V&S RAILWAY LLC

FREIGHT TARIFF VSR 8500-B

(Cancels Freight Tariff VSR 8500-A)

CONTAINING

LOCAL RATES

ALSO

RULES, REGULATIONS, AND CHARGES

GOVERNING

SWITCHING

APPLYING AT AND BETWEEN

STATIONS ON THE

V & S RAILWAY LLC - HUTCHINSON SUBDIVISION

LOCAL FREIGHT TARIFF

This tariff is also applicable on intrastate traffic, except where expressly provided to the contrary in connection with particular rates and provisions contained herein.

ISSUED: January 15, 2007 EFFECTIVE: February 5, 2007

ISSUED BY:

Steven Van Wagenen Vice President & General Manager P.O. Box 26421 Salt Lake City, UT 84126

(The provisions published herein, if effective, will not result in an effect on the quality of the human environment.)

FT VSR 8500-B

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RULES AND OTHER GOVERNING PROVISIONS RULES AND REGULATIONS - GENERAL

ITEM 5

DESCRIPTION OF GOVERNING CLASSIFICATIONS AND EXCEPTIONS

The terms "Governing Classifications" and "Uniform Freight Classification", when used herein, mean: Uniform Freight Classification 6000-series, issued by National Railroad Freight Committee, Agent.

ITEM 10

STATION LISTS AND CONDITIONS

This tariff is governed by Official Railroad Station List, OPSL 6000-series, Railinc, Agent, to the extent below:

PREPAY REQUIREMENTS AND STATION CONDITIONS

(a) For additions and abandonments of stations, and except as otherwise shown herein, for prepay requirements, changes in names of stations, restrictions as to acceptance or delivery of freight, and changes in station facilities.

When a station is abandoned as of a date specified in the above named tariff, the rates from and to such station as published in this tariff are inapplicable on and after that date.

GEOGRAPHICAL LIST OF STATIONS

(b) For geographical locations of stations referred to in this tariff by station numbers.

STATION NUMBERS

(c) For the identification of stations when stations are shown or referred to by numbers in this tariff.

ITEM 20

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

Where reference is made in this tariff 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, rules, etc.

ITEM 30

CONSECUTIVE NUMBERS

Where consecutive numbers are represented in this tariff by the first and last numbers connected by the word "to" or a hyphen, they will be understood to include both of the numbers shown.

If the first number only bears a reference mark, such reference mark also applies to the last number shown and to all numbers between the first and last numbers.

RULES AND OTHER GOVERNING PROVISIONS RULES AND REGULATIONS - GENERAL

ITEM 45

CAPACITY AND DIMENSIONS OF CARS

For marked capacities, length, dimension and cubical capacities of cars, see Official Railway Equipment Register, RER 6414 Services, issued by R.E.R. Publishing Corporations, Agent.

ITEM 50

METHOD OF CANCELING ITEMS

As this tariff is supplemented, numbered items with letter suffixes cancel correspondingly numbered items in the original tariff or in a prior supplement. Letter suffixes will be used in alphabetical sequence starting with A.

Example - Item 5-A cancels Item 5 and Item 10-B cancels Item 10-A in a prior supplement, which in turn cancelled Item 10.

ITEM 60

EXPLOSIVES, DANGEROUS ARTICLES

For rules and regulations governing the transportation of explosives and other dangerous articles of freight, and specifications for shipping containers and restrictions governing the acceptance and transportation of explosives and other dangerous articles, see Bureau of Explosives Tariff BOE 6000-series.

VSR shall not transport explosive, dangerous or hazardous materials except by contract and in special train service. Rates and conditions for special train service, as outlined in Item 280, shall apply are in addition to the contracted rate. Any applicable surcharge rate shall also apply.

ITEM 80

PAYMENT AND CREDIT TERMS

All charges under this tariff must be prepaid, unless satisfactory arrangements with VSR have been made prior to performance of service. Charges for services rendered under terms of this tariff will accrue against the customer located on the VSR unless arrangements to the contrary have been made with VSR prior to performance of service.

All payments for service covered herein are due and payable within fifteen (15) days following the Freight Bill date. Payments received after the expiration of the credit period shall be subject to a service charge of one and one-half percent (1.5%) per month (or fraction thereof) of the outstanding balance.

