

WATCO TRANSPORTATION SERVICES RULES PUBLICATION

ALABAMA SOUTHERN RAILROAD INC. (ABS)
ARKANSAS SOUTHERN RAILROAD INC. (ARS)
AUSTIN WESTERN RAILROAD INC. (AWRR)
EASTERN IDAHO RAILROAD INC. (EIRR)
GREAT NORTHWEST RAILROAD INC. (GRNW)
KAW RIVER RAILROAD INC. (KAW)
KANSAS & OKLAHOMA RAILROAD INC. (KO)
LOUISIANA SOUTHERN RAILROAD INC. (LAS)
MISSION MOUNTAIN RAILROAD INC. (MMT)
MISSISSIPPI SOUTHERN RAILROAD INC. (MSR)
PALOUSE RIVER AND COULEE CITY RAILROAD INC. (PCC)
SOUTH KANSAS AND OKLAHOMA RAILROAD INC. (SKOL)
STILLWATER CENTRAL RAILROAD INC. (SLWC)
TIMBER ROCK RAILROAD INC. (TIBR)
VICKSBURG SOUTHERN RAILROAD INC. (VSOR)
YELLOWSTONE VALLEY RAILROAD INC. (YSVR)

RULES PUBLICATION WTS 9011

RULES AND RELATED PROVISIONS ON RAIL TRANSPORTATION COMMODITIES MOVING IN INTERSTATE AND INTRASTATE COMMERCE VIA THE ALABAMA SOUTHERN RAILROAD INC. (ABS), ARKANSAS SOUTHERN RAILROAD INC. (ARS), AUSTIN WESTERN RAILROAD INC. (AWRR), EASTERN IDAHO RAILROAD INC. (EIRR), GREAT NORTHWEST RAILROAD INC. (GRNW), KAW RIVER RAILROAD INC. (KAW), KANSAS & OKLAHOMA RAILROAD INC. (KO), LOUISIANA SOUTHERN RAILROAD INC. (LAS), MISSION MOUNTAIN RAILROAD INC. (MMT), MISSISSIPPI SOUTHERN RAILROAD INC. (MSR), PALOUSE RIVER AND COULEE CITY RAILROAD INC. (PCC), SOUTH KANSAS AND OKLAHOMA RAILROAD INC. (SKOL), STILLWATER CENTRAL RAILROAD INC. (SLWC), TIMBER ROCK RAILROAD INC. (TIBR), VICKSBURG SOUTHERN RAILROAD INC. (VSOR), AND YELLOWSTONE VALLEY RAILROAD INC. (YSVR)

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WATCO TRANSPORTATION SERVICES RULES PUBLICATION WTS 9011
TABLE OF CONTENTS

SUBJECT	ITEM
WATCO WEB SITE	5
AGGREGATE RULE	10
APPLICATION GENERAL	30
BILL OF LADING	60
CHANGE IN PROVISION(S)	80
CHARGES HEREIN SUBJECT TO INCREASE	110
CREDIT EXTENSION	120
CONSECUTIVE NUMBERS	150
DUNNAGE	160
FORCE MAJEURE	180
GOVERNING LAW	200
LOADING AND UNLOADING	220
MAXIMUM WEIGHT ON RAILS	230
OVERLOADED CARS	300
LOADING OF EQUIPMENT AT ORIGIN	310
REFERENCE TO TARIFFS, ITEMS, NOTES, RULES, ETC	340
SEVERABILITY	380
RAIL BILLING REQUIRED AT ORIGIN	460
ORINATION BILLING	470

WATCO TRANSPORTATION SERVICES RULES PUBLICATION WTS 9011

CHECK SHEET OF ITEMS AND REVISIONS

The items contained in this publication are listed consecutively by number. The paragraph that has been changed within an item will contain one of the following reference marks placed next to the item number:

(A) Denotes increase

(R) Denotes reductions

(C) Denotes changes in wording which result in neither increases nor reductions in charges

(N) Denotes new item

In addition, the effective date of the revised item will be added to this index page "CHECK SHEET OF ITEMS AND REVISIONS" to identify which item(s) have been changed

