

## **ACACSO Industry Terms Updated May 3, 2002**

### **American Association of Railroads (AAR)**

The AAR is an Industry sponsored organization, whose primary purpose is to set standards and rules for the North American Railroad Industry

### **American Short Line Rail Road Association (ASLRRA)**

The American Short Line and Regional Railroad Association (ASLRRA) is a non-profit trade association that represents the interests of its more than 400 short line and regional railroad members in legislative and regulatory matters. Short line and regional railroads are an important and growing component of the railroad industry. Today, they operate and maintain 29 percent of the American railroad industry's route mileage, and account for 9 percent of the rail industry's freight revenue and 11 percent of railroad employment.

### **Appendix H**

Appendix H is found at the end of the *Code of Car Hire Rules and Interpretations – Freight*, which is part of the AAR publication *Circular No. OT-10*. This OT-10 circular can be found in the back of The Official Railway Equipment Register. Appendix H shows an example of the one-page summary paper report that is to be furnished by each car-hire payable road as part of their car-hire reporting and is titled “Summary of Amounts Due For Car Hire of Freight Cars, Trailers and Related Costs.” A reference to Appendix H needs to be taken in context, as in most cases it will refer to an actual paper car-hire summary report submitted (or missing) by a railroad to a car owner.

### **Appurtenance**

The superstructure that is upon the deck of a flat car used in the transportation of automobiles, trucks, or some other form of vehicular transportation.

### **Arbitration**

Arbitration is a process to resolve disputes within the car hire rules. Typically Arbitration is used in Deprescription disputes as well as when there are disputes regarding car hire rules.

### **Bad Order Car**

An interchange freight that is in need of mechanical attention or repairs as defined in the AAR Interchange Rules.

### **Bi-lateral Agreements**

An agreement between two parties that can be applied to specific cars, specific locations with some type of terms.

**Bill of Lading**

A carrier's contract and receipt for goods specifying that the carrier has received certain goods which it agrees to transport from one place to another, and to deliver to a designated person or assignee for such compensation and upon such conditions are specified therein. Ladings are designated "Straight" and "Order Specify".

**Car Hire**

Rent that an equipment user pays to the equipment owner for use of their equipment. Payment of car hire is intended to encourage efficient utilization of equipment when it is in the control of another railroad. Depending on the type of equipment, car hire can include hourly (per diem), mileage and/or appurtenance components

**Car Hire Data Exchange (CHDX) – 414 File**

The Car Hire Data Exchange System (CHDX) is a monthly exchange of time and mileage payment information. Participating carriers submit their car hire payables in the form of 414 transaction sets. Once all submissions have been received, they are sorted and each participant's car hire receivables are prepared and mailed. Today data can be downloaded from the Internet, sent via electronic tape or on paper.

**Car Hire Rules**

Car Hire rules were established and published in the OT-10 to govern payment and receipt of monies exchanged for the use of Railroad equipment. The rules determine the obligation that an equipment user has for the use of the equipment to the equipment owner.

**Car Owner**

Although not defined in the Code of Car Service Rules or the Code or Car Hire Rules, the owner of a car is considered to be that entity that has been assigned, by the AAR, the reporting mark that is stenciled on the car. Therefore, the term, "car owner" has nothing to do with legal title to a car. The term "car owner" is used in the car-service and car-hire rules in the same way that it is used in the interchange rules, where it is defined. The definition appears in the *Field Manual of the AAR Interchange Rules* at Rule 1.4 Ownership Identification: "In the application of all Rules contained in this Manual, cars shall be treated as belonging to companies or individuals whose reporting marks are stenciled on the car."

**Car Service Directives (CSD)**

Orders issued by the AAR that describe and elaborate on the car service rules.

### **Car Service Rules**

The Car Service rules define how equipment is to be managed when on a railroad. As an example the car service rules define interchange requirements, how to establish embargoes, when to reverse route cars, etc etc.

