

# **Minnesota Commercial Railway Company**

## **Demurrage Tariff**

### **Demurrage Program and Rates**

Including hold track charges and intra-plant charges  
in connection with cars held or respotted for loading or  
unloading.

Revised to become effective **January 1, 2014**

Minnesota Commercial Railway Company

January 2014 (reissued) originally written 3/30/2001

To All Minnesota Commercial Customers:

The word “Demurrage” to us is as nasty as it is to you. You dislike paying it – we dislike incurring the costs of car hire and extra handling that force us economically to charge it.

We have no basis to NOT pay the car rentals on cars that bring products into you and from our railroad. Your congestion, or operating problems, or desire not to pay are not excuses to our connecting lines. On rare occasions, you may have a valid commercial reason for such problems and we encourage you to arrange that with your line haul railroad before bringing the involved cars into our system, on our line. We can give demurrage relief only if the car owner agrees with you. We must be notified that commercial or other operating reasons on their railroad warranted the relief, as per the plan.

FEDERAL LAW REQUIRES THAT WE CHARGE AND COLLECT DEMURRAGE, AND THE SYSTEM OF CAR HIRE BETWEEN RAILROADS IS SET UP UNDER THAT LAW. THE ICC TERMINATION ACT PROVIDES:

**“A rail carrier providing transportation subject to the jurisdiction of the Board under this part shall compute demurrage charges and establish rules related to those charges, in a way that fulfills the national needs related to:**

- 1. Freight car use and distribution: and**
- 2. Maintenance of an adequate supply of freight cars to be available for transportation of property”**

Because 99% of the cars we use are furnished by connecting carriers, we have to look to their charges and their rules for demurrage at least once a year to determine what is adequate and fair. We also must recover our costs of lease payments to those railroads for cars in order to stay in business and to be able to let you use these cars.

There were some abuses by customers – even when our plan provided a daily rate \$40 per day or fraction thereof on an hour basis and other railroads were almost twice that.

Given the new rates and plans of our major connecting carriers, UP, CPRS and BNSF and the spiraling cost of rail equipment and repair, who have charges as follows:

UP and BNSF	\$75 per day per car, for any fraction of a day, and 24 – 48 hours free time.
CPRS	\$75 per day per car, for any fraction or a day, and 24 – 48 hours free time.

We must increase our charges and tighten up rules.

Our leased cars, such railroads have rates of between \$15 and \$40 per car per day unless the customer has leased trackage.

Our new plan does contain some additional restrictive rules aimed at precluding abuses and ensuring that people pay their demurrage on time. The rate goes to 2.34 per hour or 56.16 per day, but for the majority of our customers who pay on time and diligently each month, credits of such prompt handling and payment can over time result in credits on your bill equal to about 14.5% over one year, reduction the cost per car.

For those few who do not give attention to these bills each month and let them accumulate, or order too many cars or let cars sit and block our operations, there are stiffer charges. A truer reflection of the operating problems they cause us due to congestion, financing lines of credit to remain able to pay our bills.

Your cooperation is sincerely requested. We are still pricing demurrage substantially below what the larger connecting carriers charge. But even these rates cannot continue without your prompt handling and payment of these bills as the plan requires.

Thank you,

John W. Gohmann  
President

# Minnesota Commercial Railway Company

## Demurrage Program and Rates

As revised to become effective January 1, 2014

Including Hold Track, Intraplant, and Respot Charges

The following charges shall apply on all cars subject to demurrage, placed, or constructively placed at industries on all lines of Minnesota Commercial Railway.

“Placed” means actually placed at the siding or team track of the customer, until released by the customer. All time held for grading, inspection, unloading, or loading is included.

“Constructively placed” means held on a side or hold track because the industry has no capacity or is unable to accept the car at their siding or team track. A car can be constructively placed either on track owned by the railroad, or on track owned by the customer. Cars are also constructively placed when held on the line of a connecting carrier due to industry congestion and inability to handle.

### I. CHARGES

Assessed monthly, first day to last day of month.

Due to increasing costs of railcars and certain restriction contained in certain tariffs, including unit train or multiple car movements, it is necessary to issue the following exceptions to this plan.

- a. On unit or multiple car movements moving under line haul carrier tariffs, contracts, or exempt quotations which limit the time industries may hold such cars for loading or unloading, those restrictions apply, as well as penalties or payments for holding such cars in excess of the allowed time.
- b. On cars whose car hire cost to Minnesota Commercial exceeds \$2.34 per hour, wherever the \$2.34 per hour demurrage charges appear below, the actual hourly cost of Minnesota Commercial shall apply in lieu of the \$2.34 per hour charge.
- c. Demurrage charges of \$2.96 per hour shall apply on the following car series:  
IHB 19024-19973; IHB 50504; IHB 51000-51588; IHB 147800-147849;  
IHB 166460-166752; IHB 167000-167199.

