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The Honorable Ann D. Begeman
Chairman
Surface Transportation Board
395 E Street, SW
Washington, DC 20423

The Honorable Patrick J. Fuchs
Vice Chairman
Surface Transportation Board
395 E Street, SW
Washington, DC 20423

The Honorable Martin J. Oberman
Member
Surface Transportation Board
395 E Street, SW
Washington, DC 20423

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

Dear Chairman Begeman, Vice Chairman Fuchs, and Commissioner Oberman:

The Fertilizer Institute ("TFI") submits this letter in supplement to its written and oral testimony in the above-referenced proceeding. TFI thanks the Board for its attention to the concerns that shippers have expressed with recent changes in railroad practices pertaining to demurrage and accessorial charges. The Board's level of preparation for the hearing on May 22-23 was evident from the thoughtful and probing questions of rail and shipper witnesses alike. The fertilizer industry hopes that this proceeding will result in substantive measures to address the concerns raised.

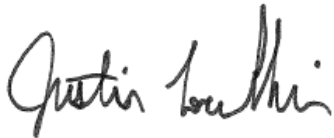
TFI urges the Board to provide clarity and guidance for rail and shipper stakeholders alike on appropriate practices for demurrage and storage charges. Although many of the concerns expressed at the hearing are fact-specific, the Board could issue a policy statement that sets forth standards that it will consider when evaluating the reasonableness of demurrage and accessorial practices. Those standards, which should be guided by market fairness and reciprocity, should include the following principles:

- The incremental benefits of applying a demurrage or storage rule to a customer should outweigh the costs to that customer of complying with those rules.
- Demurrage and storage practices are not reasonable if their principal objective or result is to generate revenue, either from demurrage and storage charges themselves or from other charges that rail customers must pay a railroad to avoid demurrage and storage charges.
- Railroads may not assess charges that allow them to profit from their own service deficiencies.
- Railroads may only charge shippers for behavior that disrupts rail operations if the railroads reciprocally must pay comparable charges to shippers for behavior that disrupts shipper operations.
- Railroads must allow customers a sufficient time to comply with changes to demurrage and storage practices that would subject the customer to such charges in circumstances where they previously did not apply.

TFI believes that the foregoing principles can and should be applied generally to assess the reasonableness of demurrage and accessorial practices.

Finally, TFI expresses its appreciation for the Board's focus on rail rate reform. This has been an important issue for the shipping community for many years and we are happy to see it receive the attention it deserves. The recent report of the Board's Rail Rate Reform Task Force examines rate reform issues in a highly constructive manner and makes many suggestions that are worthy of further development. We look forward to working with the Board to follow through on the Report with more concrete rulemaking proposals.

Sincerely,

A handwritten signature in black ink, reading "Justin Louchheim". The signature is fluid and cursive, with the first name "Justin" and last name "Louchheim" clearly distinguishable.

Justin Louchheim
Director of Government Affairs
The Fertilizer Institute