Revision Type	Item Number and Description	Effective Date
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THE WATCO TRANSPORTATION SERVICES RULES PUBLICATION WTS 9011

WATCO WEB SITE

ITEM 5

This publication is now available on the Internet for viewing or sending directly to your printer. The WATCO Home Page address is <http://www.watcocompanies.com>. All customers shipping with any of the railroads on the WatcoCompanies.com website should review the publications posted on the Website before tendering freight to or from any of the railroads as revisions to the publications will be made from time to time by supplement or reissuing the publications in their entirety.

From the Home Page click the 'Railroads' link, then choose the option called "Forms & Policies" for the railroad carrier being inquired; this option houses the publications necessary for understanding how to do business with any one of the Watco Railroads.

If you are not prepared to obtain a copy of this publication directly from the WATCO web site, a hard copy will be mailed to you, provided you furnish, to the address shown below, a formal written request for a printed copy. This formal request is required on an annual basis in accordance with the Surface Transportation Board's policy decision under Ex Parte 528, Disclosure, Publication and Notice of Change of Rates and Other Service Terms for Rail Common Carriage. **An annual \$100.00 subscription fee will be assessed for those who wish to receive a hard copy.**

Watco Transportation Services
Attn: Marketing Administration
315 West 3rd Street
Pittsburg, KS 66762

AGGREGATE RULE

ITEM 10

Except as otherwise specifically provided in agreements making reference hereto, rates are not subject to any rule which permits the application of a combination of intermediate rates via a route which a joint through rate applies.

Example: Customer has a rate quote from Point A to Point C (the "A to C Rate"). Customer also has a rate quote from Point A to Point B (the "A to B Rate") and from Point B to Point C (the "B to C Rate"). The "A to C Rate" applies, and Customer may not combine the "A to B Rate" with a "B to C Rate" unless specifically authorized in writing by applicable carrier published herein.

APPLICATION GENERAL

ITEM 30

The provisions of this publication apply to transportation when such transportation originates, terminates or is moving on ABS, ARS, AWRR, EIRR, GRNW, KAW, KO, LAS, MMT, MSR, PCC, SKOL, SLWC, TIBR, VSOR or YSVR. In the absence of a separate agreement specially covering the transportation and assessorial services provided by the carrier(s), the terms and conditions of this publication constitute a unilateral offering of such terms and conditions of a bilateral contract between ABS, ARS, AWRR, EIRR, GRNW, KAW, KO, LAS, MMT, MSR, PCC, SKOL, SLWC, TIBR, VSOR or YSVR and its connecting lines on the one hand, and the user of the transportation service on the other upon acceptance by such user. Subject to the qualifications set forth in this item below, tender of shipments to the originating carrier shall constitute acceptance of the terms of service as set out in this publication and the rate governing the shipment.

If a shipment is tendered with different or additional terms and conditions submitted by shipper, such different or additional terms and conditions shall be deemed rejected by applicable carrier unless electronically confirmed or agreed in a written document executed on behalf of the applicable carrier by a Marketing Administration Personnel of Watco Transportations Services, regardless of whether the shipment was accepted or moved by applicable carrier.

In the event of a conflict between an agreement making reference hereto and this publication the agreement will govern.

In the event of a conflict between a demurrage or switching tariff published by an individual carrier subscribing to this publication and this publication, the demurrage tariff or switching tariff will govern.

Under this publication, the terms "car or car(s)", includes rail cars, TOFC and COFC units.

THE WATCO TRANSPORTATION SERVICES RULES PUBLICATION WTS 9011

BILL OF LADING

ITEM 60

Services provided by carrier(s) subject to the conditions of this publication shall also be subject to the terms of the Uniform Bill of Lading as contained in the Uniform Freight Classification UFC 6000-Series, subject to modification as may from time to time be established under separate agreement and irrespective of whether a Bill of Lading is actually executed. Where provisions specifically provided in this publication conflict with Bill of Lading provisions themselves as contained in said Uniform Freight Classification, provisions of this publication shall apply.

