



UP 4053-C

Item: 450-C  
PROCESSOR CAR ALLOCATION SYSTEM RULES (PCAS)

CHANGE KEY: A-Add; C-Change; D-Decrease; I-Increase; and X-Expire

For billing purposes use the following rate authority: UP 4053-C-450-C

STCC/GROUP	STCC	DESCRIPTION
20923		Soybean Cake,Flour,Grits,Meal Or Other By-Products Exc.Fatty Acids See 28994

#### GENERAL RULE ITEM 450

### PROCESSOR CAR ALLOCATION SYSTEM (PCAS) RULES

#### SECTION 1: PROGRAM OVERVIEW

The Processor Car Allocation System (PCAS) was developed by Union Pacific to create a more equitable and transparent covered hopper allocation process that would provide improved shipment forecasting, fleet efficiency, and service. Commodities transported in PCAS are limited to soybean meal and hulls (see STCC Group for commodity listing). The covered hoppers distributed in PCAS are from two (2) Union Pacific controlled system pools, the guaranteed pool and the general distribution pool. Processors may maintain their existing privately owned cars and continue to utilize them on Union Pacific for loading and transportation of the commodities noted above.

#### SECTION 2: GUARANTEED POOL

[c]

For a period of one (1) year following the effective date of this Item, Union Pacific will commit up to 3,200 railroad controlled covered hoppers to the Guaranteed Pool, which will be made available each month for soybean meal and hulls. Allocation of monthly placements from the Union Pacific Guaranteed Pool will be made once annually, 30 days prior to the start of the contract period. Each Processor will be offered a quantity of guaranteed placements equal to the Processors rolling 12-month average share of Union Pacific system equipment for all plants served by Union Pacific. Placements will be spread evenly by week each month. If Processors decline any part of the allocation offered, Union Pacific will offer the declined allocation to other Processors. Any balance of the allocation remaining thereafter will be removed from the program for a period of at least one (1) year from the effective date of this Item. Processors will commit to load their accepted allocation of guaranteed placements and be required to divide the monthly number of placements guaranteed into approximately equal weekly segments ( period defined as Sunday through Saturday).

Each processor will be given a one-time option to adjust its monthly Guaranteed Freight commitment for the period beginning six (6) months following the effective date of this Item and ending twelve (12) months following the effective date of this Item. Processor must provide a written request for said adjustment no later than four (4) months following the effective date of this

Item. Adjustment to a processor's Guaranteed Freight commitment is limited to an increase or decrease of no more than 10% of its Guaranteed Freight commitment for the six (6) month period noted above. Placements decreased with this adjustment may be offered to other processors, at UP's discretion.

Union Pacific agrees to increase individual Processor annual allocation by 50% of the incremental increase in total covered hopper car requirements created by physical plant expansions. The balance of the car requirements to be provided from non-railroad controlled covered hoppers. Processors to provide their Union Pacific representative and Union Pacific Asset Management with written notice of not less than 60 days of the need for additional Union Pacific system equipment to support physical plant expansion needs, along with documentation to substantiate the allocation increase. Processor, Union Pacific Representative, and Union Pacific Asset Management to mutually agree to the amount of allocation increase.

Processors to elect at contract signing to either: 1) reduce its annual Guaranteed Freight commitment in line with allowed annual downtime (up to 2 weeks of commitment reduced); or 2) spread its annual Guaranteed Freight commitment that would otherwise be reduced in #1 above over the balance of the year. Requests made after contract signing will not be considered.

Processors must place car orders against the total number of cars available by 2:00 PM CT on Tuesday of the week preceding the designated weekly shipment segment. Should the Tuesday preceding the period fall on a Railroad Holiday, the Processor will have until 2:00 PM CT the next business day to place an order. No car orders for Guaranteed Pool cars will be accepted after the applicable deadline. Individual car orders cannot exceed the maximum spotting capacity at origin. Shortfalls in cars ordered for a given week will result in a Guaranteed Freight Commitment Shortfall Penalty as described at the end of this item to Processor. Car orders must be placed via Union Pacific's website. Requests for an origin transfer after Processor car orders are placed will be accepted until 2:00 PM CT on the Thursday preceding the designated weekly shipment segment. Transfers will be allowed at the discretion of Union Pacific Car Management and will be subject to the Car Order Origin Transfer Fee as described at the end of this item. Union Pacific reserves the right to void guarantee when transferring orders. Processor will be notified if placement guarantee is void. In the event that the guarantee is removed, the guarantee and penalty provisions will be void for only the placement period in which the order is transferred. If the cars are not placed by the end of the placements period, the guarantee is reestablished in the next placement period.

