

Car Hire Deprescription Rail-Cards® Business Rules



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Overview and General Information

In order to provide the proper context, the reader should note that portions of these rules are descriptive of the content of the U. S. Surface Transportation Board's (STB) Deprescription orders. Those orders, rather than these rules, should be consulted regarding any questions over the scope of car hire Deprescription. In that regard, these rules should not be regarded as authoritative.

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1 Overview and General Information

1.1 Introduction

Historically, car hire, or compensation to be paid by a user to an owner for use of a car¹, was based on a formula that was prescribed by the STB. By STB order effective January 1, 1993, with implementation on January 1, 1994, a market-oriented approach to setting car hire rates was adopted. This market-oriented system, which relies on negotiations between owners and users instead of a prescribed formula, has become known as Deprescription. The STB used a ten-year period to phase in Deprescription and full implementation was effective January 1, 2003.

The Association of American Railroads (AAR) implemented a central computer system, RAIL-CARDS^{®2} (RAIL Car Accounting Rate Distribution System), to facilitate car hire negotiations and record rate agreements in the Car Hire Accounting Rate Master (CHARM) files. All rail carriers and equipment owners, or their respective agents, who wish to participate in this process, will use this system. Negotiated rates must be processed by the RAIL-CARDS system in order to be recorded in the CHARM files.

General business rules and guidelines concerning the utilization of this central system are documented in the following pages. These rules explain how to use the various system transactions that accomplish the task of negotiating rates for cars. Although the RAIL-CARDS system was specifically designed to support the implementation of Deprescription, which only applies to market rate cars, RAIL-CARDS may be used to place rates in the CHARM files for prescribed cars³, private cars⁴, and appurtenances. Using RAIL-CARDS for rate negotiations on equipment other than market rate cars is an option available to owners and users and can be used if found convenient.

These business guidelines are meant to facilitate and augment the car hire rules contained in Circular OT-10, Code of Car Service Rules/Code of Car Hire Rules, published on www.Railinc.com – Reference Files, AAR Circulars. Specific reference should be paid to Car Hire Rule 1.H Default Rate; Car Hire Rule 25, Car Hire Arbitration; and OT-10 Appendix E, Code of Federal Regulations Concerning Deprescription. These business rules apply uniformly for all participants, except where indicated otherwise, regardless of the method of communication with RAIL-CARDS as described in the following section.

¹ The term “car”, when used in this document, unless preceded by “prescribed” or “private”, refers to a freight car subject to Deprescription and is synonymous with market car and market-rate car. See the Glossary of Terms in the Appendix.

² RAIL-CARDS is a registered trademark of Railinc Corporation.

³ Prescribed cars, synonymous with grandfathered boxcars, are those railroad-marked cars that are not subject to Deprescription. See the Glossary of Terms for more detail.

⁴ Private cars are those cars that bear a non-railroad reporting mark, and as such are not subject to Deprescription or the *Code of Car Hire Rules*.

1.2 Becoming a Rail-Cards Participant

There are two ways a participant may communicate with RAIL-CARDS:

1. Mainframe to the RAIL-CARDS host mainframe via Electronic Data Interchange (EDI).
2. Car Hire Rate Negotiation Self Service (Internet)

The Mainframe system and the Car Hire Rate Negotiation Self Service Web System communicate directly with RAIL-CARDS using an EDI transaction set and no manual intervention by Railinc is required. To receive complete information on how to access Car Hire Rate Negotiation Self Service, contact Railinc Customer Service at csc@railinc.com or call 1-877-RAILINC (1-877-724-5462).

When users of the RAIL-CARDS system develop mainframe EDI capabilities or sign up for the Deprescription Online Web System, they must inform the AAR of the method they will use to receive Deprescription messages.

All questions concerning should be directed to Railinc Customer Support Center at csc@railinc.com or 1-877-724-5462.

1.3 Bid and Offer Contact Roster

Railinc maintains a list of bid and offer representatives, which is called the Bid and Offer Contact Roster. This roster contains the representatives who act as the initial point of contact for a company's bid and offer negotiations, their telephone numbers, facsimile numbers, and e-mail addresses where available. The roster is published on Railinc's website, www.railinc.com.

When making a bid and offer all offers must be addressed exactly how that road is listed in the roster otherwise the whole offer will error out.

Ex: CP must be addressed as CP not CPRS
CSXT must be addressed as CSXT not CSX
BNSF must be addressed as BNSF not BN

To be a registered participant of RAIL-CARDS an equipment owner or user must have its reporting marks and representative's name listed on the Bid and Offer Contact Roster and have notified Railinc of the method of communication with RAIL-CARDS. To become a participant in the bid and offer process or to report any changes regarding the contact person for your company, as identified by reporting mark, e-mail csc@railinc.com or call 877-RAILINC (1-877-724-5462).

When a participant submits an offer to an equipment owner or user that is not currently registered with RAIL-CARDS, the offer notification will default to Railinc's facsimile machine or email account. Railinc will determine if the recipient is a subscriber to the Car Service/Car Hire Agreement. If the recipient is a subscriber and not an OT-28 railroad⁵, Railinc will forward the offer to the recipient by mail (U.S. Postal Service) using Railinc's Car Service/Car Hire Agreement mail list. A standard form letter will be included which explains that as a subscriber, the recipient has agreed to abide by the Code of Car Hire Rules, including Rule 25 covering car hire arbitration and the negotiation process. The offer recipient may choose to become a registered participant of RAIL-CARDS by furnishing a facsimile number or email address, however, at a minimum the offer is a valid offer. Railinc will also telephone the

⁵ Short lines for whose accounts car hire is being reported direct to the car owner by trunk line connections.

offer originator, informing its representative of the circumstance and to whom the offer was forwarded. Tickler messages will also be forwarded by email.

If the originator subsequently requests a Best and Final Offer (BFO), Railinc will forward the request to the non-participant via overnight mail. Another form letter would be included referencing the specific section of Car Hire Rule 25 that is applicable to BFOs.

Railinc staff will enter any response by the non-participant to either an original offer or BFO. When RAIL-CARDS processes the original offer a bid and offer number is assigned and will be used throughout the process.

1.4 Hours of Operation and Systems Availability

With the exception of monthly scheduled outages, the Railinc Network is available 24 hours a day, seven days a week. The RAIL-CARDS application is normally available 22 hours a day. The remaining two hours are used for routine systems maintenance.

1.5 Agencies

Any user of the RAIL-CARDS system may choose to have an agent perform some or all of the functions related to car hire negotiations. Up to five agents may represent a single user. A different agent may be used for each of the following functions:

- Bid & Offer Payables
- Bid & Offer Receivables
- CHARM Payables
- CHARM Receivables
- Market Data Reports.

Equipment owners or users that have authorized an agent to negotiate rates, that is, to perform the bid and offer payable or receivable functions for their company must notify Railinc. This notice must be on corporate letterhead and give the agent's name, address, title, telephone number, facsimile number, e-mail, if available and indicate if the agent is authorized to negotiate payable rates, receivable rates, or both.

Payable rates are the rates at which a carrier will pay an equipment owner for use of equipment.

Receivable rates are the rates at which an equipment owner receives compensation from carriers using its equipment. It is important to note that the agent will receive the invoices relative to bid and offer processing fees. The agent will appear on the Bid and Offer Contact Roster, see Section [1.3](#), and receive Deprescription mailings.

Companies that authorize agents to receive their CHARM files must follow the same process of notification and authorization that is used to put in place a negotiating agent. CHARM file processing fees will be invoiced to the agent, see Section [1.13](#).

Railinc must be notified immediately of any change in agent status. Formal notification should be sent to Railinc Customer Service at csc@railinc.com or faxed to 919-651-5401.

1.6 Agreement Types

There are six types of agreements that can be reached between two parties in the RAIL-CARDS system. The following agreement types apply only to *market rate cars*:

MARKET RATE—An agreement made on market rate cars with no specified conditions or qualifiers attached to the rate, except for the optional effective and expiration dates.

