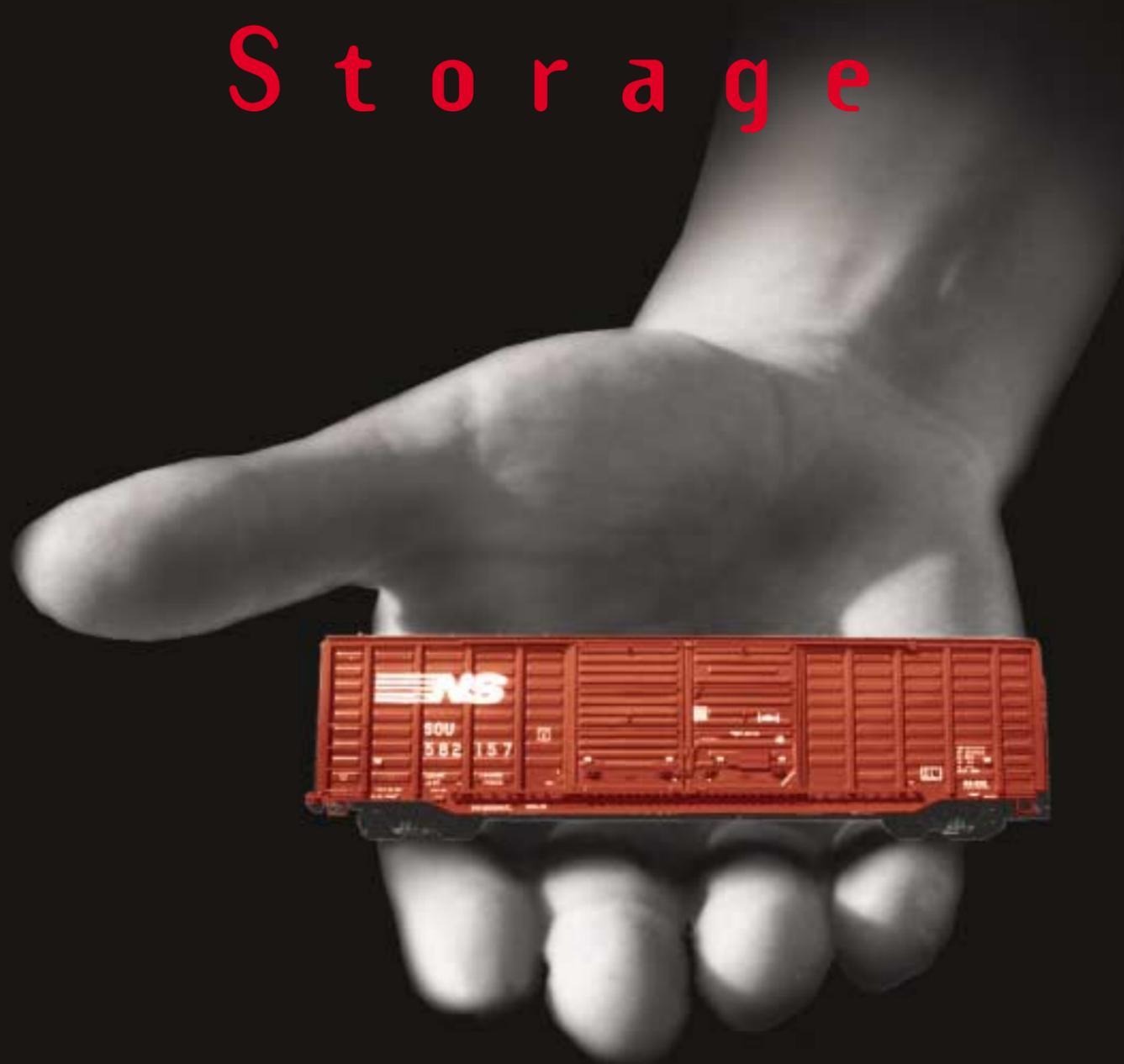


# Demurrage and Storage



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An explanation of Norfolk Southern's tariff series, NS 6004



We hope you find this booklet

helpful as an easy reference guide

for demurrage and storage. If you

have additional questions, please

refer to the tariff at our web site, or

feel free to call a representative of

our demurrage team.

