RAILWAY ACCOUNTING RULES

(INCLUDING INTERLINE SETTLEMENT SYSTEM RULES)

MANDATORY ACCOUNTING RULES AND ARBITRATION RULES AND PROCEDURES

EFFECTIVE DECEMBER 1, 2016 (EXCEPT AS OTHERWISE NOTED)

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PREFACE

The Railway Accounting Rules is a publication of the Association of American Railroads. They are mandatory and binding on carriers as defined in the Scope Rule or the Preface of each section of this document. The Rules, Forms, and Settlement Regulations reproduced herein supersede those published in the previous edition of this book.

Recommendations or suggestions with respect to any Rules, Forms, or Settlement Regulations of this publication should be submitted in writing to the Administrative Officer at the address below:

Assistant Vice President Business Services
Safety & Operations
Association of American Railroads
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in care of

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Cary, North Carolina 27513
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SUBJECT CROSS REFERENCES—RAILWAY ACCOUNTING RULES

In the rail industry, there are numerous terms and subjects which can be cross referenced to various rules published in this document. In lieu of maintaining a detailed list of cross references of subject terminology to their respective rule(s), a user of this publication should utilize the Full Reader Search functionality of the PDF document available at the Railinc website at the following link: https://www.railinc.com/rportal/documents/18/289202/Railinc_UI_Dictionary.pdf. Below are instructions for using the Full Reader Search functionality and instructions for using Acrobat "Find".

FULL ACROBAT READER SEARCH

1. With the Railway Accounting Rules PDF open, single click on the binocular icon on the left tool bar:
2. A search box will open. Enter the subject or term you want to search for. You can enter a word or a phrase. For example, suppose you want to see where the term ‘deprived revenue’ is used in the Railway Accounting Rules. Enter the term ‘deprived revenue’ in the search box and click the ‘Search’ button:

3. The search results reveal that the term ‘deprived revenue’ can be found in multiple locations within the Railway Accounting Rules. Click on any line in the search results box and the PDF functionality will display and highlight the page where the term was found:
**USING ACROBAT READER "FIND"**

You can also choose to use the Find function (Edit>Find or Ctrl + F).

With the PDF displayed, press Ctrl + F. The Find box opens near the top of the document page.

With the PDF displayed, press Ctrl + F. The Find box opens near the top of the document page. Type in the desired string and select the right arrow. The document scrolls to the first highlighted occurrence. Use the right and left navigation arrows to visit other occurrences.

Use the drop-down to restrict the search (case sensitive or whole words only, etc.).

When finished, select the × on the right side to close the find box.
GENERAL MANDATORY RULES
The General Mandatory Rules are binding upon carriers operating in North America that are participants in the Interline Settlement System (ISS), the Car Hire Data Exchange System (CHDX) and/or the Switching Settlement Data Exchange System (SSDX). The rules reproduced herein supersede those published in the previous edition of this book.

1 Right to Offset

Carriers should use all due diligence to resolve disputes on unpaid amounts before resorting to the use of Rule 1. If all attempts fail, a carrier has the right to offset any monies it owes to a delinquent carrier refusing to pay any interline freight, switching, overcharge claims, car service billing and car hire, car repair bills and freight loss and damage claims upon presentation of draft or bill for undisputed items if the items are presented in accordance with existing rules and procedures as provided for in the Association of American Railroads’ Railway Accounting Rules. Said right to offset shall continue in effect until such unpaid amount has been satisfied.

Amounts disputed by the delinquent carrier, as evidenced by a filing under applicable arbitration rules, will be excluded from offset until the arbitration decision is rendered. Exercise of this rule does not limit a debtor carrier’s right to pursue arbitration.

To enact this rule, the carrier owed monies is required to notify the delinquent carrier(s) by certified return receipt letter, detailing conditions pertaining to offset including amount of offset and description of respective services, amounts and dates. This letter of notification must be addressed to the Treasurer of the delinquent carrier(s) and the Department Head owing the monies.

In the case where both carriers are ISS participants, the carrier originating the offset request must also send the notification to the Railroad Clearinghouse (RCH) Administrator. The RCH Administrator will contact all involved roads to determine viability of the requested offset. Letter and copies of the return receipt must be furnished to the RCH Administrator prior to enactment of Right to Offset. All correspondence must reach the RCH Administrator by 3:00 p.m. Eastern Standard Time two business days prior to funds transfer.

Members of the Railroad Clearinghouse (RCH) should refer to Railroad Clearinghouse Settlement Regulation 3.5 for authority and time limits concerning the Right to Offset.

NOTE: All other accounting rules shall be so construed as to give effect to the spirit and intent of the above Rule 1.

[EFFECTIVE August 1, 2006]
FREIGHT
MANDATORY
RULES
FREIGHT MANDATORY RULES

APPLICATION

1 Scope

A. The following Freight Mandatory Rules (FMR) and definitions provide procedures for the uniform handling of matters related to interline freight accounting. They are mandatory and binding upon carriers that are Interline Settlement System (ISS) certified and are recommended for non-ISS carriers.

B. The Revenue Pipeline Task Force (RPTF), or its successor committee, is responsible for maintaining the FMR. Any changes to the FMR, including additions and deletions must be presented to and approved by a vote of the RPTF in accordance with its Rules of Order. All Rule changes approved by the RPTF will be forwarded, with an explanation of the changes, to the Interline Revenue Committee (IRC) or its successor committee and submitted electronically by Railinc to all ISS Certified carriers for a ratification vote. Such Rule changes will be considered as ratified if a majority of electronic votes cast within 30 days is in the affirmative. Voting of ISS Certified carriers will be weighted according to the number of settled waybills the carriers had in the calendar year immediately preceding the commencement of the 30 day voting period. The IRC, RPTF and all ISS carriers will be notified of the voting outcome.

C. These FMR should not be construed as defining the policy of a carrier with respect to its relationship with the public. Notwithstanding paragraph 1A, carriers covered by the FMR are free to enter into bilateral agreements with other carriers superseding these FMR.

[EFFECTIVE November 1, 2012]

2 Interline Settlement System (ISS) - Participation, Suspension, and Termination

A. Participation—Carriers wishing to participate in the Interline Settlement System (ISS) and Railroad Clearinghouse (RCH) processes for ISS must:

(1) Submit notification request for participation to RAILINC on company letterhead a minimum of 60 days prior to requested effective date.

(2) Certify and agree to actively participate in the Rate EDI Network (REN) either via EDI 460 transmission or REN Web. REN or REN Web certification must be complete before ISS participation effective date.

(3) Complete testing and certification, as defined in the Certification/Decertification/Testing Document of the ISS User Manual.

(4) Complete requirements set forth in the RCH regulations, including complete credit application, sign participation agreement, and submit banking information.

(5) Agree that ISS participation will start on the first calendar day of a month after successful completion of certification requirements.

(6) Abide by the AAR Railway Accounting Rules in settlement of waybills.
B. **Termination**—Carriers wishing to terminate participation in the Interline Settlement System (ISS) and Railroad Clearinghouse (RCH) processes for ISS must:

1. Submit a notification of termination to RAILINC on company letterhead a minimum of 30 days prior to requested termination date.


3. Agree to terminate on the last calendar day of the month.

4. Continue to participate in the ISS/RCH process for a period of 14 months after the termination date. This includes maintaining software and connectivity with ISS.

5. Abide by the AAR Railway Accounting Rules in settlement of waybills noted in FMR 2 B (4) above.

C. Railinc may request approval from the Revenue Pipeline Task Force (RPTF) or its successor committee for the termination of a carrier’s ISS participation for any of the following reasons:

1. Carrier is not included in any URRWIN or sending/receiving messages for a total of 13 months.

2. Contact information is incorrect and attempts to validate such information is documented and not successful and/or there has been no response to voicemails, emails, written letter for six months of consecutive, repeated attempts.

3. Confirmation by Surface Transportation Board that the road/carrier no longer operates the line under the carrier SCAC due to bankruptcy, merger, and/or abandonment.

The terminated carrier may request reinstatement as an ISS participant. The request must be submitted to Railinc and approved by the RPTF or its successor committee. If approved for reinstatement, then participation will start on the first calendar day of a month after the reinstatement vote. If the termination period exceeds one year or more in duration, the carrier will be required to recertify for ISS and complete RCH requirements.

D. Implication of Suspension or Termination from Railroad Clearinghouse

1. If an Interline Settlement System (ISS) carrier is suspended from the Railroad Clearinghouse (RCH) as outlined in Section 7.1 of the ISS Railroad Clearinghouse Settlement Regulations, then that carrier will be suspended from participating in ISS effective with the date of notification from the RCH Board of Directors that it has been suspended. A carrier suspended under this rule will be reinstated to participate in ISS on the same date that the carrier is reinstated by the RCH Board of directors under Section 8 of the ISS Railroad Clearinghouse Settlement Regulations. However, if the suspension period exceeds one year in duration, the carrier will be required to recertify for ISS.

2. If an ISS carrier is terminated from the Railroad Clearinghouse (RCH) as outlined in Section 7.2 of the ISS Railroad Clearinghouse Settlement Regulations, then that carrier will be terminated from ISS effective with the date of notification from the RCH Board of Directors that it has been terminated. A carrier terminated under this rule will be
reinstated to participate in ISS on the same date that the carrier is reinstated by the RCH Board of Directors under Section 8 of the ISS Railroad Clearinghouse Settlement Regulations. However, if the termination period exceeds one year in duration, the carrier will be required to recertify for ISS.

(3) Interline carriers adversely impacted by another carrier’s suspension or termination may bilaterally settle their proportion of open interline revenue waybills (URRWINS) outside the Railroad Clearinghouse settlement process. Carriers may also want to utilize Note 600 of the Official Railroad Station List – OPSL 6000 to protect themselves on future movements in the event that a suspended or terminated carrier is reinstated to RCH and ISS.

[EFFECTIVE March 1, 2013]

3 Electronic Data Interchange of Waybill Information

Carriers are required to transmit information in ASC X12 - Electronic Data Interchange (EDI) formats. Carriers must adhere to the published rail guidelines of the 417 Transportation Waybill, 426 Revenue Waybill, and other transaction sets including the 864 and 996.

[EFFECTIVE April 1, 2012]

BILL OF LADING

4 Responsibility for Retaining and Providing Bill of Lading

A. The waybilling carrier must retain a copy of bill of lading or shipping document as presented by shipper and provider including, but not limited to, hard copy, EDI transmission, computer message, telephone and repetitive waybill advice.

B. A legible copy of the bill of lading or shipping document will be furnished to the requesting linehaul carrier provided that carrier was specified in the route on the bill of lading or handled the equipment. This includes a copy of the EDI data segments if billing information is received via an EDI transmission.

[EFFECTIVE January 1, 2012]
WAYBILLING

5 417 Waybill

All rail freight must be waybilled in conformance with the current EDI 417 guidelines and include all Bill of Lading information that is not confidential to the origin carrier.

[EFFECTIVE January 1, 2012]

6 Waybilling Junction Settlement

A junction settlement carrier is defined as a railroad who does not participate in the normal waybilling and Interline Settlement System (ISS). A junction settlement carrier receives its revenue division through an agreed arrangement with the connecting ISS carrier. ISS carriers can not be a junction settlement carrier in the EDI 417 –Rail Carrier Waybill Interchange and EDI 426 - Rail Revenue Waybill.

The Railway Accounting Rules have neither interest in nor control over those proprietary arrangements; however, for purposes of ISS participation, an ISS carrier cannot be a junction settlement carrier by definition. The involvement of another interline carrier in the movement, however, necessitates standard procedures for waybilling and handling the waybill and settlement.

The following information should be included in the EDI 417 and must be included in the EDI 426.

A. Waybills covering shipments originated on junction settlement carriers must show the actual origin junction settlement carrier’s origin station (FSAC) and city, state in the F905, F906 and F907. The junction settlement carrier must be shown as the first carrier in the route segment. The linehaul carrier’s revenue capable FSAC and city, state must appear in the F901, F902 and F903.

B. Waybills covering shipments terminated on junction settlement carriers must show the actual destination junction settlement carrier’s destination station (FSAC) and city, state in the D905, D906 and D907. The junction settlement carrier must be shown as the last carrier in the route segment. The linehaul carrier’s revenue capable FSAC and city, state must appear in the D901, D902 and D903.

C. Waybills covering shipments where the junction settlement carrier is performing intermediate services must show the junction settlement carrier city name (R260 junction) in the R203 in EDI 426. The intermediate junction carrier information should not appear in the F9 and/or D9 segments.

D. Railinc will maintain a table of junction settlement carriers and major connecting carriers responsible for its messages, settlements and funds transfers. It is the responsibility of the ISS participating carrier to keep this IRF table current using form AD-102. This form should be sent to the Railinc Industry Reference Files (IRF) contact.

E. ISS will not send messages or funds transfer notices to these junction settlement carriers.

F. This rule does not apply to those carriers who perform a service for the major connecting carriers similar to a switching, handling or haulage arrangement and are not shown as a party to the price.

**Note:** As of the effective date of this rule, ISS carriers that have a dual role may continue to participate as ISS and junction settlement carriers until December 31, 2008.

[EFFECTIVE January 1, 2008]
7 426 Waybill

A. A carrier’s 426 origin or challenge waybill must contain the same waybill number, waybill date, lead car and equipment numbers as the 417 waybill if the rail equipment departs the origin. If all rail equipment does not depart the origin, then the 426 waybill must be revised to reflect actual count of the rail equipment departing the origin. Any revenue distributed in ISS for cars that do not make it to destination may be handled through railroad claims channels per FMR 185.

1. An origin carrier is given (7) seven days from the waybill date of the 417 waybill for submission of a 426 revenue waybill prior to another carrier in the route initiating the 426 waybill.

2. An origin carrier is given (5) five days from the waybill date of the 417 waybill for submission of a 426 Rule 11 Parent Notify prior to another carrier in the route initiating the 426 Rule 11 Parent Notify.

B. 426 Waybills will be rejected by ISS for the following reasons:

1. If submitted to ISS more than twelve (12) months after the waybill date;

2. If the waybill is a 426 Rule 11 child which does not have same waybill number, date and lead car as the Rule 11 notification waybill;

3. If the waybill number, date and lead car are the same as a previous ISS settlement which had funds transferred;

4. If it fails syntax or application edits as defined in the ISS User’s Manual.

C. All requirements stated in Rule 5 for the 417 waybill are also required for preparation of the 426 waybill.

D. The 426 waybill must include:

1. The name and mailing address of the party responsible for payment of the charges;

2. Weights, rates, charges and authority*;

3. Divisions factors, authority* and proportions;

4. Miscellaneous charges (when applicable) and authority;

5. All special handling and rating endorsements;

6. Factors used in the construction of combination rates including the name of the point over which the combination is made;

7. All Rule 260 junctions;

8. Intermodal service code and trailer or container length on TOFC/COFC traffic.

*On all prices communicated via the REN only one authority is allowed and is referred to as the price authority.

[EFFECTIVE August 1, 2014]
### 8 Waybilling Multiple Car Shipments

A. A multiple equipment shipment forwarded on one 417 waybill must include the equipment initial and number for each piece of equipment in the N7 segment.

B. A multiple equipment shipment forwarded on more than one 417 waybill must be cross-referenced in the lead equipment 417 by including the lead equipment waybill number and the waybill number, waybill date, equipment initial and equipment number of all the trailing cars in the N8 segment. The 426 waybill must include the same waybill number and date as the lead equipment and must reference the waybill numbers, car identifications, and weights of the other trailing equipment 417 waybills.

[EFFECTIVE January 1, 2012]

### 9 Waybilling Shipments with Idler Cars

Shipments with idler cars must be waybilled as a multiple equipment shipment as defined in Freight Mandatory Rule 8A. The equipment initial and number of each idler car must be included after the loaded car initial and number in the N7 segment with an equipment description code of ID in the N711 segment. Any charges for idler cars in an interline shipment must be defined in the price document applicable for the shipment in the SPCU shipment condition as published in the Directory of Shipment Conditions maintained by Railinc. Absence of a SPCU shipment condition defining an idler car charge will result in no idler charges being assessed on the shipment.

[EFFECTIVE January 1, 2012]

### 11 Through Waybilling of Shipments Which Require More Than One Carrier To Collect Charges

Freight Mandatory Rule 11 is intended for use by the rail industry to protect confidential prices and/or meet customer requirements by providing multiple freight bills on shipments covered by a through Bill of Lading. It is therefore incumbent upon the industry to properly identify and waybill these shipments.

A. When a shipment is to move from origin to destination with more than one linehaul carrier responsible to assess and collect freight and accessorial charges, a 426 Rule 11 notification waybill must be submitted to ISS in accordance with the following instructions:

1. A 426 Rule 11 Parent Notify submitted to ISS must use the same waybill number, date, and lead car identification as the 417 waybill.

2. All shipper furnished information relative to the assessment and collection of charges must be provided.

3. The complete spelling of the name and freight billing address for each party responsible for payment of freight charges must be provided for each portion of the movement beyond the origin carrier's freight billing responsibility. If the "Send Freight Bill To" party is the same for each portion of the movement, it only needs to be provided once. If more than one "Send Freight Bill To" is involved, each carrier responsible for collection must also be shown.
B. The initial carrier of any interline portion of the 426 Rule 11 notification waybill must issue a 426 revenue waybill (child waybill) in accordance with the following:

(1) The waybill number, date and equipment identification must be the same as the 426 Rule 11 notification waybill.

(2) Reference must be made to the URRWIN of the 426 Rule 11 notification waybill.

Child waybills not in compliance will be rejected.

C. A carrier contending that a 426 Rule 11 notification waybill should be a 426 through revenue waybill must issue a 426 cancel on the 426 Rule 11 notification and any associated 426 revenue waybills (child waybills) as appropriate, followed by a 426 revenue waybill or 426 challenge.

D. A carrier contending that a 426 through revenue waybill should be a 426 Rule 11 notification waybill must issue a 426 cancel and 426 Rule 11 notification (waybill or challenge as appropriate for carrier's role). Once URRWIN is assigned, carrier then submits child waybill for interline portion.

Note: See Rule 7.

[EFFECTIVE January 1, 2010]

13 Waybilling Transborder Traffic

The following information must be included for all traffic that is billed for transborder movement:
(1) from points in Canada to points in the U.S. or Mexico; (2) from points in the U.S. to points in Canada or Mexico; (3) from points in Mexico to points in the U.S. or Canada.

1) U.S. port of Entry and Exit (M12 Segment)
2) Name of Canadian, Mexican and U.S. Customs broker(s), and filer code
   a) Traffic moving to Mexico will include a U.S. Freight Forwarder name, city and state and a Mexican Customs Broker name, city and state. Traffic to the U.S. from Canada and Mexico will include a U.S. Customs Broker name city and state. Traffic moving into Canada will include a Canadian Customs Broker name, city and province.
3) Rail Origin
4) Origin shipper name
5) Final rail destination
6) Name and address of consignee in Canada, Mexico and/or U.S.
7) Payor(s) of freight

Note: All requirements stated in Rule 5 and Rule 14 for the 417 waybill are also required.

[EFFECTIVE September 1, 2010]
Waybilling Bonded Import Shipments Involving U.S. Customs

A. Shipments imported via United States Port of Arrival, moving from the Port of Arrival under United States Customs Bond for release and export at a port of exit, must be bonded to the port of exit and properly designated in the rail carrier’s transmission to United States Customs in the customs manifest using the guidelines published by United States Customs, or on Customs form 7512-Transportation Entry and Manifest of Goods Subject to Customs Inspection if not transmitted electronically. In all cases, In-Bond identifying information (M12 segment) must be provided to connecting carriers by transmission in the waybill using the guidelines published in the most current implemented version of the interchange transaction set.

In-Bond liability shall be established by carrier(s) accepting cargo in interchange provided In-Bond detail information is provided in advance to connecting carriers by transmission in the waybill using the guidelines published in the most current implemented version of the interchange transaction set.

B. Shipments imported via United States Port of Arrival, moving from the Port of Arrival under United States Customs Bond for release at an interior port, must be bonded to the interior port and properly designated in the rail carrier’s transmission to United States Customs in the customs manifest using the guidelines published by United States Customs, or on Customs form 7512-Transportation Entry and Manifest of Goods Subject to Customs Inspection if not transmitted electronically. In all cases, In-Bond detail information must be provided to connecting carriers by transmission in the waybill using the guidelines published in the most current implemented version of the interchange transaction set. In this instance In-Bond liability is not established by carrier(s) accepting cargo in interchange.

C. When the rail carrier transmits an In-Bond customs manifest to United States Customs, carriers in the waybill route, who are automated with United States Customs, shall be designated as United States Customs Secondary Notify Parties (SNP) in the original and subsequent In-Bond customs manifest transmissions to United States Customs.

D. When applicable, any loss resulting from duties or penalties assessed by a Customs Port Director, due to failure of the railroad(s) to comply with valid Customs requirements, shall be allocated between railroads as follows:

1. If In-Bond Identifying Information (M12 Segment) has been forwarded, the railroad on whose property the error has occurred shall be liable.

2. If In-Bond Identifying Information (M12 Segment) has not been forwarded, the railroad that last received Customs information – either at rail origin or in the route and did not forward same by means of M12 Segment – shall be held liable.

3. The Bonded carrier, upon settlement of penalties with Customs, may make subsequent adjustments against erring carrier through debit on the Overcharge Claim abstract. Erring carrier must have been notified and acknowledged responsibility prior to adjustment.

[EFFECTIVE September 1, 2010]
16 Waybilling Revenue Empty Equipment Moves

All interline movements of revenue empty equipment should be waybilled in accordance with the origin road haul carrier’s rules pertaining to revenue empties. If public through interline rates are not published for movement of revenue empty equipment, the movement should be waybilled on a Rule 11 basis.

[EFFECTIVE January 1, 2012]

18 ISS Settlement for Transloaded Shipments

When the lading on an interline rail shipment is transloaded from one rail equipment to another in route, the road haul carriers will settle interline revenue on the original rail equipment. Settlement on the original rail equipment is considered industry best practice since the bill of lading supports the transportation movement for the original rail equipment.

Pre-Settlement Instructions: In the event that there are two or more active unsettled URRWINs in ISS, the carriers will cancel any URRWIN tied to the subsequent rail equipment and settle on the URRWIN tied to the original rail equipment.

Post Settlement Instructions if exceptions occur: In the event that an URRWIN for the subsequent rail equipment settles in ISS with funds transfer, carriers should handle as follows:

A. If multiple URRWINs settle with funds transfer, one for each piece of rail equipment, then the URRWIN tied to the original rail equipment supported by the bill of lading will stand. A carrier adversely impacted by the URRWIN settlement on the subsequent rail equipment can recover its revenue through railroad claim channels under Overcharge Mandatory Rule 18.

B. If the URRWIN tied to the subsequent rail equipment settles with funds transfer and the URRWIN tied to the original rail equipment has settled but without funds transfer, then the carriers are deemed whole and settlement will be allowed on the subsequent rail equipment.