Preferred spotting dates within the placement period will be accepted and Union Pacific will make every reasonable effort to ensure that cars are placed as close to the preferred spotting date as possible; however, Railroad reserves the right to place cars at any time within the shipping period. Applicable tariff provisions regarding demurrage will begin on the preferred spotting date or when the cars are furnished, whichever is later. Union Pacific will guarantee to place or constructively place covered hoppers by the last day of the applicable shipping period for all orders placed within the times specified above. When destined to processing plants located on foreign lines, open to reciprocal switch, or on applicable short line carriers, Union Pacific will consider placement to be 24 hours from the time of delivery to the other carrier and no penalty will be paid when such carrier fails to place the car within the specified time.

In the event cars are not delivered on the last day of the period, Processors may cancel the orders and claim the Guaranteed Freight Failure to Deliver Penalty of \$250 per car from the Railroad. Processor must submit an Intent to Cancel /Claim on the Union Pacific website by 5PM CT on the last day of the placement period. Should the last day fall on a Saturday, Sunday, or Railroad Holiday, the Processor must submit an intent to cancel on the preceding business day. Orders will be cancelled on

the first day of the following period provided Constructive Placement or Actual Placement has not occurred. If placement has not occurred and the order is canceled, Union Pacific will process the claim and issue payment. Claims may be tracked on the Union Pacific website. Cancellation payments shall constitute the full and exclusive remedy to the Processor for failure of Union Pacific to provide covered hoppers as described above. All orders that are not canceled will roll to the next period and all rules and guarantees apply as if the order were for the new period. When a car is placed for loading and rejected by the Processor, a replacement car will be furnished as promptly as operations permit. No penalty will be paid by Union Pacific for failure to place a substitute car during the placement period. Guarantee involving placement of cars at origin facilities will be governed by existing track, line and service capacity at existing service levels. Customer's combined Guaranteed Pool and General Distribution Pool car orders may not exceed the customer's track capacity and existing service level. Should this situation occur, the Union Pacific Guaranteed Pool placement guarantee is void. In addition cars placed for Guaranteed Pool loading may not be substituted for non-Guaranteed Pool shipments and cars spotted for non-Guaranteed Pool shipments may not be substituted for Guaranteed Pool shipments. Substitutions will result in forfeiture of guaranteed placement. Processor will be required to pay to Union Pacific a Guaranteed Freight Commitment Shortfall Penalty as described at the end of this item for each load that it fails to ship.

Cars placed in accordance with the Guaranteed Pool order shall be loaded and billed in accordance with existing tariff rules with Union Pacific receiving a road-haul movement. Guaranteed Pool shipments may be combined with General Distribution Pool shipments. Freight bill must be issued by and paid to Union Pacific.

Processor's commitment to load guaranteed cars is tradable, although the guaranteed cars can only be traded for placement at soybean processing facilities listed in the PCAS origin location group.

Union Pacific will allow each Processor the option to reduce its annual Guaranteed Pool commitment by an amount equal to or less than two (2) weeks to accommodate plant downtime. Processor is required to provide 15 days notice in writing to Union Pacific Car Management and Union Pacific Asset Management of their intent to utilize any or all of this grace period.

### **SECTION 3: GENERAL DISTRIBUTION POOL**

[c]

Union Pacific will commit up to 800 railroad controlled covered hoppers to the General Distribution Pool, which will be made each month for soybean meal and hulls. On the 10th calendar day preceding the shipment month, Processor will be given the option to commit to order a maximum number of cars on a monthly basis for weekly placement, equal to Processors rolling 12-month average shares of Union Pacific system equipment for all plants served by Union Pacific (same share as in Guaranteed Pool). Processors will also be allowed to commit to order additional cars that were not committed to by other Processors from their allocations, if any. Only if additional cars are available will this commitment be partially or fully met. Should the 10th calendar day preceding the shipment month fall on a Saturday, Sunday, or Railroad Holiday, Processor will have until 2:00 PM CT the next business day to commit to order. UP will notify Processor of the results of the General Distribution commitment process by the end of the calendar day on which Processor makes its commitment to order.

After the number of General Distribution cars to be ordered has been established, Processors must place car orders by 2:00 PM CT on Tuesday of the week preceding the designated weekly shipment segment. Should the Tuesday preceding the period fall on a Saturday, Sunday, or Railroad Holiday, the Processor will have until 2:00 PM CT the next business day to place an order. No car orders for

General Distribution Pool cars will be accepted after the applicable deadline. Individual car orders cannot exceed the maximum spotting capacity at origin. Car orders must be placed via Union Pacific's website. Origin transfers are not allowed under General Distribution. A General Distribution Commitment Shortfall Penalty as described at the end of this item will be assessed by Railroad against Processor for cancellation of a General Distribution Pool order or for failing to make an order on its General Distribution Pool commitment.