## Table of Contents

6	Overview: Tariff 6004-B
8	Glossary
10	Frequently Asked Questions
14	Billing Example: Inbound
16	Billing Example: Outbound
18	Billing Example: Private Cars

## Dear Valued Customer:

I'm sure you are aware NS adopted Tariff series, NS 6004, on March 1, 2000 to cover demurrage and other related storage charges. This tariff allows for simplification of demurrage and storage, providing uniform billing across the expanded NS system. Since the adoption of this tariff, we've worked to address many of your questions and concerns. Additionally, we've put together this brochure to provide an overview of demurrage and storage and to answer the most frequently asked questions.

Why does NS bill for demurrage and storage? In order for NS to effectively manage and utilize its fleet of equipment within its system, NS charges demurrage and storage as an incentive to customers to load and unload equipment quickly. By doing so, NS can better serve our customers by ensuring there is sufficient equipment available.

Tariff NS 6004 divides railcars into two basic groups: those that are railroad-owned and those that are privately owned. Section 1 of the tariff covers demurrage rules for railroad-owned equipment. Section 2 covers hazardous material storage for any type of equipment containing a hazardous material. Section 3 covers storage charges for privately owned equipment.

A copy of tariff NS 6004-B is available via the internet at:  
<http://www.nscorp.com/nscorp/html/pdf/NS6004-B.pdf>

If you have a question regarding your demurrage or storage bill, please contact a representative of our demurrage group in Revenue Accounting-Customer Service. The representative's name, phone, and fax number are located in the upper left-hand corner of the bill.

If you believe there is a discrepancy with our billing, in accordance with the tariff publication, please submit your claims in writing by the last day of the calendar month following the month in which the bill was issued. To expedite your claim, the conditions for which relief is requested must be fully stated – including order, constructive placement, actual placement, or release dates. Please note that relief for failure to switch will only be granted when all cars spotted show released empty prior to or on the day relief is being claimed. Also, allowance will not be made for run-around or bunching.

In addition to submitting a complete and timely claim, please remit payment for the amount you believe to be due. Again, this will allow us to expedite resolution of billing discrepancies.

# Overview of NS Tariff 6004-B

## Railroad Cars

### A. Cars Held for Unloading

Applies to all inbound cars which will be unloaded and released empty. The following rules apply:

1. The railroad can tender cars to you under constructive placement (CP) if for any reason you are unable to accept delivery of the car(s). Demurrage car days will begin to accrue if instructions are not given to the railroad before the first 12:01 a.m. after constructive placement. With constructive placement, car days will continue to accrue until the car is released back to the railroad. When you are able to accept delivery, you can order the loaded car for placement and demurrage will be suspended from the order date until the car is actually placed on your track accessible for you to unload.
2. Actual placement occurs when a car is placed for unloading.
3. Empty release occurs when notification is received by the railroad that a car is empty and available for pull. Remember, the demurrage clock stops when the railroad is furnished a release – not when the car is unloaded.
4. Pull occurs when the train crew switches the car from your track to railroad-controlled track. The only time the pull event affects your charges is when an empty car is pulled from your track and you had not notified the railroad the car was empty. When this occurs, the pull will stop the accrual of demurrage car days.
5. Each loaded car placed for unloading receives two (2) credit days.
6. At the end of the month, your total demurrage car days are netted against total credits. If total car days exceed the credits earned, those days are charged at the daily rate for demurrage as published in NS 6004. Credits for outbound cars cannot be used to offset car days for inbound cars.

### B. Cars Held for Loading

Applies to all empty cars placed for loading at a customer's siding. The following rules apply:

1. Actual placement occurs when an empty car is placed in an accessible position for loading or at a point designated by you. Cars actually placed for loading are considered as ordered on the date placed and the demurrage clock starts the first 12:01 a.m. after actual placement. Demurrage car days will continue to accrue until forwarding (billing) instructions are received by the railroad.
2. If the car is ordered for a date later than the actual placement date, the demurrage clock will start at 12:01 a.m. on the date the car was ordered. If empty cars are actually placed at your facility for railroad convenience

before you are ready to appropriate the car for loading, you need to order the car when you are ready to begin loading.