[EFFECTIVE June 1, 2010]

19 Waybilling and Settlement of Charges for Protective Service to Perishable Freight

A. Protective service instructions as ordered by shipper in the PS segment of their EDI 404 for interline shipments of perishable freight must be passed to all road haul carriers in the route in the EDI 417.

B. When through interline shipments with protective service move in railroad owned equipment, all charges for protective services should be included in the base freight rate with the protective service charges included in the division of the car owner. Determination of whether the protective service charges are included in the freight rate is defined by the RIAS (Rate Includes Accessorial Service) shipment condition in the interline price document. In the event that the published interline price document does not include the protective service charge in the rate, then the freight billing carrier must add an accessorial charge on the freight bill for the protective service charge and settle these charge in ISS as a miscellaneous charge in the R2D segment with a proper code (such as REF – Refrigeration, Z19 – Protective Service Rule 705, or Z20 – Protective Service Rule 710) from Data Element Dictionary 150.
C. When interline shipments with protective service move in privately owned equipment, all charges for protective services, if any, should be included in the base freight rate with the protective service charges included in the division of the origin carrier. Determination of whether the protective service charges are included in the freight rate is defined by the RIAS (Rate Includes Accessorial Service) shipment condition in the interline price document. In the event that the published interline price document does not include the protective service charge in the rate, then the freight billing carrier must add an accessorial charge on the freight bill for the protective service charge and settle these charges in ISS as a miscellaneous charge accruing to the origin carrier in the R2D segment with a proper code (such as REF – Refrigeration, Z19 – Protective Service Rule 705, or Z20 – Protective Service Rule 710) from Data Element Dictionary 150.

D. When an interline shipment with protective service is waybilled on a Rule 11 basis, then each carrier is responsible for protecting any applicable protective service charge payable to the car owner regardless of ownership.

[EFFECTIVE April 1, 2012]
WEIGHTS

24  Weight

All weights on 417 and 426 waybills must be in pounds.

[EFFECTIVE January 1, 2012]

25  Agreement Weights

A.  When agreement weights are used in lieu of scale weights, the 417 and 426 waybills must contain the specific code describing the type of weight agreement as described in the BNX01 segment of the EDI guidelines.

[EFFECTIVE January 1, 2012]

26  Railroad Scale Weights

When weights are obtained on railroad scales, the gross or net weight, and the tare weight must be entered in the appropriate data fields of the 417 and 426 waybills.

[EFFECTIVE January 1, 2012]

28  Estimated Weight

A.  When a shipment originates at a non-scale station and agreement weights are not in effect, or when use of the destination weights are authorized by price authority and/or a weight agreement, estimated weight must be entered in the appropriate data segment of the 417 waybill.

B.  When destination weights are determined, destination carrier must issue 426 opinion adding weights.

[EFFECTIVE January 1, 2012]

30  Dunnage Allowance

The total weight and description of the dunnage as shown on bill of lading must be entered in the appropriate data fields of the 417 and 426 waybill.

[EFFECTIVE January 1, 2012]

34  Destination Weights

When destination weights are used in assessing freight charges, they must be accepted by carriers in the route without weight certificate or proof of correctness.

[EFFECTIVE January 1, 2012]
DIVERSIONS AND RECONSIGNMENTS

49 Diversions and Reconsignments - Waybill Changes

A. When carload freight is diverted or reconsigned, the diverting carrier should identify in the EDI 417:
   
   (1) New destination and/or consignee;
   (2) A waybill cross reference code (W5) in the EDI 417 segment N8A01;
   (3) Equipment location at time of diversion in the EDI 417 segment N8A05 and N8A06;
   (4) Indicate the authority for the diversion by entering a DV code in the EDI 417 segment N901 and the name of the person or company authorizing the diversion in the N902 segment and the date of the diversion in the N904 segment;
   (5) The shipment method of payment in the EDI 417 segment BX03;
   (6) Complete name and address of party responsible for the freight charges in the EDI 417 segment N111 or N1PF, if provided by the diverting party;

B. The diverting carrier should issue a 426 opinion providing the information specified in paragraph A and must include total charges.

C. A non-origin diverting carrier should submit a 426 challenge with a D1 code in the ZR13 segment if no 426 waybill has been received at the time of diversion. Challenges related to diverted shipments are not subject to a waiting period as defined in Freight Mandatory Rule 64B(2).

[EFFECTIVE March 1, 2012]

50 Diversions

A. When a through interline shipment is diverted in route, the preferred settlement method is for carriers involved in the original bill of lading to accept the executed diversion order as if it were a corrected bill of lading. Carriers removed from the route in the diversion order will have no claim for deprived revenue, unless they have handled the equipment. [As a best practice, carriers should send an EDI cancel (i.e. EDI 417 Cancel) to the affected carriers when shipping instructions have been diverted, rebilled, or cancelled.] Carriers included in the route on the diversion order will settle the shipment on either a through interline basis or a Rule 11 basis in ISS.

If a through interline multiple equipment waybill is diverted in route, and one or more pieces of equipment are diverted to a different destination, then ISS settlement will be required under separate waybills/URRWINS for each unique destination. The diverting carrier should issue multiple EDI 426 messages - an opinion on the original waybill, and a challenge on the new waybill as referenced in Rule 49B.

When a multi-car shipment is diverted after interchange, the diverting carrier will create a new 426 revenue waybill referencing the diverted car(s) and the diverted destination. The waybill date for the diverted 426 revenue waybill will be the same as the waybill date noted on the original multi-car waybill. The diverting carrier will issue a new revenue waybill number on the diverted shipment with a different lead car.
B. Under specific conditions described below, the freight billing carrier may elect to settle in ISS using the following alternative methods. The freight billing carrier electing one of these alternative methods should issue an opinion in ISS supporting settlement under the alternative method and other carriers in the shipment should concur to the freight billing carrier’s election.

(1) When a prepaid shipment is diverted and the diversion order is executed by a carrier that is not the origin carrier, and the payor of freight has been changed from the original billing, then an optional settlement process is for carriers to consider the charges as prepaid only to the original billed destination.

(a) If all charges are to be prepaid to the diverted destination, then the diverting carrier is responsible for collection of the additional charges to the final destination.

(b) If all charges are to be collect to the diverted destination, then the final destination carrier is responsible for collection of the additional charges to the final destination.

(2) When a collect shipment is diverted and the diversion order is executed by a carrier that is not the destination carrier, and the payor of freight has been changed from the original billing, then an optional settlement process is for carriers to consider the charges as collect only to the original billed destination.

(a) If all charges are to be prepaid to the diverted destination, then the diverting carrier is responsible for collection of the additional charges to the final destination.

(b) If all charges are to be collect to the diverted destination, then the final destination carrier is responsible for collection of the additional charges to the final destination.

If through interline rates are not negotiated then the diverted shipment will settle on a Rule 11 basis.

C. If an ISS settlement with funds transfer has already occurred with the original billing destination, then carriers adversely impacted by the settlement can recover revenue through overcharge claims channels under Rule 185 A (1) (i).

[EFFECTIVE September 1, 2015]

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**MISCELLANEOUS CHARGES**

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**53 Miscellaneous Charges**

Any additional miscellaneous charges accrued while the shipment is in transit must be added to the 426 waybill. For specific application, see ISS Front Matter and the Data Element Dictionary 150.

[EFFECTIVE May 1, 2012]
61 426 Opinions

A. Opinion messages may be submitted for the following reasons:

   (1) Origin carrier corrects waybill;
   (2) Intermediate/destination carrier disagrees with waybill;
   (3) Any carrier makes a route change;
   (4) Any carrier disagrees with delete me from route;
   (5) Any carrier adds information (diversion, prepaid, etc.);
   (6) Any carrier disagrees with previous opinion;
   (7) Intermediate/destination carrier disagrees with cancel;
   (8) Intermediate/destination carrier disagrees with detail of 426 Rule 11 notification waybill;
   (9) Origin carrier rescinds its own cancel prior to settlement;
   (10) Any carrier disagrees with challenge.

B. The 426 opinion must identify the URRWIN to be corrected, and include the proper correction code as specified in the EDI guidelines for data element ZR13, and the proper contact’s name and communication information as defined in the PER segment of the 426 guidelines.

C. A 426 opinion can be issued if the opinion changes the charges or distribution of the charges by more than $1.00 (to eliminate handling of rounding differences).

D. A 426 opinion will place the settlement in dispute. It can be resolved by all carriers concurring to the original waybill or to the opinion.

E. If any carrier accepts, by silence, a 426 waybill or 426 challenge and a subsequent opinion is submitted by another carrier, the carrier who is silent must issue an opinion or concurrence to protect its position in a forced settlement.

F. In the case of diversions or reconsignments, the diverting carrier must issue an opinion as provided for in Rule 49-B.

[EFFECTIVE January 1, 2012]

62 426 Cancels

A. A 426 revenue waybill cancel may be issued by any linehaul carrier in the route. Cancel messages may be submitted for the following reasons:

   (1) Intermediate/destination carrier requests that a waybill be canceled;
   (2) Origin carrier cancels a waybill;
   (3) Origin carrier disagrees with challenge;
   (4) Intermediate/destination carrier cancels their challenge;
   (5) Any carrier contends 426 Rule 11 notification waybill should be through billing (follow with challenge);
   (6) Any carrier contends a through waybill should be Rule 11 (follow with challenge or 426 Rule 11 notification waybill).
B. The 426 cancel must identify the URRWIN to be canceled in the ZR11 segment, include the proper correction code in the ZR13 segment, and the proper contact's name and communication information in the PER segment. See ISS Front Matter Section 7.9 for EDI examples.

C. Only an origin or a challenging carrier can truly effect a cancel in ISS. A cancel requested by any other carrier requires the origin or challenging carrier to submit a cancel in order to effect cancellation of the URRWIN. A 426 cancel issued by the origin carrier or a challenging carrier cancels the 426 waybill from CISS at settlement date. While the URRWIN settlement date remains the same in CISS, once an origin or challenge carrier cancel is accepted and processed at CISS, any linehaul carrier can reintroduce a 426 waybill to create a new URRWIN. An origin carrier’s waybill reporting (OR) or a non origin carrier’s challenge waybill (CH) submitted to reintroduce a 426 waybill must reference the prior URRWIN in the N8A segment.

D. Unresolved cancel requests per Paragraph C above will result in a forced settlement.

[EFFECTIVE June 1, 2012]

63 426 Delete Me From Route

A. Delete messages are submitted when an intermediate or destination linehaul carrier deletes itself from waybill.

B. The 426 delete me from route must identify the URRWIN in the ZR11 segment, include the proper correction code in the ZR13 segment, and the proper contact's name and communication information in the PER segment. See ISS Front Matter Section 7.10 for EDI example.

C. The delete me from route places the settlement in a disputed status. This dispute may be resolved if the carrier issues a new opinion putting itself back in the route. It may also be resolved by any other carrier in the route agreeing to remove the carrier issuing the delete through the opinion process or the cancel process.

D. Disputed deletes will remain open for an additional thirty (30) days to allow time for resolution. If not resolved during that period, the waybill will be null settled. (Rule 110-G)

[EFFECTIVE June 1, 2012]

64 426 Challenge

A. Challenge messages are submitted only by intermediate and destination carriers for the following reasons:

(1) Intermediate/destination carrier submits waybill to ISS;
(2) Intermediate/destination carrier adds itself to route of a waybill;
(3) Intermediate/destination carrier reopening a null settled waybill or canceled waybill;
(4) Intermediate/destination carrier requesting 426 Rule 11 notification waybill should be through billing (follows the cancel message);
(5) Intermediate/destination carrier requesting through billing should be 426 Rule 11 notification waybill (follows the cancel message).
B. A carrier who has received a 417 waybill and has record of handling the car in linehaul service and has not received a 426 waybill may submit a 426 challenge. Except as provided below, a challenge may be submitted after the lapse of seven (7) days after the waybill date. Exceptions:

(1) Challenges related to Rule 11 Parent waybills are subject to a five (5) day waiting period.
(2) Challenges related to diverted shipments are not subject to a waiting period.

C. A carrier who has record of handling a car and has not received a 417 or 426 waybill may submit a challenge seven (7) days after receipt of the car. The carrier issuing the 426 challenge must provide as much information as possible, including the car number, connecting carriers and if known, waybill number and date.

D. A challenge submitted on a previously settled waybill will be rejected by ISS. Further handling must be made through claim channels. (Freight Rule 185 and Overcharge Rule 101-B)

E. A challenge accepted by ISS will be the basis for settlement unless dissenting opinions are issued.

F. A challenge issued against an existing waybill, which does not include the challenging carrier, will be issued a new URRWIN. Any carrier agreeing with URRWIN #2, issues an opinion to URRWIN #1 adding the carrier, then cancels URRWIN #2.

G. The time limit for submitting a challenge is twelve (12) months from the waybill date.

65 426 Concurrence

A. Concurrence messages without opinion are submitted for the following reasons:

(1) Intermediate/destination carrier agrees with waybill;
(2) Any carrier agrees with opinion;
(3) Any carrier agrees with challenge.

B. The 426 concurrence must include the URRWIN and version of the 426 transaction to which concurred.

C. Concurrence with opinion may be submitted to correct waybill information that does not affect the settlement. These messages are submitted for the same reasons as concurrence without opinion.

[EFFECTIVE January 1, 2010]

[EFFECTIVE April 1, 1994]
RAILROAD ERRORS

100 Settlement of Traffic Misrouted by a Rail Carrier

A. For purposes of this rule, traffic is considered misrouted when a rail carrier moves the rail equipment contrary to the routing on the bill of lading. Carriers must settle railroad misroutes in ISS via the route for the proper charges that would be due from the customer as if no misroute occurred. The carrier discovering the error should code its 426 transaction with an “MR” (Misroute) correction indicator in the ZR13 segment. See ISS Front Matter sections 7.14.5 and 7.14.6 for EDI examples. This may require a carrier not handling the car to bill and collect freight charges.

B. Shipments shall be forwarded from the erroneous to the correct destination by the most direct route. Additional billing instructions to move the car to the final destination must show pertinent information (file number, inbound 417 reference, forwarding authorization, etc.).

C. Once a shipment has been settled in ISS, any adjustments resulting from misrouted traffic must be made through Overcharge Mandatory Rule 51 or Rule 52 based on the confidentiality of the price authority.

[EFFECTIVE August 1, 2012]

102 Settlement of Rate and Route Conflict Movements

A rate and route conflict is when a customer:

(1) Submits a bill of lading requesting a specific price authority and
(2) The movement routing on the bill of lading differs from the routing captured in the price authority and
(3) The equipment moves via the movement routing on the bill of lading.

When a rate and route conflict occurs, carriers may negotiate a new through interline rate and divisions based on the movement of the rail equipment prior to ISS settlement. If a new through interline rate is not negotiated prior to ISS settlement, and the URRWIN settles with funds transfer based on an existing through interline rate, then the carriers included in the URRWIN settlement have no railroad overcharge claim recourse relative to the rate and route conflict, but may have claim recourse under other Overcharge Mandatory Rules or Freight Mandatory Rule 185.

[EFFECTIVE August 1, 2012]

107 Waybilling and Settlement of Loaded Rail Equipment Handled as an Empty

When loaded rail equipment is handled as an empty, an EDI 417 must be issued (426 optional) from the point where the equipment is discovered under load to the designated destination. The waybill must show the junction and the carrier from which the equipment was received and be coded “loaded equipment handled as an empty” in the L502 segment. Any adjustment of revenue may be made in accordance with Overcharge Mandatory Rule 63.

[EFFECTIVE August 1, 2012]
ISS SETTLEMENT

110 Settlement Dates and Types

A. ISS settlement will occur the earlier of:

Twenty (20) days from the URRWIN date if the Through URRWIN is in full concurrence (“ST” status), on day twenty (20) and the URRWIN does not reference another URRWIN in the N8A segment of the EDI 426.

Thirty (30) days from the URRWIN date unless an extension is allowed as defined in FMR 110-

B. A thirty (30) day extension of the projected settlement date is allowed for the following conditions:

(1) Destination weights;
(2) Prepaid vs. collect dispute;
(3) Route dispute (carrier sequence only);
(4) Rule 11 dispute;
(5) U.S. Mail (STCC 43 111 10);
(6) Delayed shipment (used only when car is in your possession);
(7) Bad order car;
(8) Wrecked car;
(9) Misroute;
(10) No car (used only when car has not been received).

Items B1 through B5 are automatically extended by ISS. Other items must be extended by issuing a settlement date opinion.

Once concurrence is reached within the extension period, settlement occurs on that day.

C. An opinion received within the last fifteen (15) days of the projected settlement date as described in paragraphs A and B will extend the projected date a maximum of fifteen (15) days from the date of the last opinion, but not to exceed fifteen (15) days beyond the projected settlement date. Once concurrence is reached within the extension period, settlement occurs on that day.

D. Concurred Settlement Date

Carriers may propose and agree to a specific settlement date other than described above by issuing a 426 settlement date opinion and a 426 concurrence to settlement date. The requested settlement date extension cannot exceed 30 days from current projected settlement date.

E. Concurred Settlements

Concurred settlements are those settlements where an URRWIN version has been concurred to by all carriers in the route. This can be done as follows:

(1) 426 concurrences have been submitted to ISS for the same version by all parties;
(2) Silent Concurrence which is failure to respond to a 426 waybill or a 426 challenge.
F. Forced Settlements

Forced settlements are settlements made where all parties have not concurred to the settlement and the time period for settlement as described above has passed. The basis for a forced settlement is the freight billing carrier's rates and charges and the destination carrier's divisional basis. If the freight billing carrier has not submitted an opinion, the basis will be the non-freight billing origin or destination carrier's rates and charges. If the destination carrier has not submitted an opinion, the basis will be the origin carrier's divisional basis. If the origin carrier does not furnish full divisions, the ISS forced settlement will divide equally the remaining balance among carriers who have not furnished divisions. For further details, refer to the forced settlement composite logic of the ISS User's Manual.

In the case of prepaid vs. collect disputes, the forced settlement will be based on the origin carrier's opinion regarding the prepaid vs. collect status and aforementioned rules for freight charges and divisions.

G. Null Settlements

A null settlement voids all versions of the 426 transaction in ISS and closes processing with no settlement. A settlement acknowledgment message is sent to all roads in all active versions of the 426.

In the case of unresolved disputes involving items listed in paragraph B(3) and B(4), and Rule 63, the waybill will be null settled. Once the dispute has been resolved, a carrier may submit a new 426 or challenge, referencing the prior URRWIN, to initiate a settlement.

[EFFECTIVE August 1, 2012]

116 Carrier Derailments and/or Freight Loss and Damage and Incidents Caused by Natural Disasters

A. When a determination can be made as to where and when freight loss and damage occurs, then the incident is considered ‘located’ on a specific rail carrier. Below outlines the ISS settlement process when located loss and damage incidents occur.

(1) Carrier derailments and/or freight loss and damage located on origin carrier and shipment terminates short of original destination.

When an interline shipment experiences a derailment or other loss and damage on the origin carrier, and the shipment is terminated short of the original destination, then the located carrier becomes the destination carrier. Since the shipment becomes local traffic on the origin carrier, any ISS URRWIN should be cancelled without funds transfer. If an ISS URRWIN does settle with funds transfer, then the settling carrier can recover revenue through railroad overcharge claim channels under OMR79. Carriers that were in the route on the bill of lading but did not perform service due to the incident will not be entitled to deprived revenue from the origin carrier for either through or Rule 11 shipments.
(2) **Carrier derailments and/or freight loss and damage located on non origin carrier and shipment terminates short of original destination.**

When an interline shipment experiences a derailment or other loss and damage beyond the origin carrier, and the shipment is terminated short of the original destination, then the carrier on whose track the incident occurred becomes the destination carrier. The located carrier should issue an opinion amending the original EDI 426 to show the FSAC of the location of the incident as the destination. Carriers that performed service will settle in ISS based on the revised destination. Carriers that were in the route on the bill of lading but did not perform service due to the incident will not be entitled to deprived revenue from the located carrier. If the freight billing carrier is not the located carrier, and the freight billing carrier cannot collect freight charges due to the incident, and an URRWIN settles with funds transfer, then that carrier may file a railroad overcharge claim with the located carrier under OMR79. If the interline shipment settles on a Rule 11 basis, and carriers cannot collect freight charges due to the incident, then any carrier that completed service and was not responsible for the incident may file a railroad overcharge claim with the located carrier under OMR79.

(3) **Carrier derailments and/or freight loss and damage located on any carrier and shipment terminates at original destination.**

When an interline shipment experiences a derailment or other loss and damage located on any carrier in the movement route, and the lading is delivered to the original billed destination, then carriers should settle in ISS as if no incident occurred. If the freight billing carrier is not the located carrier, and the freight billing carrier cannot collect freight charges due to the incident, and an URRWIN settles with funds transfer, then that carrier may file a railroad overcharge claim with the located carrier under OMR79. If the interline shipment settles on a Rule 11 basis, and carriers cannot collect freight charges due to the incident, then any carrier that completed service and was not responsible for the incident may file a railroad overcharge claim with the located carrier under OMR79.

(4) **Carrier derailments and/or freight loss and damage located on switching/handling/junction settlement or other contracted carrier.**

When an interline shipment experiences a derailment or other loss and damage located on a switching/handling/junction settlement or other contracted carrier, then the road haul carrier last performing linehaul service becomes the destination carrier. In the event, the incident occurs at the origin on a switch/handling /junction settlement or other contracted carrier, then the first road haul carrier in the movement route on the bill of lading becomes the destination carrier. ISS settlement and any overcharge claim processing for these incidents should follow the process defined in sections 1-3 above.

B. **When a determination cannot be made as to where and when freight loss and damage occurs on an interline shipment, then the incident is considered ‘not located’. Below outlines the ISS settlement process when not located loss and damage incidents occur.**

(1) **Freight loss and damage not located on any carrier and shipment terminates short of original destination.**

When an interline shipment experiences loss and damage which cannot be located on any carrier, and the shipment is terminated short of the original destination, then the carrier on whose track the incident is discovered becomes the destination carrier. The carrier discovering the incident should issue an opinion amending the original EDI 426 to show the FSAC of the location of the incident as the destination. Carriers that performed
service will settle in ISS based on the revised destination. Carriers that were in the route on the bill of lading but did not perform service due to the incident will not be entitled to deprived revenue from the located carrier. If the freight billing carrier cannot collect freight charges due to the incident, and an URRWIN settles with funds transfer, then that carrier may file a railroad overcharge claim with each carrier in the route to recover revenue under [OMR79. If the interline shipment settles on a Rule 11 basis, no railroad overcharge claim will be allowed for failure to collect freight charges due to the not located incident.

