

***AMERICAN SHORT LINE AND REGIONAL
RAILROAD ASSOCIATION, AGENT**

SUPPLEMENT 35

TO

FREIGHT TARIFF RIC 6007-L

Cancels Supplement 30

Supplements 3, 5, 7, 8, 13, 17, 22, 32, 34 and 35 contain all changes.

**MILEAGE ALLOWANCES AND RULES
GOVERNING**

THE HANDLING OF AND THE PAYMENT OF MILEAGE

ALSO CHARGES

ON

**CARS OF PRIVATE OWNERSHIP
AS DEFINED IN ITEMS 25 AND 400**

BY

RAILROADS PARTIES TO THIS TARIFF

For List of Participating Carriers, see Item 2.10.

This tariff is also applicable on intrastate traffic except where expressly provided to the contrary in connection with particular items.

ISSUED FEBRUARY 9, 2005

EFFECTIVE MARCH 1, 2005

ISSUED BY

AMERICAN SHORT LINE AND REGIONAL
RAILROAD ASSOCIATION, AGENT
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SUPPLEMENT 35 TO TARIFF RIC 6007-L

ITEM 2.20

CUMULATIVE INDEX OF NEW OR CHANGED ITEMS

New Items added in supplements and items in the original tariff which have been amended in supplements are listed below with reference to the supplement in which such items may be found. (See Item 75 for Method of Cancellation).

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SUPPLEMENT 35 TO TARIFF RIC 6007-L

SECTION 1 RULES AND REGULATIONS APPLIES ONLY ON TANK CARS

30 ITEM 187-E

EQUALIZATION OF MILEAGE ON TANK CARS OF PRIVATE OWNERSHIP

PART A AGGREGATE EMPTY MILEAGE VERSUS LOADED MILEAGE (SEE NOTE 1)

1. Should the aggregate empty mileage accumulated by tank cars carrying any of the reported marks assigned to any one person or company during a calendar year exceed the aggregate loaded mileage during the same calendar year by more than six (6) percent, such excess mileage must be paid for by the person or company to whom the reporting marks are assigned at the rate of forty-one (41) cents per mile, without minimum, subject to the procedures outlined in Part D (See Note 2, this item).
2. Mileage on empty cars moving on revenue billing will not be included in the equalization account.
3. Empty mileage accumulated on cars moving to and from repair facilities for modification under DOT mandated retrofit programs or for inspection and/or repair under FRA Emergency Order Nos. 16 and 17, O & M Circular No. 4, or AAR Circular Letter 7697 will not be included in the equalization account. Empty mileage accumulated on cars moving under AAR Early Warning letters to and from repair facilities associated with the removal of certain truck bolsters that were manufactured by the National Castings of Mexico facility in Sahagun, Mexico, will not be included in the equalization account.
4. Except as outlined in Item 190 Series, paragraph 2 (c), no adjustments to loaded or empty mileage will be made in the equalization account for mileage caused by error in handling of the reporting railroad or of another railroad, or for mileage accumulated on cars moving on their own wheels to and from repair facilities due to railroad damage or for mileage accumulated due to longer routes for railroad convenience, detours and Surface Transportation Board Service Orders. Rail carriers will make equalization adjustments to the owners of excess reported on-line empty mileage on cars, they lease and operate under private marks, or cars of other lessees and/or owners operating on their line for company material, weed killer and similar service.
5. Adjustments to loaded or empty mileage will be made in the AAR equalization account for apparent accounting errors in the total mileage reported for participating rail carriers under the following procedures. In the absence of appropriate adjustments being made by the AAR or a participating carrier for such accounting errors, a private car company or owner may request an appropriate adjustment for mileage summaries reported in error, from the involved rail carrier in the format prescribed by the AAR, provided such request is made within thirty (30) days of the forwarding of the monthly AAR "Year to Date Equalization Register", containing the alleged error, furnishing a duplicate of such request to the Secretary, Business Services, AAR. The rail carriers will have thirty (30) days from the date of such request in which to decline or make all or a portion of the requested adjustment, advising the Secretary of the handling accorded. If the rail carrier fails to act upon a request for adjustments in the AAR summary totals within the specified time frame, the AAR is authorized to make the adjustment to the equalization account of the private car company or owner for the amount of mileage originally requested. Exceptions to the annual national equalization statement will be handled in accordance with the provisions of Part D (2).

ALL requests for adjustments to the equalization account must be presented by the private car company or owner to the involved rail carrier(s) or presented by the rail carrier(s) to the private car company or owner within three (3) years from the last day of the reporting month in question. However, such request for adjustments will not be accepted by the AAR if the involved rail carrier or car owner is no longer an operating entity, except as provided for in Part C.
6. Aggregate loaded and empty mileage will be computed on the basis of actual distance, as defined in Item 185-Series. Adjustments made subsequent to the deadline specified in Part D will be computed in the subsequent equalization account year.

