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May 1, 2019

VIA E-FILING

Cynthia T. Brown, Chief
Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, SW
Washington DC 20423-0001

Re: Oversight Hearing on Demurrage and Accessorial Charges, EP 754

Dear Ms. Brown:

In accordance with the decision served in the above-captioned matter on April 8, 2019, enclosed is a "Notice of Intent To Participate In The May 22 Hearing" being filed on behalf of The Kansas City Southern Railway Company. If there are any questions concerning this filing, please contact me by telephone at (202) 663-7823 or by e-mail at wmullins@bakerandmiller.com.

Sincerely,

William A Mullins
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William A. Mullins

Enclosures

cc: Adam J. Godderz
David C. Reeves

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

EP 754

OVERSIGHT HEARING ON DEMURRAGE AND ACCESSORIAL CHARGES

**THE KANSAS CITY SOUTHERN RAILWAY COMPANY'S
INFORMATIONAL FILING PURSUANT TO THE BOARD'S ORDER OF APRIL 8,
2019**

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**Attorneys for The Kansas City Southern
Railway Company**

Dated: May 1, 2019

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In accordance with the decision issued by the Surface Transportation Board ("STB" or "Board") in this proceeding on April 8, 2019 ("Decision"), The Kansas City Southern Railway Company ("KCS") hereby submits the following information:

1. Provide a list of all material changes to your demurrage and accessorial tariffs since January 1, 2016, including but not limited to changes pertaining to (i) the amount of free time allowed for loading and unloading rail cars; (ii) rates for demurrage and accessorial charges; (iii) the nature and availability of credits or other relief, including for railroad errors and service failures; and (iv) procedures and time periods applicable to the process for raising and resolving disputed charges. For each such tariff change, please also specify (a) when notice of the change was given; (b) when the change became effective; and (c) the reason(s) for the change. The Board requests that this information be presented in a table.

Question 1 (i) & (ii), Demurrage (Tariff KCS 6000):

		2010-2019		Change Effective 4/1/2019		Difference	
		Credits	Charge	Credits	Charge		
Private Car	Loaded	2	\$ 90	1	\$ 110	-1	\$ 20
	Empty	1	\$ 50	1	\$ 110	0	\$ 60
System/Foreign/ Trailer Train Car	Loaded	2	\$ 90	1	\$ 130	-1	\$ 40
	Empty	1	\$ 90	1	\$ 130	0	\$ 40
Haz-Mat			\$ 100		\$ 110		\$ 10

Exceptions	Covered Grain Hoppers are granted 2 credits to load	Covered Grain Hoppers are granted 2 credits to load	No Change
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Excluded Holidays	Thanksgiving Day	New Year's Day
	Christmas Day	Memorial Day
	New Year's Day	Independence Day
		Labor Day
		Thanksgiving Day
		Day After Thanksgiving
		Christmas Eve
		Christmas Day
		New Year's Eve

Question 1 (iii), Demurrage (Tariff KCS 6000):

Customers are able to dispute any event in the Car Cycle via MyKCS within 5 days of the event.

Car Cycle Disputes			
Year	Submitted	Accepted	Rejected
2019 Q1	875	847	28
2018	2293	1833	460
2017	1804	1318	486
2016	2007	1532	475

Question 1 (iv), Demurrage (Tariff KCS 6000):

Car cycle disputes

- electronically within 5 days of the car event¹
- via e-mail within 10 days of the closing of the month
- invoice dispute until invoice is paid.

Question 1 (i) & (ii), Accessorial Charges (Tariff KCS 8100):

(See Exhibit A hereto.)

Question 1 (a, b & c), Demurrage and Accessorial Charges (Tariffs KCS 6000 and 8100):

¹ This timeline is further explained in graphic format at <http://www.kcsouthern.com/pdf/demurrage/us-demurrage-railcar-cycle.pdf>.

The tariff changes noted above as effective April 1, 2019, were posted on KCS's website March 7, 2019. KCS also posted a Service Status Update ("SSU") on its website that day,² notifying customers of changes to both its demurrage and accessorial tariffs.³ The SSU was e-mailed to over 12,000 customers, prospective customers and others believed to have an interest in the publications.

With respect to why changes were made, largely the changes were due to the length of time since KCS had updated charges in the tariff. For example, the charges stated in a number of items changed effective April 1, 2019 in KCS 8100-E had not changed since 2006. Changes to KCS 6000-F which took effect April 1, 2019, generally involved rates which had not changed since 2010.

2. Provide, for each of the past three calendar years, the total dollar amounts of charges billed and charges collected pursuant to (i) all demurrage tariffs combined and (ii) all accessorial tariffs combined.