SPOT MARKET RATE—An agreement made on market rate cars for a specific period of time. This agreement must include a start and expiration date and both owner and user must acknowledge that the agreement is a spot rate (no auto concur, see 3.3.5). After the spot rate expires, the car hire rate reverts to the fallback rate, the rate in effect before the spot rate became effective, see Section [1.9](#).

SPECIAL MARKET RATE—An agreement made on market rate cars that contains special considerations or provisions that would affect the amount paid for car hire. Special market rate agreement refers to any hourly or mileage rate that does not reflect the true fair market value of the equipment because the rate is subject to other terms or conditions specified in a bilateral or side agreement. This includes, but is not limited to, reclaim, free days, or any other discounts or surcharges not reflected in the posted hourly or mileage rates. Notification (proper rate code) must be given to RAIL-CARDS when a special market rate agreement exists to ensure proper reporting in the Market Data Reports. For negotiations originating June 1, 2004 or after, if the Special Market rate contained an end date, after the rate expires, it will revert to the fallback rate, the last unexpired rate in effect before the Special Market, see Section [1.9](#).

The following agreement types apply only to *equipment other than market rate cars*, that is to say only prescribed cars (grandfathered boxcars), private-cars, and appurtenances:

BILATERAL—An agreement made on equipment other than market rate cars with no specified conditions or qualifiers attached to the rate, except for the optional effective and expiration dates.

SPOT BILATERAL—An agreement made on equipment other than market rate cars for a specific period of time. This agreement must include a start and expiration date and both owner and user must acknowledge that the agreement is a spot rate (no auto concur, Section [3.3.5](#)). After the spot rate expires, the car hire rate reverts to the fallback rate, see Section [1.9](#).

SPECIAL BILATERAL—An agreement made on equipment other than market cars that contains special considerations or provisions that would affect the amount paid for car hire. Special bilateral agreement refers to any hourly or mileage rate that does not reflect the true fair market value of the equipment because the rate is subject to other terms or conditions specified in a bilateral or side agreement. This includes, but is not limited to, reclaim, free days, or any other discounts or surcharges not reflected in the posted hourly or mileage rates. Notification (proper rate code) must be given to RAIL-CARDS when a special bilateral rate agreement exists to ensure proper reporting. If the Special Bilateral rate contained an end date, after the rate expires, it will revert to the fallback rate, the last unexpired rate in effect before the Special Bilateral, see Section [1.9](#).

1.7 Effective Dates and Expiration Dates

The effective date for an agreement is the date on which the negotiated rates are to be activated and added to the CHARM file. When an effective date is specified, it must always be the first day of a month. If any other date is used, the system will flag it as an error and reject the transaction. The effective date must be in the future, as retroactive rate agreements may not be processed through the system, though retroactive rates may be agreed to and processed outside the system. When an original offer that uses an effective date is initiated, the effective date may not be more than one year in the future.

Unless an effective date is specified, offers made on equipment will require agreement by the last day of a month in order for the rates to become effective on the first day of the following month. If no agreement is reached, the offer will remain active as long as there is a counter offer made through the system by either party at least once every 45 days. When an offer that was initiated without an effective date is accepted, RAIL-CARDS will make the rate effective as of the first day of the following month. This RAIL-CARDS created effective date will be shown in the CHARM file records for that agreement just as a user supplied date would be shown. Of course, when an offer that was initiated with an effective date is accepted, RAIL-CARDS will use the specified date.

Offers with an effective date must be accepted by the last day of the month prior to the effective date. If no agreement has been reached in time for the rate to become effective on that date, the system will delete the offer. Both parties to the offer will be notified by the system after the offer has been deleted. For example, road ABC makes an offer to road XYZ. The offer is made on March 27, 2003 and contains an effective date of May 1, 2003. The two roads have until April 30, 2003 to reach agreement. If a Concur transaction is not submitted on or before April 30, on May 1, 2003 the system will delete the offer and notify both parties.

The expiration date is the date after which the negotiated rates are no longer binding. An expiration date must always be the last day of a month. If specified, the expiration date must be after the effective date, if supplied, or the system will reject the transaction. An expiration date is mandatory for either a spot market rate offer or a spot bilateral offer. If there is concurrence to an offer that was originated without an expiration date, RAIL-CARDS considers the agreement to be open-ended but uses the date of December 31 of the year 9999 to populate the expiration date field in the CHARM file, see Section [1.13](#).

Once an offer has been made, the only way to change, add, or delete an effective date or an expiration date is to cancel the outstanding offer and submit a new offer, see Section [3.3.6](#).

1.8 Default Rates/Default Rate Table

Default car hire rates are assigned to market rate cars and apply in the absence of an agreement between the owner and user, see Rule 1, *Code of Car Hire Rules*. The default rate table is only used for railroad marked cars built or rebuilt after December 31, 1992 and private cars changing to railroad reporting marks for the first time. The previously prescribed rate became the default rate on former fixed rate cars. The default rate table contains the lowest negotiated positive loaded hourly rate and the lowest negotiated positive empty hourly rate in effect for that car type at the end of the previous quarter, and their associated rates (not necessarily the same car). Rates are considered to be in effect at the end of the previous quarter if they are in the CHARM file that was created for the last month of the previous quarter. Rates are considered negotiated if they are market rates or spot market rates and they were put in place without the use of the auto-concur mechanism.

A car's set of default rates will be assigned based on the four-character equipment type code. If no negotiated rates exist at the four-character equipment type code level, then the first three characters of the equipment type code will be used; if none, the first two characters; if none, the first character of the equipment type code. Default rate tables by equipment type code are created by RAIL-CARDS and published on Railinc's website, www.railinc.com. These tables are updated quarterly.

When a newly built car or a pre-registered car is added to the railcar master file, the Universal Machine Language Equipment Register (Umler[®]), a default rate is assigned and will appear on the CHARM file for the next month. For negotiating purposes, the default rate is available as soon as the car is added to Umler. Except for specific cases, see Section [1.10](#), once a default rate is applied to a car, that default rate will remain with the car for the life of that car. Changes to the car's structure, which result in a change to the AAR equipment type code or mechanical designation, do not cause the car's default rate to change unless one of the conditions in Section [1.10](#) is met.

The default rate table is available at no charge on the Railinc web site, www.railinc.com.

1.9 Fallback Rates

Depending on the type of agreement, rates established by concurrence to an offer may continue in effect after the expiration of the agreement or they may change. In those instances where rates change, rates revert or “fallback” to some prior set of rates. This change becomes effective on the first day of the month following the expiration date of the agreement. These fallback rates are then in effect between the same equipment owner and user on the same set of equipment the original agreement covered.

In those instances where fallback rules do not apply following the expiration of an agreement, fallback rates are not used and the existing rates continue in effect. In this case, the CHARM file for the month following the expiration date will contain records for the agreement using the same bid and offer number, owner, user, and equipment and the rates will not change. However, RAIL-CARDS will insert a new expiration date of December 31 of the year 9998, see Section [1.13](#), and the agreement becomes open-ended.

The following describes the rules that are used to determine what rates are in effect following the expiration of each type of agreement. When fallback rates are used, they are determined on a car by car basis.

Market Rate Agreement—Fallback rates do not apply to market rate agreements. The existing rates continue in effect until changed by another agreement or by an arbitration award.

Spot Market Rate Agreement—Rates will revert to fallback rates. The fallback rate for a car subject to a spot market agreement is the last negotiated market rate between the two parties to the expiring agreement. If there is no prior market rate, the fallback rate will be the default rate.

Special Market Rate Agreement—For negotiations originating June 1, 2004 or after, the rates will revert to fallback rates. The fallback rate for a car subject to a Special Market agreement is the last unexpired negotiated rate between the two parties. If there is no prior rate, the fallback rate will be the default rate.

Bilateral and Spot Bilateral Rate Agreements—Rates will revert to fallback rates. The fallback rate for non-market rate equipment subject to one of these agreements is that rate paid by all carriers that do not have a specific rate in place with the owner, also called the base rate.

Special Bilateral Rate Agreement—Rates will revert to fallback rates. The fallback rate for a car subject to a Special Bilateral agreement is the last unexpired negotiated rate between the two parties. If there is no prior rate, the fallback rate will be the base rate.

