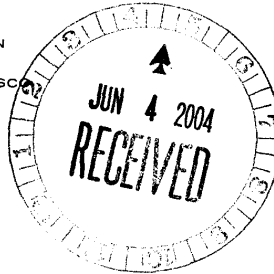


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June 4, 2004

BY HAND

The Honorable Vernon Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423-0001

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Office of Proceedings

JUN -7 2004

Part of
Public Record

**Re: Finance Docket No. 27590 (Sub-No. 3),
Application of TTX Company for Approval of
Pooling of Car Service With Respect to Flatcars**

Dear Secretary Williams:

Enclosed please find the original and ten copies of TTX Company's Reply to "Certain Commenting Parties' Motion for Leave to Supplement Record and Submission of Additional Facts."

I am also enclosing one 3.5" discs containing the Reply in a format compatible with WordPerfect 9.0.

Please date-stamp the enclosed extra copy of the Reply and return it with our waiting messenger. Thank you very much for your cooperation in this matter.

Sincerely,

David L. Meyer

Enclosures

211244

BEFORE THE
SURFACE TRANSPORTATION BOARD

ENTERED
Office of Proceedings

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Part of
Public Record

TTX Company – Application for Approval of Pooling
of Car Service With Respect to Flatcars

Finance Docket No. 27590 (Sub-No. 3)



**TTX'S REPLY TO "CERTAIN COMMENTING PARTIES' MOTION FOR LEAVE TO
SUPPLEMENT RECORD AND SUBMISSION OF ADDITIONAL FACTS"**

Provided that the Board also accepts this brief reply, TTX does not object to the "Submission of Additional Facts" by five of the Leasing Opponents (who style themselves "Certain Commenting Parties").¹

First, the Leasing Opponents are simply wrong in asserting (at 5-6) that railroads' placement of TTX cars into "agency" and "commodity" pools under AAR Car Service Rule 16 exceeds TTX's pooling authority or contravenes the prohibition on assignment established in 1989. The Leasing Opponents imply that placement of TTX cars into agency and commodity pools is a recent initiative that until now has been concealed from Board scrutiny. But it has long been well known that railroads sometimes place TTX flatcars into shipper, agency, and commodity pools pursuant to Car Service Rule 16. In the 1994 TTX reauthorization proceeding, extensive evidence addressed the fact that many railroads place specially-equipped TTX flatcars in Rule 16 pools of all types, including agency and commodity pools, in order to facilitate efficient empty movement of those cars. *E.g.* Verified Statement of Emmitt J. Posey, Nov. 22,

¹ As Applicant, TTX is entitled to close the record. *See, e.g.,* STB Finance Docket No. 34424, *Canadian National Ry. & Grand Trunk Corp. – Control – Duluth, Missabe & Iron Range Ry., Bessemer & Lake Erie R.R., & The Pittsburgh & Conneaut Dock Co.* (STB Decision No. 7, served April 9, 2004), p. 13. This reply is verified by Thomas F. Wells, TTX's Senior Vice President of Fleet Management.

1993 ("Posey 1993 VS"), pp. 25-31 (excerpts attached as Exhibit 1). The record in that proceeding confirmed that all types of Rule 16 "car distribution pools are widely used and are virtually universal for specialized equipment. Virtually all bulkhead flats, center-beam flat cars, specially equipped flat cars, coil steel cars, paper loading cars and many other specialized car types are in one computerized distribution pool or another and subject to Car Service Directives, specifying return routings." *Id.* at 31.²

As TTX witness Posey explained, AAR Car Service Rule 16 provides a mechanism for railroads to place specially equipped cars – including TTX equipment – into "pools" subject to special routing rules (such as under Car Service Directive No. 145) that facilitate return of cars to locations where they can be efficiently loaded with commodities for which they are equipped. Posey 1993 VS (Exh. 1) at 26-27.³ The only difference among the types of pools to which Rule 16 applies to how the cars are to be routed when empty: cars placed in a shipper pool are routed to a particular shipper at a particular point; cars in agency pools⁴ are routed to a particular location in proximity to multiple shippers that originate the commodities for which the cars are equipped; and cars in commodity pools are routed for loading with a specific commodity. *Id.* at 28-29.⁵ In industry parlance, all three of these pool

² Moreover, as the Leasing Opponents acknowledge (Motion at 3), these pool placements are recorded in UMLER, to which the Leasing Opponents and other railroad industry participants have access (as demonstrated by the Leasing Opponents' new Submission, as well as by CIT's extensive use of UMLER data in its April 12 comments, *see* Comments of CIT, Tye VS at 18-19 & Exhs. 1-3).

³ The Leasing Opponents do not dispute that this option is beneficial for railroads that use specially equipped cars as well as the shippers that move freight for which specially-equipped cars are needed.

⁴ The term "agency" pools derives from the railroad practice many years ago when each station location was staffed by a freight "agent."

⁵ Paragraphs (c) and (d) of Rule 16 are the only portions of the rule that distinguish in any way between the pool types, and they merely address (in parallel fashion) the obligation to report the placement of cars in such pools to UMLER.

types are referred to as "16(c) pools," as reflected in the standard AAR form (called "Form 16C-10") used to report to UMLER placement of cars in the pools.⁶

None of these Rule 16 arrangements involves the impermissible "assignment" of TTX cars to a particular railroad. The ICC's 1994 decision expressly so confirmed, recognizing that the longstanding railroad practice of placing TTX cars into so-called "16(c) pools" did not constitute "assignment." As the ICC explained:

"All users of TTX cars have the right to return cars to TTX on 5-day notice without penalty. They may choose to retain cars and pay car hire rentals to TTX over periods when the cars are not continuously in use. These options are with the participating carrier and shipper, not TTX. Such choices are operating decisions ultimately made by and for the benefit of the shipper. It is apparent that [these options are] not the equivalent of the 3 to 5-year financing arrangements that we banned in [1989]."

TTX III at 9 (footnote omitted). That conclusion applies equally to the Rule 16 agency and commodity pools discussed by the Leasing Opponents.⁷

None of these Rule 16 pools involve "assignment." As with shipper pools, TTX cars are placed in agency and commodity pools *by railroads, not by TTX*, and they remain subject to removal from the pool and return to TTX *pursuant to the standard turn-back provisions* of the TTX Form A Car Contract. The railroads that place cars in these pools have no

⁶ A copy of Form 16C-10 is attached as Exhibit 2. This form was used until recently when railroad reporting of pool placements was computerized. It allows railroads to report the placement of cars in several different types of Rule 16 pools, using "C" for a "shipper" pool, "T" and "J" for an agency pool, and "P" for a commodity pool. See UMLER Data Specification Manual, § VIII, Item C, p. 111. These designations differ from those in the Leasing Opponents' Motion (at 7 n.6) because the codes referenced by the Leasing Opponents are "transportation codes" rather than pool type codes. See UMLER Data Specification Manual, § VIII, Item E, p. 112.

⁷ The ICC's decision focused on what the ICC called "Rule 16(c) shipper pools" because the agency's Office of Compliance and Enforcement had previously raised specific concerns, apparently stemming from the misimpression that railroads placed such cars under the long-term control of specific shippers. See *TTX III* at 9 & n.14.

obligation to retain, or to guarantee car hire compensation on, any particular TTX cars; accordingly there is no assignment. *See TTX III* at 9.

Second, the Leasing Opponents assert (Motion at 7) that Rule 16 pools are not “operated in the free-running TTX pool” and thus do not benefit from the utilization efficiencies generated by that pool. This is simply another form of their erroneous argument that centerbeams and other non-intermodal flatcars are “one-way” cars that do not benefit from pooling.⁸ TTX’s Rebuttal explained in detail how the TTX pool generates significant benefits with respect to these car types, and would do so even if the Leasing Opponents’ factual premise – that the cars move only one way – were accurate. *E.g.*, TTX Rebuttal at 68-72.⁹

Tellingly, the Leasing Opponents acknowledge that the TTX flatcar pool’s ownership of centerbeams and other non-intermodal car types allows the railroads to make more than 7,000 swaps – improving the efficiency of more than 7,000 railroad movements and minimizing more than 7,000 unproductive empty movements – than would occur if these car types were excluded from the pool. Motion at 8. This fact alone would support reauthorization of the pool with respect to non-intermodal flatcars.

* * *

For the foregoing reasons, the Leasing Opponents’ “Submission of Additional Facts” provides no support for their position. To the contrary, their belated submission acknowledges that the TTX pool generates utilization benefits for non-intermodal flatcars that

⁸ *E.g.*, Comments of CIT at 9-10 & McClure VS at 2-4; Comments of First Union at 17-18; Comments of Bombardier at 3.

⁹ As TTX described in its May 12 Rebuttal, numerous users of non-intermodal flatcars have expressed strong support for TTX’s Application, demonstrating that TTX’s pooling of such cars generates benefits that are in the public interest. TTX Rebuttal at 17-19. Subsequent to TTX’s May 12 Rebuttal, John Deere and Company, a major user of TTX heavy-duty flatcars for the movement of farm equipment from factory to ports and North American dealers, submitted a letter supporting approval of the application. A copy of that letter is Exhibit 3 hereto.

would not be possible otherwise, undermining their position that these car types should be excluded from the pool. The Board should accordingly give no weight to their submission and grant TTX's Application without the imposition of any new conditions.

Respectfully submitted,

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June 4, 2004

VERIFICATION

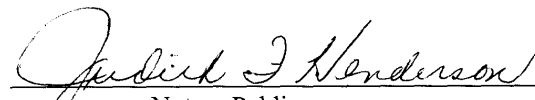
STATE OF ILLINOIS)
)
COUNTY OF COOK) ss

THOMAS F. WELLS, Senior Vice President of Fleet Management for TTX Company, being duly sworn, deposes and says that he has read the foregoing statement, knows the contents thereof and that the same are true as stated.



THOMAS F. WELLS

Sworn to and subscribed before me
this 2nd day of June, 2004.



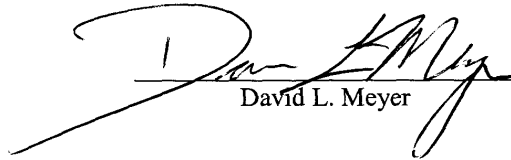
Notary Public



My Commission expires 5/26/2007

CERTIFICATE OF SERVICE

I, David L. Meyer, hereby certify that on June 4, 2004, a true and correct copy of the foregoing document was served by first class mail, postage pre-paid, or other more expeditious means on all known parties of record.


David L. Meyer

1

BEFORE THE
INTERSTATE COMMERCE COMMISSION
WASHINGTON, D.C.