	<u>Q1 2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Demurrage ⁴ -Billed	7,227	29,304	24,407	25,739
Demurrage-Collected ⁵	7,086	28,522	24,605	26,441

² <http://www.kcsouthern.com/customer-resources/service-status-updates/update-to-tariffs-kcs-8100-and-kcs-6000>.

³ Additional information on KCSR's demurrage processes is available at <http://www.kcsouthern.com/en-us/customer-resources/guidelines-regulations/demurrage>.

⁴ "This account shall include the revenue from the detention of cars incident to loading, unloading, reconsigning, and stops in transit upon the basis of lawful tariffs for demurrage. This account shall also include the revenue from the detention of trailers and containers used in TOFC/COFC service, incident to loading and unloading, upon the basis of tariff rates. NOTE: This account shall be maintained so as to reflect separately (1) revenue from detention of cars, and (2) revenue from detention of trailers and containers used in TOFC/ COFC service." 49 CFR §1201, category 106 (2017). See generally KCSR Tariff 6000-F, effective Feb. 28, 2017 and related materials found at <http://www.kcsouthern.com/en-us/customer-resources/guidelines-regulations/demurrage>. Stated revenues may also include revenues for similar charges under contracts which are exempt from the Board's authority pursuant to 49 USC §10709.

⁵ Amounts shown as collected were received by KCSR in the year shown, but may have been billed in prior years.

Accessorial ⁶ -Billed	2,970	11,497	12,078	11,808
Accessorial-Collected	2,704	10,971	12,027	11,552
Demurrage Disputed ⁷	1%	5%	4%	4%
Accessorial Disputed ⁸	1%	2%	0%	2%

3. Provide a detailed explanation of the current process by which shippers, receivers, and other parties may dispute demurrage and accessorial charges. To the extent readily available, please also provide, for all demurrage tariff charges combined and all accessorial tariff charges combined, the percentage of charges, by dollar amount, that have been contested in the first quarter of 2019 and each of the past three calendar years.

See answer above to Question 1(iv) with respect to demurrage. Parties responsible for demurrage may dispute any event of the car cycle via the KCS's online demurrage application or by submitting an e-mail to Kdemurrage@kcsouthern.com.

Most demurrage disputes are resolved prior to an invoice being issued. In 2018, approximately 80% of all disputes were accepted and never made it to an invoice. See table in answer to Question 1(iii) Demurrage, above.

A portion of demurrage disputes are resolved after the invoice is issued through the write-off process, as discussed in Footnote 7, above. These cases normally involve the customer working with their individual marketing representative, and are resolved for a variety of reasons.

⁶ Accessorial revenue includes charges levied pursuant to terms of KCSR Tariff 8100-E, effective Mar. 1, 2018, found at <http://www.kcsouthern.com/en-us/customer-resources/guidelines-regulations/accessorial-services>, Sections 1 – 10, and under KCSR rules Tariffs 9011 and 9012, found at <http://www.kcsouthern.com/en-us/customer-resources/guidelines-regulations/rules-publication-page>. Stated revenues may also include revenues for similar charges under contracts which are exempt from the Board's authority pursuant to 49 USC §10709. Amounts stated do not include fuel surcharges, which are considered linehaul revenue for this purpose, and are reported separately to the Board pursuant to its decision in STB Ex Parte No. 661 (Sub-No. 1).

⁷ Disputed amounts are amounts written off by KCS as non-collectible.

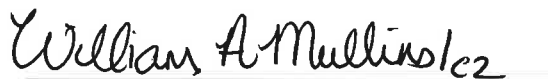
⁸ The accessorial charge write-offs do not necessarily relate to the same year or the prior year and therefore do not correlate directly with amounts billed.

Accessorial charges are less often disputed. The process for resolving those few accessorial charge disputes that do arise is not as structured as the process for resolving demurrage disputes. Ordinarily the process involves a phone call from the customer to the KCS Customer Service Center or to their individual marketing representative.

4. Provide a detailed explanation of any system or practice under which credits or debits have been issued in connection with the assessment of demurrage or accessorial charges since January 1, 2016, and any changes thereto. Describe how credits and debits are calculated and any limits on the amount of credits or debits that may be available or incurred.

Credits are applied when the car is released. Debits accrue following the first 07:01 after a triggering placement event (CP-Constructive Placement or AP-Actually Placed). For non-private empty cars, demurrage accrual will not start until the date the car was ordered has past. Demurrage accrual from a CP event will halt when a car is ordered-in until actual placement. Credits and debits are calculated on a month-by-month basis and do not carry over. See also answer to Question 1(i & ii) for demurrage on tariff changes affecting available credits.