1.10 Default Rate Changes

Under most situations, once a default rate is assigned to a market rate car, it remains with that car forever. However, there are circumstances that will cause the default rate to change. These circumstances include changing (correcting) the prior car identification in Umler (prior car initial, prior car number). Changing the prior car identification will change the default rate on the current car to the default rate of the prior car, if the default rate of the prior car is different than the current default rate. This change may also affect negotiated rates. If the prior car and the current car have the same stencil mark owner, any negotiated rates will be brought forward to the current car. If the mark owners are not the same, negotiated rates will not be brought forward to the current car.

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In addition, effective with cars added to the Umler file after July 31, 2000, the following exceptions may change a default rate by operation of Car Hire Rule 1.H 3.

1. An applicable default rate will be applied to a car upon Umler registration. After car movements have been reported to TRAIN and the Liability Continuity System (LCS) validates car accounting responsibility, a comparison of the current equipment type code in the car's Umler record will be made to the equipment type code given at the original Umler registration. If the equipment type code is the same, the previously applied default rate shall apply. If different, the associated default rate for the current car type shall become the default rate for the car, effective no later than thirty-one days after the close of the first activity month of the car.
2. A car owner may make a written request that a default rate be changed on a car or series of like cars due to the improper registration of the equipment type code. The request will be filed with the secretary, AAR, and be docketed with the Equipment Assets Management Working Committee for study on whether the car carried a proper equipment type code as specified in the Umler data specification manual. To be docketed, a request must provide the current Umler data for the car(s) and background information. Upon completion of the study, the car owner will be notified by the Secretary as to the Committee's decision (which will be decided by a simple majority vote). If a change is approved, the AAR will apply to the car(s) the current default rate applicable for the decided equipment type code on the first day of the month following the decision of the Committee. If the request is denied, no change will occur.
3. Any subscriber user of freight cars owned by railroads may make a written request that a default rate be changed on a car or series of like cars. The request will be filed with the Secretary, AAR, and the car owner. The secretary will provide the car owner written notice of the request. The owner will be permitted up to thirty days following date of notification by the Secretary to provide a written response back to the Secretary. The request will be docketed with the Equipment Assets Management Working Committee for study on whether the car carried a proper equipment type code as specified in the Umler data specification manual. To be docketed a user request must provide the current Umler data for the car(s) and background information supporting its position as to why the default rate is not appropriate for the equipment. Upon completion of the study, the user who requested the change and the car owner will be notified by the Secretary as to the Committee's decision (which will be decided by a simple majority vote). If a change is approved, the AAR will apply to the car(s) the current default rate applicable for the decided equipment type code on the first day of the month following the decision of the Committee. If the request is denied, no change will occur.

For cars added after July 1, 2005 the following applies:

1. Cars with a current or pre-registered built date are added to Umler and no movement event is reported to TRAIN for that car within 18 months, the initial default rate assigned to that car will be reset to the current default rate in effect for that car type the first of the month following the month that the car has been in Umler for a minimum of 18 full months. Every quarter thereafter, the default rate will be reset to the current rate in effect until movements are reported to TRAIN for that car. An appeal process applies for extenuating circumstances if the owner can show that a contract to build or purchase has been executed.

1.11 Umler®

For a freight car to be part of the Depreciation negotiation process in RAIL-CARDS, it must be registered in Umler (Universal Machine Language Equipment Register).

Equipment that is zero-rated only because of Umler data errors will be zero-rated in CHARM. When Umler data errors are corrected, zero rates will revert to their appropriate rate levels in the next issued CHARM file. Zero rating caused by data errors does not preclude a car from being included in negotiations; however, negotiated rates will not be recorded in CHARM until errors are corrected.

Equipment that is zero-rated for any other reason, such as an overage condition, will be zero-rated in CHARM. Rate agreements between trading partners are not precluded on these cars, however, CHARM will not contain rates for this equipment and car hire settlement for this equipment must be conducted outside CHARM.

For more information about maintaining registration in Umler, contact Railinc Customer Service at csc@railinc.com or call 1-877-RAILINC (1-877-724-5462).

1.12 Appurtenances

Appurtenance rates have never been prescribed by the STB. These rates may be found in the *Code of Car Hire Rules* as published in the [OT-10](#). Since the owner of an appurtenance may not always be the owner of the underlying flat car, unique rules apply.

If both the appurtenance and the underlying car are owned by the same entity, all rate negotiations and CHARM file updating will be handled normally within RAIL-CARDS.

If an owner or a user wish to negotiate on only the flat car (i.e. want the appurtenance rate to continue annual depreciation), the submitter must leave the appurtenance field blank. Conversely, if the submitter wants to negotiate and “freeze” the appurtenance rate (either current or new rate) the field must be filled in.

If the car owner and the appurtenance owner, as indicated in the Umler lessee field, are not the same, the following rules apply:

- The appurtenance owner or user may submit a bilateral offer on the appurtenance only.
- If mileage or hourly rate information for the underlying car is included in the offer, the system will reject the transaction.
- If, after a negotiated rate has been established on the CHARM file and a change in equipment type occurs, the following rules govern:
- If the basic structure of the car remains unchanged (e.g. tri-level to bi-level), the car is still a rack car and RAIL-CARDS will leave all rates unchanged.
- If the basic structure has changed (e.g. rack is removed), the system will zero out all negotiated appurtenance rates for that piece of equipment.

If a change occurs in the lessee field (e.g., NS to UP), the system will cancel all negotiated appurtenance rates in effect and reset the appurtenance rate back to the default rate. See *Code of Car Hire Rules* as published in the [OT-10](#).

1.13 CHARM

CHARM (Car Hire Accounting Rate Master) has replaced Umler as the official source of time and mileage rates for freight cars. The rates contained in the customized files that are specific to an owner and a single user is confidential to those parties. Those rates that are applicable to all users of a piece of equipment in the absence of negotiated rates, such as the default rates on a market car, are not confidential. CHARM contains all market and prescribed rates in effect for the current month. An updated and complete CHARM file is produced each month.

Each record in CHARM is by car mark and number and identifies the owner and user between which the rates apply. There are up to six potential rates allowed in CHARM for each piece of equipment: loaded hourly, empty hourly, loaded mileage, empty mileage, loaded appurtenance, and empty appurtenance.

CHARM provides each railroad's Accounting Department with appropriate monthly rates to be used for car hire settlement purposes. Each subscriber must indicate (for each microfiche and tape file ordered) the type of file required for processing; payable, receivable, or combined payable and receivable. Railinc maintains the complete CHARM file and each subscriber receives a customized subset of the file containing only those records the subscriber has authority to view.

Equipment owners and users that have selected agents to do their accounts payable or accounts receivable processing must provide the AAR written authorization, see Section [1.5](#). This letter must be on corporate letterhead and sent to Railinc Customer Service at csc@railinc.com or faxed to 919-651-5401.

CHARM is a Deprescription product. Contact Railinc Customer Service at csc@railinc.com or call 1-877-RAILINC for ordering and price information.

CHARM Rate Type Indicators—Market Rate Cars

- O** Default Rate—The rates that apply by default, on market rate cars, between an owner and user in the absence of an agreement.
- M** Market Rate—Rates formally agreed upon by involved parties and put in place by a market rate agreement, see Section [1.6](#) on agreement types.
- S** Spot Market Rate—Rates formally agreed upon by involved parties and put in place by a spot market rate agreement, see Section [1.6](#) on agreement types.
- Z** Special Agreement Rate—Rates formally agreed upon by involved parties and put in place by a special market rate agreement, see Section [1.6](#) on agreement types.
- B** BFO Rate—Rate set as a result of a call for BFO. See Rule 25.C.2.b of the *Code of Car Hire Rules*.
- N** Post BFO-Period Rate—If the rates set under the operation of the BFO rule, type “B”, are not changed as a result of the arbitration process or a new negotiation within 6 months the rate type will be converted to “N”.
- R** Arbitrated Rate—Rates set through the arbitration process. Rate in effect for a maximum of 12 months.
- D** Post Arbitration-Period Rate—An arbitrated rate (type R) changes to D if unchanged after 12 months.