Finance Docket No. 27590 (Sub-No. 2)

APPLICATION OF TTX COMPANY AND CERTAIN
COMMON CARRIERS BY RAILROAD FOR
APPROVAL OF AMENDMENT OF POOLING AGREEMENT AND
CAR CONTRACT EXTENDING THEIR TERMS

APPLICANTS' BRIEF AND VERIFIED STATEMENTS
IN SUPPORT OF THE APPLICATION

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November 22, 1993

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BEFORE THE
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APPLICATION OF TTX COMPANY AND CERTAIN
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VERIFIED STATEMENT OF EMMITT J. POSEY

My name is Emmitt J. Posey. I have had 31 years of experience in the railroad industry, including high-level responsibility for managing freight cars at three of the nation's seven largest rail systems. Most recently, I served for four years, through September 15, 1993, as Vice President - Logistics at Southern Pacific Transportation Company, where my responsibilities included management of that railroad's use of freight cars. Before moving to Southern Pacific, I held the position of Vice President - Car Management at CSX Transportation, Inc. for two years. Prior to that, I was Assistant Vice President - Car Management, Marketing and Sales at Consolidated Rail Corporation. I served as CSX's member of TTX's Board of Directors in 1988 and 1989, and I was Southern Pacific's representative on the TTX Board from March 14, 1991 through March 1993. I also represented CSX and Southern Pacific on the advisory board of the Association of American

incentive per diem, railroads continue to make equipment acquisition decisions on the basis of whether they foresee a long-term source of profitable, usually on-line traffic, not car hire calculations. If TTX pooling authority were withdrawn or limited on the basis of projected effects of depreciation, equipment utilization would decline and investments by individual railroads would fail to make up for the loss of TTX purchases, resulting in fewer cars in the national fleet and greater barriers to participation in intermodal and other service opportunities.

Use of AAR Car Service
Rule 16 for Specially Equipped Cars

A number of TTX's non-intermodal flat cars (chain tie-down flat cars, center-beam lumber cars, bulkhead flats and 89-foot flat cars outfitted for special commodities) have been placed by individual railroads in equipment distribution pools under Association of American Railroads Car Service Rule 16. I understand that the Commission's Office of Compliance and Consumer Assistance ("OCCA") questions whether these distribution pools are a form of de facto assignment prohibited by the Commission's 1989 decision or an unusual restriction on the use of these cars. I can understand why OCCA might raise these questions: Car Service Rule 16 uses the word "assignment." TTX asked me to explain this railroad practice and to discuss its significance.

Railroad Car Distribution Practices. To understand the railroads' application of Car Service Rule 16 to TTX cars, it is important to understand how railroads distribute their own cars. As I will explain, Car Service Rule 16 is merely a specific example of a much broader car distribution practice that is virtually universal for specialized cars.

Thirty or forty years ago, when railroads were much more labor intensive than they are today, railroad employees working in rail yards made separate and conscious decisions about what to do with every empty car. To oversimplify a bit, a railroad's yard clerks would identify empty cars as they returned from customer facilities. Empty cars belonging to another railroad usually would be sent "home" to the owning railroad, or used for a convenient load moving in the same direction, under industry car service rules. The railroad's own cars would be used for future loadings or sent to a loading area elsewhere on the railroad in accordance with car distribution directives revised from time to time by the railroad's central car distributors.

As railroads began to acquire more expensive, specialized freight cars to meet special shipper needs, this haphazard system did not suffice. It was essential that a car configured to carry fine paper, for example, be routed back to the paper mills and not reloaded with rough lumber that would damage the interior or sent in the wrong direction so that it

would no longer be available for paper loading. The railroad industry developed mechanisms to achieve that result, including appropriate Car Service Rules and accompanying enforcement mechanisms, such as Car Service Directive No. 145 ("CSD-145"), CSD-150, CSD-165, CSD-435 and other industry rules.^{2/} In the absence of a contrary instruction from the owner, these arrangements required railroads to move an empty car in a predetermined way. For example, if the waybill for a loaded movement bore a sticker or stamp with the CSD-145 instruction, CSD-145 required the car to be returned empty via reverse route to the loading location unless the owner instructed otherwise.

These arrangements were not "assignments" in the sense TTX once used the term -- they did not involve any financial commitment on anyone's part. Instead, a car placed in a distribution pool merely became subject to a car movement instruction. The "assignment" was a default distribution instruction telling railroads where, in the absence of some other direction, to send an empty car. Thus, AAR Car Service Rule 16 does nothing more than specify how cars may be placed in ("assigned to") a car distribution pool requiring reverse route movement to a particular point.

^{2/} Copies of AAR Circular No. OT-10, which contains the Car Service Rules, and its Car Service Directives are attached as Exhibit 1.

More recently, as railroads have pursued computerization and cost reductions, the car distribution function has become automated and most manual decisions (and yard clerk positions) have been eliminated. In fact, many of the central car distributors have been eliminated. In their place, the railroads have developed computerized systems that automatically dictate where empty cars are sent. The AAR's Uniform Machine Language Equipment Register ("UMLER") now signals railroads when cars are to be returned to their origins. When a car becomes empty, railroad computers poll UMLER and automatically route the car to its originating point, unless the UMLER instruction is overridden by the car owner. An owner's instructions to route the car to a different location are honored.

Empty car distribution pools take many forms. The most common distribution pools are "management pools" within the confines of one railroad. For example, SPT has a management pool for bulkhead flat cars that automatically routes such cars, unless needed elsewhere, to Oregon for lumber loading. Rule 16 and related Car Service Directives are the interline counterparts of these on-line management pools. They automate empty interline return movements of cars with specialized features.

Pools used for interline service may call for a car to be directed back to a particular shipper ("shipper pool").

For example, Wisconsin Central XP boxcars^{3/} in paper service must be returned to WC loading locations, where they are subject to computerized instructions requiring empty movement to cleaning tracks and staging yards. The pool may be identified with a particular location, such as Neenah, Wisconsin (called an "agency pool" because each location used to be manned by a freight "agent"). Cars may also be placed in "commodity pools," established by railroads to handle loadings of a single commodity, such as lumber, at geographically diverse points.

The automated car distribution systems of modern railroads thus rely very heavily on computerized "assignment" of cars to distribution pools. In fact, most railroad-owned cars are in one sort of pool or another. When I was at SPT, over 85 percent of SPT's 54,000-car fleet was in such pools. Without such default computer instructions, the railroads could not function without a much greater degree of manual intervention and a reduction in efficiency.

My point is that car distribution "pools" are nothing more -- and nothing less -- than the basic computerized mechanisms by which railroads automatically route thousands of empty cars every day. The railroads have eliminated the personnel who could distribute their cars in any other

^{3/} "XP" refers to boxcars specially equipped or designed for paper loading.

way. It would make no sense to go back to the days of manual decision-making about every car, a process that used cars inefficiently in the first place.

How Is Rule 16 Applied to TTX Cars?

AAR Car Service Rule 16, in combination with CSD-145 and CSD-435, permits a railroad to establish one form of car distribution pool, allowing railroads to require other railroads to send specialized empty cars back to the origin of the prior shipment. These instructions ensure that, unless manually overridden, empty cars will be sent to a place where a load for that kind of special car is most likely. They also serve a marketing and car-supply function, of course, by allowing a railroad to assure a shipper that cars will be available for the shipper's business.

TTX does not place its specialized cars in Rule 16 pools. Individual railroads make that decision, and in most cases TTX is not even notified, although TTX is generally aware of the practice. Railroads apply Rule 16 to a TTX specialized car for the same reasons they apply Rule 16 empty return instructions to their own similar cars. The instruction ensures that the expensive specialized car will not be misused and will automatically be routed back to an area where it is most likely to find its next load.

As this description should make clear, Rule 16 is nothing like the "assignments" the ICC considered in its 1989

decision. Rule 16 imposes no financial obligation on the railroad that voluntarily chooses to employ it. It has no effect on TTX's five-day turnback rule, which a railroad remains free to use. Rule 16 instructions are easily overridden. A Rule 16 "assignment" can be cancelled on one day's notice by the owner of the car or the pool operator. The car owner, in this case TTX, can override the instruction if there is an urgent need for the equipment elsewhere. Cars can be repositioned from one Rule 16 pool to another without difficulty. And, perhaps most important from the Commission's perspective, Rule 16 does not bar the shipper or the carrier from deciding to use the equipment of a competing car provider who offers better terms or a better product.

The ICC expressed concern in 1989 about railroad restrictions on free-running cars that are "not normally placed on such cars." Rule 16 clearly is not an unusual "restriction." Because of the nature of the modern rail system and its dependence on computers, car distribution pools are widely used and are virtually universal for specialized equipment. Virtually all bulkhead flats, center-beam flat cars, specially equipped flat cars, coil steel cars, paper loading cars and many other specialized car types are in one computerized distribution pool or another and subject to Car Service Directives, specifying return routings. Even if this

default computerized distribution mechanism were viewed as a "restriction," it certainly is "normal."

Is this the most efficient way to distribute these specialized TTX cars? I believe that it probably is, although the answer to that question, which involves a complex set of tradeoffs between asset utilization and administrative costs, is not easy to determine. At bottom, however, it seems to me that economic forces, not government regulations, should provide -- and, in fact, probably have already provided -- the correct answer.

When potential loading points are numerous and dispersed across the country, as they are for intermodal cars, returning empty cars to loading points makes no sense, and intensive car management has a big asset-utilization payoff. TTX's intermodal fleet and the auto rack pools prove this. Railbox's 77 percent utilization rate for its boxcars is another good example. The combination of criss-crossing traffic flows and equipment management produces very high levels of asset utilization and overall efficiency. In such circumstances, default instructions are not needed for cars to be sent efficiently to loading areas.

The cost-benefit calculation is quite different for specialized flat cars, primarily because loading points are much more limited and the cars have limited functions. For example, TTX chain tie-down cars used for farm machinery are

loaded almost exclusively in the Midwest. TTX center-beam flat cars are loaded in lumber loading areas, primarily in the West and Southeast. Military equipment flats usually are loaded at a few identifiable military facilities. Accordingly, all these cars generally would go back to their origin areas, whether through intensive car management or using a default mechanism like Rule 16.

Default mechanisms like Rule 16 are particularly useful with cars that carry specialized equipment, such as the securement devices on cars used in auto frame or pipe-loading service. There would be no point, for example, in repositioning cars equipped with thousands of dollars of bracing for pipe loading to a farm implement shipper, because the bracing would have to be removed, returned to the pipe-loading location, and installed on another car. The most efficient repositioning of an empty auto-frame or pipe-loading car generally is to the originating location to await the next load.

Another example is the group of TTX specially equipped cars used primarily for loading military equipment. These cars are often idle for long periods of time, but when the military needs them, as it did in connection with the mobilization for Operation Desert Shield, they are absolutely essential for national defense.