PART B REPORTING OF ACTUAL LOADED AND EMPTY MILEAGE

Each participating carrier will submit a monthly mileage report in the format prescribed by the AAR to the assignee of each reporting mark forty (40) days after the close of the movement month reporting by individual car number the actual loaded and empty miles moved as computed in accordance with Item 185-Series. In addition, total actual monthly loaded and empty mileage accumulated by all cars bearing each reporting mark will be reported to the assignee of such mark in the format prescribed by the AAR, furnishing a duplicate of this summary report to the Secretary, Business Services, AAR. Adjustments for prior months will be indicated on this monthly summary report.

PART C CHANGE OF OWNERSHIP

When a private tank car company or owner discontinues business or disposes of all tank car equipment, any excess empty mileage balance which has accrued to the date of such action, on the tank cars bearing the reporting marks of such company or owner, shall be subject to bill as of that date, in accordance with the provisions of Parts A and D of Item 187-Series, subject to any applicable adjustments.

SUPPLEMENT 35 TO TARIFF RIC 6007-L

SECTION 1 RULES AND REGULATIONS APPLIES ONLY ON TANK CARS

30 ITEM 187-E *CONT'D*

EQUALIZATION OF MILEAGE ON TANK CARS OF PRIVATE OWNERSHIP

PART D ANNUAL NATIONAL EQUALIZATION ACCOUNTING

1. After May 20 of each year, the Secretary, Business Services, AAR will summarize all empty and loaded mileage by reporting mark assigned to any person or company, reporting for the proceeding calendar year, by all participating carriers to this tariff. Should the aggregate empty mileage exceed the aggregate loaded mileage of all participating carriers by more than (6) percent for any such group of reporting marks, the person or company to whom the reporting marks are assigned will be billed at the rate of forty-one (41) cents per mile without minimum and must pay the AAR on behalf of each participating carrier for such excess for such empty mileage. The charges collected for this excess empty mileage will be distributed to the participating carriers by the AAR in direct proportion to such carriers portion of excess empty mileage to the total accumulated excess empty mileage. Only that mileage and any related adjustments reported to the Secretary prior to May 20 will be considered in determining and excess empty mileage, as outlined herein (See Notes 1, 2 and 3).
2. An annual national equalization statement detailing the excess empty mileage accumulated and any applicable charges will be tendered by the Secretary to the person or company assigned the reporting mark(s) for such cars for verification no later than July 1 of the year succeeding the equalization accounting year. Exceptions to this statement must be received by the Secretary within 30 days of the date tendered, and payment for all excess empty mileage is due immediately thereafter. Any adjustments made by the participating carriers up to and including the March account applicable to the prior year(s) will be incorporated in the equalization accounts for the prior equalization accounting year. Any railroad or AAR adjustments made subsequent to the March account will be carried over to the following equalization accounting year (see Note 3).
3. A private car company or owner failing to render complete payment for all excess empty mileage within thirty (30) days of the date its equalization statement is tendered by the AAR will be subject to a penalty of one and a half percent (1.5%) interest per month (i.e., annual rate of 18%) for each calendar month or fraction thereof on any outstanding balance due from the date of the AAR's invoice statement. If any portion of a private car company's or owner's equalization statement remains unpaid in excess of 3 months from the date initially tendered, all mileage allowances accrued by the tank cars registered in the UMLER file bearing its reporting marks will be withheld by the carriers participating in this item until such time as complete payment including applicable penalty interest is made. Once complete payment is made, the participating carriers will be notified by the AAR and claims for any applicable mileage allowances withheld will be honored, less a 15% penalty charge for the carriers' administrative expense.

EXPLANATION OF NOTES

1. The forty-one (41) cents per mile charges for excess empty mileage under the provisions of this item is subject to revision September 1 of each year under Ex Parte No. 328 agreed annual update procedures, and will be retroactively applied to cover the entire calendar year involved.
 2. Close out dates specified in Part D may be extended by the AAR for a maximum of 60 days for special national accounting problem conditions, affecting substantially all carriers and all owners.
 3. Invoices that have been issued which, after investigation, are determined to have been erroneous due to rail carriers or AAR accounting and/or system errors may be cancelled by the Secretary.
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SUPPLEMENT 35 TO TARIFF RIC 6007-L

SECTION 1 RULES AND REGULATIONS APPLIES ONLY ON TANK CARS

30 ITEM 192-F

HANDLING AND HOLDING OF EMPTY TANK CARS BY RAILROADS ON RAILROAD TRACKS (SEE NOTE 1)