### **Car Type Code**

A four character alphanumeric code identifying the general physical description of specific car attributes as listed in Exhibit D of the UMLER Data Specification Manual

### **Car Hire Accounting Rate Master (CHARM)**

The CHARM file is the official source of car hire rates for all equipment registered in UMLER. The CHARM holds rates both prescribed and deprescribed cars. The file is updated monthly by Railinc for negotiated rates which have occurred during the given month and on a quarterly basis the default rate which is the lowest negotiated time and associated mileage rate for a particular car type for the quarter. The rates contained on these customized files are confidential to each owner and user.

### **Circular OT-10**

Operating Transportation (OT) circular 10 covers the rules surrounding the Code of Car Service Rules/Code of Car Hire Rules. This circular can be found in the Official Railway Equipment Register (ORER).

### **Claims**

Claims are invoices issued by the car owner to the car user where the car owner has not been paid in full for the use of its equipment. Claim issuance falls under Car Hire Rule 11 – Claim Handling and must follow the required format for issuance, be issued after three (3) months and within five (5) months of the last day of the month the car hire was earned, and not be less than \$25.00. Claims can be issued for a shortage in hours, miles and for payment of car hire at an improper rate.

### **Class I**

Railroads with annual carrier operating revenues of \$250 million or more. This group includes the nation's major railroads.

### **Class II**

Railroads with annual carrier operating revenues of less than \$250 million but in excess of \$20 million. This group is made up of "regional railroads."

### **Class III – Shortline**

Railroads with annual carrier operating revenues of \$20 million or less. The typical Class III is a "short line" railroad with feeds traffic to or delivers traffic from a Class I or Class II railroad.

**Demurrage**

Demurrage is a charge for the detention of freight cars held by shippers or receivers beyond a prescribed free time. These charges are assessed for the purpose of expediting the release of freight cars thereby allowing better utilization. It was originally designed to offset the car hire paid to other roads.

**Depreciated Value**

The depreciated value is the reproduction value of a freight car adjusted for depreciation up to the date of the damage based on annual rate of depreciation shown in AAR 107.

**Deprescription**

Various payment plans to compensated car owners existed since railroads first started to interchanged cars in the 1800's. In 1977, the U. S. Interstate Commerce Commission (ICC, predecessor to the Surface Transportation Board) prescribed a formula for determining car-hire rates. Prescribed car-hire rates were the rule for all railroad-marked cars until these fixed rates started to be phased out by the ICC. In its November 3, 1993 decision (Ex Parte No. 334 (Sub-No. 8)), the ICC stated "... in October 1990, 148 railroads, railroad associations, and leasing companies filed a proposal under which car hire rates would be gradually deprescribed; that is, instead of being governed by a formula that we prescribe, the rates would be determined by the various railroads themselves, much as other rates are set in the rail industry." The term deprescription is used to describe this change in how car-hire rates are set. The term is also used to refer to the entire body of rules that govern car-hire, including default rates and arbitration. Under deprescription, a ten-year phase-in period was ordered and all cars, except for a class of "grandfathered boxcars", will be deprescribed and subject to negotiation of car-hire rates.

**Drafting**

The method of settlement that allows one entity to deposit monies in another entities account without issuing a bill for collections. Both entities must agree to such a transaction

**Earned Month**

This is a Car Hire term used to identify which month car hire earnings are associated with. As an example if you receive a foreign RR marked piece of equipment on you line on the 5th of January at noon and deliver it off on the 6th of January at noon. If you never had the car at any other time of the month and absent TOLs or reclaims the equipment owner would expect you to pay 24 hours for the earned month of January on this piece of equipment.

**Electronic Data Interchange (EDI)**

EDI is the process of exchanging data electronically via a communications network in a pre-defined standardized format. There are ANSI approved transaction sets, such as the 414 car hire data exchange, and proprietary transaction sets such as UMLER and TRAIN II.