CHARM Rate Type Indicators—Non-Market Rate Equipment

- L** Spot Bilateral Rate—Rates formally agreed upon by involved parties and put in place by a spot bilateral agreement, see Section [1.6](#) on agreement types.
- U** Base Rate—The rates that apply, on non-market rate equipment, between an owner and user in the absence of an overriding bilateral, spot bilateral, or special bilateral agreement, see Section [1.6](#) on agreement types. Base rates on grandfathered boxcars are the rates frozen at the December 31, 1986 STB formula level.
- V** Special Bilateral Rate—Rates formally agreed upon by involved parties and put in place by a special bilateral agreement, see Section [1.6](#) on agreement types.
- W** Bilateral Rate—Rates formally agreed upon by involved parties and put in place by a special market rate agreement, see Section [1.6](#) on agreement types.

Date Fields in CHARM

- The effective date of the CHARM file is used to identify the month in which rates contained in this file are effective. The CHARM file does not contain future or retroactive rates.
- The rate effective date is the date the rate first appeared in the CHARM file, that is the date the rate was first effective.
- The rate expiration date 999912 is used in default rates, base rates, and open-ended rate agreements.
- The rate expiration date 999812 is used to identify rates put in place by an agreement that has expired, where fallback rates did not apply, and the rates have not been changed by a new agreement or arbitration.
- The effective date in CHARM for advance-registered cars in Umler will be the current effective month at the time of Umler registration. This applies to base rates only.

1.14 Mergers

Car Hire Rule 1. I. and J. codifies the process to administer car hire receivable and payable rates when a merger of two or more railroads or an acquisition occurs. Following is an excerpt of Paragraphs I. and J:

I. Merged Railroads - Payable/Receivable Car Hire Rate Application

1. When the merger of two or more railroads occur, car hire rate applications will be as follows:

a. Payable Rates on Foreign Equipment

(1) If only one of the merging roads will continue to exist after the merger, it must notify the AAR 60 days in advance of the merger date which road will continue to exist. At that time, the merged railroad must also state who is responsible to negotiate rates for the merged property (could still be the parties of the merger roads until merger date). The AAR will then notify other railroads of this election. After the merger, the payable rates for the road that continues to exist will apply, except:

(a) Rates previously paid by the now non-existent railroad(s) no longer apply unless the car had a rate with an end date. Rates with end dates will continue to apply to the merged property.

(b) If each of the merging roads has rates with end dates in effect on the same cars, the car owner will determine which rates with end dates will apply on the date of the merger. The AAR will provide the car owner with a listing of cars where there are multiple rates with end dates on the same cars. The car owner must respond to the AAR within 15 days following notification from the AAR. If the car owner does not respond to the AAR within 15 days following notification, the payable rate applicable to the merging road which continues to exist after the merger will become the rate with end dates.

(c) Its arbitrated rates will apply to the merged property provided that the now non-existent railroad did not have arbitrated rates on the same cars on the date of the merger.

(d) If the now non-existent railroad had arbitrated rates, those rates will be applied as market rates on the merged property provided that the merging road which continues to exist after the merger did not have arbitrated rates on the same cars on the date of the merger.

(e) If each of the merging roads has arbitrated rates in effect on the same cars, the car owner will determine which arbitrated rate will apply as a market rate on the date of the merger. The AAR will provide the car owner with a listing of cars where there are multiple arbitration decisions. The car owner must respond to the AAR within 15 days following notification from the AAR. If the car owner does not respond to the AAR within 15 days following notification, the payable rate applicable to the merging road which continues to exist after the merger will become the market rate for these previously arbitrated cars.

(f) If the merging roads have a mixture of negotiated rates with end dates and arbitrated rates on the same car, negotiated rates with end dates will be applied.

(2) If a new railroad is created through a merger, the merged railroad must notify the AAR 60 days in advance of the merger date which payable rates it elects to apply to the new railroad. At that time, the merged railroad must also state who is responsible to negotiate rates for the merged property (could still be the parties of the merger roads until merger date). The AAR will then notify other railroads of this election. The new railroad must choose to pay the payable rates of one of the merged railroads, except:

(a) Rates previously paid by the railroad(s) not chosen will no longer apply unless the car had a rate with an end date. Rates with end dates will continue to apply to the merged property.

(b) If each of the merging roads has rates with end dates in effect on the same cars, the car owner will determine which rates with end dates will apply on the date of the merger.

The AAR will provide the car owner with a listing of cars where there are multiple rates with end dates on the same cars. The car owner must respond to the AAR within 15 days following notification from the AAR. If the car owner does not respond to the AAR within 15 days following notification, the payable rate applicable to the merging road after the merger will become the rate with end dates.

(c) Arbitrated rates in existence for the railroad chosen for payable rates will continue as arbitrated rates provided that the other merged property(s) did not have arbitrated rates on the same cars on the date of the merger.

(d) Arbitrated rates associated with the other railroad(s) in the merger will continue as market rates provided that the road's rates that have been chosen did not have arbitrated rates on the same cars on the date of merger.

(e) If each of the merging roads has arbitrated rates in effect on the same cars, the car owner will determine which arbitrated rate will apply as a market rate to become effective on the date of the merger. The AAR will provide the car owner with a listing of cars where there are multiple arbitration decisions. The car owner must respond to the AAR within 15 days following notification from the AAR. If the car owner does not respond to the AAR within 15 days following notification from the AAR, the rate chosen by the new entity to apply as its payable rates will become the market rate for these previously arbitrated cars.

(f) If the merging roads have a mixture of negotiated rates with end dates and arbitrated rates on the same car, negotiated rates with end dates will be applied.

b. Receivable rates on system equipment

(1) When only one of the merging roads continues to exist after the merger, all cars now owned by the merged railroad will retain previous rates for receivable purpose. However, any arbitrated rates on the now non-existent railroad's cars will be retained as market rates.

(2) When a new railroad is created, all cars now owned by the new railroad will retain previous rates for receivable purposes. However, any arbitrated rates on the cars owned by that railroad not chosen as the payable rate will be retained as market rates.

J. Railroad Acquisitions – Payable/Receivable Car Hire Rate Application

1. If a new railroad is formed by the complete acquisition of an existing railroad, the existing railroad's payable and receivable car hire rates will be applicable to the new railroad.
2. If a new railroad is formed by the partial acquisition of an existing railroad, the new railroad's payable and receivable car hire rates will be the default rate.

2 Equipment Not Subject to Depreciation

2.1 General Information

The following equipment is not subject to Depreciation:

1. Cars carrying private marks. Private cars are not subject to the Code of Car Hire Rules or Depreciation.
2. Trailers and containers.
3. Certain boxcars bearing Class III marks as of December 31, 1983 are specifically exempt, grandfathered boxcars; see Section [2.2](#) for more information on grandfathered boxcars.
4. Appurtenances, since rates were never formally prescribed by the STB.

2.2 Grandfathered Boxcars

Though not technically a “business rule,” this section is included as a reference and abbreviated summary of the portion of the STB Order ExParte 346 Sub. 19 that pertains to the treatment of Class III carriers’ boxcars under Depreciation.

