

FREIGHT TARIFF WTS 9500-B

WATCO TRANSPORTATION SERVICES FUEL SURCHARGE PUBLICATION

ALABAMA SOUTHERN RAILROAD INC (ABS)
ARKANSAS SOUTHERN RAILROAD INC (ARS)
AUSTIN WESTERN RAILROAD INC (AWRR)
AUTAUGA NORTHERN RAILROAD LLC (AUT)
BIRMINGHAM TERMINAL RAILWAY (BHRR)
BLUE RIDGE SOUTHERN RAILROAD LLC (BLU)
BOISE VALLEY RAILROAD LLC (BVRR)
EASTERN IDAHO RAILROAD INC (EIRR)
GEAUX GEAUX RAILROAD LLC (GOCR)
GRAND ELK RAILROAD INC (GDLK)
GREAT NORTHWEST RAILROAD INC (GRNW)
KAW RIVER RAILROAD INC (KAW)
KANWHA RIVER RAILROAD LLC (KNWA)
KANSAS & OKLAHOMA RAILROAD INC (KO)
LOUISIANA SOUTHERN RAILROAD INC (LAS)
LUBBOCK AND WESTERN RAILWAY LLC (LBWR)
MISSION MOUNTAIN RAILROAD INC (MMT)
MISSISSIPPI SOUTHERN RAILROAD INC (MSR)
PACIFIC SUN RAILROAD (PSRR)
PALOUSE RIVER & COULEE CITY RAILROAD LLC (PCC)
PENNSYLVANIA SOUTHWESTERN RAILROAD (PSWR)
SOUTH KANSAS AND OKLAHOMA RAILROAD INC (SKOL)
STILLWATER CENTRAL RAILROAD INC (SLWC)
TEXAS AND NEW MEXICO RAILWAY LLC (TXN)
TIMBER ROCK RAILROAD INC (TIBR)
VICKSBURG SOUTHERN RAILROAD INC (VSOR)
WISCONSIN & SOUTHERN RAILROAD LLC (WSOR)
YELLOWSTONE VALLEY RAILROAD INC (YSVR)

FREIGHT TARIFF WTS 9500-B (SUPERSEDES TARIFF WTS 9500-A)

FUEL SURCHARGE APPLICABLE TO RAIL TRANSPORTATION COMMODITIES MOVING IN INTERSTATE AND INTRASTATE COMMERCE VIA THE ALABAMA SOUTHERN RAILROAD INC. (ABS), ARKANSAS SOUTHERN RAILROAD INC. (ARS), AUTAUGA NORTHERN RAILROAD L.L.C (AUT), AUSTIN WESTERN RAILROAD INC. (AWRR), BIRMINGHAM TERMINAL RAILWAY (BHRR), BLUE RIDGE SOUTHERN RAILROAD LLC (BLU), BOISE VALLEY RAILROAD L.L.C (BVRR), EASTERN IDAHO RAILROAD INC. (EIRR), GRAND ELK RAILROAD L.L.C. (GDLK), GREAT NORTHWEST RAILROAD INC. (GRNW), KAW RIVER RAILROAD INC. (KAW), KANWHA RIVER RAILROAD LLC (KNWA), KANSAS & OKLAHOMA RAILROAD INC. (KO), LOUISIANA SOUTHERN RAILROAD INC. (LAS), LUBBOCK AND WESTERN RAILWAY LLC (LBWR), MISSION MOUNTAIN RAILROAD INC. (MMT), MISSISSIPPI SOUTHERN RAILROAD INC. (MSR), PACIFIC SUN RAILROAD (PSRR), PALOUSE RIVER & COULEE CITY RAILROAD LLC (PCC), PENNSYLVANIA SOUTHWESTERN RAILROAD (PSWR), SOUTH KANSAS AND OKLAHOMA RAILROAD INC. (SKOL), STILLWATER CENTRAL RAILROAD INC. (SLWC), TEXAS AND NEW MEXICO RAILWAY LLC (TXN), TIMBER ROCK RAILROAD INC. (TIBR), VICKSBURG SOUTHERN RAILROAD INC. (VSOR), WISCONSIN & SOUTHERN RAILROAD LLC (WSOR), AND YELLOWSTONE VALLEY RAILROAD INC. (YSVR)

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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 that 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
Wording change	TITLE PAGE verbiage changed to remove Alabama Warrior Railway (ABWR) and Baton Rouge Southern Railroad (BRS) as they are reciprocally switched facilities without mileages to apply, and to remove Palouse River and Coulee City Railroad (PCC) as this tariff does not apply to that railroad.	September 1, 2009
Wording change	ITEM 10 verbiage changed to remove exclusion of STB-regulated traffic. Exclusion is not applicable to this mileage-based system.	November 1, 2009

- | | | |
|-----|---|--------------|
| (N) | NEW RAILROAD SUBSCRIBERS | June 1, 2018 |
| (W) | CHANGED WORDING OF MILEAGE/PERCENTAGE BASES OLD AND NEW TO SHOW ITEM NUMBERS 100, 200, 300, 400 | June 1, 2018 |

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THE WATCO TRANSPORTATION SERVICES FREIGHT TARIFF WTS 9500-B SECTION I

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 <https://www.watcocompanies.com/customer-tools/fuel-surcharge/>. All shippers and consignees that ship or receive railcars 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.