3. Loaded release occurs when forwarding instructions are given to the railroad with all the necessary information to transport the shipment to final destination. Remember, the demurrage clock stops when the railroad is furnished forwarding instructions – not when the car is loaded.
4. Each empty car placed for loading receives one (1) credit day.
5. If the customer releases the car loaded on the day it was placed or the following day, no demurrage will accrue for that car.
6. At the end of the month, your total demurrage car days are netted against total credits. If total car days exceed the credits earned, those days are charged at the daily rate for demurrage as published in NS 6004. Credits for inbound cars cannot be used to offset car days for outbound cars.

### C. Empty Cars Rejected

Applies to all empty cars placed for loading at a customer's siding which the customer has rejected as unsuitable for loading. The customer has one day to advise that a railroad car is rejected or demurrage charges will accrue.

## Private Cars

### A. Private Cars Held Under Tender Until Released

Applies to inbound private cars. NS will only charge storage if the car is held on railroad tracks for more than two (2) days (free days) following constructive placement. After two days on constructive placement, private car storage is charged at the daily rate for private car storage as published in NS 6004. Once the car is placed on a customer's private track, no storage will be charged.

### B. Private Cars Pulled and Held for Disposition

Applies to outbound private cars. NS will charge a daily storage charge if a car is pulled from a customer's siding without receipt of a valid bill of lading from the shipper.

# Glossary

## **Actual Placement (AP)**

When a car is placed in an accessible position for loading or unloading or at a point designated by you.

## **Car Day**

Each twenty-four (24) hour period or fraction thereof beginning the first 12:01 a.m. after a car is constructively or actually placed.

## **Constructive Placement (CP)**

When a car cannot actually be placed because of any condition attributable to the customer, the car will be held at an available hold point and notice will be given to the customer that the car is being held awaiting instructions.

## **Credit Day**

A non-chargeable day. Two (2) credits are earned for each loaded inbound car (Cars Held For Unloading). One (1) credit is earned for each car arriving as empty for outbound loading (Cars Held For Loading).

## **CYO**

Central Yard Operations

## **Demurrage**

A charge for detaining a freight car.

## **Empty Release**

When the railroad receives notification from the customer that a car that was placed loaded is now empty and ready to be pulled.

## **Forwarding Instruction**

A bill of lading or other suitable order given to the railroad containing all of the necessary information to transport shipment.

## **Free Day**

A non-chargeable storage day.

## **Hazardous**

When a car contains material classified by the Federal Railroad Association (FRA) as dangerous or exposing one to risk.

## **Holidays**

The following days are considered holidays under the provisions of the NS 6004 demurrage tariff: New Year's Day, President's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Day.

## **Loaded Release**

When the railroad receives forwarding instructions (billing) indicating a car that was placed empty is now loaded and ready to be shipped.

## **Order**

Instructions given to the railroad to actually place a loaded inbound car or instructions given to railroad to provide an empty car for outbound loading.

## **Private Car**

A car bearing other than railroad reporting marks and which is not a railroad-controlled car.

## **Private Track**

Track assigned for individual use by you including your privately owned or leased tracks.

## **Pull**

When the train crew switches the car from your private track to railroad-controlled track.

## **Railroad-Controlled Cars**

Cars owned by or provided to the railroad for use in servicing customers.

## **Reload**

When the same car is unloaded and then loaded. Reloading will be expressed from date of placement (constructive or actual) to date of loaded release. Reload cars will be allowed three (3) credits and will be displayed in the "Cars Held for Unloading" portion of the bill.

## **Storage**

A charge for holding a private car on railroad-controlled tracks.

## **Storage Day**

A twenty-four (24) hour period or fraction thereof beginning the first 12:01 a.m. after tender.

# Frequently Asked Questions

## Q. What is demurrage?

A. As an incentive to improve car utilization, demurrage is a fee charged for the use of railcars when customers exceed the days allotted to load or unload cars owned or leased by railroads.

## Q. Are all railcars subject to demurrage?

A. All railcars owned or leased by Norfolk Southern or other railroads are subject to demurrage. Private cars owned or leased to shippers are not subject to demurrage but may be subject to storage charges.

## Q. When does demurrage begin for cars received for unloading (inbound)?

A. Demurrage begins at the first 12:01 a.m. following constructive or actual placement. For example, if a loaded/inbound car is placed at 2:00 p.m. (or anytime) on June 1, the demurrage clock begins at 12:01 a.m. on June 2.

## Q. What is the difference between constructive and actual placement?

A. If for any reason a customer cannot accept delivery of a railcar, the car is constructively placed. Constructive placement is a notice given to the customer that a car is available for delivery to their siding. NS will then await the customer's instructions. Actual placement occurs when a car is physically delivered to a customer's siding.