Cancellation penalty will be waived by Union Pacific in the event cars are not delivered within 30 days from date ordered.

Car placements will be made when cars are available, not on a guaranteed basis; therefore no penalties will be applicable to Union Pacific for late delivery.

Cars placed in accordance with the General Distribution Pool order shall be loaded and billed in accordance with existing tariff rules with Union Pacific receiving a road-haul movement. General Distribution Pool shipments may be combined with Guaranteed Pool shipments. Freight bill must be issued by and paid to Union Pacific.

#### **SECTION 4: CONDITIONS APPLICABLE TO BOTH POOLS**

Union Pacific reserves the right to add additional placements to the program and offer them to the Processors according to the average share methodology discussed in Section 2; however Processors are not obligated to increase their allocations. Additional placements to the program will be split 80% to the Guaranteed Freight pool and 20% to the General Distribution pool.

To accommodate occasional unexpected, intermittent plant production issues, up to an additional seven (7) individual days of Guaranteed Freight commitment reduction will be provided by Union Pacific, along with up to seven (7) individual days of General Distribution commitment reduction. The seven (7) individual days of commitment reduction do not have to be taken consecutively, but can be taken as needed throughout the year. This does not include annual downtime discussed in Section 2 and any commitment reduced will not be re-calendarized. Processor to communicate nature of plant production issue with their Union Pacific representative, Union Pacific Asset Management, and Union Pacific Car Management as soon as possible. Processor and Union Pacific Asset Management to mutually agree to the amount of commitment reduced.

#### **SECTION 5: FORCE MAJEURE**

In the event Processor cannot accept the cars it has ordered or Union Pacific cannot deliver cars it has guaranteed due to or as a result of a force majeure condition, the obligation of the Processor and Union Pacific under this item will be extended at the affected origin(s) for an equivalent length of time as the condition applies to the affected origin(s)(See Exception). Force majeure conditions include, but are not limited to, acts of God, including, but not limited to, flood, storm, earthquake, hurricane, tornado, or other severe weather or climatic conditions; act of public enemy, war, insurrection, vandalism or sabotage; fire, accident, wreck, derailment, washout or explosion; strike, lockout or labor dispute; shortage of diesel fuel, embargo or AAR service order; closure or origin or destination to reciprocal switching; governmental law, orders or regulation or any like causes beyond Processor's or Union Pacific's control. A change in market conditions or opportunity shall not be considered as a force majeure condition justifying suspension or cancellation of either party's obligations.

**EXCEPTION:** In the event that a force majeure is expected to continue for an extended period of time, e.g.; plant fire or explosion, either the railroad or the Processor may cancel General Distribution Car Orders without penalty or charge. With regard to Guaranteed Pool orders that are affected by these same extended conditions, these orders may be transferred to another origin without charge or penalty.

APPLICATION AND PCAS - GUARANTEED FRT COMMITMENT SHORTFALL PENALTY CHARGES

COLUMN	PCAS - GUARANTEED FRT COMMITMENT SHORTFALL PENALTY APPLICATION RULES	
1.	PCAS - GUARANTEED FRT COMMITMENT SHORTFALL PENALTY charges are in U.S. dollars Per Car and apply under these conditions:	
	Col 1 Amount	Route Code/Group
<b>STCC:</b> 20923 Soybean Cake,Flour,Grits,Meal Or Other By-Products Exc.Fatty Acids See 28994		
<b>From:</b> PCAS ORIGIN GROUP		
<b>To:</b> ALL LOCATIONS GROUP	250.00	OUTBOUND

APPLICATION AND PCAS - CAR ORDER ORIGIN TRANSFER CHARGES

COLUMN	PCAS - CAR ORDER ORIGIN TRANSFER APPLICATION RULES	
1.	PCAS - CAR ORDER ORIGIN TRANSFER charges are in U.S. dollars Per Car and apply under these conditions:	
	Col 1 Amount	Route Code/Group
<b>STCC:</b> 20923 Soybean Cake,Flour,Grits,Meal Or Other By-Products Exc.Fatty Acids See 28994		
<b>From:</b> PCAS ORIGIN GROUP		
<b>To:</b> ALL LOCATIONS GROUP	135.00	OUTBOUND

