rail has been an integral part of Martin Brower's national supply chain. Today, through its 10 distribution centers that receive direct rail deliveries, Martin Brower annually ships more than 600 million pounds of goods via rail. Because of the importance of rail, over the last 10 years, Martin Brower has invested more than \$5 million in improving the rail infrastructure at its distribution centers. This is a key aspect of Martin Brower's commitment to protect the environment and to reach its goal of reducing greenhouse gas emissions by 39% by 2030.

Martin Brower is deeply concerned about the recent spike in demurrage and accessorial charges assessed by railroads. Martin Brower's Atlanta distribution center, for example, has seen its demurrage and accessorial charges increase by 10% annually for the past several years. In our view, the charges no longer reflect the reasonable costs of providing service, nor do they serve the purpose

of encouraging efficient use of the nation's railway assets. Instead, the costs appear to be—as has been seen in other industries—primarily directed to revenue enhancement.

Tariff increases have real, adverse effects on national interests. Any time its costs increase, Martin Brower is forced to either absorb those costs—hindering our ability to operate and best serve our communities—or pass those costs along to its client restaurants, the vast majority of which are small businesses. These increases are particularly hard for Martin Brower's customers to take as many of them operate along razor-thin margins and they often cannot pass the costs along to customers.

More broadly, as the costs of shipping by rail increase, it will become more economical for Martin Brower to shift operations onto the roads. Martin Brower's rail program keeps approximately 16,000 deliveries and 30 million miles of truck traffic off of the nation's congested highways—especially in metropolitan areas, where the bulk of its customers are located. Martin Brower's rail program also benefits the environment; CO₂ emissions per ton-mile for rail freight are less than one-fifth of those for trucks. Given these and other benefits of rail transportation, Martin Brower hopes to continue to utilize rail assets for years to come. But to honor its commitment to its customers, it must operate in the most efficient manner possible which could mean shifting from rail to truck transportation.

Martin Brower thanks the Board again for its attention to this matter. For the reasons explained above, Martin Brower urges the Board to take action to hold the line on demurrage and accessorial charges imposed by railroads.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Robert McGonigle", written in a cursive style.

Robert McGonigle
President & CEO