The term grandfathered boxcars refers to the fleet of boxcars owned by the Class III carriers as of December 31, 1983 that were exempt from the Depreciation order. Several characteristics are unique to these cars, which include:

1. Car hire rates for grandfathered boxcars were “frozen” (See ExParte 346 Sub. 19) at the rate levels effective on January 1, 1986.
2. Grandfathered boxcars discontinued receiving rate adjustments, which resulted from Additions and Betterments (A&Bs) and Rule 88 surcharges effective January 1, 1991. If a grandfathered boxcar is rebuilt, it loses its Sub 19 status and it becomes a depreciated car. Its default rate will be determined by the default rate table in effect at the time the rebuilt status is reported to Umler.
3. If a grandfathered boxcar is re-stenciled to a Class I or II boxcar, it becomes depreciated. The default rate of the re-stenciled car will be determined by the default rate table in effect at the time the car is added to Umler if the prior car number field does not have a lineage to a prior Class I or II railroad car. If such lineage can be determined, then the prior Class I or II rate will apply. Example 1. – current car has prior car that was grandfathered boxcar. The grandfathered boxcar does not have any prior car in the prior car number field. The default rate will be the current default rate in effect. Example 2. – Current car has prior car that was grandfathered boxcar. The grandfathered boxcar indicates a prior car that was Class I or II. The Class I or II rate will apply as the current car’s default rate as long as the built year is the same for both cars.
4. If a grandfathered boxcar is transferred from Class I or II back to Class III status, it will regain its Sub 19 rate when the new Class III owner provides the AAR with the appropriate Sub 19 rate indicator code. Its base rate will revert to its 1986 frozen rate.
5. If a grandfathered boxcar is “assigned” to a Class I or II carrier and the Class I or II carrier appears in the lessee field in Umler, the grandfathered rate will be dropped and replaced by a default rate from the default rate table in effect at the time the Class I or II carrier is shown in the lessee field in Umler. When the Class I or II carrier is dropped from the lessee field, the grandfathered status and rate are restored.

3 Bid and Offer Negotiations

3.1 General Information

The RAIL-CARDS system has been designed to facilitate the negotiation process for market, prescribed, and private cars. The terms “bid” and “offer” both refer to proposals to modify existing rates of compensation that are in place between an equipment owner and a user of that equipment, by agreement or by default. Either an equipment owner or a potential user may start the negotiation process. An owner or its authorized agent may submit an offer to one or more roads seeking to change the current rates on its equipment. A user or its authorized agent may only initiate an offer to a single owner per transaction. In either case, the offer is sent to the AAR via a standard, pre-defined EDI transaction.

Only one set of rates can be effective for a given piece of equipment between two parties at a given time. Subsequent rate agreements between the two parties or rates awarded through arbitration or by the best and final offer process for new cars will supersede rates currently in effect. The rates that are in effect for any given month are the rates that are published in the CHARM file for that month. Rates are always in effect for a full calendar month.

When using EDI to communicate bids and offers to RAIL-CARDS, specific information must be included with each EDI transaction for it to be accepted.

3.2 Offer Types

Various types of offers can be constructed to reflect the nature of the negotiations between the two parties and the Deprescription status of the equipment involved. Section [1.6](#) describes the different agreement types that are recognized by RAIL-CARDS. The six agreement types mirror the six different offer types. Once an offer is initiated, it becomes an agreement when accepted and the offer type becomes the agreement type.

Market Rate Offer—An offer made on market rate equipment with no specified conditions or qualifiers attached to the rate, except for the optional effective and expiration dates.

Spot Market Rate Offer—An offer made on market rate equipment for a specific period of time. Spot market offers must contain effective and expiration dates and both parties must agree that the rate offer is a spot rate offer (no auto concurs, see Section [3.3.5](#)). Upon expiration, the car hire rate reverts to the fallback rate, see Section [1.9](#).

Special Market Rate Offer—An offer made on market rate equipment that contains special considerations that affect the amount paid for car hire. Special market rate refers to any hourly or mileage rate that does not reflect the true fair market value of the equipment because the rate is subject to other terms or conditions specified in a bilateral or side agreement. This includes, but is not limited to, reclaim, free days, or any other discounts or surcharges not reflected in the posted hourly or mileage rates. Parties must notify RAIL-CARDS when special market rates are in effect to ensure proper reporting in the Market Data Reports. Effective and expiration dates are optional. For negotiations originating June 1, 2004 or after, if an expiration date was used, then the car hire rate reverts to the fallback rate, the last unexpired rate in effect before the Special Market rate. See Section [1.9](#).

Bilateral Offer—An offer made on prescribed or private equipment with no specified conditions or qualifiers attached to the rate, except for the optional effective and expiration dates.

Spot Bilateral Offer—An offer made on prescribed or private equipment for a specific period of time. Spot Bilateral offers must contain effective and expiration dates and both parties must agree that the rate offer is a spot rate offer (no auto concurs, see Section [3.3.5](#)). Upon expiration, the car hire rate reverts to the fallback rate, see Section [1.9](#).

Special Bilateral Offer—An offer made on prescribed equipment that contains special considerations that affect the amount paid as compensation. Special bilateral offer refers to all offers having any hourly or mileage rate that does not reflect the true fair market value of the equipment because the rate is subject to other terms or conditions specified in a bilateral or side agreement. This includes, but is not limited to, reclaim, free days, or any other discounts or surcharges not reflected in the posted hourly or mileage rates. Parties must notify RAIL-CARDS when special bilateral rates are in effect to ensure proper reporting. Effective and expiration dates are optional. If an expiration date was used, then the car hire rate reverts to the fallback rate, the last unexpired rate in effect before the Special rate. See Section [1.9](#).

3.3 Transactions

3.3.1 Original Offers

An original offer must contain the necessary data for RAIL-CARDS to generate the offer, assign an identification number to the offer, and distribute it to the requested parties. In order to accomplish this, the offer transaction needs to contain the following data:

1. Initials of the entity, either the owner or user, sending the offer.
2. Initials of the entity(ies) to whom the offer is being sent. This could also be the identification number of an AAR generated or a carrier specified distribution list.
3. A code to identify the offer type:
 - OF** - Market Offer
 - SR** - Spot Market
 - XD** - Special Market
 - N1** - Bilateral
 - XB** - Spot Bilateral
 - SB** - Special Bilateral
4. Sending road Carrier Reference Number.
5. Car Type or Mechanical Designation.
6. Load or Empty Indicator.
7. Rate Qualifier:
 - MR** - Mile Rate
 - TH** - Hour Rate
 - AR** - Appurtenance Rate
8. Offer Amount for the specified Rate Qualifier.
9. Percentage Adjustments apply to the existing rates. These are only required if the offer amount is not an absolute value.
10. Change Type is the increase or decrease stated as either monetary amounts or a percentage amount that will apply on an existing rate. If Change Type is left blank with a value in the money field, it indicates an actual monetary rate for the cars. Change Type is required if “%” is used. Values are either “D” (Decrease) or “I” (Increase).
11. Equipment Initial and Number.

If an offer does not contain the requisite data as defined above, it will be rejected and notification given to the sending road with the reason for rejection. A list of common Error Messages is contained in [Section 3.5.2](#). A valid offer will be given a Bid & Offer Number that will identify it throughout the negotiation process. The sending party will be notified of the action being taken.

Bid and Offer Negotiations

If detail is requested, RAIL-CARDS will provide the sending road with the rate adjustments and the resulting proposed new rates for that equipment. The receiving party will receive the proposed new rates for the equipment along with the rate adjustments. Online Web System user must submit a Request for Offer Detail to have RAIL-CARDS provide car numbers along with the proposed new rate associated with the assigned bid and offer number.

Both spot bilateral and spot market rate offers must include effective and expiration dates while all other offers may or may not contain effective and expiration dates. All effective dates are limited to one year in advance of the original offer submission date and retroactive effective dates are disallowed.

Offers are subject to the following rules:

1. No more than 10,000 cars may be covered by a single offer.
2. The equipment contained in the offer cannot be covered by any other outstanding offer between the two parties.
3. Spot market and spot bilateral offers must have effective and expiration dates.
4. The equipment and type of offer must match. Market, spot market, and special market offers must contain only market rate equipment. Non-market rate equipment can only be negotiated with a bilateral, spot bilateral, or special bilateral offer.
5. Either the equipment type or mechanical designation for the offered equipment must be submitted. All equipment in the offer must be of the same equipment type or mechanical designation. The originator of the offer must give one or the other, but not both. The four-character equipment type code can be abbreviated to the first character; first two or three characters or it can be given in full. If the mechanical designation is used, it must be the full value.
6. Equipment type or mechanical designation may be submitted without car initial and numbers. In this case, all equipment for the defined car type or mechanical designation will be contained in the offer. If more than 10,000 cars are found, the entire transaction will be rejected.
7. Except for spot offers, an effective date is not required. If omitted, the offer becomes effective on the first day of the month following acceptance.
8. Except for spot offers, an expiration date is not required. If omitted and the offer is accepted, the rates will continue in effect until a new offer is negotiated with the same counter-party on the same equipment or new rates are established through the arbitration process. If an expiration date is supplied on market rate cars for other than spot offers and Special Market offers and the offer is accepted, the rates will continue in effect beyond the expiration date until a new rate for that equipment and counter-party is negotiated or established by arbitration. If an expiration date is supplied on a Special Market offer and the rate is accepted, at the conclusion of the agreement the rate will revert back to the rate previously in effect. Only on spot rates and special market offers will a notification of expiration be sent to both parties approximately 60 days prior to their expiration. If an expiration date is supplied on non-market rate cars and the offer is accepted, the rates will revert to the fallback rate at the conclusion of the agreement. See Section [1.9](#) for more on fallback rates.