**Equipment Asset Management Working Committee (EAMWC)**

The Equipment Asset Management Working Committee reports to the Safety and Operations Management Committee (SOMC) of the Association of American Railroads (AAR). The committee is responsible for maximizing inter-railroad car utilization, recommends changes and issues interpretations of the Code of Car Service and Car Hire Rules for which authority has been delegated under the Surface Transportation Board (STB) approved agreement.

**Foreign Car**

Any car not belonging to the particular railway on which it is running.

**Handling Carrier**

A handling carrier is typically a railroad that is not involved in the line haul of a particular shipment, or in the reciprocal switch of that shipment. A handling carrier tends to be a railroad that does not participate in interline settlement and therefore works for a flat fee that is paid by either the last line haul carrier or the first line haul carrier, depending on which end the handling carrier is involved in.

**Haulage**

Is a marketing arrangement between two carriers that allow foreign train operation with track owners' crew and power over non-owned trackage. Interchange is suppressed to the car owner. Car hire liability remains in the account of the foreign carrier.

**Home Shop**

A "home shop" is a repair facility designated by the car owner. This definition appears in Appendix A of the *Field Manual of the AAR Interchange Rules*. A home shop does not have to be located on the lines of the owner's road; it can be located on any railroad. The car owner designates a home shop on a car by car basis at the time a handling railroad request disposition for a car requiring repairs.

**Interchange**

The exchange of equipment between two railroads at a specific junction point shared by both roads.

**Interline**

Interline typically refers to traffic that originates on one carrier and terminates on another carrier. An interline move involves more than 1 carrier. The term itself "inter" "Line" on its own infers between lines.

**Interline Settlement System (ISS)**

The computer software running at a central site, Railinc, to process settlements between interline carriers.

**Intermediate Line**

A railroad handling a freight car from one railroad to another without loading or unloading the freight car and such road does not participate in the freight rate.

**Intermodal Car**

A rail car designed specifically for handling piggyback trailers or containers, or both. Intermodal cars may be long flatcars with collapsible trailer hitches, or shorter, lightweight platforms with rigid hitches for use at mechanized terminals. Some newer designs are articulated, and have as many as ten platforms connected to form one “car”.

**Intermodal Equipment Register**

The Intermodal Equipment Register provides the most detailed information available regarding containers, trailers, chassis and bogies in intermodal service.

**Joint Industry**

A Joint Industry is a Customer location that is served by more than one Railroad. So, two or more Railroads have access to the line haul rights to that Customer at that location. In general, a location that is actually served by more than one road.

**Liability Continuity System (LCS)**

The Liability Continuity System (LCS) was developed to create the official interchange record for car hire settlement. Based on data supplied to TRAINII®, LCS analyzes event data to establish continuity, identifies illogical or missing interchange records and creates valid default records or corrects the erroneous records based on a universal view of the North American rail network. Continuity is ordinarily determined by three logically consistent equipment reportings. Continuity may also be determined when contiguous interchanges show equality in the TO Road/FROM Road Fields. Interchange records are created to close open records so Car Hire may be paid accurately and on a timely basis by the equipment user.

**Market Rate**

A market rate is a type of car-hire rate that is put in place with the Rail-CARDS system between a car owner and user. The business rules for Rail-CARDS defines a market rate agreement as “an agreement made on deprescribed equipment with no specified conditions or qualifiers attached to the rate, except for the optional effective and expiration dates.”

**Mileage**

Mileage can be defined as payments made to equipment owners for the use of their equipment. Mileage is paid on foreign equipment as well as private marked equipment. Commonly, private equipment moves are zero-rated, which means that these miles are paid at a rate of zero cents per mile. While Private Marked equipment owners are paid for only loaded miles, other equipment owners are typically paid for both loaded and empty miles.

**Network Efficiency Management Committee (NEMC)**

The AAR group with goals to drive improvement in customer communication, service reliability and equipment utilization that will expand the market for interline rail traffic in North America.