Demurrage Costs:

Railroad marked cars placed or constructively placed.

First 60 hours placed or constructively placed at industry including weekends but excluding legal holiday:

NO CHARGE

Thereafter until released by the industry:

\$2.34 per hour, or 56.16 per car per 24 hour period, except that if car hire cost to MC is higher than this amount, actual car hire cost will be used.

NOTE: The terms “period of time”, “days”, and “hours” include all weekends, holiday and other days, except that cars placed or constructively placed later than 1000 hours the day before a legal holiday shall not begin to accrue time hereunder until 0001 (12:01 am) the day after the holiday.

## II. CHARGES

Credits may be earned against any charges assessed under Item I. above during the same calendar month period charges are assessed under Item I. above.

a. Any car released after being unloaded with 24 hours after placement:

\$17.64

b. This credit shall not apply if the customer requires the railroad to switch out and/or place cars that have been placed or constructively placed for a period of time longer than the most recent cars placed or constructively placed and available for loading and or unloading.

c. This credit shall not apply if the railroad is required to provide the customer two switches in a 24 hour period in order to earn such a credit.

d. This credit does NOT apply to railroads who do not participate with MC in car hire arrangements that provide MC the financial incentives to turn railcar equipment quicker. The credits are available on:

Line haul revenue cars interchanged with the Canadian Pacific Railway and the Canadian National Railway

These credits are NOT available on line haul revenue cars interchanges with: Burlington Northern Santa Fe, Twin Cities & Western Railway and Union Pacific Railway.

e. These credits do not apply on private marking, industry owned or leased cars and do not apply on cars that move solely within the Twin Cities switching district. These credits also do not apply on grain movement of any kind or grain products of any kind.

f. Credit may ONLY be used to apply against actual demurrage charges incurred by customers over a period of a year, except that at the end of the year, 50% of any unused credits may be taken in cash, at the request of a customer, and the remaining 50% may be carried over to apply to demurrage charges in a succeeding year. Obviously, credits applied against monthly demurrage bills are used and not applicable to either being cashed out or carried over into the next year.

### III. APPLICABILITY

#### A. Generally:

1. No relief from demurrage can be obtained due to bunching of cars unless the customer obtains such relief from the line haul carrier who bunched them prior to delivery to MC.
2. No relief can be obtained because MC may, at its convenience, place a car or cars that have been on constructive placement a lesser time than older cars unless the customer orders specific cars in by number, and MC does not place those cars. In that case only, relief equal to the extra time such cars are held on the property under demurrage than when they would have been unloaded and released is the sole relief and remedy.
3. Should any customer obtain car hire relief from line haul carriers for MC due to bunching or other commercial reasons, they must immediately notify the MC contact officer(s) below with the name and phone number of the line haul carrier granting such relief for verification and relief. That officer will then provide the customer a written memo outlining the extent of the relief granted by the line haul carrier. The customer should obtain such relief at the time the bunching or other commercial reason(s) are occurring rather than wait to be billed demurrage if at all possible.
4. Acts of God, Inclement weather, etc. In the event MC is unable to operate over portions of its track necessary to reach the customer, the accrual of demurrage against the customer will be suspended until such a time as MC is able to reach the customer's siding.

If the customer's siding is in disrepair, not cleared of ice, snow, or other debris and if for any reason whatsoever, or in the event of labor strike at the customer or picket signs or threats, MC is unable to perform switching on the customer's siding, the customer shall be notified and all cars being held for that customer shall immediately be again started on the demurrage clock.

5. Customers should order cars for loading and unloading on a daily basis, from line haul carriers, commensurate with the maximum capacity of their industry sidings with one switch a day, seven days a week.

In addition to demurrage charges herein, any customer who, for a period of 15 consecutive days, has 50 or more cars on hand for loading or unloading that do not fit on their industry tracks, whether X marked (private) cars or cars accruing and subject to demurrage, shall be subject to an excess space retention charge of \$25.00 per car per day for each car in excess of the 50. In such situations, MC shall request a wire transfer of funds every two weeks that it holds such cars adequate to cover the demurrage and excess space detention and usage charges. If the customer refuses to pay such charges, MC shall then contract the billing customer or line haul carrier for reconsignment and movement of the cars.