## Q. How does NS provide notice of car arrivals?

A. NS maintains a computer profile for all customers to tell us how to serve you. For "open-gate" customers, cars are actually placed at the customer's siding if the customer can accept delivery. Therefore, no further notification is necessary; although, NS customarily provides notification as a courtesy. For "closed-gate" customers, cars are constructively placed and notification that a car is available is provided by fax.

## Q. How is a car's demurrage calculated?

A. Demurrage is calculated from the first 12:01 a.m. following tender of the car to customer until NS is advised the car is empty and ready to be pulled (in cases of empties), or disposition is provided (in cases of loads). If an empty car is placed prior to the date for which it was ordered, car days will be computed from the first 12:01 a.m. of the day for which car was ordered. If a loaded car has been constructively placed and the customer has ordered for placement, car days between order date and actual placement are excluded in demurrage calculation.

## Q. What if NS delays placement? Is the customer expected to be charged for missed placements or off-spots?

A. No.

*For loaded cars ordered for placement:* Unless the car has been constructively placed, demurrage does not begin until the car is actually placed as you ordered. If the car has been constructively placed, and NS does not place the car the next day after the customer's order, an allowance for non-service will be made for this car.

*For carrier failure to switch:* If NS fails to switch the customer and all cars on the customer's siding have been released empty to NS, then an allowance will apply to any cars that are constructively placed. In this situation, the customer must dispute the bill claiming "carrier failure to switch" and should provide the car numbers and dates involved to receive proper credit. You should contact CYO whenever NS fails to provide a switch or place a car that was ordered.

## Q. What constitutes an empty release?

A. Cars being released empty will be released on the date NS receives the empty advice. This means you should send your empty releases to CYO each day to avoid extra chargeable days. Accumulating releases throughout the day, then faxing to CYO the next morning, adds chargeable days to your demurrage.

## Q. When does demurrage end?

A. For inbound shipments, demurrage ends when NS is advised by the customer that the car is unloaded and ready to be pulled from the customer's siding (this is an empty release). For outbound shipments, it ends when loading is completed and NS receives proper forwarding instructions (a bill of lading).

## Q. How can a customer minimize demurrage?

A. If, on average, cars are unloaded within two days, or loaded within one, there will be no demurrage billing. If most cars are moved more quickly, a customer can build credits which at the end of the month can offset the few cars held for an extended time.

## Q. What about holidays?

A. NS's tariff NS 6004 provides seven demurrage-free holidays: New Year's Day, President's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.

**Q. Since private cars are not subject to demurrage, how are they handled?**

A. When loaded private cars are held on NS tracks due to the customer's inability to receive them, they are subject to a flat daily storage fee after two free days. Once NS receives notice to place a loaded private car, it is released from storage if room is available at customer's siding for delivery.

**Q. Does this tariff cover all traffic shipped on NS?**

A. Yes, except for intermodal traffic and trainload detention provisions contained in separate trainload freight rate tariffs.

**Q. How about a contract that includes demurrage or storage provisions? Will the tariff supersede it?**

A. No. The contract will continue to be in effect until its expiration date. It's to our mutual benefit to make sure cars turn quickly. If a problem situation exists, your NS sales representative will be glad to help you develop solutions.

**Q. Can the information on the railcar detail report be sorted for my needs?**

A. Yes. NS can sort the information on the railcar detail report that accompanies each bill. NS can sort by car initial and number, commodity, car type, arrival date, order date, constructive placement date, actual placement date, release date or number of car days charged.

**Q. If I dispute a demurrage or storage charge, what should I do?**

A. If you believe there is an error with an NS demurrage or storage bill, it must be disputed with the assigned demurrage customer account representative. Simply write the dispute on the railcar detail report that accompanies each bill. Be sure to note each car to which the dispute applies. In order for your dispute to be handled promptly, please ensure your disputes are complete – including, any discrepancies with constructive placement, actual placement, release, order dates, or switching. Fax or mail the dispute to the account representative. You must pay NS the amount that remains undisputed while your dispute is being processed.