9. For market rate equipment, a call for best and final offer closes an offer from further negotiation. Offers may be made on equipment contained in a previous offer for which a call for BFO has been made by submitting a new offer on the equipment. Because a call for BFO closes an offer, rule 2 above is not violated. A call for BFO cannot be made on offers for prescribed equipment.
10. Rate adjustments can be increases or decreases to existing rates or the adjustment can be an absolute amount. A rate can be adjusted by a dollar/cents figure or by a percentage amount.
11. Rate adjustments uniformly apply to all equipment in the offer.
12. Once an offer is made, only rate adjustments can be modified through subsequent negotiation of the open offer. All equipment, offer type, and dates must remain constant throughout the negotiation process. To change anything other than the rate fields would require the parties to cancel the open offer and submit a new offer.

3.3.2 “What If” Offer

The RAIL-CARDS system has the additional feature of a “What If” function in order to provide the requestor with information for analysis. The “What If” transaction follows all of the same rules as an actual offer. It does not, however, create an offer in the central system nor is it sent to any road. Since a formal offer is not created by a “What If” offer, no confirmation transaction is returned to the requesting road.

3.3.3 Counter Offers

Once an offer is made, the party receiving the offer may elect to make a counter offer.

The counter offer, as with all other transactions, has required information and rules that must be followed. The data required for a counter offer is:

1. Party making the counter offer.
2. Bid & offer number.
3. The counter offer in terms of rate adjustments to the current existing rates.
4. Party to who counter is being sent.
5. Rate offer type.

Rules pertaining to the data are as follows:

1. The data is sent to the AAR where it is validated and the new proposed rates are calculated. The counter offer is then forwarded to the receiving party while the originating party is sent confirmation that the counter was processed.
2. The rules for the new rate adjustments are the same as for the original offer.
3. A counter offer cannot change any of the terms of the offer, other than rates. All cars, effective and expiration dates, car types or mechanical designations, and offer types must remain the same as appeared in the original offer.

4. The counter offer does not have to contain the same rate qualifiers as the original offer.
5. There is no "What If" counter offer.
6. The party receiving the counter offer has 45 days in which to respond or the offer will be deleted unless the other party makes another counter offer. If party A made party B an original offer, and party B made a counter offer, either party is free to make the next counter offer. If party B were to make a second consecutive counter offer, the second counter offer supersedes the first. Party A may either counter, cancel, or concur to the second counter offer, or submit a call for BFO.
7. When a counter offer is made, the sending party receives verification that the counter offer was processed and sent on to the receiving party. If the transaction is in error, the sending party is sent an error message describing the error.

The receiving party receives the new counter offer and the resulting effect of that offer on the rates. Deprescription Online Web users will only receive notification of the counter, sending party, equipment type code, quantity of cars in the offer, and proposed rates.

Sending a counter offer may elicit a response from the receiving party, however, that does not preclude the party sending the counter from sending another counter before receiving a response. Either party to a negotiation may submit counter offers as long as the offer is open. Once originated, an offer is open until one party concurs to the other party's rates, or the offer expires after 45 days of inactivity, or is canceled by agreement from both parties, or a BFO is requested.

RAIL-CARDS will delete any offer for which no activity has occurred for 45 days. Tickler messages will be sent out after 15 and 30 days of no activity on an offer. These messages will be sent to both parties. Either party can "reset" the 45-day clock by submitting a counter offer. A party may submit a counter offer identical to its previous counter offer just to continue the 45-day clock, if so desired.

3.3.4 Concurrence to Offer

Concurrence to an offer means that both roads are in agreement on all terms of the offer including equipment, effective and expiration dates if applicable, and rates.

An offer is accepted by sending to the AAR:

1. The reporting mark of the party accepting the offer.
2. The reporting mark of the party to which acceptance is being sent.
3. Bid & Offer Number for the offer being accepted.
4. Version Number
5. Type of Offer, for example, market rate (code of OF), spot market (code of SR), or bilateral (code of N1).

This acceptance creates a legally binding agreement for car hire settlement purposes.

The AAR will validate the transaction data and notify the sending (concurring) road that either the concurrence was processed or an error was found. The receiving road will be notified of the concurrence. These new rates will be retained for the monthly updating of CHARM. The offer will be closed.

The correct version number for the offer must be sent as part of the data to ensure that all parties agree as to which offer or counter offer is being accepted. The version number must be the most recent and must have been created by the non-concurring party. That is to say, a party cannot accept its own offer and can only accept the latest offer processed by RAIL-CARDS.

3.3.5 Automatic Concurrence to Offer

If an offer meets certain criteria, it may result in an automatic concurrence. In order for an offer to qualify for automatic concurrence:

1. The offer must be an original Market Rate offer. Automatic concurrence is not possible on counter-offers.
2. The offer must not have an expiration date. Effective date is optional and allowed.
3. The existing rate has to be a Market Rate without an expiration date.
4. If submitted by the equipment owner, the proposed rate must lower at least one of the existing rates and cannot raise any rates.
5. If submitted by an equipment user, the proposed rate must raise at least one of the existing rates and cannot lower any rates.

When an automatic concurrence takes place, each party will be notified of the fact and CHARM will be updated at the appropriate time. There will be no need for further negotiations. The offer will be closed.

3.3.6 Offer Cancellation

Only the party making the initial offer may cancel an offer. If an offer has been sent to multiple counterparties, it may be canceled in its entirety or on an individual party basis. An offer is canceled by notifying the AAR of intent to do so. This is accomplished through a transaction containing the following data:

1. Party canceling the offer.
2. Party or parties to whom the cancellation is to be sent.
3. Bid & Offer Number.
4. Type of Offer.

As long as no negotiation other than the original offer has taken place, the offer will be canceled and each party will be notified.

If either party has already submitted a counter offer, a cancel transaction will not be immediately effective. Instead, the party that did not submit the cancel transaction will receive a notification of pending cancellation, which, in effect, requests permission to allow the cancel to occur. If the counterparty accepts the cancellation, it notifies the AAR by submission of its own cancel transaction and the offer is then terminated for both parties. If the road does not agree with the cancellation, no action is taken and the offer must continue to one of its normal conclusions. Further negotiations are allowed.

An offer that has been accepted cannot be canceled.

3.3.7 Best & Final

Best & Final Offers (BFOs) are applicable only for market rate equipment.

Should negotiations fail to produce a rate agreement, the STB's Deprescription order provides for a dispute resolution process through baseball-style arbitration. This process is defined in Car Hire Rule 25. Before the arbitration process can begin, however, parties to the negotiations are required to submit their Best & Final Offers. The BFOs of each party will be presented to the arbitrator. Although parties may continue to negotiate or initiate a new offer for the same cars, a transaction calling for a BFO formally concludes that negotiation and RAIL-CARDS closes that particular offer.

The BFO process begins with either party to an offer requesting that a BFO be submitted. This call for BFO prompts RAIL-CARDS to notify both parties that a request for best and final offers has been received. The call for BFO can take place at any point within the negotiations after the initial offer has been made. To request a BFO, either party sends to the AAR:

1. The reporting mark of the party making the request.
2. The reporting mark of the party to which the request is being sent.
3. Bid & offer number.

