

VERMONT RAIL SYSTEM

VERMONT RAILWAY, INC.

GREEN MOUNTAIN RAILROAD CORP.

CLARENDON AND PITTSFORD RAILROAD CO.

WASHINGTON COUNTY RAILROAD CO.

AND

NEW YORK AND OGDENSBURG RAILWAY CO.

FREIGHT TARRIFF VTR 9019-E

(CANCELS VTR 9019-D)

FUEL SURCHARGE

**APPLYING ON ALL EXEMPT, NON-REGULATED CARLOAD TRAFFIC,
MOVING UNDER CONTRACT RATES OR CONFIDENTIAL RATE CONTRACTS,
ORIGINATING, TERMINATING OR VIA STATIONS ON THE**

VERMONT RAILWAY, INC.

GREEN MOUNTAIN RAILROAD CORP.

CLARENDON AND PITTSFORD RAILROAD CO.

WASHINGTON COUNTY RAILROAD CO.

NEW YORK AND OGDENSBURG RAILWAY CO.

SPECIAL NOTICE

**The surcharge provisions of this tariff are issued and made effective solely for the
purpose of offsetting fuel increase costs.**

AMENDMENT E ISSUED: July 3, 2008

EFFECTIVE: July 24, 2008

ISSUED BY

EDWARD J. FITZGERALD

VICE PRESIDENT – MARKETING

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**TARIFF VTR 9019-E
(CONT'D)**

SURCHARGE TO OFFSET FUEL COSTS

APPLICATION: This publication applies to: (1) all regulated common carrier line-haul freight rates existing or established by VRS on or after JULY 1, 2008; 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 either reference this publication and/or are existing or entered into or issued and effective on or after JULY 3, 2008.

Specifically, a surcharge on freight rates to offset upwardly fluctuating fuel prices will be assessed on all currently effective exempt quote/contract rates and applied as follows:

1. All carload traffic originating on the VTR, GMRC, CLP, WACR and NYOG. (See **Exceptions** under **Note 1** below.)
2. All joint line carload traffic originating at stations on carriers other than VTR, GMRC, CLP, WACR and NYOG received at interchange points by the VTR, GMRC, CLP, WACR and NYOG and handled beyond such interchange points via VTR, GMRC, CLP, WACR and NYOG under Rule 11 billing.
3. All joint line carload traffic originating at stations on carriers other than VTR, GMRC, CLP, WACR and NYOG received at interchange points by the VTR, GMRC, CLP, WACR and NYOG moving on a prepaid or collect basis and not subject to origin or interline carrier fuel surcharge on through freight rate. Fuel surcharge will be billed separately by VTR, GMRC, CLP, WACR or NYOG as applicable.

The afore mentioned surcharge will be billed to the party responsible for payment of freight charges by the VTR, GMRC, CLP, WACR or NYOG as the case may be.

NOTE 1: EXCEPTION -The application of this surcharge will apply on all commodities and car types EXCEPT commodities moving under the rates and provisions of VTR Tariff 4000 applying on grain and grain products.

CALCULATION OF FUEL SURCHARGE

In the event that the monthly average price per gallon of highway diesel fuel (as determined below, the "HDF Average Price") equals or exceeds 200.0 cents, VRS will apply a fuel surcharge to the line-haul rates and charges described above. The fuel surcharge will be applied as a percentage of the freight rate and will apply to each qualifying shipment having

a bill of lading or other shipping instruction dated on or after the first day of the second calendar month following the calendar month of a given HDF Average Price determination (e.g., a fuel surcharge applied July 1 would be based on May's HDF Average price) subject to a maximum of 34%.

The "HDF Average Price" for a month will be the average price for that month of U.S. No. 2 Diesel Retail Sales by All Sellers, as determined and published by the U. S. Department of Energy, Energy Information Administration ("DOE-EIA")¹. That average price will, in calculating the HDF Average Price, be rounded to the nearest 1/10th of a cent applying conventional rounding principles. The fuel surcharge will be increased .68% for every 4¢ per gallon, or portion thereof, by which the HDF 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, VRS will employ a suitable substitute source of price or measure.

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

Fuel Surcharge Based on Highway Diesel Fuel Average Price for a Calendar Month.		
HDF Average Price Per Gallon (\$)		Surcharge
Over	But Not Over	%
0.0100	1.9999	0.00
2.0000	2.0399	2.000%
2.0400	2.0799	2.680%
2.0800	2.1199	3.360%
2.1200	2.1599	4.040%
2.1600	2.1999	4.720%
2.2000	2.2399	5.400%
2.2400	2.2799	6.080%
2.2800	2.3199	6.760%
2.3200	2.3599	7.440%
2.3600	2.3999	8.120%
2.4000	2.4399	8.800%
2.4400	2.4799	9.480%
2.4800	2.5199	10.160%
2.5200	2.5599	10.840%
2.5600	2.5999	11.520%
2.6000	2.6399	12.200%
2.6400	2.6799	12.880%
2.6800	2.7199	13.560%
2.7200	2.7599	14.240%
2.7600	2.7999	14.920%
2.8000	2.8399	15.600%
2.8400	2.8799	16.280%
2.8800	2.9199	16.960%
2.9200	2.9599	17.640%
2.9600	2.9999	18.320%
3.0000	3.0399	19.000%

3.0400	3.0799	19.680%
3.0800	3.1199	20.360%
3.1200	3.1599	21.040%
3.1600	3.1999	21.720%
3.2000	3.2399	22.400%
3.2400	3.2799	23.080%
3.2800	3.3199	23.760%
3.3200	3.3599	24.440%
3.3600	3.3999	25.120%
3.4000	3.4399	25.800%
3.4400	3.4799	26.480%
3.4800	3.5199	27.160%
3.5200	3.5599	27.840%
3.5600	3.5999	28.520%
3.6000	3.6399	29.200%
3.6400	3.6799	29.880%
3.6800	3.7199	30.560%
3.7200	3.7599	31.240%
3.7600	3.7999	31.920%
3.8000	3.8399	32.600%
3.8400	3.8799	33.280%
3.8800	3.9199	33.960%
3.9200	3.9599	34.000%
3.9600	3.9999	34.000%
MAXIMUM FUEL SURCHARGE TO BE APPLIED UNDER THIS TARIFF IS 34%		

VRS reserves the right to apply supplemental fuel surcharge as required in addition to the above if escalating fuel prices warrant.

¹ The referenced DOE-EIA publication can currently be found at www.eia.doe.gov. On the home page select "Petroleum;" under "Prices" select "Weekly Retail Gasoline and Diesel Prices;" for the "Area" select "U.S.;" for the "Period" select "Monthly;" then refer to the data on the line entitled "Diesel (On-Highway)." Monthly data is normally published Wednesday after the last Monday of a given month.