

Minnesota Commercial Railway Company

Demurrage Tariff

Demurrage Program and Rates

Including hold track charges in connection with cars held or respotted for loading or unloading.

Reissued to become effective August 1, 2020

Minnesota Commercial Railway Company

August 1, 2020 (reissued) originally written 3/30/2001; reissued February 10, 2020

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 line haul carrier 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, PUBLIC LAW 104-88—DEC. 29, 1995 109 STAT. 821 PROVIDES:

“§ 10746. Demurrage charges

“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 to \$150 per day per car, for any fraction of a day, and 24 – 48 hours free time.
CPRS	\$80 to \$200 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.

On leased cars, such railroads have rates of between \$100 and \$150 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 \$2.75 per hour or \$66.00 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,

Minnesota Commercial Railway Team

Minnesota Commercial Railway Company

Demurrage Program and Rates As revised to become effective August 1, 2020 Including Hold Track 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 industry 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 industry 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 as follows:

Demurrage – Month of release from customer.

Detention – Month of placement to customer.

Storage – 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 \$2.75 per hour, wherever the \$2.75 per hour demurrage charges appear below, the actual hourly cost of Minnesota Commercial shall apply in lieu of the \$2.75 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 48 hours placed or constructively placed at industry or siding including weekends but excluding holiday:

NO CHARGE

Thereafter until released by the industry:

\$2.75 per hour, or \$66.00 per car per 24 hour period, except that if car hire cost to Minnesota Commercial 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.

Minnesota Commercial Railway Holidays

New Years Day	Memorial Day
Independence Day	Labor Day
Thanksgiving Day	Christmas Eve Day
Christmas Day	New Years Eve Day

II. CREDITS

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

- a. Any car released after being loaded or unloaded within 24 hours after placement, not to include cars that were constructively placed:
\$18.00
- b. Railcars with the oldest interchange date will be placed first. This credit shall not apply when customers request cars which have a more recent interchange date to be placed before cars with an older interchange date.
- 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 Minnesota Commercial in car hire arrangements that provide Minnesota Commercial the financial incentives to turn railcar equipment quicker.

The credits are available on:

Line haul revenue cars interchanged with the Canadian National Railway

These credits are NOT available on:

Line haul revenue cars interchanged with: Burlington Northern Santa Fe, Canadian Pacific Railway System, 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 or as a cash statement credit, 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 Minnesota Commercial.
- 2. No relief can be obtained because Minnesota Commercial 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 Minnesota Commercial 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 Minnesota Commercial due to bunching or other commercial reasons, they must immediately notify the Minnesota Commercial contact employee(s) below with the name and phone number of the line haul carrier granting such relief for verification and relief. That employee 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.

Jean Dummer email: jeandummer@mnnr.net phone: 651-632-9026

4. Acts of God, inclement weather, etc. In the event Minnesota Commercial 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 Minnesota Commercial is able to reach the customer's track.

If the customer's track 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, is unable to perform switching on the customer's track, 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 tracks 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, Minnesota Commercial 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, Minnesota Commercial shall then contact 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, Minnesota Commercial 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, Minnesota Commercial will return the cars held for loading to the providing line haul carrier to eliminate potential further car hire costs. Minnesota Commercial will provide the customer a 24 hour 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 Minnesota Commercial and the providing carrier.

There are no exceptions to the Association of American Railroad Car Hire rules that excuse Minnesota Commercial from paying for each and every hour these cars are on our property, including industry congestion, operating or mechanical problems, inclement weather, etc.

7. Minnesota Commercial 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.

IV. HOLD TRACK / STORAGE CHARGES

Minnesota Commercial 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 Minnesota Commercial, 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 Minnesota Commercial 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: \$5.00 per car per 24 period, or fraction thereof.

(Minnesota Commercial 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 Minnesota Commercial is required to place a car on a hold track (whether the track is owned by Minnesota Commercial 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 \$30.00 per car.
2. For delivery or receipt from another connecting carrier to/from storage at the rate shown in Minnesota Commercial General Pricing Circular #2014, Item 112.
3. For loading or unloading the following cars \$43.00 per car: IHB 19024-19973; IHB 50504; IHB 51000-51588; IHB 147800-147849; IHB 166460-166752; IHB 167000-167199.

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

1. Many Minnesota Commercial 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 \$30.00 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 Minnesota Commercial 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 Minnesota Commercial, the demurrage charges (but not storage charges) can be at least in some instances partially abated on a case by case basis.

VI. GENERAL

Placement, constructive placement and release:

Each customer is required to release cars with an email to mnnrrls@mnr.net. This is the required method of release as it minimizes "time disputes" 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 Minnesota Commercial personnel this is not done, the car will not be considered released for demurrage purposes. A release of the car will be taken by Minnesota Commercial 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 Minnesota Commercial and use this. A customer may also request an “Online Patron Report” daily email from the Minnesota Commercial system indicating all cars on hand for that customer. Contact Jean Dummer or Chris Gauthier to be placed on the daily reports available. In addition to this Online Patron Report, customers can get email notifications when the Minnesota Commercial receives cars, puts a constructive placement and placement on cars for the customer.

Jean Dummer email: jeandummer@mnnr.net phone: 651-632-9026

Chris Gauthier email: cgauthier@mnnr.net phone: 651-632-9023

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. Including time for failure to notify MNNR of the damage.

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, “RESPOT” CARS

The line haul or switch charges that customers pay, which include Minnesota Commercial’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.

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 shown in Minnesota Commercial General Pricing Circular #2014, Item 115.

VIII. EFFECTIVENESS

This program shall continue in effect until such a time as Minnesota Commercial 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 10 days of receipt of the bill. Payment cannot be reduced because of claims. Payment may only be reduced by following the procedure of contacting Minnesota Commercial within 10 days of receipt of the bill and calling to our personnel's attention contested items. Minnesota Commercial 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 Minnesota Commercial 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. QUESTIONS AND ANSWERS

What if we miss a month?

If you miss a month and do not pay on time, you will start a new 12 month period the next month when you do pay on time.

What if we have zero demurrage bill, or a net credit during a month?

If you have zero or net credit demurrage bill that will count towards the 12 consecutive months.

Who are the designated Minnesota Commercial employees that can handle disputed billing questions?

Jean Dummer 651-632-9026

Will I be given a corrected bill?

Yes, if you can agree on an adjusted billing over the phone, or via email, the contact person will make a revised invoice of it showing the adjusted amount and either email or fax it to you. You will still have to remit payment within 30 days of receipt.

What happens if we cannot reach an agreement on the proper amount?

Our plan is what it is. It is a very fair plan, more generous than almost any other railroad and considering the incentive credit features, still places you at about half of what your demurrage would cost you on a Class I railroad. You will have to weigh the risks of the actions which we must take to preserve our cash flow if bills are not paid within 60 days as is required under this plan.

If you think the review officer missed something, you may take your appeal within the initial 15 day period to the Chief Financial Officer. They will review your appeal within 2 calendar business days, and issue an opinion in writing and a response by fax or email. If you are not satisfied with that answer and do not pay the adjusted amount, your non-payment will continue the 60 day period before we will take any or all of the steps outlined above.

Chief Financial Officer: Mike Lebakken 651-632-9010

Email: mlebakken@mnnr.net Fax: 651-632-9036