The AAR will then send to the receiving party a notice that a BFO has been requested. The sending (requesting) party will only receive an acknowledgment of its request. Each party then has 28 calendar days to respond with its BFO. If no BFO is submitted within the appropriate time frame, the last counter offer made will be considered the BFO for the non-responding party. If no counter offer was made by a non-responding party, then the current rates in effect (or, if a spot rate is in effect, the rate previous to the spot) will be considered its BFO.

A road submits its BFO using the same data and rules as would be done for a counter offer, see Section [3.3.3](#).

The AAR keeps the BFOs confidential until it has received one from each party. If the offers are identical, the AAR notifies both parties of acceptance and the rates are retained for the next monthly updating of CHARM. If the BFOs are different, the AAR forwards each BFO response to the other road. In either case, the offer is closed. If the roads desire to continue negotiations on this equipment through RAIL-CARDS, a new offer must be opened.

For the purposes of arbitration, the BFOs remain binding for 180 calendar days from the date that they were disclosed to each of the parties. For car hire settlement, the current rate will continue to apply for cars contained in an offer that had a call for BFO until resolved by an arbitration award or a negotiated settlement. Except as follows:

If an owner's or user's request for BFO contains all "new equipment" (built or Rule 88 rebuilt on January 1, 1993 or later) and the current applicable rate for all cars is the default rate, then the other party's BFO response to the request for BFO will become effective on the first day of the following month. If the responding party does not submit its BFO within the 28-day time period, its last counter offer or the default rate, as described above, becomes its BFO and the effective rate on the first day of the following month. Either party may still request arbitration and once an arbitrated rate is established it will take effect.

Subsequent offers cannot go to another BFO stage, i.e., RAIL-CARDS will reject a call for BFO transaction if there currently exists a previous BFO that has not aged past its 180-day window.

3.4 Arbitration

If the owner and user of a car are unable to reach a market rate agreement, either party may submit the dispute for final and binding arbitration after best and final offers have been submitted.

The final and binding arbitration process is not part of the Deprescription Bid & Offer system. Refer to Rule 25, Paragraph C of the *Code of Car Hire Rules* as published in the [OT-10](#) for a detailed explanation of the final and binding arbitration procedure.

At the conclusion of an arbitration proceeding, the American Arbitration Association will notify the AAR of the arbitrator's decision. The AAR will retain these rates for updating CHARM to become effective the first of the month after notification to the AAR. These rates are stored as arbitrated rates, using a rate type indicator code of "R", for one year in CHARM, after which these same rate values will be retained but the rate type indicator will convert to a post arbitration-period rate code of "D."

3.5 Message Types

3.5.1 Ticklers

Participants can expect to receive tickler (reminder) messages under the following circumstances:

1. After 15 days of no activity on an open offer.
2. After 30 days of no activity on an open offer.
3. An offer is canceled due to no activity after 45 days.
4. The party has not responded to a call for BFO and has 13 days left to respond.
5. The party has not responded to a call for BFO and the AAR, via RAIL-CARDS, has applied either the last counter offer or current rate in effect as the BFO, see Section ([3.3.3](#)).
6. BFO rates have 60 days remaining during which time they can be referred to an arbitrator.
7. The 180-day period during which BFO rates remain binding has expired.
8. Spot and Special rates of duration more than 60 days will expire in 60 days.

3.5.2 Error Messages

The following are the most common error messages, with a short description of how to interpret each. If you receive an error message that is not listed below, contact Customer Support at 1-800-544-7245. If your road receives an error message, the entire offer did not process. Your road will need to correct the error then resubmit the entire offer again.

- 3** CIC Invalid Selection Criteria No Cars Found: This error is similar to 161 (see below). Error 3 indicates that an offer has been made; however, no cars have been found that match the offer type. Road ABCD makes a market offer on cars ABCD 34 through 77, Equipment Type Code B234. RAIL-CARDS finds B234 cars in the series; however, all the cars are prescribed and not eligible for a market offer. An Error Message 3 is returned.
- 7** Transaction/Bid Number Not Found in Database: While processing a message from a road, RAIL-CARDS is unable to find the supplied Bid & Offer Number.
- 9** More Than 10,000 Cars: An offer has been made which contains more than 10,000 cars, which is the current limit of the system (by design).
- 11** Car Found Which Exists in Another Offer: Road ABCD makes an offer to Road ASDF on cars ABCD 45 through 88. Car ABCD 56 exists in an earlier offer that is still open between the two parties. The system will generate an 11 Error Message, giving the Bid & Offer Number of the earlier offer between the two parties.
- 21** Call For Best And Final Found: Road QWER is calling for a BFO on Bid & Offer 123456781 with Road MNBV. The system finds a call for BFO already exists for this offer between these two roads.
- 44** Road Already Responded To Best And Final: Road TGBN sends in a response to a call for BFO. RAIL-CARDS finds a response from Road TGBN already exists.
- 46** Offer Closed - Bid Concurred: An attempt has been made to concur to an offer that has already been agreed to.
- 147** DRT Segment Required: The system is processing a 432 EDI message that requires a DRT segment and is unable to find one.
- 161** No Equipment in Requested Range: This error is returned when RAIL-CARDS is unable to find any equipment that matches a CIC segment. For instance, Road ABCD makes an offer and the CIC segment shows cars marked ABCD between the numbers 23 and 678, with an equipment type code of C113. If the system finds no C113 cars with numbers between 23 and 678 with the mark ABCD, it will return a 161 Error Message.
- 100** Invalid SCAC (GS02): All offers must be addressed to roads as they are listed in the Bid & Offer Roster. Please review the roster list, and then resubmit that offer.

4 Appendix

4.1 Deprescription Glossary of Terms

Agent—Party authorized to act on behalf of equipment owner or user.

Appurtenances—Generally racks on flat cars designed to carry automobiles (auto racks).

Arbitration—Dispute resolution process for market rate cars that can be invoked by either party to a negotiation. Will be conducted by the American Arbitration Association; the arbitrator will choose one of the Best & Final Offers and whose decision is binding.

Arbitrated Rate—Rate selected by an arbitrator that is closer to the fair market rental value of the cars at issue as determined on the basis of evidence of comparable arm's-length transactions involving any combination of railroads, shipper or other parties. These rates are binding for one year unless the parties agree to new rates on these cars at any time during the year period. The arbitrated rates continue in effect after expiration of the one-year period, until a new rate is agreed to by the parties or established by a new arbitration.

Authorized User—Entity authorized to use RAIL-CARDS to negotiate and conclude agreements. May be an equipment owner, equipment user, or designated agent.

Automatic Concurrence—Agreement resulting from RAIL-CARDS automated concurrence on behalf of a user when an owner offers a rate lower than the existing rate for its car or on behalf of an owner when a user offers a rate higher than the existing rate.

Base Rate—Rate applied to non-market rate equipment in the absence of an agreement.

Best & Final Offer (BFO)—Process which either owner or user may initiate to call for a binding response to a rate request. Response to BFO is binding for six months and, if arbitration is invoked, the arbitrator will choose either the owner's or the user's BFO.

Bid—An initial offer to accept or pay a specified rate. Same as an offer.

Bid And Offer (B/O) Number—The identification number (Railinc ID Number) assigned by RAIL-CARDS to a new offer between two parties. Same as a transaction number.

Broadcast List (Weekly)—An AAR Deprescription product. A weekly notification by RAIL-CARDS of cars entering or exiting the Deprescription system during the preceding week.

Car—The terms “car”, “private-car”, and “prescribed car” are used with specific meaning within this document. The term “car” is meant to refer to a freight car subject to Deprescription and is synonymous with market car and market rate car. A car operates under the Code of Car Hire

Rules and must, by definition, carry a railroad assigned reporting mark. Private-cars and prescribed cars (grandfathered boxcars) are not subject to Deprescription and are not cars as the term is used here. Cars are a subset of railcars and freight cars. Private-cars may be transferred to railroad service by re-stenciling with a railroad mark, and thereby become market rate cars.

Car Hire—Compensation to be paid, under the Code of Car Hire Rules, by a user to an owner for use of a car.

Carrier Reference Number—Identification number assigned to a bid & offer transaction by the individual road for internal identification purposes.