6. Should an industry order cars in for loading and not load those cars within 10 days of their arrival, MC will give the customer the option of wire transferring demurrage for the 10 day lapsed period as a credit against their bill. If they refuse such a wire transfer, MC will return the cars held for loading to the providing line haul carrier to eliminate potential further car hire costs. MC will provide the customer a 24 four fax notice, and if there is no response, may at its option reconsign the empty cars held, with the delinquent customer being financially responsible for the reconsignment and cancellation charges on MC and the providing carrier. There are no exceptions to the Association of American Railroad Car Hire rules that excuse MC from paying for each and every hour these cars are on our property, including industry congestion, operating or mechanical problems, inclement weather, etc.
7. MC reserves the right and will embargo traffic to industries where track conditions, snow and ice conditions, congestion (including too many cars on hand to load or unload), affect our operations or our fiscal ability and responsibility to pay car hire to connecting and owning carriers.

B. \*\* The above charges apply to all railcar equipment except those cars marked with an X in the AAR alpha marking that DO NOT incur car hire costs to MC. The charge applies whether the cars or held on railroad, or industry owned trackage. They do apply to all other cars such as cars owned or leased by an industry or customer, as well as cars that include an X marking that DO NOT accrue car hire or mileage costs to MC. \*\* except as noted elsewhere herein.

#### IV. HOLD TRACK / STORAGE CHARGES

MC works with all customers to accommodate assigned or ordered equipment, as well as fluctuations in inbound or outbound business. Yet, given our very favorable and customer minded demurrage program, we, like other railroads, do not have the physical capacity to turn our rail operations into equipment or load holding terminals.

We incur substantial extra costs and can deprive capacity and service to the vast majority of our customers who routinely handle inbound and outbound traffic quickly when our capacity is constrained with tracks full of cars for a few industries or customers when the customer is unable to load or unload quickly.

It therefore has become necessary to impose a reasonable accommodation charge on all equipment that remain constructively placed by an industry or customer on MC, stored by a customer, or held for loading or unloading by a customer, and remains in such status (i.e., constructively placed on a hold track on MC trackage), for more than 24 hours. This charge does not apply to cars that are subject to demurrage charges above, but do apply to any privately owned, leased or assigned cars.

The charge is: \$3.50 per car per 24 period, or fraction thereof.

(MC reserves the right to reject any cars held longer than 7 calendar days, or to require the customer to find other locations to store or hold such cars.)

V. PLACEMENT OF CAR INTO HOLD TRACK WHILE ON CONSTRUCTIVE PLACEMENT, or held for loading, unloading or disposition.

This charge applies when MC is required to place a car on a hold track (whether the track is owned by MC or the industry), and then, re-handled from a hold or storage track for loading, unloading or to interchange to another carrier:

1. For loading or unloading \$28.03 per car.
2. For delivery or receipt from another connecting carrier to/from storage: \$152.59 per car.
3. For loading or unloading the following cars \$41.03 per car:  
IHB 19024-19973; IHB 50504; IHB 51000-51588;  
IHB 147800-147849; IHB 166460-166752; IHB 167000-167199.

UNIT TRAINS

NOTE: In addition to the rules herein, Grain and Grain product Customers are also covered by specific rules as outline in our publication, effective November 1, 2000; titled "Grain Car Ordering, Loading and Usage Rules". A copy may be obtained from the MC office if you do not have one.

HOLDING UNIT TRAINS FOR loading, to accumulate the required number of cars for unit train shipments and for unloading.

1. Many MC grain customers, due solely to the policy of Minnesota Commercial to keep our grain customers competitive, receive or ship 25, 30, 50 and 52 car UNIT trains, but do not have the space that permits loading or unloading these cars with one placement by the railroad. In addition to demurrage charges above (regardless where cars are held) or storage charges for private or shipper owned or leased cars (if held on railroad owned trackage) above that apply when these cars are held for loading, or unloading, or to accumulate the desired train size for shipment, all placements made by the railroad beyond the initial placement of the train in full or in part on either a hold track or in full or in part at the customer's siding, are subject to the above \$28.03 per car charge, subject to a lesser charge as provided in the note below if the hourly charge produces a lower rate per car each time the railroad is ordered to handle such car(s).
2. Where a customer order that cars loaded or empty be switched to hold track to await billing, grading, inspection, etc., including situations to accumulate cars necessary for a UNIT train shipment, the above per car or hourly base charges will apply, whichever is less. Additionally, demurrage on railroad provided cars or storage charges on customer owned or

leased cars that do not accrue car hire to the railroad will continue to apply (if held on railroad owned track) until the train is release as a unit ready to ship. \*\*\* As a general rule, line haul carriers will not accept a partial UNIT train for shipment. It is the customer's responsibility to arrange same with the line haul carrier if it wishes to escape payment of all or part of these charges, as MC has no involvement and is not a party to application of railroad tariffs or contracts that customers may hold confidentially with railroads. If a line haul carrier may provide car hire relief to MC, the demurrage charges (but not storage charges) can be at least in some instances partially abated on a case by case basis. \*\*\*Current CN (WC) and Up tariffs will accept outbound BARLEY as single cars.