Respectfully Submitted,



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EXHIBIT A

TABLE OF ACCESSORIAL CHARGES

Charge	KCS 8100-E, Rev. 22, effective 1/1/2016	KCS 8100-E, Rev. 30, effective 4/1/2019	Issued	Effective
Empty Cars Returned Unused	\$395	\$515	3/7/19	4/1/19
Cars interchanged or delivered to KCS in error	1. Base charge: \$241 2. Exceptions: a. CN \$435 b. UP \$445 c. Beaumont- Corpus Christi run through: \$1200 3. Daily hold charge waiting for instructions: \$100	1. Base charge: \$300 2 & 3. Exceptions charges and daily hold charge unchanged	3/7/19	4/1/19
Switching of cars involving setback	1. Base charge: \$350 2. Daily hold charge: \$100 3. Distance-based charges from \$575 to \$2000 per car for request to return a car that is already in linehaul beyond switching terminal	1. Base charge: \$515 2. Daily hold charge treated under demurrage tariff 3. No change to distance-based charges for request to return a car that is already in linehaul beyond switching terminal	3/7/19	4/1/19
Switching oversize loads or special train shipments	1. Oversize loads: \$800 per car 2. Special switching: \$2010 per car	1. Oversize loads: \$920 per car 2. Special switching: unchanged	3/7/19	4/1/19
Switching outside normal operating hours	1. \$315 per hour, subject to 8 hour minimum and 12 hour maximum 2. (Special rate for Sauget, IL)	1. \$4000 per event of up to 10 cars in a block 2. Added new service for expediting delivery time projected when shipment is entered into KCS's system, at same charge 3. Eliminated Sauget, IL rate	3/7/19 3/7/19 12/11/17	4/1/19 4/1/19 1/1/18
Reciprocal switching ¹	Twenty items providing individual switching rates for	Switching eliminated at three customer locations	Two on 4/25/16	Two on 4/25/16

¹ Because reciprocal switch charges are levied against the linehaul carrier, not the shipper, KCS does not treat these as accessorial charges for purposes of reporting accessorial charges to shippers to the Board.	nearly 160 customer locations; rates from \$189 to \$775, depending on customer location	Switching added at two customer locations	One on 4/11/17 One on 4/11/17 One on 11/20/17	One on 5/2/17 One on 5/2/17 One on 12/1/17
		Rates remained the same except –		
		- Increased from \$285 to \$500 at 3 customer locations	12/11/17	1/1/18
		- Increased from \$250 to \$353 for one carrier at one customer location	12/10/16	1/1/17
		- Increased from \$308 to \$410 at one customer location	2/1/16	2/21/16
		- Increased switch charge from \$102 to \$300 on some products for two carriers at two locations (charge to other two carriers unchanged)	3/7/19	4/1/19
Inter-terminal switching charges	\$395 at all locations except \$625 at specified customer locations in Baton Rouge, LA	Increased rate from \$250 to \$353 at three customer locations for one carrier (charge for other two carriers unchanged)	12/10/16	1/1/17
		\$515 at all locations except \$745 at specified customer locations in Baton Rouge, LA	3/7/19	4/1/19

Intra-terminal switching charges	\$395 at all locations except \$410 between specified customer locations in Baton Rouge, LA	\$515 at all locations except \$535 between specified customer locations in Baton Rouge, LA	3/7/19	4/1/19
Intra-plant switching	\$160	\$210	3/7/19	4/1/19
Intermediate switching	\$395	\$515	3/7/19	4/1/19
Miscellaneous switch charges (specific locations and commodities), KCS 8100-E, Section 7	1. \$207 2. \$82 3. \$75 4. \$350	1. \$250 2. \$100 3. \$90 4. \$515	3/7/19 3/7/19 3/7/19 3/7/19	4/1/19 4/1/19 4/1/19 4/1/19
Car switching and spill mitigation on non-accident releases (NARs)	1. Hazmat NAR - \$5000 per car 2. Non-hazmat NAR - \$1500 per car 3. Hazmat, leaking or improperly closed valves, manways, etc. - \$2000 per car Each of the foregoing may be in addition to cleanup and other costs incurred	1. Hazmat NAR - \$5120 per car 2. Non-hazmat NAR - \$1620 per car 3. Hazmat, leaking or improperly closed valves, manways, etc. - \$2120 per car Each of the foregoing may be in addition to cleanup and other costs incurred	3/7/19 3/7/19 3/7/19	4/1/19 4/1/19 4/1/19
Special freight train service	In addition to applicable freight charges, \$95 per mile, subject to a minimum of \$14,250	In addition to applicable freight charges, \$120 per mile, subject to a minimum of \$18,000	3/7/19	4/1/19