(2) **Freight loss and damage not located on any carrier and shipment terminates at original destination.**

When an interline shipment experiences loss and damage which cannot be located on any carrier in the movement route, and the lading is delivered to the original billed destination, then carriers should settle in ISS as if no incident occurred. If the freight billing carrier cannot collect freight charges due to the incident, and an URRWIN settles with funds transfer, then that carrier may file a railroad overcharge claim with each carrier in the route to recover revenue under [OMR79. If the interline shipment settles on a Rule 11 basis, no railroad overcharge claim will be allowed for failure to collect freight charges due to the not located incident.

C. Freight damaged in transit that is returned to the origin or other intermediate point for repairs, credit or sale, shall be handled without revenue, provided the return movement is via the same route as when forwarded or a route or location that meets the best possible mitigation of the loss for carriers involved (Freight Claim Rule 93 B). In the event that a through interline URRWIN settles with funds transfer on the return move, then the settling carrier may recover revenue paid in ISS through railroad overcharge claims under [OMR79. If the interline shipment settles on a Rule 11 basis, no railroad overcharge claim will be allowed for failure to collect freight charges due to the incident.

D. When an interline shipment experiences a derailment or other loss and damage that is caused by natural disasters including but not limited to hurricanes, tornadoes, earthquakes, and flooding and no carrier is at fault for the incident, and an ISS through URRWIN settles with funds transfer, and the freight billing carrier cannot collect freight charges due to the incident, then that carrier may file a railroad overcharge claim with each carrier in the route to recover revenue paid in ISS under [OMR79. If the interline shipment settles on a Rule 11 basis, no railroad overcharge claim will be allowed for failure to collect freight charges due to the incident.

[Effective October 1, 2012]

**FUNDS TRANSFER**

**149 Funds Transfer of Interline Balances**

A. On an interline shipment, the carrier responsible for collecting freight and other applicable charges, acts for and on behalf of the participating interline carriers in the collection and forwarding of all funds due in connection with such charges and further acts as guarantor to the other participating interline carriers with respect to the collection of all individual charges which comprise such funds. Regardless of whether the collecting carrier has affected the collection of the charges due, the collecting carrier must remit to the participating interline carriers their proportion of all funds due under the applicable divisional agreements, price authorities, or other authorities.
B. Railinc will furnish details of all interline freight settlements including the amounts due and payable by the collecting carrier to each interline carrier and the Railroad Clearing House on the first calendar day of the month following settlement. Any discrepancy in this statement must be called to the attention of Railinc. The Railroad Clearing House will administer the exchange of funds on the second working day.

C. In discharging its obligations to other participating interline carriers, the collecting carrier acts as a trustee, and holds monies collected in trust for the other carriers in the route, under applicable law concerning interline freight accounts. Carrier obligations under this Freight Mandatory Rule 149 shall be governed by the law concerning the settlement of interline freight revenues.

[EFFECTIVE November 1, 2012]

160 Settled Rule 11 Resubmitted as a Through Waybill

A settled 426 Rule 11 notification waybill converted to a through 426 revenue waybill must be resubmitted into ISS if no funds transfer has occurred. The through 426 revenue waybill must reference the prior URRWIN.

[EFFECTIVE August 1, 2012]

ISS ADJUSTMENTS

185 Adjustments to ISS Settlements

Adjustments to, or redistribution of, settled charges and/or divisions of revenue to ISS settlements are allowed under the circumstances described below through Overcharge Claim Distribution (Rule 85), subject to the time limits as stated in Overcharge Rule 94, and must refer to this Rule. They are subject to the minimums for adjustment provided in Overcharge Rule 101 as specifically referenced below.

A. The following adjustments require preconcurrence between the involved carriers' Collections or Claims departments before debit can be made.

(1) The following are subject to minimums as described in Overcharge Claims Rule 101(B)

(a) Prepaid vs. Collect disputes arising after settlement;

(b) Combination rated shipments (shipments rated with 2 or more local price authorities, one for each carrier’s division, and then billed by one carrier) where the non-freight billing carrier(s) rates are disputed by the customer;

(c) Miscellaneous charges (Refer to the Data Element Dictionary.) that are part of the interline settlement, which are disputed by the customer;

(d) Challenges (submitted within one year of waybill date) which are rejected by ISS due to a previous funds transfer settlement;

(e) Forced (SF) or Composite (SC) settlements;

(f) Rule 11 versus thru (including multiple carrier settlements) disputes arising after settlement, except as provided in FM Rule 160;
(g) Waybilling errors undetectable by the destination and/or intermediate carrier(s) at the time of settlement;

(h) Bill of Lading errors discovered subsequent to settlement. Bill of lading errors for this purpose exclusively consist of STCC, commodity description or weight;

(i) Diversion-related disputes arising after settlement;

(j) Conferred Cancels (CC), Cancel Disputes (CD) and Null Settlements(SN), involving shipments that have had no exchange of funds, which exceed the one year anniversary of the waybill date;

(k) Price document publishing error resulting in erroneous rates and/or divisions arising after settlement.

(2) The following are subject to minimums as described in Overcharge Rule 101(A)

(a) Any adjustment, including adjustment of any Customer charge as a result of correction or cancellation, not specifically referred to in FM Rule 185(A)(1)(a) thru (k). The amount is determined by published prices (rates and divisions) and service performed.

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189 Adjustments to ISS Settlements Due to Work Stoppage

Silent Settlements (SS) or Forced Settlements due to strike, lockout or any disaster which seriously impedes a carrier’s transmission, processing or response to EDI transmissions may be adjusted as follows.

A. Work stoppage must be at least **forty-eight (48) hours** continuous duration.

B. Affected carrier must write the Chairman of Revenue Pipeline Task Force or its successor requesting “Rule 189” dispensation within **thirty (30) days** of re-establishment of ability to transmit, respond, or process EDI transmissions.

C. The Revenue Pipeline Task Force or its successor will consider the request and respond within **thirty (30) days**.

D. Notice of approved “Rule 189” requests will be distributed to ISS Participants naming carrier and dates covered. The dates included in the notice will allow window beyond actual work stoppage calculated as one-third the work stoppage with maximum window of **ten (10) days**. Fractions of a day will be rounded to the nearest full day.

E. Affected carrier has **six (6) months** from approval date to submit Silent Settlements/Forced Settlements to Overcharge Claims of other carriers requesting authority to debit. The request must include copy of approved “Rule 189" request and authority for rate, division or other change.

F. Adjustments under this rule are subject to minimums provided in Overcharge Rule 101-B.

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[EFFECTIVE August 1, 2011]
## APPEAL

### 190 Scope

A. Any carrier involved in an ISS transaction may appeal a forced settlement, null settlement or canceled settlement providing the appellant carrier has an ISS accepted message.

B. Any dispute resulting from the application of Rule 189.

C. The application of this process is restricted to disputes as named above and will not be involved in Rules interpretation or other matters covered by the Arbitration Rules. The Appeal Subcommittee, as defined in Rule 191, has final authority to decide whether an issue is within the scope of the appeal process. Any carrier submitting an issue which is rejected by the Subcommittee for this reason, will be assessed the fee as described in Rule 192.

### 191 Appeal Subcommittee

The chairman of the Interline Revenue Committee will appoint three members to serve on an ad hoc Appeal Subcommittee, when an appeal is submitted. The Term will be for the time necessary to render a decision on the dispute being appealed. The Appeal Subcommittee members must be from members not involved in the appeal case. Any interpretation of the appeal rules or process will be made by the Appeal Subcommittee.

### 192 Appeal Process

A. Appellant carrier must submit its petition to Railinc within six (6) months of the last day of month of ISS settlement. The appeal must include:

   (1) Copy of all ISS transactions relevant to the settlement being protested;
   (2) Copy of price and/or divisions authorities;
   (3) Any other documents that are basis for appeal;
   (4) A check in the amount of $500* per settlement payable to Railinc.

B. Railinc will provide supporting documents to other carriers in the dispute and request they submit their position in the dispute in writing within thirty (30) days. The response must be supported with copies of documents supporting their position.

C. Prior to the document being submitted to the Subcommittee, the carriers involved may discuss the dispute and if resolved by them, the matter can be withdrawn without cost.

D. Upon expiration of the thirty (30) day response time, Railinc will send all documents to the Subcommittee for decision. Once the documents are submitted to the Subcommittee, no fees will be returned.

E. The Subcommittee will consider all the facts presented and render its majority decision. Their decision is restricted to a choice of the last messages submitted to ISS by the disputing carriers. Carrier(s) against which the decision is made must bear the cost of the appeal. If the decision is in favor of the carrier initiating the appeal, its $500* is refunded. If the decision is made against more than one carrier, the apportionment of the fee will be decided by the Subcommittee.
F. A carrier has **six (6) months** from the date of the decision to appeal repetitive traffic settled on the same date or subsequent to the appealed settlement. Repetitive traffic for this purpose is defined as waybills which have the same commodity, origin, destination and route.

G. Adjustments will be in accordance with Rule 185 and Overcharge Rule 85.

* Fee for other than Class I carrier is $100.

[EFFECTIVE July 1, 2011]

193 **Confidential Rates**

If the disputed settlement involves confidential rates, the carrier involved must call this to the attention of Railinc, who will notify the appropriate AAR official to decide the issue using materials which will be available at Railinc.

[EFFECTIVE July 1, 2011]

**RESPONSIBILITY FOR COLLECTION OF CHARGES**

206 **Responsibility for Collection of Freight Charges**

A. If the bill of lading’s shipment method of payment (either via EDI or otherwise) indicates ‘prepaid’ for a through interline shipment, then the origin linehaul carrier is responsible for freight billing and collection of the through freight charges applicable to the shipment.

B. If the bill of lading’s shipment method of payment (either via EDI or otherwise) indicates ‘collect’ for a through interline shipment, then the destination linehaul carrier is responsible for freight billing and collection of the through freight charges applicable to the shipment.

[EFFECTIVE September 1, 2012]

**CARRIER ASSIGNED CODES AND ABBREVIATIONS**

260 **Code Numbers, Abbreviations, Forms and Industry Reference Files Used on Interline Transactions**

A. Assigned Carrier code numbers must be shown on all interline transactions. Carriers that have not been assigned a code number should apply to Railinc, Business Services Division, 7001 Weston Pkwy, Suite 200, Cary, North Carolina 27513. Applications may be mailed to the address above or can be sent via fax at 919-651-5191 or via email at aar_ps@railinc.com.

B. Approved abbreviations for Carriers, States (U.S. and Mexico), Canadian Provinces, and Alphabetic R260 Junctions are mandatory on interline transactions.

C. The Industry Reference Files (IRFs) contain integral data standards for all interline communication and are used to ensure consistency in data interpretation. Below is a summary of IRFs.
Mark Register (MARK)
The MARK is a 2-4 character alpha abbreviation which is used to designate a transportation company (rail carrier or private equipment owner). A MARK may also be referred to as a SCAC (Standard Carrier Alpha Code). The MARK file contains a complete listing of these alpha abbreviations and the companies assigned to them. There are 5 different MARK types that are represented in this file.

- RR - Class I Railroad
- RR2 – Regional Railroad (Class II Railroad)
- RR3 – Local Railroad (shortline) (Class III Railroad)
- STC – Switching & Terminal Railroad
- PP – Property Mark

If a Mark is registered as a PP only, it cannot be used be used in a route of an interline rail move.

To register for a Mark, complete the following application: (MARK Application)

Centralized Station Master (CSM)
The Centralized Station Master (CSM) is a file which contains geographic information and other details for registered rail carriers’ stations. All authorized freight stations and related station data elements must be registered in the CSM. For each SCAC, the CSM includes:

(a) OPSL Number – A number assigned to a freight station by a carrier. The OPLS number is a five place integer followed by two decimals. OPSL numbers are unique within each carrier’s system, but are not necessarily unique between carriers. OPSL numbers are used to indicate geographical sequence of stations. OPSL numbers are published in the Official Railroad Station List (OPSL 6000 - Series) formerly known as the Open and Prepay List (OPSL). The OPSL is an IRF and an integral part of CSM.

(b) Standard Point Location Code (SPLC) – The SPLC is an IRF and an integral part of CSM. It is a six to nine position numerical code assigned by the National Motor Freight Traffic Association to one or more motor or rail freight shipping points. Rail SPLCs are assigned via Railinc’s Business Services Division for U.S. and Mexican locations and by the Canadian Transportation Agency (CTA) for Canadian locations and published in OPSL 6000 - Series. For the U.S. and Canada, the first two digits of the SPLC indicate the state, province or territory in which the point is located. The third and fourth digits indicate the county, parish in which the point is located. The fifth and sixth digits refer to a city or municipal region. For Mexican SPLCs, the first three digits refer to the state and the fourth through sixth digits refer to a municipal region within the state. For all SPLCs the seventh through ninth digits is a sub-code and refers to a specific location within a city. Currently, there are no rail station sub-codes published.
(c) Freight Station Accounting Code (FSAC) Numbers – A five-digit numerical code assigned to all active rail stations and published in the Official Railroad Station List OPSL 6000-Series. Each FSAC number must be numeric, include at least one significant digit (1-9), and must be five (5) digits in length. FSACs with less than five significant digits require leading zeroes. For example, 00001 and 12345 represent valid illustrations for FSACs. FSAC numbers must be transmitted on all 417 and 426 transaction sets. For the EDI 426, the FSAC must be registered in CSM as a Revenue Type station. Any station number formerly used cannot be reassigned to a different station for a period of three (3) calendar years.

RR3 – Local Railroad (shortline) (Class III Railroad)

(d) Station Type Code – Revenue and or Operating

(e) Longitude and Latitude

(f) Switch District Name

(g) Rate ZIP Code

CSM registration/updates are to be made either directly or through an authorized agent, to the Industry Reference Files Section, Business Services Division, Railinc, 7001 Weston Parkway, Room 200, Cary, North Carolina 27513. CSM registration/updates can be submitted via an EDI 431 transaction set, or via hardcopy (paper) submissions, using the CSM Data Entry Form AD-101. Hardcopy submissions may be mailed to the address above or can be sent via fax at 919-651-5191 or via email at aar_ps@railinc.com. Form AD-101 Coding Instruction guide provides data elements definition and valid values for registering a rail station.

(3) Junction/Interchange File

The Junction/Interchange file contains a complete listing of all of Rule 260 Junction Abbreviations and registered Interchange agreements between rail carriers within North America. Rule 260 abbreviations are assigned to rail stations at which interchanges between railroads occur. The abbreviation is limited to a maximum of 5 alpha characters.

- An Interchange must be registered within the Junction/Interchange file in order for a carrier to register a Route.
- Only registered interchanges can be used within the Serving Carrier Reciprocal Switch (SCRS) File.

Request for changes or additions of regular interchange junctions and/or assignment of alphabetic junction abbreviations must be submitted on the standard change Form AD – 103 to the Industry Reference Files Section, Business Services Division, Railinc, 7001 Weston Parkway, Room 200, Cary, North Carolina 27513. Requests may be mailed to the address above or can be sent via fax at 919-651-5191 or via email at aar_ps@railinc.com.

(4) Route

The Route file contains route descriptions and identification numbers for all of the routes in North America. The route identification consists of a 5 digit numeric value plus the origin and destination carrier. The route details contain the SCAC for each carrier in the route and the interchange point (R260 junction abbreviation) between each carrier.

Request to create new or expire old routes can be made via email at aar_ps@railinc.com.
(5) **Customer Identification File (CIF)**

CIF is a central repository for all customer data, which is used throughout the rail industry in North America. CIF contains the name, physical and mailing addresses, corporate family structure and a unique identification code for each location of a rail customer. The purpose of the CIF is to accurately identify rail customers and their locations.

Requests for a new or to expire a CIF can be made via an EDI 838 transaction set or via email at aar_ps@railinc.com.

(6) **Standard Transportation Commodity Code (STCC) File and Directory of Hazardous Materials (HAZMAT) Shipping Descriptions**

The STCC (Standard Transportation Commodity Code) file contains a complete listing of unique 7-digit codes that are used to classify a commodity or group of commodities shipped by rail.

To apply for a new STCC code or update an existing code, select the attached link (STCC Request Form).

Hazmat directory contains hazardous materials regulatory and emergency response information which allows railroads and customers to properly create shipping papers for hazardous material being shipped within North America.

To request an update to the Directory of Hazardous Materials, select the attached link (HAZMAT Request Form).

(7) **Shipment Condition File (SCF)**

This IRF contains the all of the effective shipment conditions that the rail industry uses to qualify the application of a price. Shipment conditions are used to qualify prices for a shipment on a basis other than origin, destination, commodity and weight. Shipment conditions are EDI standards and are integral in the effective exchange of interline price authorities via the Rate EDI Network (REN). The SCF is managed by the Revenue Pipeline Task Force (RPTF) or its successor committee and published via the Industry Reference Files Section, Business Services Division, Railinc, 7001 Weston Parkway, Room 200, Cary, North Carolina 27513. Request for changes or new shipment conditions should be addressed to the chair of the RPTF or via Railinc’s Business Services Division.

(8) **Serving Carrier Reciprocal Switch (SCRS)**

This IRF is still being fully populated by the rail industry. The SCRS file identifies which rail carriers physically serve specific customers at specific locations. The file identifies the switch status of a specific customer’s location as Open, Closed, Restricted or Local. Public reciprocal switch rates are also being captured in SCRS. SCRS is managed by the Customer Location Task Force (CLTF) or its successor committee and published via the Industry Reference Files Section, Business Services Division, Railinc, 7001 Weston Parkway, Room 200, Cary, North Carolina 27513.

Request for changes or updates to SCRS should be addressed to the chair of the CLTF or via Railinc’s Business Services Division.
D. Universal Machine Language Equipment Register (UMLER) – Umler™ is the industry’s central repository for registered rail and intermodal equipment in North America. It provides the physical characteristics of equipment and the inspection data needed for safe routing and loading and car hire rate information. While technically Umler is not an IRF, it is an integral file used in price application. In addition to extensive mechanical data elements, the Umler file contains pertinent information used in price application such as equipment ownership, car type, capacity, length and width. Equipment owners are responsible for registering and maintaining Umler data on their equipment via a Railinc web-based internet application.

E. Rules for the assignment, modification, cancelation and use of SCACs, Railroad Equipment Marks and Rule 260 Numbers are:

(1) Assignment of SCAC – A SCAC will not be assigned when it is determined that the alphabetic code requested has been assigned to another company. Canceled SCACs will not be reassigned for **three (3) years** from the date of cancelation (as required by the National Motor Freight Traffic Association).

(2) Assignment of Railroad Mark – A MARK will not be assigned when it is determined that the alphabetic code requested has been assigned to another railroad equipment owner or company as a SCAC. Canceled MARKs will not be reassigned for **one (1) year** from date of cancelation to be effective on the first day of the month following the assignment.

(3) Assignment of Rule 260 Numbers – A Rule 260 Number will not be assigned when it is determined that the 3-digit numeric code requested has been assigned to another railroad. Canceled Rule 260 Numbers will not be reassigned for **one (1) year** from date of cancelation.

(4) New Railroad Companies – It is required that the initial assignment of SCAC be accomplished with **thirty (30) days** advanced notice in order to provide the industry adequate lead time to accommodate interline traffic.

(5) Railroad Mergers and Consolidations – It is required that the change of a company's SCAC to a new single identity, due to the reorganization of a carrier or carriers, be accomplished with a lead time of not less than **ninety (90) days** to facilitate modifications necessary in the Industry Reference Files.

(6) Private Company SCAC/Railroad Equipment Mark and Private Trailer & Container Owners – It is required that the initial assignment of a SCAC/ Railroad Equipment Reporting Mark to a private company that has requested a new SCAC for stenciling on its equipment be accomplished with **fifteen (15) days** advanced notice prior to the month the equipment is registered in the UMLER (Universal Machine Language Equipment Register) file.

F. The Junction Settlement Identification Form (AD-102) identifies the junction settlement carrier and the ISS carrier responsible for handling ISS settlement. As junction settlement arrangements are established, the ISS carrier must furnish the information to Business Services Division, Railinc, 7001 Weston Parkway, Room 200, Cary, North Carolina 27513. The Form may be mailed to the address above or can be sent via fax at 919-651-5191 or via email at aar_ps@railinc.com.

[EFFECTIVE August 1, 2012]
INTERLINE
SWITCHING
MANDATORY
RULES
INTERLINE SWITCHING MANDATORY RULES

1 Scope

A. The following Interline Switching Mandatory Rules (ISMR) and related definitions provide procedures for the uniform handling of Interline Switching charges. They are mandatory and binding upon carriers that are Switching Settlement Data Exchange (SSDX) certified and are recommended for non-SSDX certified carriers.

B. The Interline Switching Task Force (ISTF), or its successor committee, is responsible for maintaining the ISMR. Any changes to the ISMR, including additions and deletions must be presented to and approved by a vote of the ISTF in accordance with its Rules of Order. All ISMR changes approved by the ISTF will be forwarded, with an explanation of the changes, to the Interline Revenue Committee (IRC), or its successor committee, and submitted electronically by Railinc to all SSDX certified carriers for a ratification vote. Such ISMR changes will be considered as ratified if a majority of electronic votes cast within 30 days is in the affirmative. Voting of SSDX certified carriers will be weighted according to the number of initial switch bills, both payable and receivable, settled by said carriers in the calendar year immediately preceding the commencement of the 30-day voting period. The IRC, ISTF and all SSDX carriers will be notified of the voting outcome.

C. These ISMR should not be construed as defining the policy of a carrier with respect to its relationship with the public. Notwithstanding paragraph 1A, carriers covered by the ISMR are free to enter into bilateral agreements with other carriers superseding these ISMR.

[EFFECTIVE November 1, 2012]

2 Collection of Interline Switching Charges

A. Except as specified in ISMR 2-B, line-haul carriers will be responsible for the collection of freight charges per Freight Mandatory Rule (FMR) 206. Interline switch carriers performing reciprocal or intermediate switching services will collect their switching revenue as follows:

(1) Origin switch carrier will bill the origin linehaul carrier on outbound (forwarded) movements;

(2) Destination switch carrier will bill the destination linehaul carrier on inbound (received) movements,

(3) Intermediate switch carrier(s) will bill the last linehaul carrier preceding the intermediate switch movement when the intermediate switch movement is between two linehaul carriers, or a linehaul carrier and another intermediate switch carrier or a destination switch carrier.

When an intermediate switch movement is initiated by a switch carrier, intermediate switch carrier(s) will bill either the origin linehaul carrier or the delivering switch carrier, as governed by the intermediate switch carrier’s tariff. A switch carrier may recharge an intermediate switch carrier’s switch charge when the intermediate switch carrier’s switch charge was incurred in connection with a reciprocal switch movement performed by the switch carrier. Intermediate recharges must be supported by the switch carrier’s tariff and will be assessed as follows:

(a) To the origin linehaul carrier on outbound (forwarded) loaded movements;
(b) To the destination linehaul carrier from the preceding inbound (received) movement on empty return movements.