Rule 16 worked quite well in helping the railroads respond quickly during the Persian Gulf crisis. Under Rule 16, military equipment flats were pre-positioned at military facilities to handle shipments to ports. Once empty, the cars were rapidly and automatically cycled by computer back to the origins for another load, although sometimes they were redeployed to other locations to be used in the same type of service. This redeployment of dedicated equipment took place as demand shifted from one military installation to another, demonstrating that Rule 16 designations are flexible.

If railroads were barred from applying Rule 16 to TTX cars and TTX were required to make a distribution decision about every empty specialized car, it is possible that some improvement in utilization of these cars could be achieved by sending more empty cars to the nearest available load. But there would also be an administrative cost in making more case-by-case decisions. And most of the decisions would be the same as those that result from a Rule 16 pool because, one way or another, these specialized cars must be routed to where the loads are. Eventually, in order to avoid repetitive decisions, some sort of default system likely would be developed that would function very much like Rule 16.

If there is a net economic benefit to eliminating the default distribution mechanism under Rule 16 and adopting new distribution methods, I would expect TTX to find it.

TTX has every incentive to do this, because improved asset utilization would reduce TTX's costs and allow it to provide the same level of car supply with a smaller car fleet. Its treatment of heavy-duty flat cars, which will be distributed on an individual-movement basis, seems to confirm my expectation. Certainly Rule 16 itself is not a bar to pursuing efficiencies if the opportunity arises.

Although many of the specialized car types in Rule 16 pools cannot efficiently be redeployed to new loading locations after each shipment, the other benefits of TTX car pool management and ownership are fully applicable to these cars. Like intermodal cars, redeployment of these specialized cars is easy for TTX to achieve. For example, if one firm implement manufacturer succeeds in taking business away from another, the railroad serving the successful manufacturer will demand extra cars from TTX, and the railroad that no longer needs them will release them from the pool, rather than continuing to pay car hire. TTX also devotes the resources necessary to maintain its specialized cars, because it does not suffer from the disincentives to quality maintenance associated with individual railroad car ownership.

Railroad Retention of Specialized TTX Cars.

I understand that OCCA is concerned about instances in which railroads have retained empty specialized TTX cars for extended periods of time, often while continuing to pay

TTX car hire. There are several reasons for a railroad to hold a car for a prospective load days or even weeks in the future, even at the cost of paying car hire.

First, the railroad often does not know when the next load will materialize. This is especially true for specialized cars for which loads are episodic. Military shipments are the best example: The U.S. Army may not need OTTX cars for months. Then, in a national emergency, it needs them NOW. Railroad officials have a very strong motivation to have cars available for anticipated loads, even if the loading date is uncertain, in order to avoid disappointing or harming their shippers.

Second, a railroad may make a better economic choice by paying car hire to keep a car available for a future load than by incurring the expenses of repositioning an empty car to another point and of retrieving a replacement car to handle the expected load. When a TTX car is sitting in a string of cars in a railroad yard, it is often more expensive to send a switch engine to pull out the car for repositioning by TTX than it is to pay rentals.

Third, railroads frequently do not turn a car back to TTX simply because the idle car has been overlooked. I know that this happened often on Southern Pacific, and I am satisfied that it is quite common on other railroads. Several of the cars tracked by OCCA appear to have gotten "lost" on

recent years. For example, some of the cars studied by OCCA are farm implement flat cars in Caterpillar Tractor pools. Even though these cars are in a managed pool, they still are idle for considerable periods between loads. There is little economic reason for a railroad, or TTX, to move empty cars that are not needed elsewhere. There also is no reason to believe that letting such a car sit empty, when demand is weak, is not the most efficient way to manage that asset.

Finally, I understand that OCCA expressed concern about two or three situations in which a shipper, in a confidential transportation contract with a railroad, agreed to reimburse the railroad for its car hire payments on TTX cars. I do not know how common these confidential arrangements between railroads and shippers are, although based on my experience they are probably infrequent. Such agreements do not prevent the TTX cars from being free-running cars, as shown by the fact that two-thirds of the TTX cars originally used in one of the contracts, a UP contract to ship garbage for the City of Seattle, have moved to other service. In the end, however, these are private, arms-length transactions between railroads and shippers. The parties are free to choose whether to use TTX cars or other cars for their business, and TTX pooling neither encourages nor inhibits railroads from entering into such agreements.

CAR AND CAR HIRE AGREEMENT—LIST OF SUBSCRIBERS—Continued

New Orleans Public Belt RR. New Orleans Terminal Co. (NS) New York & Lake Erie RR. New York, Susquehanna & Western RR. Norfolk Eastern Northern RR. Norfolk & Tuscarora Railway Company Norfolk & Old Dominion RR. Norfolk & Western Ry. (NS) Norfolk Southern Ry. Co. North Carolina Ports Railway Commission North Carolina & Virginia RR. North Coast Railroad Northeast Kansas & Missouri Div. of Mid-Michigan RR. Co., Inc. Northern Indiana Commuter Transp. District North Shore RR. Northwestern Oklahoma RR. Oakland Terminal Ry. Oscaro Ry. Opechee Railway Co. Ohio Central RR., Inc. Ohio Southern Railroad Co. OH-Rail Corp. Oil Creek & Titusville Lines Oklahoma Central RR. Old Augusta RR. Olympic RR. Omaha, Lincoln & Seaside Ry. Ontario Central RR. Ontario Midland RR. Ontario Northland Ry. Oregon, Pacific & Eastern Ry. Osage RR. Ottawa Valley RR. Ottumwa Terminal RR. Ouachita RR. Owego and Harford Railway, Inc. Peachtree & Louisville Ry. Pascopasco & Back Rivers RR. Pearl River Valley RR. Peconic Valley Southern Ry. Pee Dee River RR. Pend Oreille Valley RR. Pennsylvania Terminal Perry & Peun Union Ry. Philadelphia, Bethlehem & New England RR. Pickens RR. Pickens-Hones Path Div. Pigeon River RR. Pioneer Valley RR. Pittsburg & Shawmut RR. Pittsburgh, Allegheny & McKees Rocks RR. Pittsburgh & Ohio Valley Ry. Pittsburgh, Chartiers & Youghiogheny Ry. (CR) *PL&W Railroad, Inc. Plymouth Short Line	Pocahontas Northeast Ry. Point Comfort & Northern Ry. Port Bienville RR. Port of Oakland Port of Tillamook Bay RR. Port Royal RR. Portland Terminal Portland Traction Co. *Poseyville & Owensville Railroad Company, Inc. Prescott & Northwestern RR. Providence & Worcester RR. Quincy Bay Terminal Quebec Central Ry. (CP Rail) *R.J. Corbett Railroad Company/Western Ohio Line Railroad Switching Service of Missouri, Inc. Rarus Ry. Reading Blue Mountain & Northern RR. Red Bank RR. Red River Valley & Western RR. Red Spring & Northern RR. Rio Valley Railroad, Inc. River Terminal Ry. Roberval & Saguenay Ry. Rocky Mountain & Southern RR. Rocky Mountain Railroad Roscoe, Snyder & Pacific Ry. Sabine River & Northern Ry. St. Lawrence & Atlantic Railroad Co. St. Lawrence & Quebec River RR. St. Louis Southern Ry. (SPTC) St. Marys River RR. St. Marys RR. St. Louis City Railroad Co., Inc. St. Louis, Gulf & Western Ry. Sander Valley RR. San Diego & Imperial Valley RR. Sand Springs Ry. San Jacinto Valley RR. San Jose Central RR. San Manuel Arizona RR. San Pedro & Southwestern Railway Co. Santa Cruz Big Trees & Pacific Ry. Santa Fe Southern Railway, Inc. Santa Maria Valley RR. Sault Ste. Marie Bridge Company Savannah State Docks RR. Seagraves, Whiteface & Lubbock RR. Seminole Gulf Ry. L.P. Sequatchie Valley RR. SF&L Railway, Inc. Shenandoah Valley RR. Shenandoah Valley Railroad Co. Sidney & Lowe RR. Sierra RR. Sierra Ry. Co. of CA Sisson Millard Railroad Sisson Southern Ry. Somerset RR. Soo Line RR. South Branch Valley RR. Line South Brooklyn Ry.	South Buffalo Ry. South Carolina Central RR. South Central Tennessee RR. South East Kansas RR. South Omaha Railroad Company, Ltd. Southern Alabama RR. Southern Indiana Ry. Southern Pacific Trans. Co. Southern Railroad Co. of New Jersey Southern Railway of British Columbia Southern Rail Cooperative Ltd. South Kansas & Oklahoma RR. Southeastern Ry. Southwestern RR. Co. SPCSL Corp. State University RR. (NS) Steele & Higgins RR. Sterling Bell Line Ry. Stewartstown RR. Stockton Terminal & Eastern RR. Stourbridge RR. Co. Sunset Ry. (SPTC) T and P Ry., Inc. Tennessee, Alabama & Georgia Ry. (NS) Tennessee Ry. (NS) Tennessee Southern RR. Co. Tennison RR. Tennison Corp. Terminal RR. Assn. of St. Louis Terminal Ry. Alabama State Docks Terre Haute, Brazil & Eastern RR. Texas, Gonzales & Northern Railway Company Texas & Northern Ry. Texas & Oklahoma RR. Texas Central RR. Texas Eastern Ry. Texas-New Mexico R.R./Div. of Austin & Northwestern RR. Texas, Oklahoma & Eastern RR. Texas Northeast Division Mid-Michigan RR. Texas North Western Ry. Texas South-Eastern RR. Texas Transportation Co. Tiga Central RR. Thermal Salt Ry. Toledo, Florida & Western Ry. Corp. Tombahawk Ry., L.P. Tonawanda Island RR. *Toppens, Simcoe & Western Railroad Toronto, Hamilton & Buffalo Ry. (CP Rail) Towanda-Monroeton Shippers Lifetime Thadewester Ry. Trans-Montucky Transportation RR. *Trinidad Railway, Inc. Trans Ry. Tucson, Corral & Gila Bend RR. Tulsa Valley Railroad Company Tulsa-Sapulpa Union Ry. Tuttle Creek Industrial RR. Tuscola & Saginaw Bay Ry. Twist Cities & Western RR.	Two State RR. Tyburn RR. Inc. Tyson Railroad, Inc. Union Pacific RR. Union RR. Upper Merion & Plymouth RR. Utah Ry. Valdosta Ry., L.P. Van Buren Bridge Company Vancouver & Lulu Island (CP Rail) Vandalia RR. Vermont Ry. Virginia Southern Railroad Division of North Carolina & Virginia RR. Co., Inc. Wabash & Grand River Ry. Co. Waco-Cosque Coasting RR. Walkersville Southern Railroad Walking Horse & Eastern RR. Warren & Saine River RR. Washington Central RR. Washington County RR. Washington RR. (ICG) WCTU Ry. Wellbore & Coming Company Western RR. Western Railroad Properties, Inc. (CNR) West Jersey RR. West Shore RR. West Tennessee RR. *West Virginia Northern Railroad, Ltd. Wheeling & Lake Erie Ry. Whitite, Tillman & Jackson Ry. Wilmette & Pacific Railroad, Inc. Wilmette Valley Railway Williams & Grand Rondo Ry. Wilmington & Western Ry. Wilmington Terminal RR. Winamac Southern Railway Company Winchester & Western RR. Winfield RR. Winston-Salem Southbound Ry. Wiregrass Central RR. Wisconsin & Calumet RR. Wisconsin & Southern RR. Wisconsin Central Ltd. Wyandotte Southern RR. Wye Transportation Co. Wyoming & Colorado RR. Yudin Valley RR. Co. Yule Shortline RR. Yorkville, Inc. Youngstown & Austintown RR. *Youngstown Southern Railway Company Yreka Western RR. *—Add *—Change *—Delete
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DEFINITIONS