RULES AND OTHER GOVERNING PROVISIONS RULES AND REGULATIONS - UNLIMITED

ITEM 100

DEMURRAGE AND CAR SERVICE REGULATIONS AND CHARGES

Demurrage and car service regulations and charges will apply in addition to the charges shown herein.

EXCEPTION-Where switching service is performed on traffic moving under line-haul rates which are subject to special detention charges and rules, the switching charges provided in this tariff will be subject to the same detention charges and rules as applicable in connection with the line-haul rates, and provisions of Freight Tariff ASLG 6004-series will not apply.

ITEM 110

CARS FURNISHED BUT NOT USED

Except as otherwise provided in tariffs lawfully on file, when an empty car is (1) actually placed or constructively placed for loading, but is not used in subsequent transportation service and is released empty, a charge of \$200.00 per car in addition to applicable demurrage charges will be made against the party ordering but not using the equipment.

EXCEPTION-This charge will not apply when cars are refused or rejected account of not being in proper condition for loading. This charge will also not apply when the customer has agreed to reimburse the railroad for all car hire charges associated with the movement of the car.

(1) The term actually placed or constructively placed as used herein is defined in Items 540 and 545-series of Freight Tariff ASLG 6004-series.

ITEM 120

CHARGES ON CARS RECEIVED WITHOUT BILLING, OR WITH IMPROPER BILLING AT INTERCHANGE POINTS

When cars empty or loaded are received at an interchange point by a carrier from its connection without proper billing (see Note), such cars will, upon the request of the delivering carrier, be returned, subject to a charge of \$100.00 per car for returning the loaded or empty car to the connections of the carrier making the request.

NOTE-When instructions are not received within twentyfour (24) hours from time of receipt of car at connection, a hold charge of \$50.00 per car will be assessed thereafter for each twenty-four (24) hours or fraction thereof until instructions or billing is received.

SECTION 1 SWITCHING AND MISCELLANEOUS CHARGES

ITEM 200

DEFINITION OF INTRA-PLANT, INTRA-TERMINAL AND OTHER INTER-TERMINAL SWITCHING

INTRA-PLANT

A switching movement from one location to another location within the confines of an industry located on the VSR.

INTRA-TERMINAL

A switching movement (other than intra-plant) from one location to another on the VSR, within the switching limits of one station or industrial switching district.

INTER-TERMINAL

A switching movement between industry tracks on the VSR and interchange with connecting lines when within the switching limits of the same location.

ITEM 210

OVER LOADED CARS

VSR will not accept cars that are loaded in excess of load limit markings. When a car is found to be loaded in excess of its stenciled load limit while enroute, it will be placed at or near the location where the overload was discovered. Consignor shall arrange for disposition or, at carriers' convenience, the car may be returned to the shipper for removal of the excess weight.

In addition to an overloaded car charge of \$150.00 per overloaded car, consignor shall also be assessed for all extra services performed, including any additional switching charges to return the car to the consignor, charges for weighing the cars, and any charges assessed to VSR for delivering an overloaded car to connecting carriers.

VSR shall not maintain scales for weighing cars, but may contract weighing services with another carrier.

The regular switching charge will be in addition.

ITEM 220

FURNISHING CARS

VSR will not undertake to furnish cars of any particular type, size or dimension when to be used in intra-plant, intra-terminal or inter-terminal switching. Customers shall arrange for equipment with interline carriers.

ITEM 250

NON-APPLICATION ON "ORDER NOTIFY", ETC., SHIPMENTS

Intra-plant, Intra-terminal or Inter-terminal switching service provided for herein will not be performed on shipments moving under order notify bills of lading or under straight bills of lading (including shipments consigned to one party, notify or advise another party) which carry a provision (see Section 4, Rule 7 of Uniform Freight Classification) (See Item 5), requiring the surrender of bill of lading, written order, or other document before making delivery.

ITEM 260

CHARGES FOR CARS OF FOUR (4) AND MORE THAN FOUR (4) AXLES

- (a) Charges for intra-plant or intra-terminal switching at points on these lines will be confined in cars having no more than four (4) axles.
- (b) When cars with more than four (4) axles are found in intra-plant, intra-terminal or inter-terminal service, the charges for such service will be 200% of that shown herein for the same service application on cars with four (4) axles.