**Q. What are the requirements for relief for carrier failure to switch?**

A. Relief will only be granted when all cars spotted show released empty prior to or on the day relief is being claimed.

**Q. Is there any relief for run-around or bunching?**

A. No. The demurrage tariff does not provide any relief for either run-around or bunching.

**Q. Should I be keeping any records?**

A. Yes, it is very important to keep all car movement records, phone conversation records, constructive placement notices, and faxes sent and received. These items can assist in researching demurrage bills and the validity of disputes.

**Q. Who is my assigned demurrage customer account representative?**

A. The name, phone number, fax number, and mailing address for your assigned customer account representative can be found in the upper left-hand corner of each demurrage and storage bill.

**Q. Does NS charge for demurrage and storage on the weekends?**

A. Once a car is constructively or actually placed, every day is counted until the clock is stopped, including weekends. The only days that would not be counted are the seven (7) NS demurrage-free holidays.

**Q. If I believe NS has sent a constructive placement notice in error, what should I do?**

A. Whenever a constructive placement notice is sent, NS starts counting demurrage against those railcars. If you can accept delivery, contact CYO immediately to discuss the constructive placement notice and order the car for placement. This will suspend any charges until the car is actually placed.

**Q. What is the best way to request NS to bring in or remove a railcar?**

A. Your CYO Manager can provide you with a customized order and release form that you will fax to NS. Ask your CYO representative for details.

# Inbound

NORFOLK SOUTHERN CORPORATION  
MONTHLY DEMURRAGE BILL

MONTH CHARGES ACCRUED: JANUARY

\*\* CARS HELD FOR UNLOADING \*\*

BILLING DATE : 02/17/2001 STATION NUMBER: 071695  
CUSTOMER NUMBER: 1234567890 WAYBILL NUMBER: 902369

ABC COMPANY BILL TO: 1234567890  
123 MAIN STREET DAILY RATE \$ 60.00  
ATLANTA GA 30303

INBOUND CAR AND	ARR MO/DA	NOTIFY MO/DA	ORDER MO/DA	CP MO/DA	AP MO/DA	RE MO/DA	PU MO/DA	CREDIT DAYS	CAR DAYS
CARTYPE	REMARKS								
CR 889417 UREA OT LI C1	1/16		1/18	1/17	1/18	1/19	1/19	2	2
CSXT 246315 DIAMMONIUM C1	1/10		1/11	1/11	1/15	1/17	1/18	2	2
CSXT 255291 DIAMMONIUM C1	1/10		1/11	1/11	1/15	1/16	1/16	2	1
NS 250063 UREA OT LI C1	1/16		1/18	1/17	1/18	1/19	1/19	2	2
NW 176651 UREA OT LI C1	1/23		1/24	1/24	1/26	1/29	1/30	2	3
NW 177350 UREA OT LI C1	1/06		1/08	1/08	1/09	1/11	1/11	2	2
NW 178000 AMMONM SUL C1	1/23		1/24	1/24	1/26	1/29	1/30	2	3
SOU 088662 UREA OT LI C1	1/16		1/18	1/17	1/18	1/22	1/22	2	5

Standard Credit for inbound RR equipment.

Date customer requests specified car to be spotted: this date suspends demurrage charges until car is placed.

The date NS is informed that the car is empty and ready to be pulled.

Actual placement of railcar on customer property.

Constructive placement date. Customer is notified that car is ready to be placed.

Number of car days for each car.

Commodity

Car type

Sum of car days for traffic type

Sum of credit days for traffic type.

Standard rate for RR owned equipment per chargeable day.

Balance between car days and credit days.

NORFOLK SOUTHERN CORPORATION  
MONTHLY DEMURRAGE BILL

MONTH CHARGES ACCRUED: JANUARY

\*\* CARS HELD FOR UNLOADING \*\*

IN OUT	NO. CARS RELEASED	CAR DAYS	CREDIT DAYS	CHARGEABLE DAYS	DAILY RATE	AMOUNT DUE
IN	8	20	16	4	\$ 60.00	\$ 240.00

SUMMARY TOTAL \$ 240.00

CALCULATION OF CAR DAYS VS CREDITS: CAR DAYS COMPUTED FROM 0001 HRS AFTER TENDER EITHER BY ACTUAL OR CONSTRUCTIVE PLACEMENT. IF TOTAL CAR DAYS EXCEED TOTAL CREDIT DAYS, CALCULATION OF CHARGES IS MADE BY MULTIPLYING THE NUMBER OF CHARGEABLE DAYS BY DAILY RATE.