B. The collection of switching charges on inter-terminal movements will be the responsibility of the origin switch carrier. The destination switch carrier will bill the origin switch carrier to collect its revenue for the inbound (received) movement.

[EFFECTIVE January 1, 2013]

3 Issuance of Interline Switching Notifications

A. An electronic (EDI 404, 417, 418) interline switching notification must be issued for each car providing the information necessary for the car’s movement and the proper assessment of interline switching charges. Notification(s) must be furnished to connecting switch and/or linehaul carriers by the:

(1) Origin switch or origin linehaul carrier on outbound (forwarded) movements and inter-terminal movements;
(2) Destination linehaul carrier on inbound (received) movements;
(3) Last linehaul carrier preceding the intermediate movement on intermediate switch movements between two linehaul carriers.

[EFFECTIVE November 1, 2012]

4 Preparation and Handling of Switching Settlement Statements

The carrier performing switching must prepare an Initial Switching Settlement Statement (Form AD-163) listing all cars for which switching charges are due. The formatting requirements for electronic Switching Settlement Statements are outlined in the Procedures for Carrier’s and/or Railinc Data Systems Exchange Program for Interline Switch Settlements. See ISMR 11.

A. Initial Switching Settlement Statements do not require the approval of the paying carrier before payment and will be used as the basis for switching settlements.

B. Separate statements by class of traffic (received, forwarded, intermediate and intermediate recharges) must be issued for each station or terminal from which switching charges are due. Statements for each class of traffic must be numbered consecutively, by page, throughout the month.

C. As applicable, statements must include only the switch charge, fuel surcharge, and taxes assessed in accordance with price authorities and regulatory requirements. Special items such as demurrage, reconsignment, weighing, cars switched in error, etc., must not be included.

D. Distribution of statements should be made to the paying carrier’s designated officer.

[EFFECTIVE September 1, 2013]
5 Submission of Switching Settlement Statements

Switching Settlement Data Exchange (SSDX) participants must submit their switching settlement data electronically to RAILINC no later than the fifteenth (15th) calendar day of the month, or the first workday thereafter if the fifteenth (15th) falls on a Saturday, Sunday or holiday recognized by Railinc.

Carriers not participating in the electronic Switching Settlement Data Exchange must continue to submit their Initial Switching Settlement Statement (Form AD-163), which supports the Summary of Interline Switching Accounts (Form AD-165), directly to the paying carrier no later than the Twelfth (12th) workday of the month.

[EFFECTIVE September 1, 2013]

6 Exceptions and Adjustments to Switching Settlement Statements

A. Adjustments to Initial Switching Settlement Statements (see ISMR 4) must be listed on an Adjustment Statement to Switching Settlement (Form AD-164) and included on a subsequent month’s Summary of Interline Switching Accounts (Form AD-165).

Exceptions to Initial Switching Settlement Statements or to previously settled adjustments to Initial Switching Settlement Statements must be listed on an Exception Statement to Switching Settlement (Form AD-164) and included on a subsequent month’s Summary of Interline Switching Accounts (Form AD-165).

As with Initial Switching Settlement Statements, exceptions and adjustments to Initial Switching Settlement Statements, as well as exceptions to previously settled adjustments to Initial Switching Settlement Statements, do not require the approval of the paying carrier for settlement.

Original and necessary copies must be prepared, showing “as settled amount”, “should be amount”, and “reason for exception or adjustment” for each item. Separate Adjustment and Exception Statements must be prepared by class of traffic (received, forwarded, intermediate, and intermediate recharges) for each station or terminal.

The formatting requirements for electronic Adjustment and Exception Statements are outlined in the Procedures for Carrier’s and/or Railinc Data Systems Exchange Program for Interline Switch Settlements. See ISMR 11.

B. Exceptions to previously settled switching exceptions (a.k.a. Counter-Exceptions or Claims), must be listed on an Exception Statement to Switching Settlement (Form AD-164) and must be signed by both carriers before being included on a subsequent month’s Summary of Interline Switching Accounts (Form AD-165). The approval or concurrence of the paying carrier is required for settlement, except as provided by ISMR 10-E.

Exceptions requiring the signature of the paying carrier will still be handled electronically, but the concurrence will be handled outside of the Switching Settlement Data Exchange until SSDX logic can be modified to accommodate the electronic concurrence/signature of the paying carrier.

C. Adjustment and Exception Statements must not be issued for errors less than:

(1) $5.00 on individual cars;
(2) $20.00 (aggregate) for repetitive errors.
D. Distribution of Adjustment and Exception Statements shall be made to the switching carrier’s designated officer.

Distribution of exceptions to previously settled exceptions (a.k.a. Counter-Exceptions or Claims) shall be made to the paying carrier’s designated officer, along with appropriate concurring signature.

E. A copy of the signed Exception Statement must be included with the designated officer’s copy of the subsequent month’s Switching Settlement Statement (Form AD-163) and recapitulation. The total must be shown separately on the Summary of Interline Switching Accounts (Form AD-165).

Approved Counter-Exceptions will be included within the SSDX Switching Settlement Summary in accordance with SSDX format and procedures. See ISMR 11.

[EFFECTIVE January 1, 2013]

8 Monthly Recapitulation

Monthly recapitulation by station for each carrier billed must be prepared from Initial Switching Settlement Statements (Form AD-163), Adjustment Statements (Form AD-164) and Exceptions Statements (Form AD-164). Separate totals must be carried to the Summary of Interline Switching Accounts (Form AD-165).

Recapitulation can be made on Initial Switching Settlement Statement Form AD-163, Adjustment Statement Form AD-164, Exception Statement Form AD-164, and Summary Form AD-165. Recapitulation will occur within SSDX process. See ISMR 11.

[EFFECTIVE January 1, 2013]

9 Net Switching Settlement and Forwarding of Switching Accounts

Switching Settlement Data Exchange (SSDX) participants must submit their switch settlement data electronically to Railinc no later than the fifteenth (15th) calendar day of the month, or the first workday thereafter if the fifteenth (15th) falls on a Saturday, Sunday or holiday recognized by Railinc. Railinc will subsequently distribute settlement data electronically to the settling carriers the following workday. See ISMR 12.

SSDX participants that are unable to forward their switch settlement data to Railinc electronically by the fifteenth (15th) calendar day of the month, or the first workday thereafter if the fifteenth (15th) falls on a Saturday, Sunday or holiday recognized by Railinc, will have to wait until the subsequent month to engage in the settlement process.

Carriers not yet participating in the electronic Switching Settlement Data Exchange must prepare a summary of Interline Switching Accounts (Form AD-165), with recapitulations, original Switching Settlement Statements (see ISMR 4), original Adjustment Statements (see ISMR 6) and original Exception Statements (see ISMR 6) attached, and submit Statement directly to the paying carrier no later than the twelfth (12th) workday of the month.

[EFFECTIVE January 1, 2013]
10 Time Limits

A. Cars for which switching charges are due must be included on an Initial Switching Settlement Statement (see ISMR 4) within six (6) months from the month of interchange.

<table>
<thead>
<tr>
<th>Interchange Month</th>
<th>Last AAR Acct Month can be included on a Statement</th>
<th>Last Calendar Month can be Submitted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jul-2017</td>
<td>Dec-2017</td>
<td>Jan-2018</td>
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<td>Oct-2017</td>
<td>Mar-2018</td>
<td>Apr-2018</td>
</tr>
<tr>
<td>Nov-2017</td>
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<td>May-2018</td>
</tr>
<tr>
<td>Dec-2017</td>
<td>May-2018</td>
<td>Jun-2018</td>
</tr>
</tbody>
</table>

* The years identified in the table are for illustrative purposes only.

B. Adjustments to Initial Switching Settlements (see ISMR 6-A) must be included on an Adjustment Statement within six (6) months from the month of the Initial Switching Settlement Statement.

Exceptions to Initial Switching Settlements (see ISMR 6-A) must be included on an Exception Statement within six (6) months from the month of the Initial Switching Settlement Statement.

<table>
<thead>
<tr>
<th>AAR Acct Month of Initial Statement</th>
<th>Last AAR Acct Month Adjustment/Exception can be included on a Statement</th>
<th>Last Calendar Month Adjustment/Exception can be Submitted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jun-2017</td>
<td>Dec-2017</td>
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<td>Aug-2017</td>
<td>Feb-2018</td>
<td>Mar-2018</td>
</tr>
<tr>
<td>Sep-2017</td>
<td>Mar-2018</td>
<td>Apr-2018</td>
</tr>
<tr>
<td>Oct-2017</td>
<td>Apr-2018</td>
<td>May-2018</td>
</tr>
<tr>
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</tr>
<tr>
<td>Dec-2017</td>
<td>Jun-2018</td>
<td>Jul-2018</td>
</tr>
</tbody>
</table>

* The years identified in the table are for illustrative purposes only.
Exceptions to adjustments to Initial Switching Settlements (see ISMR 6-A) must be included on an Exception Statement within six (6) months from the month of the Adjustment Settlement Statement.

<table>
<thead>
<tr>
<th>AAR Acct Month of Adjustment Statement</th>
<th>Last AAR Acct Month Exception to Adjustment can be included on a Statement</th>
<th>Last Calendar Month Exception to Adjustment can be Submitted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jun-2017</td>
<td>Dec-2017</td>
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<td>Aug-2017</td>
<td>Feb-2018</td>
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<td>Mar-2018</td>
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<td>Oct-2017</td>
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<tr>
<td>Dec-2017</td>
<td>Jun-2018</td>
<td>Jul-2018</td>
</tr>
</tbody>
</table>

* The years identified in the table are for illustrative purposes only.

C. Exceptions to previously settled switching exceptions (see ISMR 6-B) must be initiated within six (6) months from the month of the Exception Settlement Statement.

<table>
<thead>
<tr>
<th>AAR Acct Month of Exception Statement</th>
<th>Last AAR Acct Month Exception to Exception can be initiated</th>
<th>Last Calendar Month Exception to Exception can be Initiated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jun-2017</td>
<td>Dec-2017</td>
<td>Jan-2018</td>
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<td>Jul-2017</td>
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<td>Oct-2017</td>
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<td>May-2018</td>
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<tr>
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<td>May-2018</td>
<td>Jun-2018</td>
</tr>
<tr>
<td>Dec-2017</td>
<td>Jun-2018</td>
<td>Jul-2018</td>
</tr>
</tbody>
</table>

* The years identified in the table are for illustrative purposes only.

D. Carriers will have six (6) months to include cars that have been voided through ISS or declined through overcharge claims on a Switching Settlement Statement. These records must be coded with a “Y” in column 86 of the SSDX formatted statement. The six (6) months will be measured from:

1. The last day of the month in which the URRWIN was settled Cancel Concurred (CC), Cancel Disputed (CD), or Settled Null (SN) in ISS;
2. The last day of the month in which the overcharge claim was declined.

E. Exception Statements requiring concurrence must be returned to issuing carrier, approved or declined within sixty (60) days from date of issue. If Exception Statement is not returned within
sixty (60) days, the delinquent carrier may re-debit and must accept the debit until agreement or Arbitration Committee decision is reached. See ISMR 6-B.

F. Carriers will have six (6) months to include exceptions to cars previously settled through interline switching, and subsequently settled through ISS or overcharge claims, on an Exception Statement. These records must be coded with a “Y” in column 86 of the SSDX formatted statement. The six (6) months will be measured from:

(1) The last day of the month in which the URRWIN settled with funds transfer in ISS;

(2) The last day of the month in which the authorized claim was included on an overcharge claim’s abstract.

[EFFECTIVE January 1, 2013]

11 Participation of Carriers in Switching Settlement Data Exchange (SSDX) Process

A. To enter the Exchange Program, the carriers must contact the Product Support Specialist, Interline Services Division of Railinc for full particulars. Upon receipt of intent to participate, the Product Support Specialist will work with the carrier, who must submit test files in the preproduction environment, in order to test the validity of their files. Upon successful testing in the pre-production environment, the Product Support Specialist must notify all participants at least thirty (30) days before the new entrant commences participation.

The new SSDX format and Procedures for Carrier’s and/or Railinc Data Systems Exchange Program for Interline Switching Settlements will be supplied to new participants prior to testing by Railinc. This format will outline required switch settlement data fields to make interline switch settlement between interchanging carriers.

NOTE: A carrier who discontinues participation and desires to re-enter will be treated as a new entrant.

B. Carriers submitting switching settlement statements electronically must furnish exchange records, in the agreed SSDX format, to Railinc in accordance with the prescribed time schedule. Railinc will then extract each exchange carrier’s records from all the settling carriers data submitted and forward to the recipient carrier.

C. Exchange submissions to Railinc will be restricted to a single, current accounting month.

[EFFECTIVE November 1, 2012]

12 Funds Transfer for Interline Switching Balances

A. For Switching Settlement Data Exchange (SSDX) participants settling Interline Switching Statements through the Railroad Clearinghouse (RCH), Railinc will furnish an account of the amounts payable and receivable by carrier, including the participant’s Net/Net position, to each participant and the RCH no later than the twenty-fifth (25th) calendar day of the month, or the first workday thereafter if the twenty-fifth (25th) falls on a Saturday, Sunday or holiday recognized by Railinc. The exchange of funds through the RCH will occur on the subsequent workday and will be based on SSDX data. Any discrepancy in the settlement amounts must be called to the attention of the SSDX Administrator. Refer to the SSDX Railroad Clearinghouse Settlement Regulations for participant requirements.
B. Switching Settlement Data Exchange (SSDX) participants not settling Interline Switching Statements through the Railroad Clearinghouse (RCH) must continue to settle said statements on a carrier-to-carrier basis. Settlement will be: 1) based on SSDX data; 2) made on the net balance; and 3) accomplished by sight draft, check/voucher, ACH, or other agreed means of exchanging funds. The carrier with the net payable liability will be responsible for initiating payment.

C. Carriers not yet participating in the electronic Switching Settlement Data Exchange must continue to settle Interline Switching Statements on a carrier-to-carrier basis. Settlement will be: 1) made on the net balance; and 2) accomplished by sight draft, check/voucher, ACH, or other agreed means of exchanging funds. The carrier with the net payable liability will be responsible for initiating payment.

[EFFECTIVE November 1, 2012]
OVERCHARGE
MANDATORY
RULES
1 Scope
A. The following Overcharge Mandatory Rules (OMR) and definitions are provided for the settlement of all interline claims arising from overcharge, duplicate payments, misrouted freight, relief, railroad errors, deprived revenue or other claims as defined in these rules. They are mandatory and binding upon carriers that are Interline Settlement System (ISS) certified and are recommended for non ISS carriers.

B. The Revenue Pipeline Task Force (RPTF), or its successor committee, is responsible for maintaining the OMR. Any changes to the OMR, including additions and deletions must be presented to and approved by a vote of the RPTF in accordance with its Rules of Order. All Rule changes approved by the RPTF will be forwarded, with an explanation of the changes, to the Interline Revenue Committee (IRC) or its successor committee and submitted electronically by Railinc to all ISS Certified carriers for a ratification vote. Such Rule changes will be considered as ratified if a majority of electronic votes cast within 30 days is in the affirmative. Voting of ISS Certified carriers will be weighted according to the number of settled waybills the carriers had in the calendar year immediately preceding the commencement of the 30 day voting period. The IRC, RPTF and all ISS carriers will be notified of the voting outcome.

C. The OMR and definitions in effect when initial settlement of claim between carriers is made will govern any subsequent recharge or other adjustment of the initial settlement. Notwithstanding paragraph 1A, carriers covered by the OMR are free to enter into bilateral agreements with other carriers superseding these OMR.

2 Filing and Handling Claims
A. Carriers filing claims should refer to Railinc’s contact list to obtain the carrier’s contact information for filing claims. Claims can be filed either electronically (preferred method), email, or by fax using Railinc’s contact information (FindUS.Rail). All carriers are responsible for maintaining their own contact information within Railinc’s site. Carriers filing ISS or Misroute/Railroad Error claims, are required to supply the following information:

**ISS Claims** [Freight Mandatory (FM) Rule 185 A(1)(a-k); Rule 185 A(2)(a)]

1. Car Init/No, WB No., WB Date, or URRWIN number
2. Complete rule number reference – [ e.g. Rule 185 A(1)(j) ]
3. Claim amount
4. Amount claimed for each waybill, if claiming multiple cars.
5. Date Filed
6. Claim Number (Reference to other road’s claim number, if known)
7. Recipient Road
8. Explanation of reason for filing claim and supporting documentation
(9) Statement of claim action (Request to debit, Resubmitting Request)
(10) Name and contact information of person filing claim.
(11) Hand written information on claim submission or responses are not allowed

**Misroute Claims** (Overcharge Mandatory Rules 50–52; 63–64) and any other railroad claims filed under other Overcharge Mandatory Rules

(1) Car Initial/No
(2) Interchange Date/WB Date, WB No
(3) Rule number reference – [e.g. Rule 52]
(4) Claim amount
(5) Amount claimed for each waybill, if claiming multiple cars.
(6) Date filed
(7) Claim number (reference to other road’s claim number, if known)
(8) Recipient road
(9) Explanation of reason for filing claim and supporting documentation
(10) Statement of claim action (request to debit, charge, recharge)
(11) Name and contact information of person filing claim.
(12) Hand written information on claim submission or responses are not allowed

B. The absence of any of the documents required for the presentation of claim must be investigated by the paying carrier. If any required documentation/information (reference OC Rule 2A) is missing, the claim can be declined.

C. Carriers shall encourage claimants to file ISS claims with the freight billing carrier. If the claimant (ISS participating carrier) does not file a claim with the freight billing carrier, the carrier receiving the claim will acknowledge receipt of the claim, and may decline the claim, and advise the claimant what carrier the claimant should file the claim against.

D. In the event of an insolvent freight billing carrier, any customer claim should be forwarded to a solvent carrier in the following order:

   (1) The non-freight billing origin or destination carrier;
   (2) Any intermediate carrier.

   (Reference OC Mandatory Rule 97 for claim process details)

E. Claims that are declined must have a valid reason and supporting documentation from the declination carrier. Freight bill collection issues are not a valid or acceptable reason for declining a claim.

   [EFFECTIVE May 1, 2013]

**18 Claims Related to Transloaded Shipments**

If two or more URRWINs settle in ISS with funds transfer for an interline rail shipment where the lading was transloaded into other rail equipment in route, then the URRWIN tied to the original rail equipment will stand. A carrier adversely impacted by an URRWIN settlement on the subsequent rail equipment can recover its revenue via railroad overcharge claims. A carrier has 6 months from the last day of the month of ISS settlement of the subsequent URRWIN to file a claim. Claims related to transloaded shipments under this rule will be subject to pre-concurrence and will not be subject to a dollar minimum.

   [EFFECTIVE June 1, 2010]
### INVESTIGATION, PAYMENT, APPORTIONMENT AND SETTLEMENT

#### 50 Claim for Deprived Revenue

A. The carrier(s) responsible for the delivery of a shipment contrary to the routing instructions on the bill of lading will be liable for deprived revenue, unless a diversion, rebill, or cancellation of shipment was in compliance with customer request. As a best practice, responsible carriers should send an EDI cancel or void (i.e., EDI 417 Cancel; EDI 998 void) to the affected carriers when shipping instructions have been diverted, rebilled, or cancelled to eliminate invalid deprived revenue claims.

B. Claims must be presented to the carrier at fault and are subject to time limits in Rule 94-A.

C. The carrier deprived of the linehaul must be allowed the total amount of revenue at the applicable rate that it would have received had the shipment not been erroneously diverted. No adjustments will be made for switching charges, car hire expenses, or any other expenses.

*EFFECTIVE March 1, 2013*

#### 51 Settlement of Railroad Error Billing After Initial ISS Settlement for Traffic Moving on Non-Confidential Rates*

A. Once a waybill has been settled in ISS, any adjustments resulting from railroad errors must be made through Overcharge Claim Distribution.

B. Railroad errors must be settled via the route of movement for the proper charges due from the customer as if no error occurred.

Settlement will be made on a mileage prorate based on claiming carrier’s ALK miles (based on forwarding instructions from the erring carrier) subject to a one hundred (100) mile minimum for each linehaul carrier. In the absence of revenue recovery under a deprived revenue claim, the destination linehaul carrier may charge the erring carrier any switching charges to affect delivery to the customer. In addition, if any intermediate carrier pays switching charges as a result of an error and no recovery of linehaul charges is made under a deprived revenue claim, the switching amount may be charged to the erring carrier.

Claim distribution must show that settlement is made under the provisions of this rule.

C. The time limit for debit of railroad errors through Overcharge Claims is stated in Rule 94-A. Refer to corresponding Freight Mandatory Rule 100 for further information.

*Note: As a best practice, empty equipment misroutes due to railroad error should be billed by invoice per each road’s tariff. Reference FindUs.Rail, category: Empty Error Billing, for contact information. A road may choose to honor overcharge claims for these misroutes but is not obligated to do so.

*EFFECTIVE September 1, 2016*
52 Settlement of Railroad Error Billing for Traffic Moving on Confidential Rates*

A. Once a waybill has been settled in ISS, any adjustments resulting from railroad errors must be made through Overcharge Claim Distribution.

B. Railroad errors must be settled in ISS via the route named in the confidential rate document for the proper charges due from the customer as if no error occurred.

C. When a waybill with confidential rates cannot be collected by the final linehaul carrier because it is not a party to a confidential rate, the following procedure will apply.

   (1) The carrier performing the final linehaul service will:

   a. Notify the carrier which is designated as the destination carrier in the confidential price authority to issue the freight bill. Notification will be addressed to the contact listed in Railinc’s FindUs.Rail.

   b. Void any freight bills and file for recovery of revenue against the erring carrier by requesting authority to debit through claim channels.

   c. In the absence of revenue recovery under a deprived revenue claim, the final linehaul carrier may charge the erring carrier any switching charges to effect delivery to the customer. In addition, if any intermediate carrier pays switching charges as a result of an error and no recovery of linehaul charges is made under a deprived revenue claim, the switching amount may be charged to the erring carrier.

   (2) Intermediate carriers must void any freight bills and file for recovery of revenue against the erring carrier by requesting authority to debit through claim channels.

D. Overcharge Rule 79 will not be used in conjunction with the application of this rule.

E. Claims must be presented to the erring carrier within the time limits in Rule 94-A.

Refer to corresponding Freight Mandatory Rule 100 for further information.

*Note: As a best practice, empty equipment misroutes due to railroad error should be billed by invoice per each road’s tariff. Reference FindUs.Rail, category: Empty Error Billing, for contact information. A road may choose to honor overcharge claims for these misroutes but is not obligated to do so.

[EFFECTIVE September 1, 2016]

54 Closed Industry

A closed industry is defined as closed to reciprocal switching and therefore the delivering road is entitled to linehaul revenue. This information is generally published in a switching tariff, where open customers are listed and therefore any industry not listed is closed to reciprocal switching. Verification of closed industry information may be found in SCRS (Serving Carrier Reciprocal Switch).