ITEM 270

SWITCHING FROM PRIVATE SIDE TRACKS TO HOLD TRACKS

The intra-terminal or inter-terminal switching charges in this section also apply on cars moved to hold or team tracks when billed to a consignee in care of freight agent at point where loaded.

SECTION 1 SWITCHING AND MISCELLANEOUS CHARGES

ITEM 280

SPECIAL HANDLING SERVICE

(Not subject to Item 260)

When a switching movement cannot be handled in regular train operation because of placarding, excess dimensions or weight, additional charge for special handling will be \$1,000.00 per car. This charge will be in addition to any other charge applicable to the movement. All car hire charges associated with the movement or delay on the line to accommodate loading /unloading shall also be charged.

ITEM 285

SPECIAL TRAIN CHARGES

When upon request, special round-trip train service to will be provided at the rate of \$6,250.00 per train. Special train movement will only be arranged for with reasonable advance notice to the VSR, and only when the VSR determines that sufficient motive power and crews are available to provide such service. VSR reserves the right to restrict such trains to a maximum of 30 cars. All otherwise applicable line-haul charges will be in addition to the charges specified herein.

ITEM 290

CHARGE FOR USE OF SPECIAL EQUIPMENT

VSR will not furnish cars that are other than ordinary equipment for use in intra-plant, intra-terminal or interterminal switching service. In the event other than ordinary equipment is used, an additional charge of \$300.00 per car will be assessed. On joint-line movements, this charge will be assessed only once (see Exception).

ORDINARY EQUIPMENT MEANS:

- (1) XM boxcars not exceeding 52 feet in length, inside measurement.
- (2) FM flatcars, not over 54 feet in length and having capacity not over 180,000 pounds.
- (3) Gondola cars having marked capacity not greater than 180,000 pounds, but not including gondola cars of any length equipped with covers, hoods, containers or cradle floors.
- (4) Open-top hopper cars not exceeding 43 feet in length, inside measurement, and having marked capacity not exceeding 180,000 pounds.
- (5) Shipper owned or leased cars.

EXCEPTION - Provisions of this item do not apply on a movement immediately prior or subsequent to a revenue line-haul movement and notation so stating is made by shipper on shipping document.

ITEM 300

SWITCHING OF LOCOMOTIVES ON OWN WHEELS, BUT NOT UNDER OWN POWER

Locomotives moving on own wheels, but not under own power, when moved from one location to another location within the same switching district will be assessed a charge of \$1200.00 per locomotive. If the locomotive is moved for turning, the charge will be applied in each direction. Maximum liability in all cases shall be \$100.00 per locomotive moved.

ITEM 305

SPECIAL SWITCHING SERVICE

Special Switching Service is movement in other than normal service at the specific request of the shipper or consignee, or as may be required due to other conditions not permitted in normal operations.

The charge for special switching service will be a minimum of \$600.00 for the first four hours, plus \$150.00 for each additional hour or fraction thereof over four (4) hours but not exceeding eight (8) hours per occurrence, and will be in addition to all other charges associated with the movement.

The time for the purposes of these charges is to be calculated from the time the crew goes on duty until the crew goes off duty.

(The railroad reserves the right to restrict, reject or modify any request for special switching service.)

SECTION 1 SWITCHING AND MISCELLANEOUS CHARGES

ITEM 310

CHARGE FOR HEAVY DUTY FLAT CARS

When heavy-duty flat cars as defined in Tariff RIC 6740series are used on shipments both originating and terminating within the same switching district, the following charges will be assessed:

USE CHARGE

\$1,000.00 per car switching movement (not subject to any other switching charges published in this tariff).

SPECIAL DETENTION CHARGES

When cars are held beyond the Free Time permitted in Tariff ASLG 6004-series charges therein will be assessed and in addition the following detention charges will be assessed for each twenty-four (24) hour period or fraction thereof beyond the authorized free time:

CHARGES IN DOLLARS PER CAR

1st 24 hours - \$100.00 4th 24 hours - \$250.00 2nd 24 hours - \$150.00 5th 24 hours - \$300.00 3rd 24 hours - \$200.00 6th 24 hours and each additional 24 hours - \$400.00

NON-USE CHARGE

When car is ordered, placed and released back to VSR without being used in transportation service, a charge of \$500.00 per car will be assessed and will be in addition to any detention charges that may accrue.