## VI. GENERAL

### Placement, constructive place and release – CAR ORDERING

A customer can release cars by telephone, but email ([mnnrym@mnnr.net](mailto:mnnrym@mnnr.net)) or the CARFAX "fax" release, a sample of which is attached, faxed to 651-632-9037 twenty four hours per day, 7 days a week is preferred. It is the only document MC will accept as a valid release / order in the event of a dispute. Each customer is required to accompany any phone release with a CARFAX release. This is a preferred form as it minimizes "time disputes" as between us. When a customer releases a car, all doors must be closed, all dock plates removed, all hose, chutes, or pipes removed, and all chains tied or removed, and all banding removed from the car(s). If, upon inspection by MC personnel this is not done, the car will not be considered released for demurrage purposes. A release of the car will be taken by MC that the car is safe and in proper position to move by our train crews.

### NOTIFICATION OF PLACEMENT

Many customers have access to various car tracing services and computers of connecting line carriers that indicate the time of interchange to MC and use this. A customer may also request a daily fax from MC indicating all cars on hand that are placed, or constructively placed to them. Contact Daryl Johnson, Bob Ohlsen or Jean Dummer at 651-632-9000 to be placed on the daily fax list.

Damage to Cars – any damage done to railcars by customers is the responsibility of the customer and they will be accordingly assessed for repairs in accordance with applicable industry billing and responsibility standards.

NOTE: These charges in Item V. are not intended to apply in addition to charges provided in Item VII. hereof, but may apply in conjunction with such charges where billing is done on an hourly basis, rather than a per car basis. Where charges cover both intra-plant and re-spotting, the hourly charge, or fraction thereof, will be applied in lieu of the above charges if less than the per car charge.

## VII. INTRA-PLANT SWITCHING AND “RESPOT” CARS

The line haul or switch charges that customers pay, which include MC’s charges, include one placement of a car, loaded or empty. That placement occurs when the car is received and initially placed in accordance with the customer’s instructions at either a dock, door, spot or a nearby hold track owned by the customer, or owned by the railroad. Where the customer has too many cars on hand to accommodate such a placement, the railroad automatically not only has no option but to place the car on such a nearby hold track and on “constructive placement”, but at that point, extra costs beyond those covered in revenues received from carriers involved in the routing are incurred by Minnesota Commercial to take the car out of the hold track and place it at the dock, door or spot. Also, oftentimes, customers may request that a car be moved from one dock, door or spot to another location within the customer’s facilities. Charges are based on blocks of 15 minutes of time of a switch engine crew at the rate of \$60.00 for every 15 minutes. Where the hourly rate is charged, it will apply in lieu of the per car rates in item V. hereof where the hourly rate produces a lower cost per car than the rates in Item V. hereof.

NOTE: If a respot or hold track movement is requested as a part of the customers regular daily switching order and there are other car(s) ordered in or out with and at the same time as the respot order, only the extra minutes involved in the respot will be charged, with a maximum of \$28.03 per car, unless the time taken to do the respot(s) exceeds ten (10) minutes, in which case the hour rate (or portion thereof) will apply.

If the customer requests a switch when there are no other movements except to respot, or just one other car involved, the \$28.03 per car maximum will not apply and the customer will be charged with actual time required by the crew and locomotive, computed from the time it left its last nearby assignment until completion of the respot and then return to the area where it was working.

## VIII. EFFECTIVENESS

This program shall continue in effect until such a time as MC may provide a minimum of 20 days notice of change.

