

PADUCAH & LOUISVILLE RAILWAY, INC.



FREIGHT TARIFF PAL 8500-B

Cancels Freight Tariff 8500-A

RATES, RULES AND REGULATIONS GOVERNING APPLICATION OF FUEL SURCHARGE

FUEL SURCHARGE TARIFF

Except where expressly provided to the contrary, rates and provisions contained herein also apply on intrastate traffic.

ISSUED: August 29, 2016

EFFECTIVE: September 1, 2016

ISSUED BY

Larry Davis, VP Marketing & Sales

Paducah & Louisville Railway, Inc.

200 Clark Street

Paducah, KY 42003

**RULES AND OTHER GOVERNING PROVISIONS
RULES AND REGULATIONS – GENERAL**

ITEM 10

METHOD OF CANCELING AND AMENDING THE TARIFF

When amended, this tariff will be replaced in its entirety using letter suffixes to cancel, replace and supersede the prior version. “A” is replaced by “B” which is replaced by “C”, etc.

ITEM 100

FUEL SURCHARGE CALCULATION

Application: This publication applies to: (1) all regulated common carrier line haul tariff rates existing or established by PAL on or after April 26, 2007; and (2) all line haul freight rates and charges with respect to exempt traffic, and line haul freight rates and charges in contracts, private price quotations or other pricing documents, that both reference this publication and are entered into or issued and effective on or after April 26, 2007.

PAL will apply a fuel surcharge to the line haul freight charge(s) based on the monthly average price of US No. 2 Diesel Retail Sales by All Sellers (Cents per Gallon) On-Highway Diesel (OHD). The source for the price of OHD is the U.S. Department of Energy’s EIA Retail On-Highway Diesel Prices Report, US Average, whose monthly average price is available under “2-M Diesel Prices – All Types” at http://tonto.eia.doe.gov/oog/info/wohdp/diesel_detail_report_combined.asp.

In calculating the OHD Average Price, the average price will be rounded to the nearest 1/10th of a cent applying conventional rounding principles. The fuel surcharge will be 1¢ per mile for every 4¢ per gallon, or portion thereof, by which the OHD Average Price for the calendar month two months prior to the calendar month of shipment exceeds 199.9 cents. If DOE-EIA ceases publication of the above information, PAL will employ a suitable substitute source of price or measure.

When the monthly average price of OHD equals or exceeds \$2.00 in the second calendar month prior to the month in which the fuel surcharge is applied, the fuel surcharge rate per mile as shown in the OHD Fuel Surcharge Table will be applied to the line haul freight charge. For example, the surcharge amount in April will be calculated from the monthly US average OHD price during February. Rail mileage is calculated using the most recent version of 3rd party software PC*Miler / Rail Version (ALK Technologies), on each line haul movement, calculating total trip length for all carriers in the route, using the option for “fuel surcharge” distance from origin to interchanges, to destination. Fractions of a mile will be rounded to the next highest number. For example, if the actual line haul mileage summed for all carriers in the route is 1500.1 miles, the surcharge will be applied for 1501 miles. The applicable mileage will be the mileage on the date the line haul freight charge becomes effective, and when it is subsequently renewed by an amendment. Where the rail miles are not available through PC*Miler, PAL will calculate and publish the mileage independently.

For example: When the OHD rate is \$2.49, the fuel surcharge for a line haul movement of 1,500 miles would be $\$.13 \times 1,500 = \195 .

The date of surcharge shall be applied as follows:

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OHD Average Price During the Calendar Month	...is used to calculate the surcharge on:
January	March 1
February	April 1
March	May 1
April	June 1
May	July 1
June	August 1
July	September 1
August	October 1
September	November 1
October	December 1
November	January 1
December	February 1

The following table reflects a sampling of the fuel surcharge within the included OHD Average Price ranges.

HDF Average Price	Cents	HDF Average Price	Cents	HDF Average Price	Cents
Cents Per Gallon	Per Mile	Cents Per Gallon	Per Mile	Center Per Gallon	Per Mile
0 – 199.9	0	232.0 – 235.9	9	268.0 – 271.9	18
200.0 – 203.9	1	236.0 – 239.9	10	272.0 – 275.9	19
204.0 – 207.9	2	240.0 – 243.9	11	276.0 – 279.9	20
208.0 – 211.9	3	244.0 – 247.9	12	280.0 – 283.9	21
212.0 – 215.9	4	248.0 – 251.9	13	284.0 – 287.9	22
216.0 – 219.9	5	252.0 – 255.9	14	288.0 – 291.9	23
220.0 – 223.9	6	256.0 – 259.9	15	292.0 – 295.9	24
224.0 – 227.9	7	260.0 – 263.9	16	296.0 – 299.9	25
228.0 – 231.9	8	264.0 – 267.9	17	Above 299.9	See Below

The fuel surcharge will be 25¢ per mile plus 1¢ per mile for every 4¢ per gallon, or portion thereof, by which the OHD Average Price exceeds 299.9 cents.

Notification of any fuel surcharge changes will be posted on the PAL website at www.palrr.com.