ITEM 320

TURNING OF CARS TO PERMIT UNLOADING

PART 1

Applicable only on cars loaded and unloaded within the switching limits of the station (including adjacent or contiguous switching of industrial districts) involved.

- (A) Except as provided in Paragraph (B), orders calling for placement of cars for unloading from a particular side or end will not be accepted when moving in intra-plant, intraterminal or inter-terminal service.
- (B) Upon request of shipper for a car moving in intraterminal switching service to be placed for unloading from a particular side or end, the VSR will perform such service at a charge of \$200.00 per car, which will be in addition to the applicable switching and special equipment penalty charge (See Note 1).

NOTE 1 - Applicable only where WYE is located within the switching limits of the station (including adjacent or contiguous switching or industrial districts where intraterminal switching charges are in effect) involved.

(Continued on next page)

ITEM 320 (Cont'd)

TURNING OF CARS TO PERMIT UNLOADING

PART 2

- 1. In instances where it is desired that freight in carloads be placed on delivery tracks for loading or unloading at stop-off points or destination from one particular side or end of car, cars must be properly placarded on both sides and notation made on Bill of Lading and waybill subsequently as follows: "Deliver car for unloading from the door or end specified by placard".
- 2. On freight in carloads, not properly placarded on both sides of car to unload from one particular side or end of car which shipper or consignee, after initial placement of car, directs carrier to turn and return to the initial placement of car, directs carrier to turn and return to the same track for unloading from opposite side or end of car, the following shall apply:

CHARGES (See Note 1)

- (a) If the car is turned at a WYE or a turntable within the same switching district, or the confines of an industry, \$200.00.
- (b) If the car must be moved to a WYE / turntable located outside the switching district, \$375.00.
- (c) If the car must be moved to the WYE or a turntable of a connecting railway, \$400.00 plus any switching or turning charges assessed by connecting railway.
- NOTE 1 If Bill of Lading carries a notation that car has been placarded and placard has disappeared before placement, the charge named therein will not apply.

ITEM 330

CHARGES FOR INTRA-PLANT AND INTRA-TERMINAL SWITCHING

Except as otherwise provided herein, VSR will assess the following charges in dollars per car for switching service as defined in Item 200.

INTRA-PLANT \$125.00

INTRA-TERMINAL

When in Shipper Owned or Leased Equipment - \$200.00 When in other than Shippers Equipment - \$300.00

SECTION 1 SWITCHING AND MISCELLANEOUS CHARGES

ITEM 340

WEIGHING CHARGES

When a car is weighed or reweighed either empty or loaded at the request of either consignor or consignee a charge of \$75.00 per car will be made each time the car is weighed.

ITEM 350

HANDLING OF EMPTY FREIGHT CARS

Applies to all types of rail cars, included but not limited to cars provided by railroads, leased cars and cars bearing other than railroad reporting marks.

The charge for movement of empty cars shall be \$200.00 per car, per occurrence. VSR will not be responsible for the payment of any per diem or mileage charges. In no case shall VSR be responsible for switching charges of any kind. Any per diem, mileage or switch charges assessed to VSR for handling empty cars shall be assessed to the customer ordering the cars.

Empty cars, all types, will be moved without charge to or from facilities, stations, or interchange points served by the VSR, only when the empty movement is immediately preceded by or followed by a loaded revenue movement via VSR (maximum of 10 days between loaded and empty moves). In all other cases, the charges above will apply.

A new car or a newly acquired car moving prior to its first loaded move in commercial service and a car moving for sale, scrap, or storage will be moved on VSR subject to the charges above.

Empty car charges shall be assessed to the customer ordering or receiving the cars.

ITEM 360

HANDLING OF CARS DELIVERED IN BAD ORDER CONDITION

A charge of \$100.00 per car will be assessed against the carrier which delivers cars to the VSR that contain AAR/FRA defects to cover the cost of extra handling.

Cars moving on the line to a repair facility shall be charged in accordance with Item 510.

ITEM 365

HANDLING OF CARS RECEIVED IN BAD ORDER CONDITION

A charge of \$100.00 per car will be assessed against the industry / shipper which offers cars to the VSR that contain AAR/FRA defects to cover the cost of extra handling. The industry/shipper will also be responsible for the costs of the car repairs at the current AAR pricing.

Cars moving on the line to a repair facility shall be charged in accordance with Item 510.