For purposes of determining a valid closed industry claim, the bill of lading (EDI 404) from the customer will be the governing document unless the shipment was diverted or re-billed. A closed industry claim may be filed if the bill of lading (EDI 404) does not indicate the road serving the closed industry as a linehaul carrier (the serving carrier is not shown in the route [EDI 404 R2 segment] or is shown as a delivery carrier only. The carrier is entitled to compensation based on a bilateral agreement or a publication.

[EFFECTIVE November 1, 2018]
63 **Loaded Car Handled as an Empty Car**

A. When a loaded car is interchanged as an empty car with instructions defined as a 417 or 418 or written instructions that it is to be forwarded to a certain destination, movement of the car to that destination is justified and carriers in the route are entitled to either:
   
   (1) Revenue for the haul from point where it was discovered to be under load to the point where car is returned to the erring carrier or
   
   (2) Revenue from point of interchange with succeeding carrier if car is moved to designated destination via a route not requiring service of erring carrier.

B. If the car is moved beyond the interchange point without forwarding instructions, carriers are not justified in handling the car and revenue will not be allowed.

   [EFFECTIVE June 1, 2012]

64 **Empty Car Handled as a Loaded Car**

When a car is interchanged with waybilling instructions indicating that the car is loaded, and it develops that car is empty, the outbound junction carrier and subsequent carriers must void freight charges. Erring carrier must accept debit for any miscellaneous charges (refer to the Data Element Dictionary) that may have been paid incident to the handling of the car.

   [EFFECTIVE June 1, 2012]

71 **Interest**

When interest is paid in settlement of a customer adjustment on an interline shipment, it will be apportioned on the same basis as claim is apportioned.

   [EFFECTIVE June 1, 2012]

79 **Revenue Recovery of Freight Loss and Damage**

A. When carriers perform service and a freight loss occurs on a ‘located’ carrier, the carrier(s) not responsible for the freight loss, is(are) entitled to their division of freight revenue [reference FMR 116 (A)(2) for details and proper ISS messaging].

B. Carriers not performing service in a freight loss shipment are not entitled to a division of freight revenue [reference FMR 116 (A)(1), (A)(2), (B)(1)].

C. When a located carrier can be determined, and the freight loss shipment becomes uncollectable, the freight billing carrier can recover all revenue settled in ISS from the located carrier [reference FMR 116 (A)(2), (A)(3)].

D. When a responsible carrier cannot be determined for the freight loss shipment, and the shipment becomes uncollectable, any funds transferred in ISS can be recovered from each linehaul carrier in the route by the freight billing carrier [reference FMR 116 (B)(1), (B)(2)].

E. Any interline settlements with Funds Transfer on returned shipments of damaged freight can be recovered by the freight billing carrier [reference FMR 116 (C)]
F. Any interline settlements with Funds Transfer on shipments damaged by ‘natural disasters or Acts of God’ can be recovered by the freight billing carrier [reference FMR 116 (D)].

G. All Overcharge Claims filed under this rule are subject to minimums as described in Overcharge Mandatory Rule 101 (B).

[EFFECTIVE October 1, 2012]

84 Honoring Authorities Granted

When a carrier authorizes another carrier to debit it through claim channels, a letter of authority or distribution statement is required to support the debit. If a letter of authority is used as a basis for settlement of a claim and the abstract has been created, the authority cannot be repudiated.

(Reference Overcharge Mandatory Rule 93 for correction of any Abstract errors)

[EFFECTIVE June 1, 2012]

85 Distribution Statements

A. When the investigation of an adjustment is complete, the adjusting carrier will apportion the amount in accordance with the appropriate overcharge rule(s).

B. The carrier apportioning the adjustment must send distribution statement (Form AD-301 or equivalent), with Abstract of Distribution Statement (Form AD-303 or equivalent), to each debited carrier.

[EFFECTIVE June 1, 2012]

91 Settlement of Claim Balances and Payment

A. The carrier apportioning claims must send abstract of distribution statements on Form AD-303 (or equivalent carrier internal form) summarizing amounts due from each carrier, supported by distribution and recharge statements. These statements must be sent so as to be received by the designated person/group, per Railinc’s contact database (FindUS.Rail), on or before the ninth (9th) workday of the month. In the absence of any pre-existing and/or bilateral agreement between carriers, settlement will be made on net balances which will be immediately subject to payment.

B. If a carrier is unable to furnish the figures specified in paragraph A on that date, the carrier requesting figures may advise the delinquent carrier that it intends to debit in the amount shown on its own abstract of distribution statements and the delinquent carrier may debit for amounts due it when the amount is known.

[EFFECTIVE September 1, 2012]

93 Recharge of Disputed Amounts

A. When an amount charged under Overcharge Mandatory Rule 85 is unacceptable to debited carrier, only that portion which is not acceptable may be recharged. No recharge will exceed the amount charged nor will any change in amount debited be made for less than $100.00*, except as provided for in paragraph B.

B. When total amount charged under Overcharge Mandatory Rule 94 is an erroneous charge, that amount may be recharged without regard to minimum for adjustment.
C. When an amount is legitimately debited under Overcharge Rule 94 for failure to respond to a preconcurrence request, the carrier receiving the debit may not recharge without first obtaining authority from the carrier making debit. If a reply to a request for preconcurrence to recharge is not received within sixty (60) days, the delinquent carrier may be redebited, and must accept the debit.

D. The carrier receiving the recharge may not reverse the debit without first obtaining the authority of the carrier making the recharge. Claim papers must be sent to the carrier previously debited with a demand for acceptance or rejection of the disputed amount. If a reply is not received within sixty (60) days, the delinquent carrier may be redebited, and must accept the debit. If still not in agreement as to correctness of the distribution, the delinquent carrier must carry the amount in its account until resolved by agreement or arbitration.

* The minimum will be $20.00 on adjustments involving Class II and III carriers.

[EFFECTIVE June 1, 2012]

94 Time Limits for Settlement and Adjustment of Interline Claims

A. Claims filed after time limits prescribed in the following time limit table (shown below) may be declined.

If a response to claim pre-concurrence is not received within 60 days of claim request, the claimant may debit for amount requested from the non-complying carrier.

Customer claims must be filed in accordance with applicable legal time limits (US Title 49 Item 11705) for the claim to be considered. If this rule is applied to customer adjustments, the six (6) month time limit applies to adjustment of payment as a result of a customer dispute and/or non-payment; and the three (3) month time limit applies to customer overcharge claims.

Overcharge claims returned declined can be resubmitted within sixty (60) days of the date declination is received.

The following table indicates the Item, Accounting Rule, Time Limits, and Time Limit Measured From guidelines. All items are listed in months, unless otherwise noted.

<table>
<thead>
<tr>
<th>Item</th>
<th>Rule</th>
<th>Time Limit (Months)</th>
<th>Measured From</th>
</tr>
</thead>
<tbody>
<tr>
<td>Closed Industry</td>
<td>Overcharge Mandatory 54</td>
<td>6</td>
<td>Bill of Lading Date</td>
</tr>
<tr>
<td>Resubmission of declined claims</td>
<td>Overcharge Mandatory 94</td>
<td>60 days</td>
<td>Date declination received</td>
</tr>
<tr>
<td>Customer Adjustments</td>
<td>Freight Mandatory 185</td>
<td>3</td>
<td>Last Day of Month of Payment to Customer or adjustment of freight charges. Customer refunds dated more than twelve (12) months from the first refund date to last refund date are not eligible to be aggregated to meet Rule 101 minimum amounts for adjustments.</td>
</tr>
<tr>
<td>Item</td>
<td>Rule</td>
<td>Time Limit (Months)</td>
<td>Measured From</td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td>---------------------------</td>
<td>---------------------</td>
<td>--------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Allowances/Refunds</td>
<td>Freight Mandatory 185</td>
<td>3</td>
<td>Last Day of Month of Payment to Customer</td>
</tr>
<tr>
<td>Combination Rates</td>
<td>Freight Mandatory 185</td>
<td>6</td>
<td>Last Day of Month of ISS Settlement</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3</td>
<td>Last Day of Month of Payment to Customer</td>
</tr>
<tr>
<td>Miscellaneous Charges</td>
<td>Freight Mandatory 185</td>
<td>6</td>
<td>Last Day of Month of ISS Settlement</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3</td>
<td>Last Day of Month of Payment to Customer</td>
</tr>
<tr>
<td>Undetectable Waybilling Errors Resulting in Customer Adjustments</td>
<td>Freight Mandatory 185</td>
<td>6</td>
<td>Last Day of Month of ISS Settlement</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3</td>
<td>Last Day of Month of Payment to Customer</td>
</tr>
<tr>
<td>Bill of Lading Errors Resulting in Customer Adjustments</td>
<td>Freight Mandatory 185</td>
<td>6</td>
<td>Last Day of Month of Order, Award or Agreement</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3</td>
<td>Last Day of Month of Payment to Customer</td>
</tr>
<tr>
<td>Prepaid/Collect</td>
<td>Freight Mandatory 185</td>
<td>6</td>
<td>Last Day of Month of ISS Settlement</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3</td>
<td>Last Day of Month of Payment to Customer</td>
</tr>
<tr>
<td>Rejected Challenge</td>
<td>Freight Mandatory 185</td>
<td>6</td>
<td>Last Day of Month of Rejected Challenge Date</td>
</tr>
<tr>
<td>Deprived Revenue</td>
<td>Overcharge Mandatory 50</td>
<td>6</td>
<td>Bill of Lading Date</td>
</tr>
<tr>
<td>Forced Settlements</td>
<td>Freight Mandatory 185</td>
<td>6</td>
<td>Last Day of Month of ISS Settlement</td>
</tr>
<tr>
<td>Diversion-related Disputes</td>
<td>Freight Mandatory 185</td>
<td>6</td>
<td>Last Day of Month of ISS Settlement</td>
</tr>
<tr>
<td>Railroad Errors</td>
<td>Overcharge Mandatory 51</td>
<td>6</td>
<td>Last Day of Month of ISS Settlement</td>
</tr>
<tr>
<td></td>
<td>Overcharge Mandatory 52, 63, and 64</td>
<td>6</td>
<td>Last Day of Month of ISS Settlement (If no ISS settlement occurred, use interchange date)</td>
</tr>
<tr>
<td>Error in Summary</td>
<td>Freight Mandatory 149</td>
<td>3</td>
<td>Last Day of Month of Funds Transfer Date</td>
</tr>
<tr>
<td>Item</td>
<td>Rule</td>
<td>Time Limit (Months)</td>
<td>Measured From</td>
</tr>
<tr>
<td>------------------------------------------------</td>
<td>-------------------------------</td>
<td>--------------------</td>
<td>-----------------------------------------------------</td>
</tr>
<tr>
<td>Recharge of Disputed Amounts</td>
<td>Overcharge Mandatory 93 A, B</td>
<td>6</td>
<td>Last Day of the abstract Month in which debit was included. (See Overcharge Claims Rule 133 and form AD-303)</td>
</tr>
<tr>
<td></td>
<td>Overcharge Mandatory 93 C, D</td>
<td>60 days</td>
<td>Date of Request</td>
</tr>
<tr>
<td>Revenue Recovery of Freight Loss and Damage</td>
<td>Freight Mandatory 116</td>
<td>6</td>
<td>Last Day of Month of Freight Claim Settlement Date</td>
</tr>
<tr>
<td>Rule 11 Disputes</td>
<td>Freight Mandatory 185</td>
<td>6</td>
<td>Last Day of Month of ISS Settlement</td>
</tr>
<tr>
<td>Processing Authorities Granted</td>
<td>Overcharge Mandatory 84</td>
<td>6</td>
<td>Last Day of Month of Date Authority Given</td>
</tr>
<tr>
<td>Duplicate ISS</td>
<td>Freight Mandatory 185.A.2</td>
<td>6</td>
<td>Last Day of Month of ISS Settlement</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3</td>
<td>Last Day of Month of Payment to Customer</td>
</tr>
<tr>
<td>Response to Preconcurrence Request</td>
<td>Freight Mandatory 185</td>
<td>60 days</td>
<td>Date of Request</td>
</tr>
<tr>
<td>Concurred Cancels (CC), Cancel Disputes (CD)</td>
<td>Freight Mandatory 185</td>
<td>15</td>
<td>Last Day of Month of the origin roads revenue waybill date</td>
</tr>
<tr>
<td>and Null Settlements (SN)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Response to Request for Adjustment of Silent</td>
<td>Freight Mandatory 189</td>
<td>6</td>
<td>Rule 189 approval date</td>
</tr>
<tr>
<td>Settlements or Forced Settlements</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customs Penalty Adjustments</td>
<td>Freight Mandatory 14</td>
<td>3</td>
<td>Last Day of Month of Payment to Customs</td>
</tr>
<tr>
<td>Erroneous and/or Transposed division entries</td>
<td>Freight Mandatory 185.A.1(k)</td>
<td>6</td>
<td>Last Day of Month of ISS Settlement</td>
</tr>
<tr>
<td>in pricing documents arising after settlement</td>
<td></td>
<td>3</td>
<td>Last Day of Month of Payment to Customer</td>
</tr>
</tbody>
</table>

B. Carrier to which claim is presented due to transfer from insolvent or bankrupt carrier will be allowed three (3) months to make interline distribution dated from last day of month in which claim is paid to the customer (ref. Overcharge Mandatory Rule 97).

[EFFECTIVE April 1, 2014]
97 Insolvent Carriers

A. An amount due from an insolvent carrier will be assumed by all other carriers transporting shipment, on a revenue prorate basis. If the paying carrier fails to debit the insolvent carrier with, or to file proof of claim for, its proportion prior to limitations fixed by courts for the filing of claims, any loss will be the liability of the paying carrier.

B. Any amounts subsequently recovered from the insolvent carrier must be distributed to the involved carriers on a revenue prorate basis.

(Reference Overcharge Mandatory Rule 2D for Claim filing process)

[ EFFECTIVE June 1, 2012 ]

101 Minimum for Adjustment

A. Adjustments through Overcharge Claims, under provisions of Freight Mandatory Rule 185(A)(2), will only be allowed when the gross adjustment amount (1) equals or exceeds $5,000* per ISS waybill, or (2) equals or exceeds an aggregate of $10,000* per ‘Like Kind’ shipments. When the ‘gross adjustment amount’ satisfies either of the above, the amount chargeable to any single road is not subject to minimum for adjustment.

For purposes of this Rule, the ‘gross adjustment amount’ is either (1) a change in the total freight charged or (2) a difference in divisions that has affected an individual road. ‘Like Kind’ shipments are defined as shipments, which have the same price authority, origin, destination, commodity and route.

B. Overcharge claim adjustments of $300** or more may be distributed in the following circumstances:

1. Claims distributed per Freight Mandatory Rules 149, 185(A)(1), and 189.
2. Claims distributed under Overcharge Mandatory Rules 50, 51, 52, 54, 63, 64, 79, 84, 93, and 97.

C. For purposes of this Rule, Overcharge Claims 101(B), the claim adjustment amount filed MUST equal or exceed the minimum of $300** net debit to any one carrier, per ISS waybill, on the distribution statement (Overcharge Claims Rule 85).

* The minimum will be $1,000 on adjustments (Overcharge Claims Rule 85) issued by Class II and III carriers.

** The minimum will be $100 on adjustments (Overcharge Claims Rule 85) issued by Class II and III carriers.

[ EFFECTIVE June 1, 2012 ]

125 Correspondence

Confidential price and claim settlement correspondence should not be furnished to consignor, consignees, claimants, or agents acting on their behalf.

[ EFFECTIVE June 1, 2012 ]
### Overcharge Claim Forms

The following recommended forms are available for use in Overcharge Accounting (see [Forms Section](#) for examples):

<table>
<thead>
<tr>
<th>Description</th>
<th>Form No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distribution Statement - Overcharge</td>
<td>AD-301</td>
</tr>
<tr>
<td>Recharge Debit Statement</td>
<td>AD-302</td>
</tr>
<tr>
<td>Abstract of Distribution and Recharge Statements - Overcharges</td>
<td>AD-303</td>
</tr>
</tbody>
</table>

See Overcharge Mandatory [Rule 2](#) for proper presentation, filing, and handling of claims.

[EFFECTIVE January 1, 2012]
RAILWAY ACCOUNTING RULES ACRONYMS AND DEFINITIONS
### Railway Accounting Rules Acronyms and Definitions

#### Acronyms

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>AAR</td>
<td>Association of American Railroads</td>
</tr>
<tr>
<td>ASLRA</td>
<td>American Short Line and Regional Railroad Association</td>
</tr>
<tr>
<td>BSWC</td>
<td>Business Systems Working Committee</td>
</tr>
<tr>
<td>CIF</td>
<td>Customer Identification File</td>
</tr>
<tr>
<td>CISS</td>
<td>Centralized Interline Settlement System</td>
</tr>
<tr>
<td>CLTF</td>
<td>Customer Location Task Force</td>
</tr>
<tr>
<td>CSM</td>
<td>Centralized Station Master</td>
</tr>
<tr>
<td>CSC</td>
<td>Customer Service Committee</td>
</tr>
<tr>
<td>EDI</td>
<td>Electronic Data Interchange</td>
</tr>
<tr>
<td>EDIC</td>
<td>Electronic Data Interchange Committee</td>
</tr>
<tr>
<td>EFT</td>
<td>Electronic Funds Transfer</td>
</tr>
<tr>
<td>FMR</td>
<td>Freight Mandatory Rule(s)</td>
</tr>
<tr>
<td>FSAC</td>
<td>Freight Station Accounting Code</td>
</tr>
<tr>
<td>IRC</td>
<td>Interline Revenue Committee</td>
</tr>
<tr>
<td>IRF</td>
<td>Industry Reference Files</td>
</tr>
<tr>
<td>ISMR</td>
<td>Interline Switching Mandatory Rule(s)</td>
</tr>
<tr>
<td>ISS</td>
<td>Interline Settlement System</td>
</tr>
<tr>
<td>MAR</td>
<td>Mandatory Arbitration Rule(s)</td>
</tr>
<tr>
<td>MRAR</td>
<td>Miscellaneous Railway Accounting Rule(s)</td>
</tr>
<tr>
<td>OMR</td>
<td>Overcharge Mandatory Rule(s)</td>
</tr>
<tr>
<td>OPSL</td>
<td>Open and Prepaid Station List</td>
</tr>
<tr>
<td>RAMP-ED</td>
<td>Rail Asset Management Program – Exception Disposition</td>
</tr>
<tr>
<td>RAR</td>
<td>Railway Accounting Rule(s)</td>
</tr>
<tr>
<td>RCH</td>
<td>Railroad Clearinghouse</td>
</tr>
<tr>
<td>REN</td>
<td>Rate EDI Network</td>
</tr>
<tr>
<td>RPTF</td>
<td>Revenue Pipeline Task Force</td>
</tr>
<tr>
<td>SCAC</td>
<td>Standard Carrier Alpha Code</td>
</tr>
<tr>
<td>SCF</td>
<td>Shipment Condition File</td>
</tr>
<tr>
<td>SCRS</td>
<td>Serving Carrier Reciprocal Switch</td>
</tr>
<tr>
<td>SPLC</td>
<td>Standard Point Location Code</td>
</tr>
<tr>
<td>SSDX</td>
<td>Switching Settlement Data Exchange</td>
</tr>
<tr>
<td>STCC</td>
<td>Standard Transportation Commodity Code</td>
</tr>
<tr>
<td>TAG</td>
<td>Technical Advisory Group</td>
</tr>
<tr>
<td>TC</td>
<td>Transborder Committee</td>
</tr>
<tr>
<td>UFC</td>
<td>Uniform Freight Classification</td>
</tr>
<tr>
<td>UMLER</td>
<td>Universal Machine Language Equipment Register (now Umler™)</td>
</tr>
<tr>
<td>URRWIN</td>
<td>Unique Railroad Revenue Waybill Identification Number</td>
</tr>
</tbody>
</table>

**[EFFECTIVE January 1, 2013]**
### DEFINITIONS

**Note:** Italicized text refers to another term listed in the acronyms or defined within this section.

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>404</td>
<td><strong>Rail Carrier Shipment Information</strong> – The EDI transaction set used to transmit rail carrier specific bill of lading information to a rail carrier.</td>
</tr>
<tr>
<td>417</td>
<td><strong>Rail Carrier Waybill Interchange</strong> – The EDI transaction set used to transmit detailed movement instructions pertinent to a rail carrier shipment, to a rail carrier.</td>
</tr>
<tr>
<td>418</td>
<td><strong>Rail Advance Interchange Consist</strong> – The EDI transaction set used to transmit advance information on equipment being interchanged to a connecting rail carrier.</td>
</tr>
<tr>
<td>426</td>
<td><strong>Rail Revenue Waybill</strong> – The EDI transaction set used to transmit movement, rates and charges information required to collect revenue from the freight paying party.</td>
</tr>
<tr>
<td>460</td>
<td><strong>Railroad Price Distribution Request or Response</strong> – The EDI transaction set used to request or communicate prices (rates and associated information) between two or more parties. It can send or respond to a rate docket which includes maintenance status, qualifying conditions, geographic data, rates and interline divisions.</td>
</tr>
<tr>
<td>463</td>
<td><strong>Rail Rate Reply</strong> – The EDI transaction set used to reply to a Rail Rate transaction from the receiver’s application process based on data content or business rules. Used as an application acceptance, application rejection, or to indicate that no data was found for a request.</td>
</tr>
<tr>
<td>486</td>
<td><strong>Rate Docket Expiration</strong> – The EDI transaction set used to transmit the expiration of a rate or group docket.</td>
</tr>
<tr>
<td>490</td>
<td><strong>Rate Group Definition</strong> – The EDI transaction set used to define and name a group of elements (patron, geography, commodity, shipment conditions) pertinent to a price.</td>
</tr>
<tr>
<td>864</td>
<td><strong>Text Message</strong> – The EDI transaction set used to transmit Daily Settlement Reports, Funds Transfer Notifications, CISS warning and serious errors and reports generated from EDI 996 requests.</td>
</tr>
<tr>
<td>996</td>
<td><strong>File Transfer</strong> – The EDI transaction set used to request reports concerning a rail carrier’s ISS transmissions.</td>
</tr>
<tr>
<td>997</td>
<td><strong>Functional Acknowledgment</strong> – The EDI transaction set used for syntax acknowledgments.</td>
</tr>
<tr>
<td>460</td>
<td><strong>Accessorial Service</strong> – A service in addition to the linehaul service, usually an added cost, such as Mechanical Protective Service.</td>
</tr>
<tr>
<td>490</td>
<td><strong>Adjustment Statement</strong> – An electronic or paper statement, prepared and presented for settlement in accordance with all applicable industry rules, listing all cars for which previously settled interline switching charges are being adjusted by the road switching against the road switched.</td>
</tr>
<tr>
<td>404</td>
<td><strong>Appeal</strong> – An appeal process is set forth in Freight Mandatory Rules 190-193.</td>
</tr>
<tr>
<td>417</td>
<td><strong>Arbitration</strong> – Settling of disputes among rail carriers in regard to the interpretation of the Railway Accounting Rules (RAR) via an Arbitration Committee appointed by the Chairman of the Railway Accounting Officers Division. See the Mandatory Arbitration Rules published in the RAR.</td>
</tr>
<tr>
<td>418</td>
<td><strong>ASC X12</strong> – American Standards Committee X12 is the accredited Electronic Data Interchange (EDI) standards committee operating under the procedures of the American Standards Institute.</td>
</tr>
<tr>
<td>426</td>
<td><strong>Bilateral Agreement</strong> – A binding agreement between two parties that have agreed to mutually acceptable terms.</td>
</tr>
<tr>
<td>460</td>
<td><strong>Bill of Lading</strong> – A contract for transportation service between the shipper and a carrier(s).</td>
</tr>
<tr>
<td>463</td>
<td><strong>Bridge Carrier</strong> – See Intermediate Carrier.</td>
</tr>
<tr>
<td>996</td>
<td><strong>Cancel</strong> – An EDI 426 message that asks that a particular waybill version be cancelled, and therefore, eliminated from potential settlement in ISS.</td>
</tr>
<tr>
<td>490</td>
<td><strong>Carrier</strong> – A common carrier, including railroad, steamship, truck or other transportation company.</td>
</tr>
<tr>
<td>490</td>
<td><strong>Centralized ISS (CISS)</strong> – Central ISS or ISS Central refers to the computer systems maintained by Railinc at a central site for the processing of interline settlements between rail carriers.</td>
</tr>
<tr>
<td>490</td>
<td><strong>Centralized Station Master (CSM)</strong> – A file which contains geographic information and other details for registered rail carrier’s stations. All authorized freight stations and related station data elements must be registered in the CSM.</td>
</tr>
<tr>
<td>490</td>
<td><strong>Certified Carrier</strong> – A rail carrier who has completed the certification process for either ISS or SDDX.</td>
</tr>
<tr>
<td>490</td>
<td><strong>Challenge</strong> – A Challenge message permits an intermediate and/or destination carrier to establish a 426 waybill in ISS if the origin carrier does not submit an origian revenue waybill in time as defined in the Freight Mandatory Rules.</td>
</tr>
<tr>
<td>490</td>
<td><strong>Child Waybill</strong> – See Rule 11 Notification/Parent/Child Waybill.</td>
</tr>
</tbody>
</table>
| 490    | **Closed Industry** – An industry that is “closed” to reciprocal switching. Information concerning a connecting rail carrier’s access to an industry via reciprocal switch, generally referred to as an industry’s status (i.e. open, closed), is generally published in the origin or destination rail carrier’s switching tariff; and industries not identified/listed therein as being “open” via reciprocal switch are considered “closed” to...
reciprocal switching. Information concerning an industry’s status may also be found in SCRS. Where an industry is “closed” to the connecting rail carrier, the origin or destination rail carrier is entitled to linehaul revenue.

