

Demurrage



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What is Demurrage?

- **Charge assessed for holding cars on railroad property**
- **Charge assessed for holding railroad controlled cars on customer property**

Why?

- **Increase asset utilization**
 - Cars
 - Power
 - Crews
 - Capacity

Types of Demurrage Charges

- **Unloading**
- **Loading**
- **Held in Transit**
 - Diversion demurrage, part unload, etc.
- **Furtherance**
- **Private Empty Car Storage (PECS)**
- **Despacho Previo**



What has Union Pacific done?

- **Capture customer capacity data**
 - Track length or number of cars
- **Define spotting needs**
 - Order in vs. spot on arrival (closed gate vs. open gate)
- **Credits vs. Free time**
 - Unloading & loading – Excludes-Toxic Inhalation Hazard (TIH)
- **Web based real time information**
- **Allow for “pre-bill” dispute resolution**

What can you do?

- **Spot on arrival vs. order in**
- **Know your inventory**
 - Both loads and empties
- **Ensure all cars are monitored**
 - Repetitive Inquiry definitions
- **Load or unload in a timely manner**
 - Create capacity when needed
- **Use web tools available**



Best Practices/Success Stories

- **Changed spot preference**
- **Expanded storage capability**
- **Improved pipeline management**
 - Increased asset utilization
 - Decreased demurrage charges



Trends

- **Amount billed in 2008 was \$65 million less vs what was billed in 1999**
 - Bills are more accurate
 - Less frustration disputing invalid bills.