**Official Railway Equipment Register (ORER)**

The Official Railway Equipment Register provides the most detailed information available regarding rail and tank car types, dimensions, capacities, connections and junction point information, equipment listed by ownership and reporting marks, Umler specifications and personnel at public and private rail operations.

**Out of Service**

Out of Service is a term used for equipment or locations that are temporarily or permanently not in use. A car or a track siding could be “Out of Service” or not functioning.

**Prepaid Freight**

Charges for freight transportation can either be prepaid or billed as collect charges. “Prepaid” or “Collect” is annotated on the customer-supplied bill of lading (or other shipping document). Customers not on credit terms with the originating carrier must pay freight and other accrued transportation charges prior to transportation of a shipment as it is tendered “prepaid.”

**Prescribed Equipment**

Railroad cars that are not subject to the depreservation order. The cars carry a rate based on age and valuation rather than a negotiated or market rate.

**Private Marked Equipment**

Private marked equipment is railroad equipment that is owned by an entity other than a railroad. Private Marked equipment has initials that ends with an X. In the industry although TTX's equipment end with an X and TTX is not a railroad, TTX equipment is not considered private marked equipment. TTX is actually owned by the major Class I railroads in North America. Compensation for Railroad marked equipment is based on loaded miles moved.

### **Private Mileage Equalization**

The mileage equalization rule was a compromise between the railroads and car owners to keep the railroads from having to make excessive payments for empty mileage. The plan is published in Item 187 of Freight Tariff RPS 6007 series. Should the aggregate empty mileage accumulated by tank cars carrying any of the reported marks assigned to any one person or company during a calendar year exceed the aggregate loaded mileage during the same calendar year by more than six (6) percent, such excess mileage must be paid for by the entity to whom the reporting mark is assigned. The rate charged is adjusted annually each September 1 under Ex Parte No. 328.

### **Railinc**

Railinc is operated as a for profit wholly-owned subsidiary of the Association of American Railroads (AAR). For over 25 years, Railinc has been an integral part of the North American Rail industry by maintaining extensive industry databases, applications and services that are embedded in industry critical operations and financial systems. Railinc is an information technology company whose mission is to be the provider of technology, eBusiness information and communication services to the transportation and logistics industry. For more information visit their website at [www.railinc.com](http://www.railinc.com).

### **Railway Guide**

An industry publication that defines the railroads of North America divided into regions with the US, Canada, and Mexico. This guide includes mailing addresses, names of officials and other pertinent data.

### **Reclaims**

Reclaims are specific conditions that allow you not to pay car hire. Some conditions are industry rules (as defined in the Code of Car Hire Rules), and others may be agreements between two roads, a shipper and a road or a car users and car owner.

### **Reported Month**

Car Accounting deals with several months' worth of activity. Because the documentation and settlement of car hire can be several months after the activity occurred, Reported Month is used to define that month in which the activity for a month reported. An example is: if a car moved in January and a railroad placed the payment for that car movement on it's February car hire report, February would be the "Reported Month".

**Reporting Mark**

Is a two to four alpha characters assigned by Railinc's Business Services Division to identify interchange equipment. The equipment identified can be railcars, trailers, chassis or containers. The reporting mark also identifies the entity which car hire receivables are reported to. Railcar associated marks are listed in the Official Railway Equipment Register, and Intermodal associated marks are listed in the Official Intermodal Equipment Register.

**Railroad Marked Equipment**

Railroad marked equipment is all equipment that bears a reporting mark that has been assigned by the AAR to a railroad. All railcars are railroad marked equipment except those cars that bear a reporting mark ending in "X", indicating a private mark.

**Safety and Operations Management Committee (SOMC)**

The AAR group that oversees and directs activities of the Equipment Asset Management Working Committee (EAMWC).