Closed to Reciprocal Switch – See Closed Industry.

Collect – A term on the bill of lading indicating that the destination road does the freight billing on a through interline shipment.

Co-Load – Co-load shipments allow products of more than one customer to be shipped in the same rail car when the origin and destination are the same.

Composite Settlement (SC) – Settlements where all rail carriers have not concurred to the settlement and the time period for settlement has passed. A new version is created at settlement by ISS. Settlement and funds transfer will be based on the freight billing road’s rates and destination road’s divisions. For further details, refer to the Settle Force vs. Settle Composite Determination section of the ISS Front Matter.

Concurrence – When a linehaul road in the route agrees (through EDI messages) on a particular version of a 426.

Customer Identification File (CIF) – A central repository for all customer data containing the name, physical and mailing address, corporate family structure and unique identification code for each location of a rail customer.

Default Timeline – ISS establishes an industry default timeline for all waybill reporting. This timeline is 30 days from the date the URRWIN is assigned to the waybill, unless the URRWIN meets the conditions of Freight Mandatory Rule 110-A.

Delete by Omission (DO) – An EDI 426 short message sent only to the carrier that has been deleted from the originally billed route by another carrier. The deleted carrier will continue to receive subsequent messages for the active URRWIN to notify them of any activity until the URRWIN is settled. The deleted carrier can send a delete from route (DR) message if they agree they should not be involved in the settlement. If the deleted carrier is not in agreement, they can continue to message to affirm their position in the route.

Delete from Route (DR) – An EDI 426 message, utilized in ISS, allowing a non-origin road to delete itself from the route of the revenue waybill. The rail carrier can also issue a DR to void a settlement when in dispute status. Any road (other than the origin carrier) can send a delete from route message. A delete from route will stop the settlement of the URRWIN causing the waybill to be Settled, Null (SN). Refer to EDI 426 guidelines for the list of correction codes utilized in the ZR13 segment.

Deprived Revenue – Revenue that is not earned by a rail carrier because another rail carrier did not follow the bill of lading routing instructions. The affected rail carrier is totally deprived of participation in the linehaul of the shipment.

Deregulated Traffic – 1) Commodities exempted from regulation by the Surface Transportation Board (STB) pursuant to Section 10505 of the Interstate Commerce Act (49 U.S.C. § 10505). Section 10505 empowers the STB to grant exemptions from any provisions of Interstate Commerce Act. 2) Commodity movements which are made pursuant to a contract between the carrier and shipper.

Designated Officer – The individual(s) responsible for the settlement of Freight, Interline Switching and/or Overcharge Claim charges, as appropriate for the charges being settled.

Destination – The termination location of a shipment.

Destination Carrier – See Destination Linehaul Carrier.

Destination Linehaul Carrier – The linehaul carrier performing linehaul service nearest to the point of destination that is not performing an interline switch service at the point of destination.

Destination Switch Carrier – The switch carrier serving the plant or industry to which the loaded car terminates.

Diversion – A customer initiated change in the receiver and/or route of a rail shipment. The changes can be multiple in nature.

Divisions – The split of freight rate(s) for an interline movement between rail carriers as defined in the price authority.

Duplicate Payments – Two or more payments intended for the same transportation service.

EDI 426 Messages and Response Codes – Electronic data interchanged between rail carriers and CISS indicating the status or condition of the 426 Revenue Waybill. A complete listing of these messages and response codes can be located in the EDI 426 Guidelines.

Electronic Data Interchange (EDI) – EDI is the process of transferring data using ‘transaction sets’ containing particular data in a predetermined standard format, using industry standard protocols for the exchange of data electronically.

Electronic Funds Transfer (EFT) – An EDI message sent to a bank to initiate a transfer of funds from one account to another. The EFT message must be initiated by an authorized party and typically contains supporting remittance details along with amounts to be paid and the payee.

Exception Statement – An electronic or paper statement, prepared and presented for settlement in accordance with all applicable industry rules, listing all cars for which previously settled interline switching charges are being challenged by either 1) the road switched (an exception to either an initial switch bill or an adjusted switch bill issued by the road switching) or 2) the road switching (a counter-exception to an exception issued by the road switched).

Extension Timeline – ISS settlement will occur per the default timeline, unless an extension is allowed as defined in Freight Mandatory Rule 110-B. Once concurrence is reached within the extension period, settlement will occur on that day.
**Force Settle (FS)** – Settlements where all rail carriers have not concurred to the settlement and the time period for settlement has passed. Settlement and funds transfer will be based on the freight billing road’s rates and divisions. For further details, refer to the Settle Force vs. Settle Composite Determination section of the ISS Front Matter.

**Forwarded Switch** – A reciprocal switch involving the movement of a loaded car from a plant or industry located on a switch carrier to the point of interchange with a connecting linehaul carrier for furtherance.

**Freight Station Accounting Code (FSAC)** - A five-digit numerical code assigned to all active rail stations and published in the Official Railroad Station List OPLS 6000-Series. Each FSAC number must be numeric, include at least one significant digit (1-9) and must be five digits in length.

**Fully Concurred** – CISS assigned status when all linehaul carriers in the EDI 426 revenue route agree to the URRWIN and version settlement.

**Handling Carrier** – A rail carrier that performs rail service for another rail carrier under an operating agreement for a portion of a rail move but does not participate in interline or switching settlement.

**Inbound Switch** – See Received Switch.

**Industry Reference Files (IRF)** – Files that contain integral data standards for all interline communication and are used to ensure consistency in data interpretation.

**Initial Switching Settlement Statement** – An electronic or paper statement, prepared and presented for settlement in accordance with all applicable industry rules, listing all cars for which interline switching charges are due due to the road switching from the road switched.

**Insolvent Carrier** – A carrier that is unable to pay its debts.

**Interchange Point** – Any point where rail carriers interchange freight.

**Interline** – A rail shipment involving two or more linehaul carriers.

**Interline Settlement Carrier** – A linehaul carrier that is ISS certified.

**Interline Settlement System (ISS)** – The Interline Settlement System (ISS) is the industry accepted standardized method for rail carriers to settle interline freight revenues via Electronic Data Interchange (EDI). Through EDI messaging, the system distributes revenue waybills including rates and divisions and provides a mechanism for concurrence prior to settlement; thereby, eliminating most post-settlement disputes.

**Interline Switch** – A switching movement performed by a switch carrier on behalf of a connecting rail carrier. The three types of an interline switch are: inter-terminal, intermediate and reciprocal.

**Interline Switch Carrier** – A switch carrier performing either an inter-terminal, intermediate or reciprocal switch.

**Interline Switching** – See Interline Switch.

**Interline Switching Waybill** – A waybill issued to cover an interline switch movement.

**Intermediate Carrier** – A linehaul carrier in an interline shipment that handles the rail equipment after the origin carrier and before the destination carrier. An intermediate carrier may also be referred to as a bridge carrier.

**Intermediate Recharge** – An intermediate switch charge initially assessed against a switch carrier by an intermediate switch carrier, which the switch carrier is recharging to the responsible linehaul carrier in accordance with all applicable industry rules.

**Intermediate Switch** – An interline switch that involves the movement of a car, loaded or empty, from the interchange track of one connecting rail carrier to the interchange track of another connecting rail carrier within the switch limits of the same station, where the switch carrier neither originates or terminates the shipment nor receives linehaul revenue.

**Intermediate Switch Carrier** – A switch carrier performing an intermediate switch.

**Intermodal Service Code** – Trailer on Flat Car (TOFC)/Container on Flat Car (COFC) codes as defined in the in the EDI Rail Guidelines and in Appendix K of the Shipment Condition File (SCF).

**Inter-terminal Switch** – An interline switch that involves the movement of a loaded car from a plant or industry located on one rail carrier to a plant or industry located on another rail carrier when both plants/industries are located within the switch limits of the same station.

**Intra-plant Switch** – A non-interline switch that involves the movement of a car, loaded or empty, from one track to another track, or between two points on the same track, within the switch confines of the same plant or industry. Charges for an intra-plant switch are assessed to the customer switched by the rail carrier performing the switch.

**Intra-terminal Switch** – A non-interline switch that involves the movement of a car, loaded or empty, from one track to another track located on the same rail carrier (other than an intra-plant switch) within the switch limits of the same station. Charges for an intra-terminal switch are assessed to the customer that requested the switch by the rail carrier performing the switch.

**ISS Certified Carrier** – A rail carrier who has completed the Interline Settlement System (ISS) certification process as defined in Freight Mandatory Rule 2 and the ISS User Manual.

**Junction Point** – See Interchange Point.

**Junction Settlement** – The division of revenue received by a junction settlement carrier.
Junction Settlement Carrier – A railroad that participates in waybilling and inter-carrier price negotiations with the customer, but is not a party to ISS/RCH settlement. A junction settlement railroad receives its revenue through an agreed arrangement with the connecting interline settlement carrier.

Linehaul – A rail movement of freight between two stations that are not located within the switch limits of each other.

Linehaul Carrier – A rail carrier that collects or receives revenue, in accordance with the Freight Mandatory Rules, for the movement of freight between two stations that are not located within the switch limits of each other.

Linehaul Revenue – The total revenue applicable to a linehaul rail movement.

Linehaul Transportation – See Linehaul.

Located Carrier – When determination can be made as to where and when a freight loss and damage occurs, then the incident is considered ‘located’ on a specific rail carrier.

MARK – An abbreviation for MARK Register. See Standard Carrier Alpha Code (SCAC.)

Misrouted Freight – Freight is considered misrouted when a rail carrier moves the rail equipment contrary to the routing in the bill of lading.

Movement Route – A sequence of rail carriers and junction points, starting at the rail origin and ending at the rail destination. Switch carriers and junction settlement carriers should be included in the movement route and should be identified with a specific rail carrier role as defined in the EDI guidelines. Handling carriers should not be included in the movement route.

Null Settlement – The closing of a URRWIN after the settlement period where no funds transfer will take place.

Official Railroad Station List – A rail industry publication issued by Railinc as OPSL–6000 series which lists all registered rail stations and their respective OPSL, FSAC, SPLC and Rate ZIP Code. The Official Railroad Station List was formerly known as the Open and Prepaid Station List (OPSL).

Open Industry – An industry that is “open” to reciprocal switching. Information concerning a connecting rail carrier’s access to an industry via reciprocal switch, generally referred to as an industry’s status (i.e., open, closed), is generally published in the origin or destination rail carrier’s switching tariff, and industries not identified/listed therein as being “open” via reciprocal switch are considered “closed” to reciprocal switching. Information concerning an industry’s status may also be found in Serving Carrier Reciprocal Switch (SCRS). Where an industry is “open” to the connecting rail carrier, the origin or destination rail carrier is operating as a switch carrier.

Open to Reciprocal Switch – See Open Industry.

Opinion – An EDI 426 transmission sent to CISS to dispute another rail carrier’s version of the same waybill.

OPSL Number – A number assigned to a freight station by a rail carrier. The OPSL number is a five place integer followed by two decimals. OPSL numbers are used to indicate geographical sequence of stations. OPSL numbers are published by Railinc in the Official Railroad Station List OPSL – 6000 series.

Origin – The starting point for a rail shipment.

Origin Carrier – See Origin Linehaul Carrier.

Origin Linehaul Carrier – The linehaul carrier performing linehaul service nearest to the point of origin that is not performing an interline switch service at the point of origin.

Origin Switch Carrier – The switch carrier serving the plant or industry from which the loaded car originates.

Outbound Junction Carrier – The rail carrier receiving freight from connecting carrier at the junction point.

Outbound Switch – See Forwarded Switch.


Paying Carrier – The rail carrier that is responsible for paying the applicable charge.

Postpone Settlement (PS) – A 426 message that is only issued by ISS Central when a Rule 11 Child reaches their settlement date but the Rule 11 Parent has not yet settled. Only one PS message is issued to all carriers on the original date the Child was due to settle. The original PS message on the Child URRWIN will contain the settlement date of the Rule 11 Parent.

Pre-concurrence – Being of the same opinion or in agreement before an action is taken.

Prepaid – A term on the bill of lading indicating that the origin rail carrier does the freight billing on a through interline shipment.

Price – The linehaul transportation rate and inter-carrier divisions published in a price authority.

Price Authority – Contract, quote, circular or tariff containing rates and rules governing their application.

R260 – Freight Mandatory Rule 260 alpha abbreviation for the interchange junction (not to exceed 5 characters).

Railroad Clearinghouse – Part of the Business Services Division of Railinc established by the AAR Treasury Division for the purpose of transferring funds related to interline accounts among railroads through one central Bank Clearinghouse.
Rate and Route Conflict – A rate and route conflict is when a customer:

1) Submits a bill of lading requesting a specific price authority; and
2) The movement routing on the bill of lading differs from the routing captured in the price authority; and
3) The equipment moves via the movement routing on the bill of lading.

Rate EDI Network (REN) – The EDI exchange of interline price information through Railinc via 460, 490, 486 and 463 transaction sets.

Received Switch – A reciprocal switch involving the movement of a loaded car from the point of interchange with a connecting linehaul carrier to a plant or industry located on a switch carrier for placement.

Reciprocal Switch – An interline switch that involves the movement of a loaded car from a plant or industry located on one rail carrier to the point of interchange with a connecting linehaul carrier or vice versa, where:

1) The movement occurs within the switch limits of the same station;
2) The rail carrier performing the movement is operating as a switch carrier;
3) The plant or industry is open, by tariff or special agreement, to the connecting linehaul carrier; and
4) The switch charge assessed by the switch carrier against the connecting linehaul carrier for handling the loaded car includes the handling of the empty car in the reverse direction, when applicable.

Revenue – The total amount of money earned from rail services rendered.

Revenue Prorate – Revenue used as a basis for apportionment of claims.

Revenue Route – A sequence of rail carriers and junction points as defined in a price authority to define an interline rate. A revenue route will either be the same as a movement route for full interline rate application, or be a subset of the movement route.

Revenue Waybill – A waybill enhanced with rates, charges and divisions and transmitted via an EDI 426 transaction set.

Road – Synonym for “railroad,” “railway” or “rail carrier.”

Road Switched – The connecting rail carrier for which a switch carrier performs either an inter-terminal, intermediate or reciprocal switch. Depending on context, the road switched is sometimes referred to as the road billed or the billed road.

Road Switching – The switch carrier performing either an inter-terminal, intermediate or reciprocal switch on behalf of a connecting rail carrier. Depending on context, the road switching is sometimes referred to as the billing road or the road billing.

Route – A sequence of rail carriers and junction points used to define the movement and/or pricing of a rail shipment.

Rule 11 – A Freight Mandatory Rule for certified carriers to allow the rail industry to protect confidential price authorities and/or meet customer requirements by providing multiple freight bills on shipments covered by an interline bill of lading.

Rule 11 Notification/Parent/Child Waybill:

Notification Waybill – An EDI 426 Revenue Waybill used to notify all linehaul carriers in the route that the waybill is to be settled as a Freight Mandatory Rule 11 shipment. A pure Rule 11 shipment indicates that each linehaul carrier in the route is responsible for issuing a freight bill to their customer for their portion of the route. Since no rates or divisions are included in the transmission of Rule 11 Notification Waybills, there are no funds transferred. All other ISS settlement rules apply.

Parent Waybill – A Parent Waybill is the same as a Rule 11 Notification Waybill. The term ‘parent’ indicates that there is at least one billing segment of the route that includes at least two interline roads. This segment of the route will be issued as a ‘child’ revenue waybill. A Rule 11 Parent Waybill must have at least three roads in the route.

Child Waybill – An EDI 426 waybill including a route of two or more roads that are part of the entire route of a Rule 11 Parent Waybill. A child waybill is not a Rule 11 waybill and must be billed either Prepaid (PP) or Collect (CC). A child waybill must reference the URRWIN of the Rule 11 Parent Waybill it was created from. The child waybill must have the same waybill number, waybill date, and lead equipment as the Rule 11 Parent Waybill. Rates and divisions are included in the transmission and funds transfer does occur on settled child waybill URRWINs.


Serving Carrier Reciprocal Switch (SCRS) – An Industry Reference File (IRF) that identifies which rail carrier(s) serve specific rail customers at specific locations. The file identifies the switch status of a specific customer as Open, Closed, Restricted or Local.

Settle Date Change Request (DT) – An EDI 426 message, utilized in ISS, used to extend the settlement date timeline when additional time is needed to resolve a disputed URRWIN. A DT message type allows rail carriers in the revenue route to propose an adjustment to the URRWIN settlement date.

Settlement – The process by which two or more rail carriers involved in an interline freight movement agree upon the rates and divisions for a movement and subsequently exchange funds. The freight billing rail carrier pays the other linehaul carriers in the route with their division of the freight and charges.
Settlement Acknowledgement Messages – The following are examples of settlement acknowledgement messages sent by CISS:

CC  Canceled, Full Concurrence – The URRWIN settled as a cancel with all the roads in the route concurred to the cancel.

CD  Canceled, Disputed – The URRWIN settled as a cancel with at least one of the roads in the route that has not concurred to the cancel or is silent. For through interline waybills, the origin carrier issuing the origin revenue waybill or a non-origin carrier that issues a challenge if no origin revenue waybill is issued, are the only roads authorized to cause a waybill to be canceled. For Rule 11 waybills, anyone in the route can cause an URRWIN to be settled as Canceled, Disputed.

CS  System Initiated Settlement, Child Settled, Parent in Dispute Status – CISS will allow Rule 11 Child revenue waybill to settle if the Rule 11 Parent has settled Canceled, Disputed (CD) or Settled, Null (SN).

SA  Settled, Active Road on Silent Concurrence – The URRWIN was settled with your road being the only rail carrier to send a message to CISS. All other rail carriers in the route did not respond to the original message.

SC  Settled, Forced with Composite Version – At the time of settlement, there were more than one active version for the URRWIN. The URRWIN did qualify to be settled using the composite logic at CISS, where the multiple active versions are used to create an additional composite version that is used as the settled version.

SF  Settled, Forced – At the time settlement occurred, there was more than one active version for the URRWIN. The URRWIN did qualify to be settled using the composite logic at CISS, where one of the active versions is used as the settled version.

SN  Settled, Null – At the time settlement occurred, there was more than one active version for the URRWIN. The URRWIN did not qualify to be settled using composite logic at CISS. Therefore, the waybill was settled as null. No funds are transferred with this type of settlement. The rail carriers should resolve their difference offline and then the waybill can be reintroduced.

SS  Settled, Silent Road on Silent Concurrence – The URRWIN was settled but your road did not respond to the original message. Funds will transfer for this type of settlement.

ST  Settled, Full Concurrence – The URRWIN was settled with every interline settlement carrier in the route concurring to one version.

Shipment Condition File (SCF) – An Industry Reference File that contains all of the effective shipment conditions that the rail industry uses to qualify the application of a price. Shipment conditions are EDI standards and are integral in the effective exchange of interline price authorities via the Rate EDI Network.

Standard Carrier Alpha Code (SCAC) – A 2-4 alpha character code used to designate a transportation company (rail carrier or private equipment owner). A SCAC may also be referred to as a MARK.

Standard Point Location Code (SPLC) – A six- to nine-digit code assigned by the National Motor Freight Traffic Association to one or more motor or rail freight shipping points. Rail SPLCs are assigned by Railinc for U.S. and Mexican locations and by the Canadian Transportation Agency (CTA) for Canadian locations and published in the OSL-6000 series.

SSDX Certified Carrier – A rail carrier that has completed the Switching Settlement Data Exchange (SSDX) certification process as defined in Interline Switching Mandatory Rule 11 and in the SSDX User Guide.

Standard Transportation Commodity Code (STCC) – A unique seven-digit code used to classify a commodity or group of commodities shipped by rail.

Switch – See definitions for intra-plant, intra-terminal, inter-terminal, intermediate and reciprocal switching.

Switch Carrier – A rail carrier performing either an intra-plant, intra-terminal, inter-terminal, intermediate or reciprocal switch, where the rail carrier performing the switch is not entitled to linehaul revenue.