CHANGE IN PROVISION(S)

ITEM 80

All carriers reserve the right at any time to change the provisions of this publication; provided, however, any such change shall be effective only with regard to any transportation services provided under this publication for freight tendered after the effective date of the changes. Carrier(s) will make available on its web page of the Watco Companies, Inc. website this publication in the latest amended form. Shipper should review this publication before tendering freight to ABS, ARS, AWRR, EIRR, GRNW, KAW, KO, LAS, MMT, MSR, PCC, SKOL, SLWC, TIBR, VSOR or YSVR. Revisions to this publication will be made from time to time by reissuing the publication in its entirety.

CHARGES HEREIN SUBJECT TO INCREASE

ITEM 110

Charges published herein are subject to increase by republication

CREDIT EXTENSION

ITEM 120

1. Shipments must be accompanied by full payment of charges unless consignor on Pre-paid shipment or consignee on Collect shipments has established credit to the satisfaction of the carrier responsible for collection of charges. For purposes of this item, "pre-paid" shipments shall mean shipments for which the originating carrier bears the billing and collection responsibilities and "collect" shipments shall mean shipments for which the delivering carrier bears the billing and collection responsibilities.
 - (a) Payment of all charges shall be made according to the terms established by the billing carrier. Charges payable to any of the carriers shall be paid within fifteen (15) calendar days from the date of the freight bill. Accessorial charges (e.g. demurrage, switching, weighing) – are due within 30 calendar days from the date of the accessorial bill.
 - (b) Payment shall be deemed to have been made upon receipt funds in carrier's bank.
 - (c) The term "freight bill" and "accessorial bill" as used in this item includes paper documents, billing by electronic data interchange ("EDI"), email, and any invoice procedures.
2. In no event shall any amount(s) claimed against carrier(s) be deducted from or offset against freight or other charges due hereunder. In the event that an amount(s) is deducted or offset against freight or other charges due carrier(s), the party making such offset or deduction will be assessed a service charge of ten percent (10%) plus one and one half percent (1 ½%) per month of the amount offset or deducted. Freight charges or other charges due must be paid in full, and any claim against carrier(s) must be asserted separately in accordance with the applicable procedure outlined below in number 5 of this item.
3. Carrier(s) may at any time, at its sole discretion, revoke credit privileges and institute any one or more-of the following procedures:
 - (a) Require that applicable freight charges be paid by a person or entity with approved credit status with applicable carrier.
 - (b) Require that the consignor or consignee responsible for the payment of freight or assessorial charges tender one or more of the following: Standby Irrevocable Letter of Credit and/or a Surety Bond and/or a personal or corporate guarantee of indebtedness and/or a sufficient cash deposit.
 - (c) Assess demurrage charges on rail cars placed in hold status while awaiting payment. When rail cars are held in transit awaiting payment, demurrage will be assessed following the sending or giving of notice of arrival and are subject to the demurrage charges in the applicable tariff of the rail carrier in which car is located.

THE WATCO TRANSPORTATION SERVICES RULES PUBLICATION WTS 9011

CREDIT EXTENSION (continued)

ITEM 120

4. As used in this item: (a) the term "shipper" includes without limitation consignors, consignees, freight forwarders, shippers' associations, and shippers' agents and (b) "charges" or "freight charges" include without limitation transportation charges, switch charges, demurrage, detention, and other accessorial charges that may accrue in connection with a shipment.
5. In the event that there are bills being disputed, an explanation should immediately be submitted to applicable carrier {not later than the time set out in Section 1 (a) above.} Any relief claimed must be a direct result of applicable carrier's control, as the carrier(s) will not be liable for conditions of other rail carriers not party to this publication that adversely affect the Shipper or the Consignee. The following email addresses make it simple and quick to submit a dispute:

ABSDisputes@watcocompanies.com
ARSDisputes@watcocompanies.com
AWRRDisputes@watcocompanies.com
EIRRDIsputes@watcocompanies.com
GRNWDIsputes@watcocompanies.com
KAWDisputes@watcocompanies.com