**Service Month**

This is a Car Hire term used to identify which month car hire earnings are associated with. As an example if you receive a foreign RR marked piece of equipment on you line on the 5th of January at noon and deliver it off on the 6th of January at noon. If you never had the car at any other time of the month and absent TOLs or reclaims the equipment owner would expect you to pay 24 hours for the earned month of January on this piece of equipment.

**Settlement Value**

The settlement value is the amount of compensation due the equipment owner for damaged or destroyed equipment as determined in Rule 107. Depreciated value, reproduction value, salvage value and dismantling allowances are all factors in determining a settlement value. The settlement value may also be stipulated in a lease agreement or contract where a lessee must pay the lessor or the contract value of the equipment over and above its' actual depreciated value.

**Shop**

A shop is a place where freight car repairs are performed.

**Special Car Orders (SCO)**

Special Car Orders are mandated movement orders for the return of empties to the owner via specified interchanges.

**Spot Rate**

A Spot Rate is a term use for a rate quote from a Marketing Department that is good for a very short period of time. It could be for that day, or for only 1 week. If the time the rate is extended to several months or even several years, the quoted rate would typically be a rate quote or a contract rather than a Spot Rate.

**Standard Point Location Code (SPLC)**

The SPLC code (commonly pronounced as “spluck code”) is a six digit numeric code indicating a geographic station location.

**Standard Transportation Commodity Code (STCC)**

STCC code (commonly pronounced “stick code”) is a seven digit numeric code representing 38 commodity groupings. Assignment of a STCC Code is associated with a commodity description developed to conform to exact descriptions in freight transportation classifications for rail and motor carriers.

**Switch Carrier**

A switch carrier is a railroad that performs a terminating or originating switch between the customer and a line haul railroad. The switch carrier typically does not share the line haul rate but is paid a rate for the switch performed. The switch carrier can normally transfer car hire liability to the carrier that gave it the car for up to 120 hours. A switch carrier can also perform an inter-switch move between a line haul carrier and a switch carrier. In this case the inter-switch carrier may actually transfer 24 hours of car hire liability back to the delivering carrier.

**System Car**

A system car is a railroad freight car that is owned by the railroad that operates it.

**Tariffs**

A schedule containing matter relative to transportation movements, rates, rules and regulations.

**Tele Rail Automated Information Network (TRAIN II)**

A database which contains movement events, waybills, car hire transfer liability records on all rail equipment. Railroads and equipment owners to Railinc supply data. Railinc process the data and sends related data back to the railroads and equipment owners via various predefined messages.

**Trailer/Containers/Chassis Compensation**

Trailer/Container/Chassis Compensation is the amount of money that is paid to the equipment owner of the use of their Trailer, Container or Chassis. For this type of equipment the rates tend to be based on time and that time is usually by the day or by the month.

**Transfer of Liability (TOL)**

TOL was introduced in 1994 and allows a delivering carrier to transfer responsibility of car hire to a receiving carrier when that carrier cannot accept cars in interchange. The reporting rules and requirements for reporting a TOL are stated in car hire rules five (5) and fifteen (15).

**Transportation Codes**

Each railcar's UMLER record has two transportation-code fields that are used by the rail industry to provide status and handling information. The first field is populated by the Transportation Code and the second by the Transportation Condition Code. Each code is a single character in length and each may consist of a blank. A table of the various valid combinations of these two codes are described in an appendix to the Code of Car Service Rules. The Car Service Rules are published in the back of *The Official Railway Equipment Register* as part of the AAR publication *Circular No. OT-10*.

**TTX**

The company that operates a national pool of flatcars, boxcars and gondolas.

**Uniform Machine Language Equipment Register (UMLER)**

In loose terms UMLER is a database of information about railroad and intermodal equipment. This database is managed through Railinc of the AAR. Within UMLER you can obtain car specifications such as length, capacity, weight, owner etc. Typically if you are looking for information about a car, UMLER is a good place to start.

**Zero Rated**

A car hire rate that is equal to zero.