Switch Charge – The charge, as published in a tariff or in a private agreement, assessed by a rail carrier for performing either an intra-plant, intra-terminal, inter-terminal, intermediate or reciprocal switch.

Switch Limits – A term used to describe, for operating and revenue purposes, a geographical area, defined by stations served in relation to another station/interchange location, in which a rail carrier will provide interline switching services on behalf of connecting rail carriers. Refer to the Official Railroad Station List, known as the OSL, for more information.

Switching Settlement Data Exchange (SSDX) – A centralized exchange administered by Railinc that enables participating rail carriers to electronically exchange data essential for the accurate and efficient settlement of interline switching charges.

Tariff – A public document containing pricing information for services (i.e., Freight, Interline Switching) provided by the publishing rail carrier.

Through URRWIN – An URRWIN where:
1) there are two or more carriers in the route;
2) the origin or destination carrier is responsible for the collection of all freight charges applicable to the shipment (see FMR 206); and
3) each non-collecting carrier is to receive its portion of the freight charges from the collecting carrier through funds transfer (see FMR 149).

**Tracer** – CISS will automatically send an EDI 426 Trace message to roads that have not responded to URRWINs within 24 days of the URRWIN date.

**Transaction Set** – An EDI exchange of data. A transaction set begins with a ‘start’ segment and ends with an ‘end’ segment and consist of standard formatted data to communicate one transaction such as a bill of lading or movement waybill.

**Transit** – The movement or passage if goods from one point to another.

**Transportation Waybill** – See 417 – Rail Carrier Waybill Interchange.

**Unique Railroad Revenue Waybill Identification Number (URRWIN)** – The unique number generated by CISS to identify a 426 Revenue Waybill message received for an interline shipment. Each Origin 426 or 426 Challenge is assigned an URRWIN. Subsequent “Opinions” etc. for the same Revenue Waybill utilizes the same URRWIN with an incremental version number.

**Version Sequence Number** – A single URRWIN may reference numerous versions of the same Revenue Waybill from the participating rail carriers. Each such waybill is assigned a version number by CISS.

**Waybill** – A document issued by a carrier providing details and instructions relating to a shipment.
RAILWAY ACCOUNTING RULES FORMS

Select an internet link to view, print, or download a form.

FORM AD-101, Centralized Station Master Data Entry Form

FORM AD-102, Junction Settlement/Handling Carrier Form

FORM AD-103, Junction Interchange Update Form

FORM AD-129, Combination Bill of Lading—Waybill Form, refer to UFC6000 or successor publication.

FORM AD-163, Switching Settlement Statement

FORM AD-164, Exception Statement To Switching Settlement

FORM AD-165, Summary Of Interline Switching Accounts

FORM AD-301, Distribution Statement—Overcharge

FORM AD-302, Recharge Debit Statement Of Overcharge Freight Claims (two per page)

FORM AD-303, Abstract Of Distribution And Recharge Statements—Overcharge
MISCELLANEOUS RAILWAY ACCOUNTING RULES

1 Scope

A. The following Miscellaneous Railway Accounting Rules (MRAR) or references to rules published in other rules documents, provide procedures for the uniform handling of matters related to miscellaneous interline settlements as defined in each rule. They are mandatory and binding upon carriers that are Interline Settlement System (ISS) certified and recommended for non-ISS carriers. The applicability and coverage of the referenced rules are as defined by the respective AAR authority publishing the rules.

B. The Revenue Pipeline Task Force (RPTF), or its successor committee, is responsible for maintaining the MRAR, published herein. Any changes to the MRAR, including additions and deletions must be presented to and approved by a vote of the RPTF in accordance with its Rules of Order. All Rule changes approved by the RPTF will be forwarded, with an explanation of the changes, to the Interline Revenue Committee (IRC) or its successor committee and submitted electronically by Railinc to all ISS Certified carriers for a ratification vote. Such Rule changes will be considered as ratified if a majority of electronic votes cast within 30 days is in the affirmative. Voting of ISS Certified carriers will be weighted according to the number of settled waybills the carriers had in the calendar year immediately preceding the commencement of the 30 day voting period. The IRC, RPTF and all ISS carriers will be notified of the voting outcome.

C. These MRAR should not be construed as defining the policy of a carrier with respect to its relationship with the public. Notwithstanding paragraph 1A, carriers covered by the MRAR are free to enter into bilateral agreements with other carriers superseding these MRAR.

[EFFECTIVE November 1, 2012]

3 Required Billing Information

At a minimum, any non freight billing between carriers shall contain the following information:

A. Bill number
B. Months account
C. Total amount billed
D. Where remittance is to be made
E. When joint facility is involved, the distribution made by the billing company
F. A point of contact if further information is required

[EFFECTIVE November 1, 2012]

15 Rendering Bills for Small Amounts

Carriers shall not render any bills against another carrier when the total of the bill is less than $50, except for bills rendered in accordance with other A.A.R. rules and annual bills.

[EFFECTIVE November 1, 2012]
17  Accepting Bills with Errors of Small Amount

When the combined sum of all errors in any one bill rendered by one carrier against another carrier does not exceed $25, the bill should be accepted as rendered, except when errors are of a recurring nature.

[EFFECTIVE November 1, 2012]

19  Correcting Bills with Errors – except for bills rendered in accordance with other AAR rules

When the combined sum of all errors in any one bill rendered by one carrier against another carrier amounts to more than $25, but does not amount to more than $100, the bill must be paid and the alleged errors brought to the attention of the billing company via written notification within 60 days from the bill date. Failure by the billing carrier to furnish an explanation or counter billing authority within 60 days from the notification date shall constitute authority for rebilling the amount of the error. When the combined sum of errors amounts to more than $100.00, but less than 10% of the total amount of the bill, the bill must be paid in the reduced amount and the alleged errors brought to the attention of the billing carrier via written notification at date of remittance. This rule is not intended to cover disputes involving interpretations of contracts and agreements.

[EFFECTIVE November 1, 2012]

300  Draft Settlement for Car Repair Bills

Rules for settlement of charges for car repairs are published in the AAR Office Manual. Refer to Rule 112 for car repair billing requirements and to Rule 113 for car repair billing data exchange procedures and any other applicable rules in the AAR Office Manual for the settlement of car repairs between carriers.

[EFFECTIVE November 1, 2012]

400  Settlement of Freight Loss and Damage Claims

Rules for settlement of freight loss and damage claims are published in the Damage Prevention and Freight Claim Rule Book published by the AAR. Refer to Rule 103 and other applicable rules in the Damage Prevention and Freight Claim Rule Book for settlement of freight loss and damage claims between carriers.

[EFFECTIVE November 1, 2012]

500  Settlement of Car Hire Balances

Rules for the settlement of car hire balances are published on Circular No. OT-10 Code of Car Service Rules/Code of Car Hire Rules published by the AAR. Refer to Rule 3 and any other applicable rules in Circular No. OT-10 for settlement of car hire between carriers.

[EFFECTIVE November 1, 2012]
MANDATORY ARBITRATION RULES

Applicable to All Sections of the Mandatory Accounting Rules Published Herein
MANDATORY ARBITRATION RULES

MANDATORY ARBITRATION PROCEDURES
(Revised December 1, 2012)

1 Scope

A. These rules are established for the purpose of settling disputes among carriers in regard to the interpretation of the Railway Accounting Rules (RAR). They are mandatory and binding upon carriers that are Interline Settlement System (ISS) certified and/or Switching Settlement Data Exchange (SSDX) certified.

B. The Revenue Pipeline Task Force (RPTF), or its successor committee, is responsible for maintaining the Mandatory Arbitration Rules (MAR) published herein. Any changes to the MAR, including additions and deletions must be presented to and approved by a vote of the RPTF in accordance with its Rules of Order. All MAR changes approved by the RPTF will be forwarded, with an explanation of the changes, to the Interline Revenue Committee (IRC) or its successor committee and submitted electronically by Railinc to all ISS and SSDX Certified carriers for a ratification vote. Such MAR changes will be considered as ratified if a majority of electronic votes cast within 30 days is in the affirmative. Voting of ISS Certified carriers will be weighted according to the number of settled waybills the carriers had in the calendar year immediately preceding the commencement of the 30-day voting period. Voting of SSDX certified carriers will be weighted according to the number of initial switch bills, both payable and receivable, settled by said carriers in the calendar year immediately preceding the commencement of the 30 day voting period. Carriers that are both ISS and SSDX certified will only cast one vote but for ratification purposes, their vote will be weighted on the combination of their settled waybills and initial switch bills as defined above. The IRC, RPTF and all ISS and SSDX carriers will be notified of the voting outcome.

C. These MAR should not be construed as defining the policy of a carrier with respect to its relationship with the public. Notwithstanding paragraph 1A, carriers covered by the MAR are free to enter into bilateral agreements with other carriers superseding these MAR.

2 Eligibility to Arbitrate

A. Carriers who are ISS or SSDX certified (Certified) are eligible to initiate arbitration proceedings under these MAR. Carriers which are not Certified may be a party in the arbitration proceedings, but not as the initiating carrier. Certified carriers not directly involved in the results of an accounting transaction cannot initiate an arbitration proceeding for the account of a non-certified carrier. Non-certified carriers may be a party only if the officer in charge of that carrier's interested department consents in writing that the non-certified carrier will comply with the requirements of the Arbitration Rules and abide by, and fully comply with, the decision of the Arbitration Committee.

B. If a non-certified carrier declines to arbitrate, arbitration is not prohibited among certified carriers and any settlement with the non-certified carrier should be handled outside the MAR.
3 Governing Body: Arbitration Committee

A. Responsibility

The Arbitration Committee shall consider and act upon all cases submitted to it, involving disputes arising out of the application of the Railway Accounting Rules. The decision of the majority of the Committee shall be binding on the parties involved.

B. Consist of Committee

The Arbitration Committee shall consist of three Chief Accounting Officers from carriers eligible to serve on the AAR's Board of Directors — each of whom shall be appointed by the Chairman of the Railway Accounting Officers Division at its annual meeting, to serve for a term of one year.

C. Vacancies, Substitutes and Conflicts of Interest

If a member of the Arbitration Committee represents a carrier which is determined by the Administrative Officer to have an "apparent conflict of interest," with respect to a matter being arbitrated, they shall inform the Chairman of the Railway Accounting Officers Division who shall appoint a substitute for that arbitration case. Where a vacancy is created, the Chairman of the Railway Accounting Officers Division shall appoint another member to the Arbitration Committee for the unexpired term, within 30 days of the Chairman being notified of that vacancy.

If a member of the Arbitration Committee fails to participate in a decision within the Committee's allotted time (see Rule 6-A), the Chairman of the Railway Accounting Officers Division shall appoint a substitute for the remainder of the member's term.

If for any reason, the Arbitration Committee fails to make a majority award, the Chairman of the Railway Accounting Officers Division shall appoint a substitute Committee.

4 Administrative Officer and Duties

Railinc’s Interline Revenue Systems Representative, (acting for the Assistant Vice President Business Services, AAR), shall serve as the Administrative Officer of the Arbitration Rules. The duties of the Administrative Officer are to:

A. Determine, in conjunction with the carrier initiating the arbitration proceeding, the interested carriers to be served under the provisions of Rule 5.

B. Determine that the arbitration papers received from the arbitrating carrier are complete and in order, and that the arbitration fee has been paid under provisions of Rule 5-J.

C. Distribute the arbitration papers to the interested parties as provided in Rule 5.

D. Determine if an "apparent conflict of interest" exists among the arbitrators. An "apparent conflict of interest" exists when the Arbitration Committee's final decision may result in a direct or indirect gain or loss to the arbitrator or his carrier.

E. Forward the arbitration papers to the members of the Arbitration Committee.

F. Notify each interested party, in writing, of the decision of the Arbitration Committee.
5 Arbitration Procedures

A. Preparation of Claim by Arbitrating Carrier

Any dispute involving the application of a Railway Accounting Rule shall be subject to resolution under these Rules. Any Certified carrier may initiate arbitration in accordance with this Rule. A carrier initiating arbitration shall prepare a comprehensive statement identifying the subject of the dispute and the points upon which a decision is desired and any supporting documentation (Initial Statement), which shall be transmitted to the Administrative Officer. Commencing with number one (1) on the first paper at the bottom of the file, each paper must be numbered consecutively in the upper right-hand corner, by the arbitrating carrier.

The transmittal letter of these papers shall be signed by the officer in charge of the department of the arbitrating carrier, who shall ascertain that all file papers are properly identified.

B. Communication Between Interested Carriers and Arbitrators

Once an arbitration proceeding has been initiated by an arbitrating carrier, no direct communication (oral or written) applicable to arbitration issues shall be allowed between the carriers involved in the arbitration and the Arbitration Committee, until an arbitration decision has been made by the Arbitration Committee.

C. Forwarding of Papers to Other Interested Carriers

Each carrier that may be directly affected by the arbitration decision will be included on the ‘service list of interested parties’ (see Rule 4-A). The Administrative Officer will forward a copy of the arbitration file including but not limited to the Initial Statement and any other documents submitted by a carrier involved in the arbitration, to each carrier on the service list by certified or registered mail (with receipt returned).

D. Comments by Interested Parties

Each carrier on the service list of interested parties will have 45 days to review the Initial Statement and prepare a written response stating its position on the matters raised by the Initial Statement which shall be provided to the Administrative Officer. All responses must be over the signature of the officer in charge of the interested department.

E. Carrier Refusing to Submit Statement

In the event any carrier fails to present a response, such failure shall not release any carrier from its liability under the decision of a majority of the Committee.

F. Right to Rebuttal

After all responses (or refusal to comment) have been received, the Administrative Officer will number the response pages in upper right hand corner and send one copy of each response to all interested parties. Each interested party will have 30 days for further investigation and submission of one rebuttal.

G. References to Previous Decisions

In quoting previous decisions of Arbitration Committees, only such decisions and awards as have been made by the Railway Accounting Officers Division shall serve as precedent.
H.  *Procedure in Case of Default, Account Failure to Submit Brief or Statement*

1. Should any interested carrier fail to comply with the Rules and requirements to submit papers as required by the Rules, within 45 days after receipt of all papers from other interested carriers, notice of such default shall be given to the non-compliant carrier by the Administrative Officer via registered or certified mail, securing receipt therefore.

2. The delinquent carrier shall have thirty (30) days from receipt of such notice, to provide any required papers to the Administrative Officer, by registered or certified mail, and if it fails to do so the Administrative Officer shall, without further notice, adjudge the delinquent carrier in default of the full amount claimed by the arbitrating carrier, and the delinquent carrier shall be required to pay the same forthwith to the arbitrating carrier.

I.  *Violation of Rules of Procedure*

If any carrier participating in the arbitration fails to dispute any facts presented by another carrier for the purpose of the arbitration, or violates the rules of Arbitration Procedure and no exception is taken by any other interested carrier, those facts shall be considered accepted by the carrier failing to dispute those facts.

J.  *Arbitration Fee*

The arbitration fee is $3000 for each arbitration case and must be advanced by the carrier initiating arbitration. Payment must be made payable to Railinc and forwarded to the Product Manager, ISS at Railinc Corp., 7001 Weston Parkway, Suite 200, Cary, NC 27513, coincident with the transmission of the papers to the Administrative Officer. A letter covering transmission of the papers to the Administrative Officer must carry advice as to the amount and date of remittance of the arbitration fee.

At the conclusion of the arbitration decision, the fee for arbitration shall be charged to the carrier or carriers against which decision is rendered, and shall be so apportioned by the Arbitration Committee at the time the decision is rendered. Settlement between interested carriers shall be made by bill and voucher, except for fees involving Interline Freight or Overcharge Claims Arbitration cases see Rule 7.

6  **Procedures of Arbitration Committee**

A.  *Decision-Making Time*

Within 30 days after the arbitration file has been forwarded to the Arbitration Committee, the Administrative Officer shall arrange for an exchange between the Committee Members of preliminary views. Within 20 days after the exchange of preliminary views the Administrative Officer will arrange for the issuance of a draft of the Arbitration Committee's opinion. The Arbitration Committee shall have 90 days from the time it receives all papers to render its decision. The Arbitration Committee will issue its opinion, based on a majority decision, and forward the decision to the Administrative Officer. During the development of its decision, the Arbitration Committee may discuss, or exchange views, on the arbitration case provided that all three arbitrators are available for participation in the discussion.

B.  *Decisions*

The Arbitration Committee shall make its decision based on the evidence and arguments contained in the papers it receives, in accordance with the Railway Accounting Rules. The Committee shall render decisions on each question submitted, and the decisions shall be explicit and consistent. Decisions shall comply with, and refer to, the rule(s) or section(s) of the rule(s) under which the decisions are made, and the arbitrators forming the majority decision shall agree upon and give their decisions under the same rule(s).
The Mandatory Arbitration Rules in effect on the date of the transaction/s that gives rise to the arbitration shall apply.

In arbitration proceedings under Freight or Overcharge Accounting, the Committee shall make its decision in accordance with the Mandatory Rules as follows:

1. Freight Accounting: Rules in effect at the time the shipment moved; the date of the original waybill to govern, except that on disputes involving settlement or adjustment of settlement, the rules in effect at the time the settlement or the adjustment of settlement was made shall govern, except that when a rule provides a specific date, either for its application or for waybills, settlements, or other transactions to which it applies, such date shall govern.

2. Overcharge Accounting: Rules in effect when the paying carrier originally apportioned the claim, shall govern. If no apportionment of the claim was made prior to submission to the Committee, the rules in effect on the date the brief was prepared by the arbitrating carrier shall govern.

In arbitration under the Overcharge Rules, the arbitrators shall take cognizance of the Freight Rules.

Where no cause of action lies under the RAR, the Committee shall so decide and the fee shall be charged to the carrier or carriers arbitrating without cause.

C. Equity Power

The Arbitration Committee shall have no equity power, and shall not apply a penalty to a rule which does not specifically provide a penalty, but may render an award upon an equity basis on cases covered, or not covered, by the RAR if all parties interested consent in writing, and where the consent is made a part of the submission.

7 Adjustment of Awards Between Carriers Under Decisions of the Arbitration Committee

In Interline Freight Arbitration cases, upon receipt of notice of arbitration decision, the Administrative Officer will initiate an adjustment through the Railroad Clearinghouse (RCH) in the next available ISS settlement month. The carrier, or carriers against which the decision is rendered by the Committee, must fund the amount due, including the arbitration fee, during the next available ISS settlement month or be subject to penalty as prescribed in Section 4 of the appropriate Railroad Clearinghouse Settlement Regulations (ISS, CHDX, or SSDX).

In Overcharge Claims Arbitration cases, upon receipt of notice of arbitration decision from the Administrative Officer, the arbitrating carrier will charge by arbitrary debit, regardless of the amount, each carrier against which the decision has been rendered on, in conformity with such award, and observing the provisions of Overcharge Rule 91, for each carrier that accepts arbitrary debits. Each carrier against which a decision has been rendered and which does not accept arbitrary debits shall authorize for its debit within ten (10) days after receipt of notice of decision.
RAILROAD CLEARINGHOUSE (RCH) CREDIT POLICY AND PROCEDURE

May 1, 2018

Railinc
7001 Weston Parkway, Suite 200
Cary, NC 27513
1.0 Purpose
The purpose of this Statement of Policy (Statement) is to establish uniform guidelines for participation in Railroad Clearinghouse (RCH) process for new members. Because all RCH participants rely on the ability of each participant to make required payments to RCH when due, it is important to establish a process for assessing the financial stability and creditworthiness of each new member.

2.0 Policy

2.1 Overview
The Railroad Clearinghouse Administrative Officer (RCH Administrator) is authorized to permit carriers to become participants of the RCH.

2.2 Applicability
The policies and procedures outlined in this Statement apply to all entities seeking to participate in the RCH as of the Effective Date.

2.2.1 Current Participants
Carriers participating in the programs (ISS or CHDX) as of the Effective Date that will settle obligations through the RCH process will be grandfathered and thus exempt from application of this Statement.

2.3 Responsibility
It is the responsibility of the RCH Administrator to ensure that the credit financial procedures of an RCH applicant are consistent with this Statement.

2.4 Authority
This Statement shall be reviewed from time to time by the RCH Board Directors and may be changed as appropriate.
2.5 Use of Additional Resources
The RCH Administrator is authorized to utilize the resources and accounting and financial expertise of Railinc in order to carry out the role and functions under this Statement.

3.0 Procedures

3.1 Credit Application and Extension
A credit application shall be submitted to the RCH Administrator for processing by all carriers wishing to participate in the RCH as of the Effective Date. The credit application should be reviewed for completeness and accuracy prior to submission. Missing or erroneous information may result in delays or rejection of the application.

The RCH Administrator will review the application for the key categories of information:

- Legal name of business
- Years in business
- Financial Statements
- Vendor trade references
- Bank references
- Credit agency report

3.1.1 Agency Relationships
In cases where an agency relationship exists, whereby one company contractually agrees to pay for another company, both parties will be subject to the credit approval process. Adequate documentation shall be required from both parties evidencing the existence of the agency relationship and, specifically, the agent’s obligation to pay on behalf of the principal.

3.2 Denial of Application to Participate
In the instance where an application to participate is rejected, the RCH Administrator shall inform the appropriate Railinc Business Services personnel. The credit decision shall be communicated to the carrier by the RCH Administrator. Depending on the circumstances carriers may be offered the following options:

- Pre-fund their RCH obligations each month for period of one year
- Payment of a security deposit

Carriers choosing one of the above options will be monitored on a periodic basis and changes to payment terms may be approved once positive credit history is established.

3.3 Appeal Process
Carriers may submit an appeal of the RCH Administrator’s decision in writing to the RCH Administrator within 45 days from the date of Denial of Participation. Such appeal shall be transmitted to the RCH Board of Directors. The RCH Board of Directors, by unanimous vote of
the members present in a duly constituted meeting, may permit the appealing carrier’s participation in the RCH Settlement Process after review of pertinent information.

4.0 Approvals and Revisions
This Statement shall become effective April 1, 2007 upon approval by the RCH Board of Directors and the Members of the Association of American Railroads (AAR) Treasury Division.

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<tr>
<th>Approved By:</th>
<th>RCH Board of Directors</th>
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<tr>
<td>Approved By:</td>
<td>AAR Treasury Division</td>
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<td>Date Issued:</td>
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RAILROAD CLEARINGHOUSE SETTLEMENT REGULATIONS

The Railroad Clearinghouse (RCH) was established by the Association of American Railroads (AAR) Treasury Division to transfer funds (Funds Transfer) through one Bank Clearinghouse (BCH) on a net/net basis between participating carriers (RCH Participants). These rules apply to the settlements listed in Appendix A. Written notice to the RCH Administrator (as defined in the Railroad Clearinghouse Bylaws) that an RCH applicant wishes to become an RCH Participant must be received no later than five business days prior to Funds Transfer per the published dates for each settlement process outlined in Appendix A in order to be eligible for participation in that Funds Transfer. A railroad’s non-participation in the settlements listed in Appendix A and consequently the RCH, does not affect any obligations of RCH Participants to make settlements for such accounts.

