



TACOMA PUBLIC UTILITIES  
3628 South 35th Street  
Tacoma, Washington 98409-3192

November 6, 2015

To: Chair Flint and Members of the Public Utility Board; and  
Mayor Strickland and Members of City Council:

SUBJECT: Reissue Tacoma Rail Rate Policy and Freight Tariffs

**Request:**

Tacoma Rail requests authorization to update the Rail Rate Policy and reissue the TMBL 8807 and TMBL 6004 series freight tariffs.

**Background:**

Tacoma Rail's customers consist of local industries and other railroads. The Rail Rate Policy provides direction for planning decisions and ensures that Tacoma Rail provides reliable and competitively priced service to these customers. The last Tacoma Rail Rate Policy update was January 2007. Changing the debt service coverage ratio to 1.5 has already been maintained via its 2007 Senior Lein Bond and it allows Tacoma Rail to be more fiscally attractive to borrowing opportunities. The Rate Policy update also adds grants as a financing vehicle and provides direction concerning cost of service fuel surcharge practices.

Tacoma Rail's Freight Tariff TMBL 8807 series was last updated in 2012. The TMBL 8807 series tariff defines line haul and miscellaneous switching charges allocated to the movement of railcars. Line haul rates are typically charged to the BNSF or Union Pacific unless the industry served or shipper elects to pay the fees themselves. The Freight Tariff TMBL 8807-F tariff includes US Oil and Targa Sound Terminal unit train rates. These cost of service rates are \$210.00 and \$295.00 per loaded railcar, respectively. Unit trains as defined by the tariff are trains of more than 90 railcars consisting of a single commodity and destined to a single facility.

Tacoma Rail's Freight Tariff TMBL 6004 series was last updated in 2012. Demurrage is a fee charged to customers for the undue detention of a railcar, which is federally required by the Code of Federal Regulations. The new tariff includes an additional straight demurrage plan and provides clarification to demurrage practices. A straight demurrage plan calculates demurrage on a per railcar basis. The only current demurrage plan is for demurrage credits and debits to be pooled and offset at the end of each month. Demurrage clarifications include late switches, missed switches, demurrage computations and application to railcars under repair. The demurrage rate of \$50 per day remains the same.

**APPROVED:**

William A. Gaines  
Director of Utilities/CEO