CHARM—Car Hire Accounting Rate Master. AAR file that contains all car hire rates currently in effect for each individual piece of equipment.

Counter Offer—Response to an offer received. It must be for the same equipment and time period as the original offer.

Default Rate—Rate applied to market rate equipment in the absence of an agreement, see Rule 1.I of the Code of Car Hire Rules.

Deprescribed Car—All railway marked cars other than grandfathered boxcars. Same as market rate car

Deprescription—A system of car hire rates based on negotiations between owners and users, which replaced the prior system of prescribed car hire in which rates were determined by an Interstate Commerce Commission mandated formula. Deprescription was implemented by the ICC's decision in Ex Parte No. 334 (Sub-No 8), which amended Title 49, Chapter X, Parts 1033 and 1039 of the U. S. Code of Federal Regulations.

EDI—Electronic Data Interchange. The electronic exchange of standardized transactions.

EDI Transaction Set 432—Transaction set used in RAIL-CARDS to transmit offers, Deprescription requests, queries, etc.

EDI Transaction Set 864—Transaction set used by RAIL-CARDS to transmit reports, query responses, ticklers, and error messages.

EDI Transaction Set 997—Transaction set used by RAIL-CARDS to acknowledge receipt of other transaction sets.

Effective Date—The date when a car hire rate takes effect, always the first day of a month.

Equipment—This term is used in this document to cover all railcars (cars, prescribed cars, and private cars) and appurtenances.

Equipment Type Code—A four-character alpha/numeric code used to designate a specific type of freight car. See Umler Specification Manual, issued by Railinc and available on Railinc’s website, www.railinc.com.

Expiration Date—The date when a car hire rate will expire, always the last day of a month.

Fixed Rate Car— Those prescribed cars, other than grandfathered boxcars, for which prescribed rates continued to apply for a 10-year period, unless voluntarily deprecrescribed earlier. On January 1, 2003, all remaining fixed rate cars were converted to market rate cars.

Grandfathered Boxcars—A Class III boxcar that was exempted by the STB’s boxcar deregulation ruling (Ex. Parte 346, Sub. 19). These cars are also exempt from Deprecrescription (Ex. Parte 334, Sub. 8). Same as prescribed car or prescribed rate car.

High Car Number—In a series of cars of the same mark, the highest car number in the grouping.

Interstate Commerce Commission (ICC)—The U. S. regulatory agency that was the predecessor to the STB. The ICC originally prescribed a formula by which car hire rates were determined and subsequently ordered the move to the current system of Deprecrescription. The ICC Termination Act of 1995 terminated the ICC effective December 31, 1995.

Liability Continuity System (LCS)—A computer system that creates 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.

Low Car Number—In a series of cars of the same mark, the lowest car number in the grouping.

Mark—An alpha code used to identify a railroad or car owner.

Market Rate—The rate agreed upon between the equipment owner and user for deprecrescribed cars.

Market Rate Car— All railway marked cars other than grandfathered boxcars. Same as deprecrescribed car.

Mechanical Designation—Alphabetic Code which indicates the general category of a car’s design.

Negotiated Rate—Rate agreed upon by both equipment owner and user.

New Car—Equipment built or rebuilt under AAR Interchange Rule 88 after December 31, 1992.

Offer—The rate, dates, and any other optional special considerations proposed by a car owner or user that initiates formal negotiations between an owner and user.

Offer Type—Various types of offers reflect the nature of the negotiations between the two parties and the Deprecrescription status of the equipment involved. An offer can be one of the six types that are described in Section 3.2.

Open Offer—An offer that is in negotiations between two parties.

ORER—The *Official Railway Equipment Register*. Published regularly, it contains a profile of each owner’s registered fleet, as well as pertinent information on car owners.

OT-10 —AAR Circular published on www.railinc.com at this direct link ([OT-10](#)) that contains the Car Service and Car Hire rules.

Owner—Entity whose reporting marks are on the car.

Prescribed Car—A Class III boxcar that was exempted from the STB’s boxcar deregulation ruling (Ex. Parte 346, Sub. 19). These cars are also exempt from Deprecrescription (Ex. Parte 334, Sub. 8). Same as grandfathered boxcars.

Private-Car—A railcar that bears a private reporting mark, that is, a mark assigned to a non-railroad entity. A private reporting mark ends with the letter X. Private-cars are not subject to the Code of Car Hire Rules and therefor, not subject to Deprecrescription. However, RAIL-CARS accommodates negotiations on private-cars and can be used to place rates for private-cars in the CHARM file.

Railcar—The term railcar comprehensively applies to all freight cars and includes all market rate cars, grandfathered boxcars, and private-cars.

Rail-Cards—Railroad Car Accounting Rate Distribution System. The central computer system at the AAR used by parties to electronically conduct rate negotiation activity.

Rate Types—Car hire rates can be categorized by how they were set; see Section 1.13 for more detail. Rate categories are identified by the following CHARM rate indicator codes:

- B** BFO rate on market cars.
- D** Post arbitration-period rate on market cars.
- L** Spot bilateral rate on non-market equipment.
- M** Market rate on market cars.
- N** Post BFO-period rate on market cars.
- O** Default rate on market cars.
- R** Arbitrated Rate — Rates set through the arbitration process.
- S** Spot market rate on market cars.
- U** Base rate on non-market equipment.
- V** Special bilateral rate on non-market equipment.
- W** Bilateral rate on non-market equipment.
- Z** Special market rate on market equipment.

STB—The Surface Transportation Board is an independent adjudicatory body administratively housed within the U. S. Department of Transportation, responsible for the economic regulation of interstate surface transportation, primarily railroads, within the United States. The STB was established on January 1, 1996 as the successor to the Interstate

Commerce Commission (ICC). For the reader's ease, this document uses the STB name, in most cases, even when referring to an action or decision of the ICC. This practice is justified by language in the ICC Termination Act, which states in part "Any reference to the Interstate Commerce Commission in any other Federal law, ... or any document of or pertaining to the Interstate Commerce Commission ... is deemed to refer to the Board..." However, the reader will know that any action or decision made prior to 1996 and attributed to the STB, was actually made by the Interstate Commerce Commission.

Transaction Number—Number assigned by RAIL-CARDS to each original offer received. Same as the bid and offer number.

Umler—Universal Machine Language Equipment Register. The computerized equipment master reference file maintained by Railinc.

User—The party negotiating rates on equipment it does not own or control; or the party that physically uses equipment it does not own and pays compensation to the equipment owner.

What-If—A transaction option available to users and owners of equipment which causes RAIL-CARDS to respond to queries that will determine the impact of an initial offer.

4.2 Deprescription Products

The following is a list of the Deprescription Products available from the AAR. Please contact Railinc Customer Support at 1-877-RAILINC (1-877-724-5462) to order and for pricing information.

1. **Weekly Broadcast List**—Each Monday, the AAR publishes a report titled Broadcast List/Deprescribed Cars, which lists cars entering or exiting the Deprescription system, during the prior seven days. Along with the car mark and number, AAR equipment type code, and default rates, each record contains an indicator identifying the type of activity. This activity is related to either a car first entering the Umler system, in which case the record carries a code “M”, or a car that has been deleted from Umler and the record shows a “D” code.
2. **Default Rate Table**—Quarterly report by AAR equipment type code. This table contains the lowest negotiated positive loaded hourly rate and the lowest negotiated positive empty hourly rate, and their associated mileage rate, in effect for that car type at the end of the previous quarter. The default rate table is published at no charge on the Railinc website (www.railinc.com). The default rate table is used for market rate cars coming into the system for the first time, that is, for cars that do not already have a default rate. This applies to new cars, cars rebuilt under Rule 88, and private cars changing to railroad marked cars for the first time.
3. **CHARM**—Official source of time and mileage rates on prescribed and market rate cars which is updated monthly. CHARM files are customized by the AAR showing time/mileage rates for car hire settlement purposes and each include only those rates in effect between the owner/user trading partners.
4. **Online Market Reports**—Online web based system designed to give users information on car hire rates paid in predefined or user supplied rate ranges.

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