Section 1  Interface with BCH and RCH

1.1 Interface

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<thead>
<tr>
<th>BCH</th>
<th>RCH</th>
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<tr>
<td><strong>For US Dollars:</strong></td>
<td>Railroad Clearinghouse</td>
</tr>
<tr>
<td>Wells Fargo Bank N. A.</td>
<td>Association of American Railroads</td>
</tr>
<tr>
<td>San Francisco CA 94104</td>
<td>7001 Weston Parkway</td>
</tr>
<tr>
<td><strong>For Canadian Dollars:</strong></td>
<td>Cary NC 27513</td>
</tr>
<tr>
<td>Bank of Montreal</td>
<td>Phone - 877-724-5462</td>
</tr>
<tr>
<td>Toronto Ontario Canada</td>
<td>Fax - (919) 651-5409</td>
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1.2 Maintenance of Bank Accounts

RCH Participants shall deposit funds, as required by these regulations to an account known as the RCH account at the BCH maintained by the RCH. Each RCH Participant shall be solely responsible for fees and service charges associated with its individual account.

1.3 Reliance upon Communication from RCH Administrator

The BCH shall rely solely on communications with the RCH Administrator in effecting Funds Transfer in support of settlements among RCH Participants.

Section 2  Funds Transfer

2.1 Funds Transfer Date

The RCH will initiate Funds Transfer as outlined in Appendix A.

2.2 Settlement Amount Notification

2.2.1 Per the published dates for each settlement process (Appendix A), on a monthly basis the RCH Administrator shall retrieve the data required to determine the Net/Net position for each RCH participant that settles in the particular settlement process as either a debtor (payer) or a creditor (receiver) in each settlement process in which such RCH Participant settles. By 10:00 AM Eastern Time, one business day prior to the Funds Transfer date for each settlement process, the RCH Administrator shall make available
a report providing the Net/Net position for each RCH Participant at a secured internet site for retrieval by such RCH Participant (the “Funds Transfer Report”).

2.2.2 In the event changes to any of the settlement amounts covered by these regulations are required, the RCH Administrator will make adjustments to the Net/Net positions and Funds Transfer Report to reflect the revised Net/Net position of each RCH Participant as a debtor or a creditor involved in the settlement. After making changes as necessitated by these regulations, the RCH Administrator shall provide the adjusted Net/Net position to the BCH as well as those RCH Participant(s) affected by these changes by 1:30 PM Eastern Time, one business day prior to funds transfer.

2.3 Debtor Funding BCH
Each debtor RCH Participant shall make funds available and subject to disposition of the BCH equal to its Net/Net position amount by 11:30 AM Eastern Time, on the scheduled Funds Transfer date (Appendix A).

2.3.1 A debtor RCH Participant will cause its bank to transmit funds to the BCH through execution of a federal funds wire transfer or otherwise provide immediately available funds by 11:30 AM Eastern Time on the Funds Transfer date. If funds are not received by the BCH, then evidence of such a transfer must be provided by the debtor/RCH Participant or its bank to the RCH Administrator by 11:30 AM Eastern Time on the Funds Transfer date by furnishing the sending bank’s Federal Funds Input Message Acknowledgment Number (IMA No.) by phone, facsimile and/or email.

2.3.2 Upon compliance with regulations 2.3.1 by all debtor RCH Participants, the BCH will, on the date specified and on instructions from the RCH Administrator, affect Funds Transfer by crediting the accounts of creditor RCH participant(s). Funds will be disbursed to the creditor RCH participant as soon as all debtor funds have been received.

2.4 Funds Not Made Available By Debtor RCH Participant

When a debtor RCH Participant has reason to believe that it will not be able to comply with regulation 2.3.1, it shall notify the RCH Administrator in writing by 3:00 PM Eastern Time at least two (2) business days prior to the Funds Transfer date. After such notification, the RCH Participant may withdraw the notice in writing and participate in the Funds Transfer to which the notice relates only if the RCH Administrator determines this action would not delay the Funds Transfer.

2.4.1 The RCH Administrator shall identify by 1:00 PM Eastern Time on the Funds Transfer date those debtor RCH participants that have failed to comply with regulation 2.3.1, and have failed to notify the RCH Administrator. The RCH Administrator will contact these debtor RCH Participants to determine if they intend to fund and proceed with a short settlement or recast as needed.

2.4.2 If (1) an RCH Participant fails to render full payment and the shortfall exceeds $500,000 or (2) an RCH Participant fails to make funds available in any amount in a timely fashion for any single or combination of settlements at the BCH for the second occasion within the eleven preceding calendar months, then, upon notification to such RCH Participant by the RCH Administrator, the RCH Participant shall be required to make funds available at the BCH for deposit into the RCH account in future Funds Transfers in which it is a debtor RCH Participant no later than 11:00 AM Eastern Time on the second business day preceding the Funds Transfer dates. The funds to be deposited will be based on the projected settlement amounts of the monthly average position as determined by averaging the four most recent settlements. The RCH shall hold such funds as agent for the benefit of all RCH Participants participating in such Funds Transfer for the purpose of being paid in satisfaction of the amount they are owed. The debtor RCH Participant will provide any additional funds required by the final Net/Net Position Report on
Funds Transfer date in accordance with regulation 2.3. Any excess funds shall be returned to the debtor RCH Participant on Funds Transfer date. Any interest accumulated in the BCH account due to a RCH Participant’s prepayment shall be retained by the RCH. This prepay requirement will remain in effect for one year or timeframe determined appropriate by the RCH Board of Directors, upon notification from the RCH Administrator.

2.4.3 See regulation 5.1.1 regarding suspension of RCH participants that fail to make funds available.

2.4.4 In any case where funds owed as required by Section 2 remain unpaid by debtor, the RCH administrator will have the right to deduct the amount owed from that RCH Participant in any subsequent settlement.

2.5 Funds Not Available - $500,000 or Less - Short Settlement

If the debtor RCH Participant fails to render full payment and the shortfall is $500,000 or less, the RCH Administrator shall contact one or more creditor RCH Participant(s) to request they voluntarily accept a delay in Funds Transfer from the debtor RCH Participant. If a creditor RCH Participant(s) agrees, the RCH Administrator shall notify the debtor RCH Participant and instruct the BCH to short settle such creditor RCH Participant(s). If the creditor RCH Participant(s) does not agree to accept the shortfall, the RCH Administrator will prepare a recast. A shortfall greater than $500,000 may be handled in accordance with this regulation if the RCH Administrator and the Chairman of the RCH Board of Directors determine that it would be in the best interest of the RCH to do so. See regulation 2.6.

2.5.1 The debtor RCH Participant shall make available all short fall amounts due the creditor RCH Participant(s) plus interest amounts due as required by the RCH Administrator on or before 11:00 AM Eastern Time of the second business day following the day in which the short settlement occurred. The RCH Administrator shall confirm the amount and distribution of funds with the BCH, debtor RCH Participant, and creditor RCH Participant(s). Funds will be disbursed by the BCH to the creditor RCH Participant(s) by 2:00 PM Eastern Time, or as soon as the funds have been received by the BCH, on the second business day following the day in which the short settlement occurred.

2.5.2 If the debtor RCH Participant does not comply with regulation 2.5.1, the RCH Administrator will notify the RCH Participant(s) who absorbed the shortfall. If those RCH participants do not agree to continue to accept a delay in payment, the RCH Administrator shall reallocate the shortfall amount on a pro rata basis among all RCH participants that are creditors to the debtor RCH participant with respect to that settlement, and so notify the affected RCH Participant(s). Those RCH Participant(s) now owing funds as a result of such allocation shall make funds available to the BCH on or before 11:00 AM Eastern Time of the second business day following the day of notification. Funds shall be disbursed upon release by the RCH Administrator no later than 2:00 PM Eastern Time that day.

2.6 Funds Not Available - Over $500,000 – Recast

When a debtor RCH Participant fails to render full payment and the shortfall is greater than $500,000 and the shortfall is not handled in accordance with regulation 2.5, then the RCH Administrator shall prepare a recast, deleting each RCH Participant’s transaction, both debit and credit, in which the debtor RCH Participant is involved, and all credits due the debtor RCH Participant will be reallocated on a pro rata basis to creditors of the debtor RCH Participant(s) based upon net amounts due the affected creditor RCH Participant by the debtor RCH Participant.

2.6.1 The RCH Administrator shall notify all RCH Participants of the new Funds Transfer date established, taking into account (1) the anticipated completion of notice to the number of new or
increased debtor RCH Participants involved, and (2) the increased funds needed. The RCH Administrator shall furnish to all RCH Participants all the revised amounts one business day prior to the new settlement date.

2.6.2 Debtor RCH Participants with revised Net/Net amounts shall make the additional funds available in accordance with regulation 2.3.

2.6.3 The debtor RCH Participant which caused the shortfall shall make available all shortfall amounts due the creditor RCH Participant(s) plus interest and penalty amounts as detailed in Section 4 on or before 11:00 AM Eastern Time, of the second business day following the day in which the short settlement occurred. The RCH Administrator shall confirm the amount and distribution of funds with the BCH, the debtor RCH Participant, and creditor RCH Participant(s). Funds shall be disbursed to the creditor RCH Participant(s) upon release by the RCH Administrator no later than 2:00 PM Eastern Time.

2.7 Funds Transfer in Other than U.S. Dollars

2.7.1 The Funds Transfer Reports shall provide separate net creditor/debtor totals for each currency in which a Funds Transfer is to be affected. Payments and distribution of funds will be in the currency so designated.

2.7.2 Any RCH Participant’s settlement in separate currencies shall be considered separate settlements. An RCH Participant’s separate settlement shall not be combined when determining whether the $500,000 recast threshold amount has been reached.

2.8 Protest of Improper Billing

The RCH Administrator shall rely upon the total in the Funds Transfer Report in directing the BCH to make settlement. Any billing disputes or contest of the figures in the Funds Transfer Report shall be made in accordance with dispute procedures as outlined in Appendix A.

2.9 Protest Due to Administrative Error

2.9.1 If, after reviewing the Net/Net Position Report, an RCH Participant determines its creditor or debtor status is incorrect due to incorrect application of the Funds Transfer Report, a Settlement Agreement (as defined in regulation 3.1) between RCH participants, or clerical errors, it shall have the right to protest the billing by written notification to the RCH Administrator. The RCH Administrator shall endeavor to resolve the protest. If the RCH Administrator is unable to resolve the issue to the satisfaction of the RCH Participant, the RCH Administrator shall proceed with the Funds Transfer as prescribed in these regulations and notify the RCH Board of Directors of such dispute in writing within 45 days of receipt of notice of the dispute from the RCH Participant.

2.9.2 An RCH Participant shall accept the RCH Administrator’s decision under regulation 2.9.1 insofar as it affects its net position in the settlement. If additional sums are due from another RCH Participant as a result of errors confirmed by the RCH Administrator, such funds shall be made available to the BCH within one business day upon notice.

2.9.3 An RCH Participant adversely affected by the RCH Administrator’s decision under regulation 2.9.1 may file a written appeal to the RCH Board of Directors within the later of 45 days of having provided notice of the dispute or the Funds Transfer made under regulation 2.9.1. A final decision of the RCH Board of Directors will be provided to the RCH Participant by the RCH Administrator within 120 days of the receipt of the written appeal.
2.9.4 If a protested balance has been granted by the RCH Administrator, and subsequent to the settlement the RCH Administrator and the protesting RCH Participant(s) agree the protest and adjustment were unjustified, the protesting RCH Participant shall immediately remit to the RCH the protested amount.

Section 3 Settlement Agreements and RCH Participants Right of Offset

3.1 Settlement Agreements Permitted

In order to facilitate timely settlements, RCH Participants may enter into individual agreements relating to modifications in the settlement amounts due (Settlement Agreements).

3.2 Requirements of Settlement Agreements

To be effective with respect to a Funds Transfer, settlement agreements under regulation 3.1 must be in writing, signed by all parties to the agreement, and communicated to the RCH Administrator by 3:00 PM Eastern Time at least two business days prior to the Funds Transfer date. The RCH Administrator shall have the right to reject a settlement agreement if, in the judgment of the RCH Administrator, the settlement agreement terms are unclear or unworkable to the settlement.

3.3 RCH Activity Related to Settlement Agreement Will be Limited to Prescribed Funds Transfer Date

The RCH Administrator’s responsibility with respect to a Settlement Agreement will be limited to adjusting net balances due the participating RCH Participant on the Funds Transfer date. The RCH Administrator shall not be responsible for effecting delayed transfers of funds between the participating RCH Participants.

3.4 Treatment of Settlement Agreements in the Event of a Recast or Short Settlement With Subsequent Reallocation of Funds

In the event an RCH Participant defaults in payments due following a short settlement or a recast settlement, the reallocation of funds shall take place without giving effect to any Settlement Agreements. The RCH Administrator shall then apply Settlement Agreements that do not involve the defaulting RCH Participant.

3.5 RCH Participants Right of Offset - AAR General Mandatory Rule 1

An RCH Participant shall have the right to invoke AAR General Mandatory Rule 1 and shall so notify the affected RCH Participant and the RCH Administrator in writing of the amount of offset, detailing respective services, amounts, and dates, by 3:00 PM Eastern Time, four days prior to the Funds Transfer date; such amounts owed that RCH Participant shall be stricken from the settlement.

Section 4 Interest and Penalties

4.1 Failure to Fund or Notify RCH Administrator of Inability to Fund

4.1.1 When a debtor RCH Participant fails to make funds available under Section 2, the defaulting debtor RCH Participant shall pay the creditor RCH Participant(s) interest at 2 percent above the prime
rate, as of the date of such failure to make funds available, for each day until the funds are made available to the BCH for distribution to the creditor RCH Participant(s).

4.1.2 In addition, a penalty of the greater of $1,000 or 1 percent of the amount by which a debtor RCH Participant is short in a settlement, to a maximum of $5,000, shall be assessed against a debtor RCH Participant that fails to make funds available to the BCH in accordance with terms of Section 2. Such penalty shall be paid in USD funds and shall be retained for use by the RCH. If such RCH Participant can show the failure to make funds available under Section 2 resulting in the assessment of penalty was due to causes beyond its reasonable control, the RCH Administrator has the authority to waive the penalty. A penalty shall not be assessed against that part of a debtor RCH Participant’s net settlement represented by any interest compensation for float.

4.1.3 A penalty of the greater of $1,000 or 1 percent of the amount by which the debtor RCH Participant is short in a settlement, to a maximum of $5,000, will be assessed against an RCH Participant for failure to notify the RCH in accordance with the terms of Section 2. Such penalty shall be in addition to the penalty provided for in regulation 4.1.2. The penalty shall be paid in USD funds and shall be retained for use by the RCH. If a participant can show the failure to notify resulting in the assessment of penalty was due to causes beyond its reasonable control, the RCH Administrator has the authority to waive the penalty. Penalty and interest shall not be assessed to penalty and interest that is assessed for failure to fund or failure to notify.

4.2 Deduction of Penalties and Interest

4.2.1 In any case where a penalty or interest is assessed and remains unpaid by a debtor RCH Participant 15 days after notification by the RCH Administrator, the RCH Administrator will have the right to deduct the amount owed from that RCH Participant in any subsequent settlement.

4.2.2 Deductions will be applied in the following order to the oldest outstanding balances for: (1) penalties; (2) interest; and, (3) settlement amounts owed.

4.3 Relief from Penalties and Interest

Upon application by an RCH Participant assessed a penalty and/or interest under regulation 4, the RCH Board of Directors, by unanimous vote of the members present at a duly constituted meeting, may relieve such RCH Participant from any penalty or interest. Such an application must be submitted in writing to the RCH Administrator within 45 days of the date on which the penalty or interest was paid. A decision of the RCH Board of Directors will be provided to the RCH Participant by the RCH Administrator within 120 days of the receipt of the written application.

Section 5 Unavailability of Services of Railroad Clearinghouse to RCH Participant Violating Clearinghouse Rules or Regulations

5.1 Suspension of RCH Participant

5.1.1 If an RCH Participant fails to make funds available in any amount for any single or combination of settlements for the third time within a period of eleven calendar months, notwithstanding any agreement by a creditor RCH Participant to accept a delay in funds transfer under regulations 2.5 and 2.6, the RCH Administrator shall suspend the Participant who fails to fund from all settlements in which such RCH Participant has been a net payer in any of the previous twelve months, and the RCH Administrator shall refer such RCH Participant to the RCH Board of Directors for termination from the RCH in
accordance with these regulations.

5.2 Termination of Railroad Clearinghouse Participant

Upon referral by the RCH Administrator under section 5.1.1, or upon a motion of a member of the RCH Board of Directors, by unanimous vote of the members present in person or by proxy at a duly constituted meeting, may terminate an RCH Participant from participation in the RCH upon a determination that continued participation in the RCH by such RCH Participant would cause substantial risk to current or future settlements. In the absence of a vote to terminate, the RCH Board may impose conditions for continued participation by such RCH Participant (e.g., prefunding requirements). Any member of the RCH Board of Directors who represents the RCH Participant that is subject of such vote shall recuse him/herself from participating in the vote. Should the vote result in termination, any member of the RCH Board of Directors who represents the terminated RCH participant shall step down from his/her position on the RCH Board of Directors.

5.3 Reversal of Credits and Distribution of Available Settlement Funds Following Suspension, Termination, or Withdrawal of RCH Participant

5.3.1 Should an RCH Participant be (1) terminated in accordance with the provisions of regulation 5.2, (2) in a debtor settlement position, and (3) in default with respect to other RCH Participant(s), or to the RCH, the RCH Administrator shall reverse all amounts credited to that RCH Participant in the settlement(s) in which the terminated RCH Participant owed such other RCH Participants.

5.3.2 Any funds remaining on the account of the terminated RCH Participant will be reimbursed to any RCH Participant in a creditor position with the terminated RCH Participant on a pro rata basis.

5.4 Rights for RCH Participant

In any case where the RCH Board of Directors will be making a determination under these regulations (related to an appeal under regulation 2.9.3, penalties or interest assessed, or termination from the RCH), the affected RCH Participant shall be provided with written notice of the meeting of the RCH Board of Directors at which the matter affecting such RCH Participant will be taken up at least two weeks prior to such meeting, and at the request of such RCH Participant, shall have the right to be present at such meeting (or to participate by phone, as the case may be) to provide evidence and state its position to the RCH Board of Directors.

Section 6 Reinstatement Following Termination from the Railroad Clearinghouse

A terminated RCH Participant, after a 12 month period following termination, may reapply to join the RCH. Such application shall be made in accordance with the Railroad Clearinghouse Credit Policy and Procedures and RCH Board of Directors approval.

Section 7 Annual Fees

Participants in RCH will be assessed an annual fee as set forth in Appendix B. These amounts will be automatically added to the amount due from debtor RCH Participants and automatically deducted from the amount due the creditor RCH Participants in the March accounts by the RCH Administrator. RCH Participants that were to collect or pay less than the amount owed in fees in the March accounting period (i.e., not fully cover the annual fee(s)) will be assessed any remaining monies in the April or subsequent accounting periods. Upon notice to the RCH Participants, the RCH Board of Directors may raise the annual fees.
APPENDIX A

These rules relate to the settlement of (1) interline accounts, (2) car hire accounts, and (3) switching settlement accounts among RCH Participants through the Bank Clearinghouses (BCH) listed in 1.1.

A railroad’s non-participation in Interline Settlement System (ISS), the Car Hire Data Exchange system (CHDX) and/or the Switching Settlement Exchange system (SSDX) and consequently the RCH does not affect any obligations of RCH Participants to make settlements on interline traffic, car hire and/or switching accounts with the non-participating railroad.

Unless otherwise specified in these regulations disputes arising under these regulations will be handled as follows:

1. For ISS and SSDX disputes, under the Mandatory Arbitration Procedures as specified in the AAR Railway Accounting Rules, and
2. For CHDX disputes, under the Code of Car Hire Rules and Interpretation – Freight, Rule 17.

Funds Transfer Date

RCH will initiate Funds Transfer on the dates set forth below:

1. For switching settlements in accordance with the Association of American Railroads (AAR) Railway Accounting Rules,
2. For interline accounts in accordance with the Interline Settlement Systems User’s Manual, sections 7.2.2 and 7.2.3.
3. For car hire accounts, in accordance with the Code of Car Hire Rules contained in AAR Circular OT-10.

The Settlement Date Schedule is as follows:

ISS: RCH Process Run – 1st Business Day of the Month – Reports Available
ISS: Funds Transfer Date – 2nd business day of the month

CHDX: RCH Process Run – 19th of each month (or first business day thereafter) – Reports Available
CHDX: Funds Transfer Date – 1 business day after the process run

SSDX: RCH Process Run – 25th of each month (or first business day thereafter) – Reports Available
SSDX: Funds Transfer Date – 1 business day after the process run

Schedule is distributed via email and is also posted on the www.railinc.com RCH Website. Access to the site requires approval.
APPENDIX B

Annual Fees:

- ISS $100 per road per mark
- CHDX $200 per road per mark
- SSDX $200 per road per mark
APPENDIX C
Float Neutrality – ISS RCH

1.0 Float Neutrality

1.1 It is intended that ISS/RCH maintain float neutrality with the draft system it replaces. To do this, cash transfer must occur, on average, 55 days after the waybill date.

1.2 The RCH administrator will measure average days to funds transfer monthly using the following formula:

\[
\text{Average time Between Waybill Date and Settlement Data} \times \text{Prepaid/Collect} = \text{Prepaid X A = C Collect Y B = D Weighted Avg. E}
\]

\[
\text{Median age and weekend cash transfer adjustment} + 17.5 \text{ Weighted average days to cash transfer} = E + 17.5
\]

2.0 Periodic Audit And Adjustment

2.1 On October 1 of each year, beginning in 1997, the RCH administrator will publish the average days to transfer for the preceding July through June. The variance between average days and 55 days will be calculated and any adjustment recommended to the RCH Board of Directors.

2.2 Adjustments will be approved by the Interline Revenue Committee.

2.3 Adjustments will be effective January 1, subject to revision each year as outlined in 2.1 and 2.2.

3.0 Adjustment Method

3.1 To achieve average cash transfer of 55 days, the Default Timeline (the time assigned from URRWIN date to settlement date, currently 30 days for prepaid and a maximum of 40 days for collect shipments) will be adjusted.

3.2 Proforma adjustment will be made to equate the system to 55 days cash transfer, subject to article 2.1.

3.3 Adjustments will be made in whole day increments only. A one-day change in the Default Timeline changes the average days to cash transfer by one day.

3.4 Accounting settlement on the last workday of the month and cash transfer on the second workday of the month will not change.