Home Car.....A car on the road to which it belongs.	Home Road.....The road which owns a car, or upon which the home of a private car is located. Private railroad-controlled refrigerator car lines will list in The Official Railway Equipment Register those roads which will be considered home roads (owners) in the application of Car Service Rules upon car hire costs included in time-mileage car hire settlement.
Foreign Car.....A car on a road to which it does not belong.	Home Junction.....A junction with the home road.
Private Car.....A car having other than railroad ownership.	Subscriber.....A road which is a subscriber to the Car Service and Car Hire Agreement.
Home.....A location where a car is in the hands of its owner.	Non-Subscriber.....A road which is not a subscriber to the Car Service and Car Hire Agreement.
Run-Through Train.....Train interchange between two (2) roads with locomotive, cars and if applicable, cabooses.	
Run-Through Blocks Cars in a train interchanged between two (2) roads by agreement which are switched at other than the interchange point.	

HOME ROADS

ANY PART OF THE FOLLOWING NAMED ROADS WILL BE CONSIDERED "HOME" FOR CARS BEARING MARKS OF ANY OF THE ROADS NAMED AS COMPONENT PART OF SUCH SYSTEM. IN SOME INSTANCES "OLD NAMES" ARE INCLUDED ON ACCOUNT OF CARS BEARING THESE MARKS STILL BEING IN SERVICE.

Burlington Northern Chicago, Burlington & Quincy C&Q Colorado & Southern Ry. Co. CS Fort Worth & Denver Ry. Co. FWD Great Northern GN Northern Pacific NP St. Louis—San Francisco Railway Co. SL&SF Spokane, Portland & Seattle SP Canadian National Railways Northern Alberta Ry. NAR Canadian Pacific Railway Toronto, Hamilton & Buffalo Ry. THB Chicago and North Western Transportation Co. Chicago Great Western CGW Fort Dodge, Des Moines & Southern FDDM Minneapolis & St. Louis M&STL Consolidated Rail Corporation Central Railroad Company of New Jersey CRJ Erie Lackawanna EL-ERIE Lehigh Valley LV	Penn Central Transportation Co. PC New York Central NYC New York, New Haven & Hartford NH Pennsylvania Railroad PRR Peoria & Eastern PAE Raritan River Rail Road Company RRC Reading RDG C&N Transportation, Inc. Atlanta & West Point AWP Atlantic Coast Line ACL Baltimore & Ohio Railroad Co. BO Cincinnati Railroad Company CRR Georgia Railroad GA Louisville & Nashville Railroad LN Monon MON Nashville, Chattanooga & St. Louis NC Port Huron & Detroit RR PHD Seaboard Air Line BAL Seaboard Coast Line SCL Seaboard System SBO Western Maryland Ry. Co. WM Western Ry. of Alabama WA Grand Trunk Western R.R. Co. Detroit and Toledo Shore Line Railroad DTS	Detroit, Toledo and Ironton Railroad DTI Illinois Central Chicago & Illinois Western Railroad CNW Gulf, Mobile & Ohio GMO Illinois Central Gulf ICG Waterloo WLO Kansas City Southern Ry. Louisiana & Arkansas Ry. LA Maine Central Railroad Company Portland Terminal Company PTM Missouri Pacific Railroad Co. Chicago & Eastern Illinois CEI Chicago Heights Terminal Transfer CHTT Missouri-Illinois MI Missouri-Kansas-Texas MKT, MKT, MKT MKT Oklahoma, Kansas & Texas OKKT Texas & Pacific TP ARMH Norfolk Southern Ry. Alton, Canton & Youngstown ACY Central of Georgia Railway Company CG Chesapeake Western CW Illinois Terminal RR. Co. ITC	Nickle Plate NKP Norfolk Western NW Pittsburgh & West Virginia Railway Co. P&WV Southern SOU Virginian VGN Webster Railroad WBS Providence & Worcester Railroad Co. Warwick Ry. Co. WRWK Soo Line R.R. Milwaukee Road MLW Minneapolis, Northfield & Southern Ry. MNS Union Pacific R.R. Co. Spokane International SI Western Pacific R.R. WP Union R.R. Bessemer & Lake Erie R.R. BLE McKeessport Connecting R.R. MKC
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CODE OF CAR SERVICE RULES AND INTERPRETATIONS—FREIGHT

RULE 1—Loading of Empty Foreign Cars

Unless covered by a Customer Service Division order or directive, or moving under the optional empty mileage charge provision of 49 CFR 1039.14 (c)(1)(i) as provided in Car Service Rule 5(B), foreign cars may be loaded without regard to route or destination.

RULE 2—Empty Foreign Cars Not Needed For Loading**A. Handling of Cars:**

Unless covered by a Customer Service Division order or directive, foreign cars not needed for loading must have doors closed and may be:

1. Delivered to the home road at any junction, subject to Rule 6.
2. Forwarded to the road from which originally received under load, at the junction where received, except that when handled in road haul service, cars of direct connection ownership may not be delivered empty to a road which does not have a direct connection with the car owner. If the junction where received under load is also a junction with the car owner, the car must be delivered to the owner at that junction.
3. Returned to the delivering road when handled only in switching service, unless at a junction with the home road.
4. Stored (applies only to boxcars, as authorized in 49 CFR 1039.14 (c)(1)(ii), that are not moving under empty mileage charges).

B. Notification of Intention to Store Cars:

The holding railroad must notify the Car Service Officer of the owning railroad of its intention to store cars under the provisions of this rule. Notification must:

1. Be transmitted by midnight of the third day after cars were released from inbound load or received at initial storage or loading point in one of the following manners:
 - a. TRAIN message, or
 - b. wire, or
 - c. by telephone confirmed in writing.
2. Include the initial and number of individual cars.
3. Include the date and location cars were released empty or received at initial storage point.

C. Definition of Junction:

"Junction" as used in this rule means stations where roads interchange cars at a common point or within switching limits over their own lines, or an intermediate line or lines, or a car ferry or float within such limits. Roads so interchanging cars shall be considered direct connections.

This information should be registered in the Industry Reference Junction and Interchange File and when the interchange is other than over their own rails, the channel through which the interchange is effected must be shown.

RULE 3—Car Quota, Assistance & Relocation Directives**A. Car Quota Directives:**

Upon request of a railroad, and provided that criteria established by the Committee on Car Service are met, the Customer Service Division will issue a Car Quota Directive providing assistance for specific car types and car grades of miscellaneous ownerships from direct connections only. Such orders are intended to provide prompt empty delivery of a specific number of unrestricted cars per week.

B. Car at a Junction with a Home Road:

Upon request of a car owner, the Customer Service Division will, without regard to criteria, issue a directive requiring cars of a specific type and grade of that ownership at a junction with the home road to be:

1. Loaded at that junction to or via home rails.
2. Delivered empty at that junction to the home road.
3. Both (1) and (2) above.

C. Car Assistance and Relocation Directives:

Upon request of a car owner, the Customer Service Division will issue orders or directives for car distribution purposes provided that criteria established by the Committee on Car Service are met. When the Customer Service Division finds it necessary to issue directives, such directives may require that owner's cars of specific type and grade be:

1. Loaded closer to the owning road.
2. Loaded to a Home Region.
3. Loaded to or via the owning road.
4. Loaded to the owning road.
5. Returned empty to the owning road.
6. Handled under any other restriction to meet requirements of prevailing circumstances.

D. Assessments:

The above directives may subject carriers to assessments by the Customer Service Division for failure to comply therewith as provided in Car Hire Rule 19, Section (7).

E. Definition of Junction:

"Junction" as used in this rule means stations where roads interchange cars at a common point or within switching limits over their own lines,

or an intermediate line or lines, or a car ferry or float within such limits. Roads so interchanging cars shall be considered direct connections. This information should be registered in the Industry Reference Junction and Interchange File, and when the interchange is other than over their own rails, the channel through which the interchange is effected must be shown.

RULE 4—Car Flow Balancing

Upon request by a railroad, the Customer Service Division of the A.A.R. may direct and administer a car-flow balancing system between that railroad and other railroads which have agreed to such a system covering cars of their respective ownerships.

RULE 5—Optional Charges For the Movement of Empty Cars**A. All Cars:**

Empty cars, except those moving under Paragraph (B) of this rule, may be handled at the maximum charge per mile as specified in 49 CFR 1039.14 (c)(1)(i), plus switching charges, with a minimum of one hundred (100) miles for each road handling the car.

Empty cars, when short-routed in accordance with car service rules, should be moved on empty car waybills, transmitted in an EDI Waybill Interchange 417 transaction set, noting that the car is moving under Car Service Rule 5 charges. Under no circumstances should a revenue waybill be issued with charges for such movement.

The requesting road must obtain prior concurrence of the handling lines and the road requesting the service will pay the mileage charges, switching charges and car hire or mileage allowance costs accruing to the handling lines.

The term "switching charges" is defined as charges assessed under applicable tariffs by a railroad which does not perform any line haul in the process of a short route movement.

B. Boxcars moving under 49 CFR 1039.14:

Empty boxcars moved at the request of the owner, ICC or AAR under the provision of 49 CFR 1039.14 (c)(1)(i) may be subject to the optional charge per mile as authorized therein.

The empty mileage charge in 49 CFR 1039.14 (c)(1)(i) is adjusted for inflation or deflation using the Rail Cost Adjustment Factor (RCAF) published periodically by the Interstate Commerce Commission in Ex Parte No. 290 (Sub No.2). Effective April 1, 1983, the empty mileage charge is: \$.46.

C. Appropriation of Cars:

The loading or use of a car being handled under Rule 5 Paragraph A nullifies the right of road performing the service to collect for all or any portion of the service rendered.

RULE 6—Demand for the Return of Empty Cars to Original Junctions

A home road may demand the return of empty cars at the junction where delivered under load if the movement of traffic (movement regularly through a junction point utilizing the same car type and, if applicable, car grade) requires such return. However, cars offered to a home road for repairs, in accordance with the Interchange Rules of the Mechanical Division, must be accepted by owners at any junction point.

