Appendix A To
Agreement for Binding Arbitration of Rail Grain Rate Disputes

Required URCS Inputs

Parameter	Methodology
Carrier	Select the carrier (BNSF).
Distance	Calculate BNSF miles from origin to destination (or interchange point). Use "shortline miles" (i.e., rail miles calculated by the STB, or by a third party such as ALK or Rand McNally), not actual "cycle miles" (i.e., actual rail miles for the shipment in question, recorded by the carrier). Shortline miles represent the public information about the move, and are appropriate in a regulatory setting. The URCS model adjusts shortline miles by a carrier-specific average circuity factor to approximate actual miles.
Shipment Type	The user has 4 options for use in the arbitration. Select the appropriate option based on shipment information obtained from the Waybill, the carrier's internal data, or other sources as appropriate. The options are: • *Originate & Terminate*: local shipment • *Originate & Deliver*: forwarded shipment • *Receive & Deliver*: bridge shipment • *Receive & Terminate*: received shipment
Number of Cars	Specify the number of freight cars moving in the shipment. (Note that this is different from the number of cars in the train. While a unit train of 115 cars contains a single 115-car shipment, a merchandise train of 100 cars might contain 20 5-car shipments.)
Car Type	Identify the freight car type and whether railroad owned, controlled or provided. The URCS model gives the user 17 car type options (plus an 18th "all other" option). The URCS model car types correspond to the car types in STB Schedule 710 (lines 36-52), which can be mapped to AAR car type codes (A123, e.g.).
Car Ownership	Identify car ownership as railroad-owned or privately-owned. Cars owned by carriers other than the operating carrier are considered railroad-owned.
Tons per Car	Calculate the average lading tons per car for the shipment. (Exclude the tare weight of the car.)
Commodity	Identify the commodity by STCC code. The URCS model allows 82 unique STCC codes of varying lengths between 2 and 5 digits (i.e., STCC 11 for "Coal", or STCC 26211 for "Newsprint"). Convert each shipment's 5- or 7-digit STCC code into the appropriate URCS STCC code, using as detailed a STCC code as possible.
Movement Type	Identify the movement type based on the number of cars in the shipment. Following the STB methodology, shipments with 1-5 cars are classified as "Single"; shipments with 6-49 cars are classified as "Multiple." Shipments with 50 or more cars are classified as "unit".
Movement Parameters	URCS default detailed movement parameters are to be used for costing.
URCS Update	Once total URCS costs are Calculated, the total URCS costs are adjusted by the percentage change in operating expense per GTM for the year the moves are being challenged versus the operating expense per GTM for the year that URCS program costs are based upon. The operating expenses and GTM's are available in quarterly BNSF SEC filings, and the operating expenses shall be adjusted to exclude any fuel hedge benefit or liability
Fuel Surcharge Revenue Adjustment	BNSF will make modifications to the URCS-based revenue to variable cost ratios to reflect the relationship of the fuel surcharge assessed with the rate being challenged to historic URCS fuel cost values in light of the historic lag in the availability of URCS data. The modification shall be made by adjusting the fuel surcharge based on the simple average of the fuel surcharge rates in effect for the same time period as the URCS costs represent (as published on the BNSF web site) in effect for the same time period as the URCS costs represent.