KODisputes@watcocompanies.com
LASDisputes@watcocompanies.com
MMTDisputes@watcocompanies.com
MSRDisputes@watcocompanies.com
PCCDisputes@watcocompanies.com
SKOLDisputes@watcocompanies.com

TIBRDisputes@watcocompanies.com
VSORDisputes@watcocompanies.com
YSVRDisputes@watcocompanies.com

Note: Payment of any bill, which is subsequently alleged to be incorrect, will not prejudice the shipper's claim. Should a customer receive bills that they are not responsible for paying, they should immediately notify the rail carrier (not later than as prescribed by their authorized Credit Terms.)

6. It is understood that any payment of amounts less than as stated on an invoice will be considered: "Payment-on-Account" and not as: "Payment-in-Full" (not withstanding any notation to the contrary as to the payer's intent.) Acceptance by rail carrier of a lesser amount will not constitute an accord and satisfaction. In such a situation, the payer will be advised of the remaining balance deemed due (after the application of the funds received has been attempted, as specified by payer.)
7. Shipper and consignee shall be liable for payments of the transportation charges accruing on a shipment, and nothing herein shall limit the right of carrier(s) to require at time of shipment the prepayment of charges or guarantee thereof. Customer will pay applicable carrier(s) if shipment is prepaid, or be responsible for payment if shipment is made collect, and pay immediately upon presentation of a bill by applicable carrier(s). If shipper or consignee has entered into an agreement for credit with ABS, ARS, AWRR, EIRR, GRNW, KAW, KO, LAS, MMT, MSR, PCC, SKOL, SLWC, TIBR, VSOR or YSVR, the terms and conditions of the credit agreement will supersede any prepayment or payment upon demand requirement. If transportation charges have not been prepaid, or shipper and consignee have not entered into an agreement for credit with applicable carrier, that carrier may withhold delivery of the shipment until payment or guarantee by customer or consignee of all charges. Placement of equipment by ABS, ARS, AWRR, EIRR, GRNW, KAW, KO, LAS, MMT, MSR, PCC, SKOL, SLWC, TIBR, VSOR or YSVR under credit agreement for unloading or loading shall be deemed acceptance of shipment and/or equipment.
8. Acceptance of shipment by consignee or beneficial owner shall be deemed acceptance of responsibility for payment of all charges accruing on the shipment, including demurrage and switching services performed at destination. Such payment shall be in U.S. money and will not be reduced to offset claims, damages to property or for other reasons. The issuance of a Shipping Document for a shipment consigned "to order", or to one party with directions to notify or advise another party as a prior condition to delivery, is prohibited, unless prior written arrangements have been made. Except as otherwise authorized by an Exempt Transportation Rate Quotation, or a Contract, a shipment requiring ascertainment of weight at destination by reason of a destination weight agreement in order to determine applicable freight charges, must be tendered as a collect shipment.

THE WATCO TRANSPORTATION SERVICES RULES PUBLICATION WTS 9011

CONSECUTIVE NUMBERS

ITEM 150

Where consecutive numbers are represented in this publication by the first and last numbers connected by the word 'to', they will be understood to include both of the numbers shown.

DUNNAGE

ITEM 160

Except as otherwise provided in an agreement, temporary blocking, flooring or lining, corrugated fibreboard or plywood separators or dividers, standards, strips, stakes or similar bracing or supports (hereinafter referred to as dunnage), bulkheads, partitions, temporary doors or door protection, not constituting a part of the car, when required to protect and make freight secure for a shipment must be furnished and installed by shipper and at his expense. The term "dunnage" does not include excelsior, hay sawdust, shavings, shredded paper, straw, packing cushions or pads or similar packing material. Except as provided in this paragraph or the paragraph below, an allowance of actual weight, but not in excess of 2,000 pounds, will be made for dunnage used when such materials are required for safe transportation of freight provided in no case shall less than the established minimum carload weight be charged for. No allowance will be made for dunnage used in connection with bulk freight. No allowance for dunnage used will be made unless shipper specified total actual weight of dunnage on the Bill of Lading. Transportation charges for dunnage, when made, shall be at the rate applicable to the freight which it accompanies.