The Car Service Officer of the home road must notify the Car Service Officer of the receiving road specifying the car type codes, car grades (if applicable) and particular junctions involved.

INTERPRETATIONS

1. Car Service Rule 6 gives to a railroad which may deliver regularly, to a direct connection through any junction, traffic of any kind in (or on) its cars of the same class, the right to require connection participating in the handling of traffic from the junction point, to use that point of interchange for the return of the class of empty cars engaged in the service, instead of returning them at some other junction less favorable to the receiving (owning) railroad. (April 25, 1923.)

RULE 7—Interchange-Error Movements**A. Responsibility for Cars Delivered:**

1. Cars shall be considered as having been delivered to a connecting railroad when placed upon the track agreed upon and designated as the interchange track for such deliveries, preceded by (or, "accompanied or preceded by" in the case of non-EDI road) the necessary data for forwarding and to insure delivery, and accepted by the designated representative of the receiving road. The character of the necessary data will be determined by each receiving road in accordance with industry defined Rail EDI Standards. All cars delivered in interchange shall be preceded by an EDI Advance Interchange Consist 418 transaction set.

2. Carriers not in general compliance with EDI (Electronic Data Interchange), that is, generally not furnishing proper data according to industry defined Rail EDI Standards, will be subject to a graduated penalty assessment by the Association of American Railroads according to Class of railroad, until such time as general compliance is obtained. A railroad

CODE OF CAR SERVICE RULES AND INTERPRETATIONS—FREIGHT—CONTINUED

may request that the AAR investigate a railroad to determine if it is in general compliance with this paragraph. Effective July 1, 1990, if the AAR determines that a railroad is not in general compliance the following penalty assessments will become applicable thirty (30) days after such determination if that railroad does not reach general compliance within that thirty (30) day period. Penalty assessment scale will be as follows:

Class I carriers—\$500.00 per day
Class II carriers—\$200.00 per day
Class III carriers—\$100.00 per day

Carriers may enter into bi-lateral agreements to cover special circumstances.

NOTE: General compliance is defined as having EDI in place at all interchange points allowing that periodically some cars may not be reported through EDI due to clerical error or mechanical difficulties.

3. Notwithstanding the foregoing paragraphs, the receiving road shall be responsible for the cars, contents and car hire after receipt of the proper data for forwarding and to insure delivery. This responsibility shall continue with respect to cars rejected by the designated representative of the receiving road until such cars have been returned to the delivering road. The effect of this paragraph may be altered by special arrangements made between the roads concerned.

B. Prompt Interchange of Cars:

Each railroad, with due regard for efficient and economical railroad operating practices or conditions beyond the carrier's control, will interchange within 24 hours after arrival or release at interchange station, all cars which it properly may interchange in accordance with the provisions of Section (A) of this rule, subject to the following exceptions:

1. Cars covered by an embargo.
2. Traffic covered by a mechanical advisory. Traffic is defined as loaded freight cars, shipped up to 2 days after the effective date of the advisory, and empty freight cars shipped after the effective date of the advisory. This shall include carrier and privately owned or leased freight cars. This shall not include empty cars returning home or to their assigned loading point in accordance with Car Service Rules, empty private cars returning to their previous loading point, or any empty movements directed by specific orders of the Customer Service Division.
3. Cars covered by written or telegraphic notification given by the intended receiving line stating that it is unable to receive.
4. Cars which cannot be placed physically upon the designated interchange track.

C. Delayed Interchange:

When interchange required by Section (B), of the rule cannot be accomplished, the provisions of Car Hire Rule 15 apply.

D. Lack of Necessary Documents for Loaded Cars:

In the event loaded cars are placed on interchange tracks without necessary data for forwarding, receiving carrier will give written or telegraphic notification to delivering carrier of the lack of such forwarding data.

Upon request of carrier delivering cars without proper forwarding data, receiving carrier will return such cars to delivering carrier's designated interchange track or, if receiving carrier agrees, car may be delivered to the proper carrier within the same switching district. When an intermediate switching carrier is used in disposing of such cars within the same switching district, any intermediate switching and car hire charges applicable will be paid by the line-haul delivering carrier, except those for which the switching carrier is directly responsible.

E. Error Delivery—Receiving Carrier Options:

At the option of the receiving carrier, cars delivered to it in error may be:

1. returned to the delivering carrier,
2. delivered to the proper carrier within the same switching district, or
3. if empty, moved to or in the direction of the home road in accordance with Car Service Rule 2, Special Car Orders or Directives.

F. Error Delivery—Notifications and Definitions:

The receiving carrier must give prompt notice to the delivering carrier of the error delivery. Notice involving errors in local service and notice involving errors in run-through trains or blocks must be sent to person responsible for the local interchange point and the Car Service Officer listed in the section of *The Official Railway Equipment Register*, titled "LIST OF RAILWAYS, PRIVATE CAR COMPANIES AND TRANSPORTATION LINES OFFICERS IN CHARGE OF: 5-Car Distribution, Including Supply and Use of Cars." Where notification is required in this rule, the method may be modified when agreed to in writing by the carriers involved.

Error deliveries, for the purpose of this rule, are defined as follows:

1. Loaded Cars involved in Error Deliveries
 - a. delivered to a road not in the waybill routing.
 - b. delivered as empty equipment.
2. Empty Cars involved in Error Deliveries
 - a. delivered to a road not in the waybill routing.
 - b. which should be accompanied by a waybill, transmitted in industry

defined Rail EDI Standards, but such waybill is missing, incomplete, or in error with respect to movement instructions. For the purpose of this rule, last contents of empty tank cars is considered necessary waybill information for movement.

- c. delivered as loads.
- d. delivered in violation of Car Service Rule 2, Special Car Orders or Directives. When an intermediate switching carrier is used in disposing of such cars, any intermediate switching and car hire charges applicable, except those for which the switching carrier is directly responsible, will be paid by the delivering line-haul carrier.
- e. delivered to a carrier in switching service, but not ordered by that carrier.

INTERPRETATIONS

Question: After a car has been accepted by the designated representative of the receiving road, is the delivering road relieved from responsibility for damage to car and contents?

Answer: Yes (June 20, 1924).

Question: Where a car has been accepted by the designated representative of the receiving road, but is not accompanied or preceded by proper data for forwarding and to insure delivery, is the receiving road relieved from responsibility for damage to the car and contents?

Answer: No; but the rule gives the right to receiving road to refuse to accept in interchange cars which are not accompanied or preceded by proper data for forwarding and to insure delivery, and when such cars are not accepted in interchange they are still in the possession of the delivering road (June 20, 1924).

When a loaded freight car containing a shipment destined to a non-agency station (a station at which there is no freight agent), billed collect or insufficiently prepaid, is offered in interchange, it shall be accepted from the connecting carrier and forwarded to destination (January 25, 1926).

Rules of the A.A.R. Accounting Division make provision for the adjustment of freight charges between the originating and the delivering carrier.

Rule 8—Advertisements

The placing of advertisements or banners of any kind upon any freight or passenger car or locomotive (including permanent stakes which are a part of open-top cars), is prohibited except:

1. Advertisements or banners may be placed thereon for photographic purposes only, while such equipment is at rest on private tracks, or on service tracks of the railroad and when so placed must be removed prior to movement of the equipment, the placement and removal to be by and at the expense of the shipper or consignee.
2. Advertisements may be painted upon passenger equipment used in special train movements, the expense of painting and removal to be borne by the user.

This does not prohibit the placing of advertisements or banners on the lading or attaching them to temporary stakes used to secure the lading on open-top cars. (See Mechanical Division Interchange Rule 84.)

Rule 9—Steamship, Ferry or Barge Restrictions

Cars of railway ownership must not be loaded for or delivered to a steamship, ferry or barge line for transportation by water, except for transportation in interstate commerce by common carriers by water between points within the continental United States (not including Alaska), without permission of the owner filed with the Customer Service Division (see SCO No. 30).

Rule 10—Responsibility for Charges When Necessary For Transfer or Rearrangement of Lading

Unless otherwise agreed, the cost of transferring or rearranging the lading of freight cars shall be assumed as follows: (See Field Manual Interchange Rule 92.)

A. By the Delivering Road:

- When transfer or rearrangement of load at junction is due to:
1. Defective equipment that is not safe to run and/or safe for lading.
 2. Car not loaded in compliance with the following rules:
 - a. Governing Loading of Commodities in Open Top Cars.
 - b. 42-Series Circulars Covering Loading of Carload Shipments of Commodities in Closed Cars.
 - c. Department of Transportation Regulations for Transportation of Explosives and Other Dangerous Articles by Freight.
 3. Normal load that becomes a concentrated overload due to shifting of lading en route.

B. By the Switch or Roadhaul Originating Carrier:

When transfer or rearrangement of load at junction or intermediate point is due to:

1. Load exceeds stenciled load limit.
2. Overloaded in violation of rules Governing Loading of Commodities in Open Top Cars or 42-Series Circulars Covering Loading of Carload Shipments of Commodities in Closed Cars, except when lading becomes

CODE OF CAR SERVICE RULES AND INTERPRETATIONS—CONTINUED

a concentrated overload due to shifting of lading en route.

3. Cars and/or car parts prohibited in interchange per Rule 90, unless waiver has been issued.

C. By the Originating Road Haul Carrier

(The road which originates the billing and participates in the road haul revenue) when transfer or rearrangement of lading at junction or intermediate point is due to:

1. Gross weight of car and lading in excess of the published weight restrictions indicated in the current issue of the publication *Railway Line Clearances*.
2. Dimensions of load of open top cars being in excess of the published clearances of any of the roads indicated in the routing, as shown in the current issue of the publication, *Railway Line Clearances*.
3. Closed car that will not pass published clearances of any of the roads indicated in the routing, as shown in the current issue of the publication, *Railway Line Clearances*.
4. Car which cannot pass the approved third rail clearances of the AAR as shown in the current issue of the publication, *Railway Line Clearances*.
5. Cars which cannot be handled to destination due to exceeding the approved limited clearances of the AAR, shown in the current issue of the publication, *Railway Line Clearances*. (See Outline Equipment Diagram of Approved Limited Clearances as shown in current issue of publication *Railway Line Clearances*.)
6. Cars loaded in violation of Car Service Rule 9.

D. By the Receiving Road

When transfer or rearrangement of load at junction or intermediate point is due to:

1. Cars which are properly loaded.
2. Receiving road's refusal to accept car when accompanied with authority to transfer or adjust lading. In such case, the delivering road should effect transfer or adjustment of such load and render bill versus receiving road.
3. Cars which cannot be handled to destination as a result of disability of receiving line.
4. Receiving road desiring to transfer to save cost of car hire.

