



January 9, 2013

E. & J. GALLO WINERY
233667

The Honorable Cynthia T. Brown
Chief, Section of Administration
Surface Transportation Board
395 E Street, SW, Room #100
Washington, DC 20423-0001

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Office of Proceedings
January 11, 2013
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Public Record

Re: Finance Docket No. 32760, *Union Pacific Corporation, Union Pacific Railroad Company and Missouri Pacific Railroad Company -- Control and Merger -- Southern Pacific Rail Corporation, Southern Pacific Transportation Company, St. Louis Southwestern Railway Company, SPCSL Corp. And the Denver and Rio Grande Western Railroad Company*

Dear Ms. Brown:

This letter is in support of the Joint Petition of BNSF Railway and G3 Enterprises for Enforcement of decision NO. 44.

E. & J. Gallo Winery has been a boxcar shipper for 80 years and in the last 10 years has averaged over 10,000 carloads per year. For the last 20 years, Gallo has outsourced 100% of our boxcar shipments to G3 Enterprises. G3 works with both the BNSF and UP Railroads to meet our transportation and regional warehousing needs throughout the United States.

The Gallo Winery Campus located in Modesto, CA is served by the M&ET Short Line Railroad providing G3 access to both the BNSF and the UP Railroads. As we've learned over the years, dual rail service is critical to obtaining competitive rail rates and service levels, which we view as a strategic advantage. Our distribution strategy and ability to cost effectively deliver a bottle of wine anywhere in the United States has been a key to our success. Today, Gallo Winery is the largest winery in the world creating jobs for over 5,000 employees.

It has been part of our strategic growth plan to have the opportunity to access competitive rail access at the G3 site in Modesto (previously known as the Procter & Gamble Facility at Rogers, CA), and we have always assumed that we would have this access. As our business continues to grow, we've now reached the space limits of our Modesto warehouse and would like to begin shipping from the G3 site. The G3 site is within 5 miles of our shipping warehouse and would provide over 2 million square feet of additional warehouse space to handle our anticipated growth. In making this move, it is essential that G3 be able to ship boxcars on both the BNSF and UP Railroads at rates and service levels comparable to those currently available from our Modesto warehouse located on the M&ET Railroad.

It is our belief that the UP merger together with UP's recent decision to close reciprocal switching to the G3 campus puts Gallo Winery at a significant competitive disadvantage that would not otherwise have occurred absent the merger. The removal of dual-service to the G3 site deprives Gallo and G3 of competitive boxcar alternatives, which we view as critical to meeting the needs of our customers. The termination of reciprocal switching at the G3 campus ultimately undermines and jeopardizes our ability to create jobs and grow our business.

Respectfully,

Ernie Chachere
Vice President
E&J Gallo Winery Supply Chain & Quality

cc: Jolene Yee, Esq.
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Michael L. Rosenthal, Esq.

/slc