FORCE MAJEURE

ITEM 180

In the event any party is unable to meet its obligations under the agreement making reference hereto because of Acts of God, war, insurrection, strikes, derailments or any like causes, the obligations of the party so affected shall be relieved of those obligations under the agreement to the extent its performance is prevented by such Force Majeure. To be relieved of obligations under the agreement the party affected must notify the other parties of the date of occurrence of the event of Force Majeure and the cause within seven (7) days of the occurrence

GOVERNING LAW

ITEM 200

To the extent not governed by Federal law, the laws of the state of Kansas without regard to conflict of law provision shall govern the construction and interpretation of this publication and all rights and obligations of the parties.

LOADING AND UNLOADING

ITEM 220

Consignors and consignees are required to load and unload cars.

MAXIMUM WEIGHT ON RAILS

ITEM 230

All freight cars in the absence of maximum loading limits stenciled thereon, equipped with AAR standard axles may be loaded as provided in **Association of American Railways Field Manual Rule 70**. If the Marked Capacity is as shown under [A] below, the Total Weight on Rail will be as shown under [B] below:

[A] -----	[B]
80,000 pounds-----	142,000 pounds
100,000 pounds-----	177,000 pounds
140,000 pounds-----	220,000 pounds
200,000 pounds-----	263,000 pounds
227,000 pounds-----	286,000 pounds

ABS, ARS, AWRR, EIRR, GRNW, KAW, KO, LAS, MMT, MSR, PCC, SKOL, SLWC, TIBR, VSOR or YSVR will not accept any TOFC or COFC units with a gross weight exceeding the maximum gross weight permissible under Federal, State and/or Municipal Weight Laws, but in no case shall the combined gross weight exceed 65,000 pounds. Gross weight means combined weight of trailer and lading.

THE WATCO TRANSPORTATION SERVICES RULES PUBLICATION WTS 9011

OVERLOADED CARS*ITEM 300*

An overloaded car is defined as a rail car for which either the net weight (actual weight of freight including all other materials incidental to the movement of the goods) is in **excess of the car's authorized load limit** (as listed in Universal Machine Language Equipment Register-UMLER), or the gross weight (combined weight of railcar and freight including all other material incidental to the movement of the goods) is in **excess of the track weight limitations** at any point along the route of movement. To determine track weight limitation at any point along the route of movement for carrier(s), you can access the following link and click on the "Track Capacity Map" for the railroad carrier being reviewed: <http://www.watcocompanies.com/railroads.htm>

If car is overloaded, shipper is responsible for the removal and disposal of the excess portion of the lading of the car. Carrier(s) will not be responsible for damaged goods, or loss of lading resulting from the process of removing excess portion and carrier(s) will not assume responsibility for the proper loading or unloading of any lading into or out of a car containing excessive lading. All charges referred to are assessed as a deterrent to the unsafe practice of overloading rail cars and are not connected in any way with the line-haul transportation charges. These charges are not freight or "or other lawful charges" within the meaning of Section 7 of the Bill of Lading, and the execution of Section 7 will not in any way relieve the shipper from the responsibility for the charges set forth in this Item.

If shipper does not produce a certified weight document, in a form acceptable to applicable carrier, indicating that the excess tonnage has been removed from each car, weighing charges for each overloaded car, including applicable switch charges as published in applicable carrier's Tariff covering switching charges, will be assessed against the shipper in addition to all other charges named in this publication.