FUEL SURCHARGE APPLICATION

ITEM 10

In addition to the local line-haul transportation charge or charges published in applicable railroad tariffs or other specific railroad publications, a variable fuel surcharge will be assessed on all traffic on the applicable railroad. Fuel surcharges may be based on either a percentage of the freight rate, or mileage based.

Fuel surcharge is to be paid by the freight payer contained on the Bill of Lading and will be shown as a separate line item on the invoice and will be collected by and accrue solely to the specific railroad.

CARLOAD FUEL SURCHARGE AMOUNT CALCULATION

ITEM 20

Fuel surcharge is calculated and adjusted monthly utilizing the following methodology. The total fuel surcharge for a given freight move will be rounded **up** to the nearest whole dollar. A general description of various pertinent terms follows. See Section II of this Tariff for details on all fuel surcharge programs.

➤ MILEAGE BASED

- BASE FUEL PRICE – the per gallon cost of fuel established by Watco as the baseline from which to evaluate future fuel price increases;
- HDF PRICE – the monthly average price of Retail On-Highway Diesel Fuel (HDF) determined by averaging the four or five (as applicable for a specific month) U.S. Average Weekly Retail HDF prices reported by the U.S. Department of Energy at the following website: http://tonto.eia.doe.gov/oog/info/wohdp/diesel_detail_report_combined.asp. On the following chart, this HDF PRICE projected vertically from the HDF Price axis to the blue graph line then horizontally to the \$ FSC per Mile axis indicates the per mile fuel surcharge. This per mile fuel surcharge, when multiplied by OD Pair Miles, produces the per car fuel surcharge to be invoiced the freight payer in addition to the per car freight rate for a specific commodity freight move;
- OD PAIR MILES – the origin to destination, on-rail miles for a given freight move. The mileage is determined using the origin rail station and the destination rail station as starting and ending points, respectively, for the specific move.
- FSC FACTOR – a factor defined by Watco's fuel efficiency.

➤ PERCENTAGE BASED

- BASE FUEL PRICE – the per gallon cost of fuel established by Watco as the baseline from which to evaluate future fuel price increases;
- PERCENTAGE CALCULATION – the posted percentage, multiplied by the line-haul freight rate, will produce the fuel surcharge amount to be invoiced.

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FUEL SURCHARGE APPLICATION TIMING

ITEM 30

The calculated fuel surcharge is applicable two months following the month of the published HDF pricing (e.g., July weekly HD F prices are averaged and used to determine the applicable fuel surcharge for September of the same year, December weekly HDF prices are averaged and used to determine the applicable fuel surcharge for February of the following year, etc.).

The per mile fuel surcharge amount will be posted no later than the 10th of the preceding month on the Watco website under each applicable railroad's Forms and Publications section.

CHARGES HEREIN SUBJECT TO INCREASE

ITEM 40

Charges published herein are subject to increase by republication.

SOURCE OF RETAIL ON-HIGHWAY DIESEL FUEL PRICES

ITEM 50

In the event the U.S. Department of Energy ceases to publish Retail On-Highway Diesel Fuel Prices or materially alters the methodology by which those prices are derived, a similar source will be substituted that closely matches the structure and formulation of HDF pricing. A change to or re-issue of this publication will be disseminated in such a substitution of source.

REFERENCE TO TARIFFS, ITEMS, NOTES, RULES, ETC.

ITEM 60

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 70

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.

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SECTION II FUEL SURCHARGE PROGRAMS & BASES