APPLICATION AND PCAS-GEN DISTRIBUTION COMMITMENT SHORTFALL PENALTY CHARGES

COLUMN	PCAS-GEN DISTRIBUTION COMMITMENT SHORTFALL PENALTY APPLICATION RULES	
1.	PCAS-GEN DISTRIBUTION COMMITMENT SHORTFALL PENALTY charges are in U.S. dollars Per Car and apply under these conditions:	
	Col 1 Amount	Route Code/Group
<b>STCC:</b> 20923 Soybean Cake,Flour,Grits,Meal Or Other By-Products Exc.Fatty Acids See 28994		
<b>From:</b> PCAS ORIGIN GROUP		
<b>To:</b> ALL LOCATIONS GROUP	100.00	OUTBOUND

ROUTE CODE	ROUTE GROUP	ROUTE/(JCT CODE)
UP UP 0	OUTBOUND	UP
JCT CONN 1	OUTBOUND	UP -Any Junction-CONN

\*CONN: Any foreign carrier with which Railroad interchanges at designated junction.

## APPENDIX A

### ORIGIN AND DESTINATION GROUPS

#### GROUP NAME LOCATIONS

##### ALL LOCATIONS GROUP

ALBERTA  
 AGUASCALIENTES \*  
 ALASKA \*  
 ALABAMA \*  
 ARKANSAS \*  
 ARIZONA \*  
 BRITISH COLUMBIA \*  
 BAJA CALIFORNIA \*  
 CALIFORNIA \*  
 CHIAPAS \*  
 CHIHUAHUA \*  
 COLIMA \*  
 COLORADO \*  
 CONNECTICUT \*  
 COAHUILA \*  
 DISTRICT OF COLUMBIA \*  
 DELAWARE \*  
 DISTRITO FEDERAL \*  
 DURANGO \*  
 ESTADO DE MEXICO \*  
 FLORIDA \*  
 GEORGIA \*  
 GUANAJUATO \*  
 GUERRERO \*  
 HIDALGO \*  
 HAWAII \*  
 IOWA \*  
 IDAHO \*  
 ILLINOIS \*  
 INDIANA \*  
 JALISCO \*  
 KANSAS \*  
 KENTUCKY \*  
 LOUISIANA \*  
 MASSACHUSETTS \*  
 MANITOBA \*  
 MARYLAND \*  
 MAINE \*  
 MICHOACAN \*  
 MICHIGAN \*  
 MINNESOTA \*  
 MISSOURI \*  
 MORELOS \*  
 MISSISSIPPI \*  
 MONTANA \*  
 NAYARIT \*  
 NEW BRUNSWICK \*  
 NORTH CAROLINA \*  
 NORTH DAKOTA \*  
 NEBRASKA \*  
 NEWFOUNDLAND \*  
 NEW HAMPSHIRE \*  
 NEW JERSEY \*  
 NUEVO LEON \*  
 NEW MEXICO \*  
 NOVA SCOTIA \*  
 NORTHWEST TERRITORIES \*  
 NEVADA \*  
 NEW YORK \*  
 OAXACA \*  
 OHIO \*  
 OKLAHOMA \*  
 ONTARIO \*  
 OREGON \*  
 PENNSYLVANIA \*  
 PRINCE EDWARD ISLAND \*  
 QUEBEC \*  
 PUERTO RICO \*  
 PUEBLA \*  
 QUERETARO \*  
 QUINTANA ROO \*  
 RHODE ISLAND \*  
 SOUTH CAROLINA \*

SOUTH DAKOTA \*  
 SINALOA \*  
 SASKATCHEWAN \*  
 SAN LUIS POTOSI \*  
 SONORA \*  
 TLAXCALA \*  
 TAMAULIPAS \*  
 TENNESSEE \*  
 TEXAS \*  
 UTAH \*  
 VIRGINIA \*  
 VERACRUZ \*  
 VERMONT \*  
 WASHINGTON \*  
 WISCONSIN \*  
 WEST VIRGINIA \*  
 WYOMING \*  
 ZACATECAS \*

##### PCAS ORIGIN GROUP

IA, CEDAR RAPIDS  
 IA, DES MOINES  
 IA, EAGLE GROVE  
 IA, EMMETSBURG  
 IA, IOWA FALLS  
 IA, ISLAND PARK  
 IA, MASON CITY  
 IA, SERGEANT BLUFF  
 IA, SHELDON  
 IA, SIOUX CITY  
 IL, BLOOMINGTON  
 KS, WICHITA  
 MN, BREWSTER  
 MN, FAIRMONT  
 MN, MANKATO  
 MO, KANSAS CITY  
 MO, ST JOSEPH  
 NE, FREMONT  
 NE, HASTINGS  
 NE, LINCOLN

\* Applies only on traffic billed to or from the noted locations and does not apply to other stations within the switching limits of those locations.

Issued: July 22, 2014  
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**UP 4053-C**

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