ITEM 370

HANDLING OF CARS DELIVERED IN ERROR

A charge of \$100.00 per car will be assessed against the carrier, which delivers cars to the VSR in error for return of these cars, loads or empties.

ITEM 380

DIVERSION / RECONSIGNMENT

When a shipper or the otherwise beneficial owner of a freight shipment desires to make a change in the billed consignee, or destination, or route, a charge of \$150.00 per car will apply. The charges herein shall be in addition to all other charges and accrue solely to VSR.

Reasonable effort will be made by VSR to issue instructions in accomplishing the desired change. However, VSR does not warrant, nor will be responsible for instructions received too late to be acted upon. If VSR is unsuccessful in carrying out the requested instructions, the charges applicable in connection with this item will not apply.

ITEM 400

LINE HAUL RATES

All line haul rates shall be published as appropriate tariffs, rate quotes and contracts. Line haul movements are interchanged with the UP, BNSF and KO at Hutchinson, KS.

SECTION 2

ITEM 500

FREIGHT ALL KINDS

FREIGHT, ALL KINDS, unless otherwise provided for in this section or by separate contract, will be moved at the rate of \$425.00 per car ("Switching Rate"). Any absorbed switching charges paid to VSR by the line haul carrier (UP, BNSF, or KO) shall be credited toward the Switching Rate.

The difference between the Switching Rate and any absorbed charges paid by a line haul carrier shall be assessed by VSR against the VSR online customer, whether the customer is the originator or receiver of the shipment. Customers may arrange for a third party to pay their switching charges; however, the customer is still responsible for prompt payment of invoices upon receipt. Such charges shall accrue solely to the VSR.

EXCEPTION: Cars transporting commodities that require placarding shall only be moved under contractual arrangements in special train service per Item 280. VSR shall receive 72 hours advance notice of such shipments.

SECTION 2

ITEM 505

DEDUCTIONS FOR 25+ CAR BLOCKS

The Switching Rate (Item 500) will be reduced by 20% (\$85.00 per car) when a single shipper originates or terminates a block of 25 carloads or more, loaded at the same station, billed and released on the same day, destined for the same interchange point.

ITEM 510

STORAGE CARS

Cars stored on VSR track for customers shall be stored at the rate of \$1.00 per day, per car. Any car hire associated with the storage of the equipment shall be the responsibility of the customer receiving and/or storing the car.

Cars received at interchange for storage shall be switched in at the rate of \$100.00 per car. A switch of \$100.00 per car shall also apply when the car is to be switched back to the interchange.

No car shall be held in storage unless the customer signs a car storage agreement with VSR prior to acceptance of the equipment at interchange.

ITEM 515

CARS MOVING FOR REPAIR

Cars received at interchange for repair shall be switched in at the rate of \$100.00 per car. A switch of \$100.00 per car shall also apply when the car is to be switched back to the interchange. If an online customer subsequently loads the repaired car, the outbound switch charge shall not apply. Such switching charges shall be in addition to all other charges, including line-haul transportation charges, and shall accrue solely to the VSR.

Car hire expenses shall be the responsibility of the customer ordering or receiving the cars for storage or repair.

Customer receiving bad order cars accepts full responsibility for any derailment caused by such cars and shall indemnify VSR for any damage or injury caused by such equipment. Customer shall reimburse VSR for any expenses resulting from injury and repair to track and/or equipment.

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ABBREVIATIONS & REFERENCE MARKS SECTION 2 VSR - V & S Railway LLC BNSF - BNSF Railway Company **ITEM 520** - Kansas and Oklahoma Railroad KO OPSL - Open and Prepay Station List **EQUIPMENT RESTRICTIONS** STCC - Standard Transportation Commodity Code UFC - Uniform Freight Classification Due to track conditions, equipment ordered for loading on - Union Pacific Railroad UP the Midwest Iron and Metal spur shall not exceed 53' per car. Cars exceeding 53', but not exceeding 60', shall be - Dollars handled in special train service. A surcharge of \$75.00 per - Denotes increase [۱] car shall apply for special handling to avoid derailments. [R] [C] - Denotes reduction VSR shall not accept any equipment for the Midwest spur - Denotes change in wording which results in in excess of 60'. neither an increase or reduction. Such surcharges shall be in addition to all other charges, including other surcharges and line-haul transportation charges, and shall accrue solely to the VSR.