RULE 11—Weighing of Cars

A. The first road haul carrier shall be responsible for providing scale weight for all carloads including those loaded on terminal switching lines for outbound road haul, or one of the following weighing endorsements:

1. Shippers Weight Agreement. Weights provided by shippers are determined under controlled condition.
 2. Destination Weight Agreement. Weights provided by consignee or receivers under controlled condition.
 3. Tariff Authorized Weight. Weights Authorized by tariff or classification.
 4. Manifest Weight. TOFC and FAK weights based upon shippers manifest.
 5. Official Weight. Federal Grain Inspection Service or state agency delegated by FGIS.
 6. Grain Exchange Weight. Weights authorized and controlled by a grain exchange.
- Each carrier in the route is responsible for furnishing this information to the subsequent carrier in the route prior to interchange.

B. Missing Endorsement:

Unless otherwise agreed, when carloads are delivered by one road haul carrier to another carrier on waybills (transmitted in industry defined EDI Rail Standards) that do not indicate the scale weight or one of the VALID WEIGHING ENDORSEMENTS in the "Weighted" portion of the transaction, or are not preceded by a specific EDI weight transaction, any carrier participating in the routing, including an intermediate switching line, may weigh the car, and the originating road haul carrier shall pay the weighing carrier seventy-five dollars (\$75) per car weighed. The first subsequent carrier failing to furnish the next road the weight information specified in Paragraph (B) shall pay the weighing carrier the seventy-five dollars (\$75) penalty per car weighed.

C. Failure to Forward Weighing Data:

The railroad transmitting a waybill or specific EDI weight transaction must indicate its name in the transaction along with the date it was transmitted and along with the weighing data required in Paragraph (B) or scale weight if used. Failure to include the weighing data will result in a seventy-five dollar (\$75) penalty per car weighed payable to the weighing carrier by the carrier transmitting the waybill.

D. Handling of Bills:

Bills made under this rule must be presented within three (3) months from the last day of the month in which the penalty charges accrued and must be accompanied by a copy of the EDI transmission used to create the waybill. Carrier receiving such bills must pay undisputed items and return with explanation as to unpaid items within three (3) months from the last day of the month of receipt.

E. Definition of Loading Point:

The point at which loading is completed is considered the point of origin of a stop-off car and the road haul carrier on which loading is completed shall be responsible for complying with Paragraph (A) or (B).

F. Interterminal Service:

Unless otherwise agreed, the road on which a car is loaded shall be responsible for proper weighing of carload moving in interterminal switching service when weighing is required for assessment of freight charges.

G. Shortlines:

Short Line Railroads as defined in Appendix "B" to the Code of Car Hire Rules-Freight, that do not have scales should make arrangements with their connections for the weighing of cars loaded and handled in road haul on the Short Line. Otherwise, the provisions of Paragraph (B) apply.

RULE 12—Cars Containing Refuse

Cars containing refuse may be rejected by the receiving road when offered in interchange as empty cars (except empty boxcars graded X, Y or Z).

RULE 13—Detour Movements

When trains of one railroad use the tracks of another in avoiding washouts or other obstructions, unless other arrangements exist between the roads concerned, the detour shall be made under the terms of the Detour Agreement approved by the Association, which terms are made part of this rule. When such an agreement is entered into, it should be executed on behalf of each company party thereto by an executive officer thereof.

The road for which the train is detoured shall pay the regular car hire (or mileage), to the owners of the cars in the train, including the road owning the track, if any of its cars shall be in the detoured train. All mileage charges shall be at actual distance over the route used.

RULE 14—Contaminating Commodities

A. Box cars grade A or B per AAR Car Grade System, or refrigerator cars, must not be loaded with K graded commodities listed in Appendix A, list of K grade commodities.

B. Municipal Waste (STC Code 402B114; Car Grade W) may only be loaded in equipment assigned for that purpose.

C. If a car is loaded in violation of A or B above and it becomes necessary to renew floors, lining or sheathing (including associated parts), or portions thereof, in order to restore car to previous loading classification because of contamination due to such loading, the cost of the repairs, notwithstanding any other provisions of these rules, shall be assumed by the road (either switching or road haul) responsible for furnishing the car for such loading.

RULE 15—Requests for Cars

A. Information to be Recorded:

Carriers shall record all requests for cars for loading. If order covers more than one date, it must state number of cars wanted separately for each day. Requests shall include the following information if available:

1. Date and time
2. Name of party
3. Name of person receiving request
4. Kind and size of cars wanted
5. Number of cars wanted
6. Date wanted
7. Commodity to be loaded
8. Destination and route

B. Road that must Record:

Request for cars shall be accepted only by the road which serves (switches) the car-ordering entity.

C. Roadhaul Traffic Originating in Switch Service:

On cars originating in switching service, the serving carrier shall inform the originating roadhaul carrier of the order. If such cars are not immediately available from the originating roadhaul or switching carrier, the switching carrier may take such actions as necessary to provide equipment for the shipper. These actions may include, but are not limited to, the ordering of appropriate equipment from other roadhaul carriers. Cars ordered by switching carriers from an originating roadhaul carrier for return loading in originating roadhaul service will be furnished by originating roadhaul carrier in the same manner and to the same extent as cars ordered by industries directly served by it. This provision is not intended to affect the rights or obligations a switching carrier or an originating roadhaul carrier may have to supply equipment under law or a lawful tariff provision.

CODE OF CAR SERVICE RULES AND INTERPRETATIONS—CONTINUED

D. Intraterminal Traffic:

Switching carriers are obligated to furnish or arrange for cars required for loading to destinations within the same switching limits.

RULE 16—CSD 145, and 435 Assignment**A. Procedures of Assignment:**

When specific cars covered by CSD 145, and 435 series are assigned to a shipper for its use, such assignment shall be made subject to the following conditions:

1. Shipper must request in writing of originating road haul carrier(s) assignment at least ten (10) days before its intended use of a specific number of cars. If originating carrier(s) agrees to such assignment but desires other road haul carriers to participate in assignment, it will advise shipper accordingly and will make request on such other carriers. A road haul carrier may assign cars but must have the concurrence of the originating carrier which may or may not be a switching carrier.
2. Pools of assigned cars including cars of ownership other than the originating road haul carriers may be expanded only upon the acceptance by the originating road haul carriers.
3. When cars are assigned in accordance with this Rule, they will remain and be treated as assigned cars until the shipper, originating road haul carrier(s), pool operator or owning railroad serves notice that such assignment is modified or canceled. One day written notice is sufficient.

B. Handling of Empty Assigned Cars:

All assigned cars are exempt from Car Service Rules 1 and 2. Cars assigned to a shipper will not be held empty en route to loading point except as follows:

1. Upon written instructions of assignee.
2. When assignee cannot immediately accept on arrival at loading point and cars cannot reasonably be held on other tracks at loading points.
3. For necessary repairs (not cleaning).

C. Reporting of Assignment:

Assignment by a carrier of specific cars for the use of a shipper at a particular point must be reported by the Designated Pool Reporter to the Customer Service Division of the Association of American Railroads. This reporting must comply with the formats and time limits prescribed in the UMLER Data Specification Manual. The Customer Service Division of the Association of American Railroads will maintain a current record of cars assigned and distribute such information to car owners assigning cars to a specific shipper at each location, as well as to the roads originating traffic from such assignment, including originating switching line serving the shipper involved. The foregoing provisions of this para-

graph need not apply when all cars assigned to the use of a shipper at a particular point are system cars of a single road haul carrier serving the shipper at such point.

D. Designated Pool Reporter:

Assignment by a carrier of specific cars covered by CSD 145, and 435 series to agency or commodity pools must be reported by the Designated Pool Reporter to the Customer Service Division of the Association of American Railroads. This reporting must comply with the formats and time limits prescribed in the UMLER Data Specification Manual. The foregoing provisions of this paragraph need not apply when all cars assigned to an agency or commodity pool are system cars.

RULE 17—Arbitration Committee

To render formal interpretations of these rules and to settle disputes arising under them, the Operations General Committee, O & M Department, shall act as an Arbitration Committee. Members representing a majority of the total votes of the Operations General Committee's membership shall be present to constitute a quorum.

In the event any question or dispute arises concerning these rules, it may be submitted to the Arbitration Committee in abstract through the Secretary of the Customer Service Division. The abstracts shall briefly set forth the matter to be interpreted, or the points at issue in the instant dispute and each party's interpretation of the rules, orders or directives upon which its position is based. The Arbitration Committee shall base its decision upon the rules and the abstracts submitted. Should one of the parties refuse to participate, the Arbitration Committee will consider the case on the basis of the information submitted by the participating party. In case a question shall arise not covered by the rules, the parties disagreeing may, by mutual consent, submit such questions to the Arbitration Committee. Any expenses incurred by the Arbitration Committee shall be divided equally between each of the parties to the dispute. The decision of the Arbitration Committee shall be final.

RULE 18—Interpretations & Revisions

The Committee on Car Service of the Customer Service Division, Association of American Railroads, shall have authority to informally interpret these rules, and to make recommendations for changes or revisions thereto to the Operations General Committee, O & M Department, Association of American Railroads. Upon approval by the General Committee, such changes or revisions to these rules will be submitted to the Subscribers for vote by letter ballot (one vote for each revenue freight car bearing railroad reporting marks which is owned or controlled by Subscribers, with an affirmative majority vote of all Subscribers' freight cars necessary for approval).

ASSESSMENT ORDERS

AAR—Operations and Maintenance Department—Customer Service Division

ASSESSMENT ORDER

January 1, 1991
File: 38.18-145

(REVISED)—CAR SERVICE DIRECTIVE NO. 145

(Cancels and Supersedes CSD 145 of October 15, 1988)

TO: Transportation Officers—All Railroads

NOTICE: This Directive is issued under provisions of paragraph (g) Car Hire Rule 18, A.1.g., and does not prohibit or restrict a railroad from asserting any rights under the I.C.C. regulations in 49 CFR 1039.14(c). Each violation of paragraph 1 of the Order Section of this Directive is subject to a graduated scale of assessments, based on violations occurring each calendar month.

EFFECTIVE: 12:01 a.m., January 1, 1991 and continuing until further notice.

APPLICATION: To cars assigned to shippers, agent or commodity pools carrying railroad reporting marks or a railroad controlled car (as indicated by the lessee field in the UMLER file) of the following mechanical designations: FA, FB, FBS, FC, FCA, FL, FMS, GBR, GBS, GBSR, GDS, GSS, GTS, GWS, HMR, HTS, RB, RBL, RPL, RCL, XL, XLI, XP, XPI and all "L" types (except "LO", which are covered by CSD No. 435), and XM cars assigned to a national pool approved by the ICC and listed in the UMLER file with pool number 999100 and 999101.

