

Lansdale WAREHOUSE CO., INC.
LOGISTICS SERVICES, INC.
1330 North Broad Street, P.O. Box 892, Lansdale, PA 19446
Phone (215) 855-8460 Fax (215) 855-8676

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May 7, 2019

The Honorable Chairman Ann D Begeman
The Honorable Vice Chairman Patrick Fuchs
The Honorable Marty Oberman

Surface Transportation Board
395 E Street, S.W.
Washington, DC 20423

RE: Docket EP 754, OVERSIGHT HEARING ON DEMURRAGE AND
ACCESSORIAL CHARGES

Dear Chairman Begeman, Vice Chairman Fuchs, and Board Member Oberman:

My name is W Paul Delp and I am President of Lansdale Warehouse Company and also a member of the International Warehouse Logistics Association. My company operates five warehouse facilities in Southeastern Pennsylvania two of which are rail-served by the PNR, a shortline railroad providing daily switching services for mostly inbound manifest railcars averaging 1200 cars per year via CSX.

In today's global economy, inventory movement must be very fluid through all modes of transportation and the freight railroads are no exception. Initiatives like **PTC**, Positive Train control and **PSR**, Precision Scheduled Railroading are making the railroads safer and more efficient. However, these efficiencies require storing excess equipment, running longer trains, and reducing headcount. From the receiver's perspective the longer trains may need cars to be **Bunched** more frequently; the reduction in head-count has caused a reduction in service levels from 5 day a week service to 3 or even 2 switches per week which causes cars to sit on **Constructive Placement** in the serving yard. Inventory at rest will begin to diminish any value realized from rail freight economies.

The railroads demurrage tariffs say demurrage is needed to encourage car availability and to charge the unloaders who do not unload the cars within the free-time allowed and reimburse the railroads for those delays. With EP 707, the receiver playing field has been leveled since all unloaders (including 3PL's) are now responsible for demurrage.

Another result of the latest demurrage tariff revisions has the demurrage clock ticking when the car is **Actually Placed**. The industry norm of 48 hours to unload a car has, in several cases been reduced to 24 hours or less, and the use of credit days to offset debit days has disappeared. It is next to impossible to avoid a demurrage invoice.

We as unloaders understand the need for efficient operations. Presently the railroads appear to be calculating demurrage as a revenue source while ignoring reduced or missed service days, bunching and unreasonable constructive placement practices which all play a huge role in causing demurrage.

Actual Placement is an excellent starting point to begin to move toward a more balanced relationship between the receiver and the railroad. Begin the demurrage clock when the car is actually placed to give the receiver a fighting chance to avoid unreasonable demurrage charges.

Thank you for listening to the rail/shipper community and for taking this positive step to find fairness and balance in shipping inventory by rail.

Sincerely,

A handwritten signature in dark ink, appearing to read 'W Paul Delp', written over the printed name.

W Paul Delp

President

Lansdale Warehouse Company