If a car is found to be overloaded at origin after having been removed from industry or if a car is found to be overloaded at railroad tracks where loaded or if a car is found to be overloaded after the car has departed the origin station, the overloaded car(s) will be placed at a point of carrier's choosing until the excess lading is removed and will be subject to a surcharge of \$750.00 per car, an intra-terminal switch charge (if point is on ABS, ARS, AWRR, EIRR, GRNW, KAW, KO, LAS, MMT, MSR, PCC, SKOL, SLWC, TIBR, VSOR or YSVR), or an inter-terminal switch charge (if point is on a carrier other than ABS, ARS, AWRR, EIRR, GRNW, KAW, KO, LAS, MMT, MSR, PCC, SKOL, SLWC, TIBR, VSOR or YSVR, but within the switch limits) as provided in applicable carrier's Tariff covering switch charges, and the applicable freight charges. Shipper will be notified via telephone, fax or by an electronic means and shall remove the excess lading at the operating convenience of applicable carrier. Cars found to contain excess lading at origin will remain on continuous demurrage under the provisions found in applicable carrier's Tariff covering demurrage charges, until the excess lading is removed.

If the shipper fails or refuses to arrange to have the excess lading removed from each car within one hundred and twenty (120) hours from the date and time of notification, carrier(s) may, at its discretion, arrange for removal and disposal of the lading in excess of the weight limit needed to allow the car to continue safely to destination. The shipper will be assessed and pay actual cost of removal and disposal to the party removing the lading from the car. If shipper/consignor has not commenced reducing the excess portion from each car after two hundred and forty (240) hours from the date and time of notification, the lading in the car will have been deemed abandoned and carrier(s) may, at the option of carrier's Freight Claim Department sell or dispose of the lading. All charges (switching, weighing, demurrage, reduction and disposal expense) resulting from the overloaded car, will be deducted from the proceeds of sale.

If a car found to be overloaded can be safely moved, or is discovered as overload at destination, a surcharge of \$750.00 per car will be applicable.

THE WATCO TRANSPORTATION SERVICES RULES PUBLICATION WTS 9011

LOADING OF EQUIPMENT AT ORIGIN*ITEM 310*

All loading, bracing, and blocking must comply with the applicable, Association of American Railroad's pamphlet or general information series publication or modification approved by carrier's Damage Prevention Services prior to shipment. Shippers are required to take all necessary additional steps to protect their product and the equipment being used during rail transportation. In the event of a load shift, derailment or equipment damage, when it is determined by rail carriers that there was insufficient or improper loading, bracing or blocking, the shipper shall be responsible for all expenses, including the repair of damaged equipment (including complete loss of use), loss or damage to cargo, transfer services and derailment costs. In addition, all charges, administrative, civil fines, storage and demurrage are due and payable in full before the railcar or the cargo is released.

REFERENCE TO TARIFFS, ITEMS, NOTES, RULES, ETC.*ITEM 340*

Where reference is made in this publication to tariffs, items, notes, rules, etc., such references are continuous and include supplements to and successive issues of such tariffs and reissues of such items, notes, etc.

SEVERABILITY*ITEM 380*

If any provision of this publication is held invalid by a court or governmental entity of competent jurisdiction, such provision shall be severed from this publication and to the extent possible, this publication shall continue with regard to the remaining provisions.

RAIL BILLING REQUIRED AT ORIGIN*ITEM 460*

In order for TOFC or COFC units or loaded cars to be accepted at origin, proper rail billing to destination is required. In the event applicable carrier inadvertently accepts a loaded car (excluding TOFC or COFC units), from shipper and the car is removed from industry track or team track without proper billing instructions, and is held by carrier(s) awaiting billing instructions, a hold charge of \$300.00 per car will be assessed against the customer and the car will remain on continuous demurrage and will be subject to rules and charges published in the applicable carrier's Tariff and such supplements thereto and successive issues thereof until proper billing is received.

ORIGINATION BILLING*ITEM 470*

Should a customer or a representative on behalf of customer generate origination billing data that fails to match the shipment conditions, resulting in rework by ABS, ARS, AWRR, EIRR, GRNW, KAW, KO, LAS, MMT, MSR, PCC, SKOL, SLWC, TIBR, VSOR or YSVR, customer or the representative acting on behalf of customer will be charged \$50.00 per car. Should the origination billing data error be repeated on subsequent shipments, customer or the representative acting on behalf of customer will be charged \$100.00 per car for each car which has origination billing data that fails to match the shipments conditions.