ORDER:

1. After unloading, cars subject to this Directive must be:
 - (a) Handed per owner's instructions;
 - (b) Returned empty to shipper or agent at loading point in reverse of loaded movement.
 2. Car doors must be closed and sealed.
 3. Requests for car hire on cars covered by this Directive may be made in accordance with Car Hire Rule 22, and Car Service Rules 1 and 2 are suspended insofar as they may conflict with above provisions.
 4. No assessment will be made under this order unless car is registered in UMLER with proper pool assignment and transportation code.
- EXCEPTION 1: Owners may allow their equipment to be loaded without regard to route or destination by listing their cars in the UMLER file with a "U" Transportation Code, except, "FO" cars for which such assignment is prohibited.
- EXCEPTION 2: Owners may exempt certain cars from the provisions of paragraph 1 of the Order to allow use by other specified lines, but such exemption must be confirmed in writing to the Customer Service Division in advance.
- NOTE: A receiving carrier may require the delivering carrier to furnish necessary data for forwarding car in compliance with this directive. Notice of an intent to require this data should be issued by the designated transportation officer of the road requesting the information to the designated transportation officer of the road to which the notice is addressed.

By direction of,
J. J. Carroll
Assistant Vice President

ASSESSMENT ORDER

January 1, 1991
File: 38.18-188

(REVISED)—CAR SERVICE DIRECTIVE NO. 185

(Cancels and Supersedes CSD 185 of May 1, 1987)

TO: Transportation Officers—All Railroads

NOTICE: This Directive is issued under provisions of Car Hire Rule 18, A.1.g., and does not prohibit or restrict a railroad from asserting any rights under the I.C.C. regulations in 49 CFR 1039.14(c). Each violation of Section A.1 or Section B.1 of this Directive is subject to a graduated scale of assessments, based on violations occurring each calendar month.

EFFECTIVE: 12:01 a.m., January 1, 1991 and continuing until further notice.

APPLICATION: To box cars AAR mechanical designation XF, carrying railroad reporting marks.

ORDER:

SECTION A. Cars Assigned to Agent or Commodity Pools.

1. After unloading, cars subject to this Directive must be:
 - (a) Handed per owner's instructions; or
 - (b) Returned empty to agent at loading point in reverse of loaded movement.

The holding road to exercise the option.

SECTION B. Unassigned Cars.

1. After unloading, cars subject to this Directive must be:
 - (a) Handed per owner's instructions; or
 - (b) Loaded to or via the home road; or
 - (c) Handed under the provisions of Special Car Order 90.

The holding road to exercise the option.

SECTION C. Assigned and Unassigned Cars

1. No assessment will be made unless:
 - (a) Assigned car is registered in UMLER with proper pool assignment and transportation code; or
 - (b) Unassigned car is registered in UMLER with Transportation Code "U".

2. Car doors must be closed.
3. XF cars are restricted to processed packaged food loading only except, with the approval of owner, such cars may be used for loading other non-contaminating products enclosed in clean packaging. Cars must not be used for the loading of bulk commodities. If cars are used for loading which results in contamination or damage to linings or floors, or portions thereof, in order to restore cars to previous loading classification, the cost of repairs shall be assumed by the road (either switching or road haul) placing cars for loading.

EXCEPTION: Owners may exempt their cars from the provisions of Section A. 1., B. 1., or C.3. to allow use by other specified lines for loading. Such exemptions must be confirmed in writing to the Customer Service Division in advance. Each car covered by a blanket exemption will carry a blank Transportation Code in the UMLER file and will be covered under the provisions of Special Car Order No. 90.

NOTE: A receiving carrier may require the delivering carrier to furnish necessary data for forwarding car in compliance with this directive. Notice of an intent to require this data should be issued by the designated transportation officer of the road requesting the information to the designated transportation officer of the road to which the notice is addressed.

the designated transportation officer of the road to which the notice is addressed.

By direction of,
J. J. Carroll
Assistant Vice President

ASSESSMENT ORDER

March 5, 1991
File: 38.17-150

(REVISED)—CAR SERVICE DIRECTIVE NO. 150

(Cancels and Supersedes CSD 150 of January 1, 1991)

TO: Transportation Officers—All Railroads

NOTICE: This Directive is issued under provisions of Car Hire Rule 18, A.1.g., and does not prohibit or restrict a railroad from asserting any rights under the I.C.C. regulations in 49 CFR 1039.14(c). Each violation of paragraph 1 or 3 of the Order Section of this Directive is subject to a graduated scale of assessments, based on violations occurring each calendar month.

EFFECTIVE: 12:01 a.m., April 1, 1989 and continuing until further notice.

APPLICATION: To Unassigned Cars carrying railroad reporting marks of the following mechanical designations: FA, FB, FBS, FC, FCA, FL, FMS, GBR, GBS, GBSR, GDS, GSS, GTS, GWS, HMR, HTS, RB, RBL, RCL, RPL, XL, XLI, XP, XPI and all "L" types (except "LO", which are covered by CSD No. 435).

ORDER:

1. After unloading, all FB, FBS, FC, FCA, FL, FMS, GBR, GBS, GBSR, GDS, GWS, LG, LU, RB, RBL, RPL, RCL, XL, XLI, XP and XPI cars with a "U" Transportation Code must be:
 - (a) Handed per owner's instructions; or
 - (b) Loaded to or via the home road; or
 - (c) Handed under the provisions of CSD 80/100.
2. After unloading, all FB, FBS, FC, FCA, FL, FMS, GBR, GBS, GBSR, GDS, GWS, LG, LU, RB, RBL, RPL, RCL, XL, XLI, XP and XPI cars with a blank Transportation Code must be:
 - (a) Handed per owner's instructions; or
 - (b) Loaded without regard to route or destination; or
 - (c) Handed under the provisions of CSD 80/100.
3. After unloading, all FA, GDS, GTS, HMR, HTS, LF, LP, LPS, LM, LS and RC cars with a "U" Transportation Code must be:
 - (a) Handed per owner's instructions; or
 - (b) Loaded to or via the home road; or
 - (c) Returned to home road at any junction; or
 - (d) Handed empty to the delivering road at the junction where previously received if that junction is not a junction with the home road.
4. After unloading, all FA, GDS, GTS, HMR, HTS, LF, LP, LPS, LM, LS and RC cars with a blank Transportation Code must be:
 - (a) Handed per owner's instructions; or
 - (b) Loaded without regard to route or destination; or
 - (c) Handed under the provisions of Car Service Rule 2.
5. Car doors must be closed.
6. Car service Rules 1 and 2 are suspended insofar as they may conflict with above provisions.
7. No assessment will be made under this order unless car is properly registered in UMLER with "U" Transportation Code.

EXCEPTION: Owners may exempt their cars with "U" Transportation Code from the provisions of paragraph 1 and 3 of the Order to allow use by other specified lines, but such exemption must be confirmed in writing to the Customer Service Division in advance. Each car covered by a blanket exemption will carry a blank Transportation Code in the UMLER file.

NOTE: A receiving carrier may require the delivering carrier to furnish necessary data for forwarding car in compliance with this directive. Notice of an intent to require this data should be issued by the designated Car Service Officer of the road requesting the information to the designated Car Service Officer of the road to which the notice is addressed.

By direction of,
J. J. Carroll
Assistant Vice PresidentNovember 1, 1988
File: 38.2

SPECIAL CAR ORDER NO. 200

TO: Transportation Officers—All Railroads

NOTICE: Car Service Rule 2, paragraphs A1, A3 and A5, is suspended for all cars in the UMLER file with Transportation Code D. Transportation Code D identifies:

1. Railroad marked equipment that has never located on the car owner's property.
2. Privately marked equipment prior to first load.

The following are the instructions for handling the above empty foreign equipment carrying railroad reporting marks not needed for loading.

1. Forward to the road from which originally received under load, at the junction where received. If the junction where received under load is also a junction with the car owner, the car may be delivered to the owner at that junction; or
2. Returned to home road at any junction.

The holding road to exercise the option.

The TRAIN II System will evaluate car movements and determine if the Transportation Code of

ASSESSMENT ORDERS

AAR—Operations and Maintenance Department—Customer Service Division

of "D" should be removed. For railroad marked cars, the "D" code will be removed by TRAIN II when the car has reached the car owner. For private equipment, the "D" code will be removed by TRAIN II when the car status is first reported as loaded.

By direction of,
J. J. Carroll
Assistant Vice President

January 1, 1991
File: 580-435

CAR SERVICE DIRECTIVE NO. 435

(Cancels and Supersedes CSD NO. 435 of April 1, 1988)

TO: Transportation Officers—All Railroads

NOTICE: This Directive is issued under provisions of Car Hire Rule 18.A.1.g. Each violation of Section A. 1, or Section B. 1 of this Directive is subject to a graduated scale of assessments based on violations occurring each calendar month.

EFFECTIVE: 12:01 a.m., January 1, 1991, and continuing until further notice.

APPLICATION: To class "LO" and "HTR" covered hopper cars carrying railroad reporting marks or a railroad controlled car (as indicated by the lessee field in the UMLER file).

ORDER:

SECTION A. Cars Assigned to Shipper, Agent or Commodity Pools.

1. After unloading, cars subject to this Directive must be:

- (a) Handed per owner's instructions; or
- (b) Returned empty to shipper or agent at loading point in reverse of loaded movement. The holding road to exercise the option.

SECTION B. Unassigned Cars.

1. After unloading, cars subject to this Directive must be:

- (a) Handed per owner's instructions; or
- (b) Returned to home road at any junction; or
- (c) Returned empty to the delivering road at the junction where previous load was received if that junction is not a junction with the home road. The holding road to exercise the option.

SECTION C. Assigned and Unassigned Cars.

1. No assessment will be made unless:

- (a) Assigned car is registered in UMLER with proper pool assignment and transportation code; or
 - (b) Unassigned car is registered in UMLER with transportation code "W".
2. Destination carriers are requested to check closely to see that, after empty release of covered hopper cars, hopper slides are properly closed. Also, that hatch covers are secured to insure against contamination which results when dirt and moisture enter cars through these openings.
3. To avoid claims due to contamination when covered hopper cars are transferred from one commodity service to another, it is necessary to stress the importance of thoroughly cleaning the cars.

EXCEPTION: Owners may exempt their cars from the provisions of Sections A.1, or B.1, to allow use by other specified lines, but such exemptions must be confirmed in writing to the Customer Service Division in advance. Each car covered by a Blanket Exemption will carry a blank transportation code in the UMLER file.

NOTE: A receiving carrier may require the delivering carrier to furnish necessary data for forwarding car in compliance with this directive. Notice of an intent to require this data should be issued by the designated transportation officer of the road requesting the information to the designated transportation officer of the road to which the notice is addressed.