## IX. CREDIT POLICY

Billing and payment of all demurrage is subject to the Minnesota Commercial Railway Company’s credit policy. Attached hereto and incorporated herein by reference, except that payments must be made within 30 days of receipt of such billing. If there are disputes regarding the charges or assessments, those must be made within 15 days of receipt of the bill. Payment cannot be reduced because of claims. Payment may only be reduced by following the procedure of contacting MC within 10 days of receipt of the bill and calling to our personnel’s attention contested items. MC personnel will gladly adjust any valid

disputed items immediately and issue a revised bill which still must be tendered within the original 30 day payment period. Unpaid bills over 30 days will be subject to an 18% a year interest rate, and if not paid within 60 days, can subject the customer to potential discontinuation of credit and rail service, and/or any of the following options individually or cumulatively:

1. Placement of a surcharge on the customers line haul charges equal to the per car average of past unpaid demurrage bills. Calculated on a per car basis from historic record data, to be collected at the time of billing on the line haul carrier and paid to MC in the rail accounting settlement process at the time of collection of switch charges for the car(s) so surcharged.
2. Placement of the customer on the cash only basis through either a prepaid freight/demurrage arrangement with the customer or a bank wire transfer of monies before moving or switching cars.
3. Legal action to collect the unpaid charges plus attorneys' fees and court costs.
4. Other means or measures as determined appropriate.

**X. EARNED CREDIT SYSTEM FOR PROMPT RESOLUTION OF DISPUTED BILLING AND PROMPT PAYMENT**

1. Each customer who, in a given month, either pays demurrage as billed within 30 days of receipt or who disputes any billing discrepancies within the 15 day period above, and reaches an agreement with a designated MC officer regarding such disputed billing, and who then pays MC within 15 days thereafter, maintaining the original 30 day period provided above, will receive a 2.5% credit which may be taken off the current month bill, as adjusted if that is the case.
2. Each customer who follows the above procedure and pays within the 30 day period provided above will receive an additional "suspended credit" of 1% for that month. Upon the accumulation of 12 successive, cumulative months that a customer handles and pays such billing with the 30 days limits, they will have accumulated 12 one percent credits. At the close of the next consecutive month after the 12, the customer will be entitled to a 12% credit to be applied against their entire demurrage billings for the previous 12 consecutive, cumulative months that they paid within the 30 day period. They may request this credit in cash, or to be applied against current or future demurrage billings.



25, 50, 75, or 100 car train facility used by BNSF, CPRS, UP and other line haul carriers with whom we do business.)

We have done this to try to keep competitive.

Your failure to pay demurrage charges or respot charges of \$28.03/car pursuant to this plan, can result in the elimination of your facility being listed as a 25 or 50 car facility.

When we receive or handle such trains, our arrangements with the line haul carriers only provide us enough compensation to spot the entire train at one location and at one time. We thus incur extra handling costs because your facility cannot handle the full sized trains with one set – thus the reason to cover our costs, the \$28.03 charge.

This requires the holding of cars because of your inability to load or unload full sized unit trains with one placement during one 24 hour period, the cars will sit two or three days, until the train is worked off. For example: if you can do 10 cars a day, the last 15 cars will be sitting at least 3 to 5 days before unloading – assuming to be incurred in addition to the \$28.03 per car charge, as 3.5 days is about 84 hours and the plan allows you 60 free hours.

Failure to pay demurrage or respot charges due under this plan will without equivocation, after the lapse of 60 days, result in us delisting your facility as one capable of receiving unit trains and we will thereafter only accept single car shipments, up to the maximum capacity you can unload in a 24 hour period with one spot.

We also reserve the right to restrict receipt of such trains to connecting carriers at any time you appear to becoming congested, or to limit such trains to cars with private markings only that do not accrue demurrage – car hire costs to MC.

**CARFAX**

**MINNESOTA COMMERCIAL RAILWAY COMPANY**

**CUSTOMER "CARFAX" RELEASE OF A LOADED OR EMPTY CAR**

Name of Customer \_\_\_\_\_ Date \_\_\_\_\_

Name of Person Authorizing Car Release \_\_\_\_\_

Time of Release \_\_\_\_\_ AM or PM (circle one)

Fax to: MINNESOTA COMMERCIAL CAR FAX LINE  
651-632-9037 or 651-632-9040

THE FOLLOWING CAR OR CARS ARE RELEASED FROM OUR INDUSTRY SIDING AND READY TO BE PULLED AT THE ABOVE TIME. (Should any of these cars be loaded be sure to specify "L" for load under the remarks column and make sure your seals are applied). Should any of these cars require weighing by the Minnesota Commercial, mark "WGH" in the remarks column.

Example:	Car Initial and Number	Remarks
	ABCX 12345	L – WGH

Car Initial and Number	Remarks
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

NOTE: again, if the car is empty, make sure all hatches, doors, etc., are closed, and, if a flat all banding removed and / or all tie down chains, cables, etc., replaced. We cannot pull such cars under Federal Safety Rules until this is done.