# Outbound

NORFOLK SOUTHERN CORPORATION  
MONTHLY DEMURRAGE BILL

MONTH CHARGES ACCRUED: JANUARY

\*\* CARS HELD FOR LOADING \*\*

BILLING DATE : 02/17/2001 STATION NUMBER: 052520  
CUSTOMER NUMBER: 1234567890 WAYBILL NUMBER: 900919

ABC COMPANY BILL TO: 1234567890  
123 MAIN STREET  
ATLANTA GA 30303 DAILY RATE \$ 60.00

OUTBOUND	ARR	NOTIFY	ORDER	CP	AP	RE	PU	CREDIT	CAR
CAR AND	MO/DA	MO/DA	MO/DA	MO/DA	MO/DA	MO/DA	MO/DA	DAYS	DAYS

CARTYPE REMARKS

SOU 523626	1/09		1/09		1/09	1/12	1/12	1	3
ALUMN BILL									
A3									
SOU 525067	1/09		1/09		1/09	1/11	1/11	1	2
ALUMN BILL									
B3									
SOU 526868	1/18		1/19		1/19	1/29	1/29	1	10
A3									
SOU 526920	1/19		1/19		1/19	1/20	1/20	1	0
ALUMN BILL									
A3									
SOU 531321	1/19		1/19		1/19	1/22	1/23	1	3
INGOTS BOR									
A3									

NORFOLK SOUTHERN CORPORATION  
MONTHLY DEMURRAGE BILL

MONTH CHARGES ACCRUED: JANUARY

\*\* CARS HELD FOR LOADING \*\*

IN	NO. CARS	CAR	CREDIT	CHARGEABLE	DAILY	AMOUNT
OUT	RELEASED	DAYS	DAYS	DAYS	RATE	DUE
O	5	18	5	13	\$ 60.00	\$ 780.00

SUMMARY TOTAL \$ 780.00

CALCULATION OF  
CAR DAYS VS CREDITS: CAR DAYS COMPUTED FROM 0001 HRS AFTER  
TENDER EITHER BY ACTUAL OR CONSTRUCTIVE  
PLACEMENT. IF TOTAL CAR DAYS EXCEED  
TOTAL CREDIT DAYS, CALCULATION OF CHARGES  
IS MADE BY MULTIPLYING THE NUMBER OF  
CHARGEABLE DAYS BY DAILY RATE.

Arrival date

Date customer orders car to be loaded.

Actual placement of railcar on customer property.

Release - date billing instructions are received.

Pull date

Number of car days for each car.

Tally of RR equipment used for traffic type .

Sum of car days for traffic type.

Sum of credit days for traffic type.

Balance between car days and credit days

# Private Cars

NORFOLK SOUTHERN CORPORATION  
MONTHLY DEMURRAGE BILL

MONTH CHARGES ACCRUED: JANUARY

\*\* PRIVATE CARS HELD UNDER TENDER \*\*  
\*\* UNTIL RELEASED \*\*

BILLING DATE : 02/17/2001 STATION NUMBER: 023230  
CUSTOMER NUMBER: 1234567890 WAYBILL NUMBER: 900481

ABC COMPANY BILL TO: 1234567890  
123 MAIN STREET  
ATLANTA GA 30303

INBOUND CAR AND	ARR MO/DA	NOTIFY MO/DA	ORDER MO/DA	CP MO/DA	AP MO/DA	RE MO/DA	PU MO/DA	STG DAYS
ABCX 053250 CORN MEAL	1/01			1/02	1/13			9
ABCX 056038 CORN MEAL	1/17			1/18	1/23			3
ABCX 028128 COTTONSEED	1/26			1/27	1/30	1/31	1/31	1
XYZX 028201 CORN OIL	1/06			1/08	1/17	1/18	1/19	7
XYZX 028312 SOYBEAN OI	1/11			1/12	1/18	1/19	1/21	4

TOTAL DAYS 24 X \$ 20.00  
TOTAL DUE THESE CARS \$ 480.00

Constructive placement date: customer is notified that car is ready to be placed.

Actual placement of car on customer property.

Release date.

Pull date.

Sum of days car is on NS property (CP - AP dates) minus free time.

Standard rate for privately owned equipment per chargeable storage day.

Total storage charges equals total storage days times standard rate.

Sum of storage days.