By direction of,
J. J. Carroll
Assistant Vice President

Revised Edition of Special Car Order No. 100
Effective January 1, 1991

Previous Issues of This Order Are Cancelled
This Issue Contains All Changes

TO: All Railroads

The provisions of Special Car Order No. 100 are identical as Special Car Order No. 90 except the order is applicable to the following mechanical designations:

- 1. GB, GD, and GS;
 - 2. GBR, GBS, GBSR, GSS, GWS, and LG cars either covered by the loading provisions of CSD 150 ("U" Transportation Code in the UMLER file) or exempted from CSD 150 (blank Transportation Code in the UMLER file).
- This Special Car Order does not supersede the loading provisions of CSD 150.

By direction of,
J. J. Carroll
Assistant Vice President

ASSESSMENT ORDER

March 1, 1989
File: 590-98

CAR RELOCATION DIRECTIVE NO. 98

TO: Transportation Officers—All Railroads and Terminal Switch Lines

NOTICE: This Directive is issued under provisions of paragraph (g), Car Hire Rule 18. Each violation of this Directive is subject to a graduated scale of assessment, based on violations occurring each calendar month.

EFFECTIVE: 12:01 a.m., May 1, 1989, and continuing until further notice.

APPLICATION: To all unequipped general service open top hopper cars, Mechanical Designations HFA, HK, HM, HT and HTA, listed in the UMLER file with Transportation Code "1."

ORDER: Ownerships listed in the UMLER file with Transportation Code "1" must be withdrawn from distribution and returned to owner empty via reverse of the loaded movement or, if agreed to by owner, delivered direct.

NOTE: For the purpose of improving car utilization and the efficiency of railroad operations, or alleviating inequities or hardships, modifications may be authorized by the Chief Transportation Officer of the car owner, which must be confirmed in writing to the undersigned.

By direction of,
J. J. Carroll
Assistant Vice President

Revised Edition of Special Car Order No. 90

Effective October 1, 1993

Previous Issues of This Order Are Cancelled

This Issue Contains All Changes

TO: All Railroads

Car Service Rule 2 is hereby suspended with respect to all:

- A. XM-XMI box cars;
- B. Mechanical designations FB, FBC, FBS, FC, FCA, FL, FMS, RB, RBL, RPB, RPL, RPL, XL, XU, XP, XPI, LC and LU cars either covered by the loading provisions of CSD 150 or 155 ("U" Transportation Code in the UMLER file) or exempted from CSD 150 or 155 (blank Transportation Code in the UMLER file);
- C. FM flat cars not assigned to pool number 9990300.

This Special Car Order does not supersede the loading provisions of CSD 150 or 155. The following are the instructions for handling the above foreign cars not needed for loading.

- 1. When the owning road participated in the last loaded movement,
 - A. Direct connections of the owner shall:
 - (1) Forward car to the home road at any junction, except cars handled in switch service must be returned to the delivering road unless at a junction with the home road.
 - (2) Forward car to the road from which originally received under load, at the junction where received, except that when handled in road haul service, cars of direct connection ownership may not be delivered empty to a road which does not have a direct connection with the car owner. If the junction where received under load is also a junction with the car owner, car must be delivered to the owner at that junction.

2. When the owning road did not participate in the last loaded movement:

- (A) Carriers that are a direct connection of the owner shall:
 - (1) Forward car to the home road at any junction, except cars handled in switch service must be returned to the delivering road when the switch carrier cannot identify whether the car carries a Transportation Code "T" in the UMLER file.
 - (2) Forward car to the road from which originally received under load, at the junction where received, except that when handled in road haul service, cars of direct connection ownership may not be delivered empty to a road which does not have a direct connection with the car owner. If the junction where received under load is also a junction with the car owner, car must be delivered to the owner at that junction.
- (B) Carriers that are an indirect connection of the owner:
 - (1) A carrier provided outlets for an ownership listed in Special Car Order 90 shall use the designated outlet, except cars received loaded for release in switch service by a carrier which has not been provided an outlet under SCO 90 at that terminal may return such cars to the delivering road haul carrier. If the carrier handling the car in switch service has an outlet under SCO 90 at that terminal it shall be used.
 - (2) A carrier not provided outlets in Special Car Order 90 shall forward the car to the road from which originally received under load, at the junction where received.

NOTE 1: Applicable box cars exceeding Plate C.

Reverse routing of car(s) is permissible, when the dimensions of such car(s) prohibit clearance by specified SCO 90 route.

In order to facilitate the identification of cars moving under paragraph 2, cars in which the owner was not involved in the last loaded movement will carry a Transportation Code of "T" in UMLER file. The Committee on Car Service has stated the UMLER file will govern regarding the proper handling of equipment in interchange service.

By direction of,
J. J. Carroll
Assistant Vice President

ASSESSMENT ORDER

October 22, 1990
File: 38.21

CAR SERVICE DIRECTIVE NO. 175

TO: Transportation Officers—All Railroads

NOTICE: This Directive is issued under provisions of Car Hire Rule 18.A.1.g., and does not prohibit or restrict a railroad from substituting any rights under the ICG regulations in 49 CFR 1005.14(a). Each violation of paragraph 1 or 2 of the Order Section of this Directive is subject to a graduated scale of assessments, based on violations occurring each calendar month.

EFFECTIVE: 12:01 a.m., November 1, 1990, and continuing until further notice.

APPLICATION: To all rail cars listed in the UMLER file with Transportation Code "D", or Transportation Code/Condition Code of "TO" or "TV". The car owner has listed this equipment in UMLER to expedite the movement home for lease termination or repair programs.

ORDER:

- 1. Cars must be withdrawn from distribution and returned to the owner empty.
- 2. The owner must withdraw empty system equipment received in interchange with Transportation Code "O" from distribution until completion of repairs or change in lease.
- 3. Empty foreign equipment listed in UMLER with a Transportation Code "O" must be:
 - (a) Handed per owner's instructions; or
 - (b) Delivered to the home road at any junction; or
 - (c) Returned to the delivering road at the junction where received if that junction is not a junction with the home road. The holding road to exercise the option.
- 4. Empty foreign equipment listed in UMLER with a Transportation Code of "TO" or "TV" must be:
 - (a) Handed per owner's instructions; or
 - (b) Delivered to the home road at any junction; or
 - (c) Delivered empty under the provisions of SCO 90/100. The holding road to exercise the option.

By direction of,
J. J. Carroll
Assistant Vice President

VERIFICATION

STATE OF CALIFORNIA)
) SS.
COUNTY OF CONTRA COSTA)

Emmitt J. Posey, being first duly sworn, deposes and states that he resides at 2015 Julius Court, Walnut Creek, California; that he has read the foregoing statement; and that the same is true and correct to the best of his knowledge, information and belief.

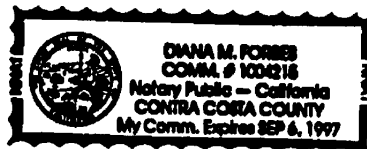
Emmitt J. Posey

SUBSCRIBED and SWORN

before me this 17

day of November, 1993.

Diana M. Forbes
Notary Public



2

Date: _____

PASKEY=

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A horizontal number line with arrows at both ends. It is marked with the numbers 1, 2, 3, 4, 5, 6, and 7. There are 6 equal intervals between the numbers.

[illegible]

28

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45			4

49 52

53 56

57			60

C	G		N	T/J	P
61					66

[illegible]

81

TRANSACTION TYPE: 1=DEL; 2=ADD; 3=CHANGE

*If the pool is seasonal, i.e., no cars are assigned at various intervals, report S and the current year, e.g., S99 in pos. 78-80

11

82 Maintenance Pool Code. Appendix B. Office Manual. AAR Interchange Rules
Indicate the appropriate Rule Number as the code (Rule 1 through 6)

83			86

Designated Pool Reporter

3



JOHN DEERE

Deere & Company
3400 80th St Moline, IL 61265 USA

David A. Panjwani
Manager, Global Transportation

20 May 2004

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, NW
Washington, DC 20423-0001

RE: Finance Docket No. 27590 (Sub-No. 3)
TTX Company – Application For Pooling Reauthorization

Dear Mr. Williams:

My name is David Panjwani and I am the Manager of Transportation for Deere and Company. I am responsible for the global transportation at John Deere for all modes within North America and overseas. John Deere is the world's leader in Agricultural, Construction and Consumer equipment. I have been involved in this industry my entire career and would like to address the above mentioned issue.

Currently John Deere relies heavily on rail car transportation to move our finished machines from our factory locations to our Ports of Exit as well as to North American dealers. We rely heavily on the availability and usage of 60 and 89-foot flat cars.

We understand that TTX is seeking reauthorization of its flatcar pool. We strongly support an extension of TTX's flatcar pooling authority, because we rely on the smooth functioning of the TTX flatcar pool for the growth and success of our business.

Benefits from TTX investment in equipment: TTX facilitates continuing investment by the U.S. railroad industry in flatcar equipment supply.

- ❖ TTX facilitates investment in equipment that is vital to our business but might get overlooked by railroads given their other pressing investment needs. We recognize that TTX supplies all of our Class 1 carriers with equipment that is absolutely vital to our success.
- ❖ Heavy duty flatcars are used relatively infrequently and may not receive sufficient railroad attention were it not for TTX.
- ❖ TTX has continued to acquire cars to respond to the railroad industry's need to transport large diameter pipe, structural steel, and machinery.

Phone: 309-765-5171

Fax: 309-765-3197

Email: panjwanidavida@johndeere.com

Benefits from TTX management of a pooled fleet: A pool of shared flatcars ensures that cars can move freely across the rail network and are available for shipments on all railroads in all lanes.

- ❖ TTX's pool of heavy-duty flatcars provides an indispensable resource.
- ❖ When we are done with a car, it can be sent on any railroad to anywhere in North America for the next load; this flexibility allows cars to remain in revenue service, which reduces the rates we must pay for our relatively infrequent movements.

Benefits from TTX's efficient and high-quality maintenance: TTX provides high-quality, well-maintained flatcars and maintains them efficiently.

- ❖ TTX has demonstrated its commitment to provide a fleet of high-quality, well-maintained flatcars.
- ❖ TTX's proactive and efficient maintenance practices make TTX equipment more dependable and allow rail networks to operate more reliably, lowering our company's costs from delays due to malfunctioning equipment.
- ❖ By maintaining its cars to achieve a high degree of reliability, TTX contributes substantially to the efficiencies of railroad transportation.

TTX does not foreclose any other equipment supply options: If other equipment supply options – such as car leasing – could provide additional benefits, TTX would not prevent railroads from taking advantage of those options.

In closing TTX is a key source for our continued success as we expand markets and look for non-trucking modes to move our product. We support TTX's application for a fifteen-year extension of its pooling authority to ensure that TTX will continue to supply efficient and economical flatcar service in the years to come. We consider approval of TTX's application to be of critical importance to the continued growth and success of our business.

Sincerely,



David A Panjwani
Manager, Global Transportation