OLD FUEL SURCHARGE BASE - PERCENTAGE

ITEM 100

HDF			FSC	HDF			FSC
\$0.000	-	\$1.349	0.0%	\$2.400	-	\$2.449	11.00%
\$1.350	-	\$1.399	0.500%	\$2.450	-	\$2.499	11.5%
\$1.400	-	\$1.449	1.0%	\$2.500	-	\$2.549	12.0%
\$1.450	-	\$1.499	1.5%	\$2.550	-	\$2.599	12.5%
\$1.500	-	\$1.549	2.0%	\$2.600	-	\$2.649	13.0%
\$1.550	-	\$1.599	2.5%	\$2.650	-	\$2.699	13.5%
\$1.600	-	\$1.649	3.0%	\$2.700	-	\$2.749	14.0%
\$1.650	-	\$1.699	3.5%	\$2.750	-	\$2.799	14.5%
\$1.700	-	\$1.749	4.0%	\$2.800	-	\$2.849	15.0%
\$1.750	-	\$1.799	4.5%	\$2.850	-	\$2.899	15.5%
\$1.800	-	\$1.849	5.0%	\$2.900	-	\$2.949	16.0%
\$1.850	-	\$1.899	5.5%	\$2.950	-	\$2.999	16.5%
\$1.900	-	\$1.949	6.0%	\$3.000	-	\$3.049	17.0%
\$1.950	-	\$1.999	6.5%	\$3.050	-	\$3.099	17.5%
\$2.000	-	\$2.049	7.0%	\$3.100	-	\$3.149	18.0%
\$2.050	-	\$2.099	7.5%	\$3.150	-	\$3.199	18.5%
\$2.100	-	\$2.149	8.0%	\$3.200	-	\$3.249	19.0%
\$2.150	-	\$2.199	8.5%	\$3.250	-	\$3.299	19.5%
\$2.200	-	\$2.249	9.0%	\$3.300	-	\$3.349	20.0%
\$2.250	-	\$2.299	9.5%	\$3.350	-	\$3.399	20.5%
\$2.300	-	\$2.349	10.0%	\$3.400	-	\$3.449	21.0%
\$2.350	-	\$2.399	10.5%	\$3.450	-	\$3.499	21.5%

For every \$0.05 increase in the HDF price, the fuel surcharge will increase by 0.5%.

OLD FUEL SURCHARGE BASE - MILEAGE

ITEM 200

Fuel Surcharge with a strike price of \$1.325 is done by a monthly calculation and does not have a corresponding table. A history of the mileage based FSC from this program may be found on the website. <http://www.watcocompanies.com/customer-tools/fuel-surcharge/>

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NEW FUEL SURCHARGE BASE - PERCENTAGE

ITEM 300

HDF			FSC	HDF			FSC
\$0.000	-	\$2.499	0.0%	\$3.200	-	\$3.249	7.5%
\$2.500	-	\$2.549	0.500%	\$3.250	-	\$3.299	8.0%
\$2.550	-	\$2.599	1.0%	\$3.300	-	\$3.349	8.5%
\$2.600	-	\$2.649	1.5%	\$3.350	-	\$3.399	9.0%
\$2.650	-	\$2.699	2.0%	\$3.400	-	\$3.449	9.5%
\$2.700	-	\$2.749	2.5%	\$3.450	-	\$3.499	10.0%
\$2.750	-	\$2.799	3.0%	\$3.500	-	\$3.549	10.5%
\$2.800	-	\$2.849	3.5%	\$3.550	-	\$3.599	11.0%
\$2.850	-	\$2.899	4.0%	\$3.600	-	\$3.649	11.5%
\$2.900	-	\$2.949	4.5%	\$3.650	-	\$3.699	12.0%
\$2.950	-	\$2.999	5.0%	\$3.700	-	\$3.749	12.5%
\$3.000	-	\$3.049	5.5%	\$3.750	-	\$3.799	13.0%
\$3.050	-	\$3.099	6.0%	\$3.800	-	\$3.849	13.5%
\$3.100	-	\$3.149	6.5%	\$3.850	-	\$3.899	14.0%
\$3.150	-	\$3.199	7.0%	\$3.900	-	\$3.949	14.5%

For every \$0.05 increase in the HDF price, the fuel surcharge will increase by 0.5%.

NEW FUEL SURCHARGE BASE - MILEAGE

ITEM 400

HDF			FSC	HDF			FSC
\$0.000	-	\$2.499	\$0.000	\$3.200	-	\$3.249	\$0.300
\$2.500	-	\$2.549	\$0.020	\$3.250	-	\$3.299	\$0.320
\$2.550	-	\$2.599	\$0.040	\$3.300	-	\$3.349	\$0.340
\$2.600	-	\$2.649	\$0.060	\$3.350	-	\$3.399	\$0.360
\$2.650	-	\$2.699	\$0.080	\$3.400	-	\$3.449	\$0.380
\$2.700	-	\$2.749	\$0.100	\$3.450	-	\$3.499	\$0.400
\$2.750	-	\$2.799	\$0.120	\$3.500	-	\$3.549	\$0.420
\$2.800	-	\$2.849	\$0.140	\$3.550	-	\$3.599	\$0.440
\$2.850	-	\$2.899	\$0.160	\$3.600	-	\$3.649	\$0.460
\$2.900	-	\$2.949	\$0.180	\$3.650	-	\$3.699	\$0.480
\$2.950	-	\$2.999	\$0.200	\$3.700	-	\$3.749	\$0.500
\$3.000	-	\$3.049	\$0.220	\$3.750	-	\$3.799	\$0.520
\$3.050	-	\$3.099	\$0.240	\$3.800	-	\$3.849	\$0.540
\$3.100	-	\$3.149	\$0.260	\$3.850	-	\$3.899	\$0.560
\$3.150	-	\$3.199	\$0.280	\$3.900	-	\$3.949	\$0.580

For every \$0.05 increase in the HDF price, the fuel surcharge will increase by \$0.02 per mile.