1. The rules and charges in this item apply only to empty private tank cars consigned to non-railroad repair facilities; i.e., facilities for cleaning, lining, relining, maintenance, modification or repair.
2. The rules and charges do not apply to:
 - A. Empty private tank cars moving as revenue freight under the provisions of Item 190-Series, Paragraph B 2.
 - B. Empty private tank cars handled or held for carrier operating convenience.
 - C. Empty private tank cars en route to facilities for cleaning, lining, relining or repair for heavy repairs following railroad damage.
 - D. Empty private tank cars en route to repair facilities located on the premises of a shipping facility, provided that the empty car, after repair, is subsequently shipped from the facility in revenue freight service.
3. No allowance will be made by carriers for mileage accrued during supplemental empty movement of tank cars that are assessed charges as provided in Paragraph 5.
4. Charges applicable under these provisions will apply to empty private tank cars which the consignee has not ordered to his cleaning, lining, relining, maintenance, modification or repair facility (or his owned or leased tracks in the vicinity thereof) before the expiration of 48 hours free time (not counting Saturdays, Sundays or holidays) after placement. The time calculation will start the first 7 A.M. subsequent to carrier notification to the consignee that the empty private car is ready for placement and the time calculation will stop when the carrier places or forwards the car pursuant to instructions or should have placed or forwarded the car pursuant to instructions.
5. After expiration of free time as provided in Paragraph 4, charges will be as follows: (See Note 2)
 - A. Supplementary handling charge of \$45.00 per car.
 - B. Holding charge of \$1 per car per calendar day or fraction thereof including Saturdays, Sundays and holidays while held by carrier on non-leased tracks awaiting disposition.
6. In the event the consignee orders the car to tracks owned or leased by the consignee in the vicinity of the facility for cleaning, lining, relining, maintenance, modification or repair within the forty-eight hour period described under Paragraph 4, this item, there will be no supplementary handling charge for the movement; however, such cars will be subject to the supplementary handling charge of \$45.00 per car (See Note 2) at such time that the empty tank car is subsequently ordered and moved onto the facility for cleaning, lining, relining, maintenance, modification or repair or ordered moved from that facility to the tracks or leased by the consignee in the vicinity of the facility.
7. Applicable billing will be monthly to the facility involved.

EXPLANATION OF NOTES

1. The rules and charges in this item do not in any way supersede or duplicate existing, or new written contractual operating, side track, track lease, property lease, etc., agreements or tariffs that contain empty private tank car handling and holding provisions as part of the overall agreement.
 2. Per ExParte No. 328, the supplemental handling charge will be revised annually at the same time as the tank car mileage allowance update, utilizing the same method as that prescribed for updating the excess mileage equalization charge.
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SUPPLEMENT 35 TO TARIFF RIC 6007-L

**SECTION 1
RULES AND REGULATIONS
APPLIES ONLY ON TANK CARS**

ITEM 195-I

**MILEAGE RATE ALLOWANCE ON TANK "T" AND HOUSE CAR "XT"
(SEE ITEM 196 FOR EXPLANATION OF DESIGNATING SYMBOLS)
(SEE NOTE 1)**

1. Mileage rate allowance for cars of foregoing mechanical designations shall be in cents per loaded mile (See Notes 2 and 7) as follows:

COLUMN 1 - Original cost or fair market value in dollars (see Notes 3, 4, 5 and 6, this item).
 COLUMN 2 - Cars in service years 1 through 30.
 COLUMN 3 - Cars in service years 31 and over.

COLUMN 1	◆▲ COLUMN 2	◆▲ COLUMN 3
\$ 0 - 1000	30.9	30.5
1001 - 2000	31.7	30.6
2001 - 3000	32.4	30.7
3001 - 4000	33.2	30.7
4001 - 5000	34.0	30.8
5001 - 6000	34.7	30.9
6001 - 7000	35.5	30.9
7001 - 8000	36.3	31.0
8001 - 9000	37.0	31.0
9001 - 10000	37.8	31.1
10001 - 11000	38.6	31.2
11001 - 12000	39.4	31.2
12001 - 13000	40.1	31.3
13001 - 14000	40.9	31.3
14001 - 15000	41.7	31.4
15001 - 16000	42.4	31.5
16001 - 17000	43.2	31.5
17001 - 18000	44.0	31.6
18001 - 19000	44.7	31.7
19001 - 20000	45.5	31.7
20001 - 21000	46.3	31.8
21001 - 22000	47.0	31.8
22001 - 23000	47.8	31.9
23001 - 24000	48.6	32.0
24001 - 25000	49.3	32.0
25001 - 26000	50.1	32.1
26001 - 27000	50.9	32.1
27001 - 28000	51.6	32.2
28001 - 29000	52.4	32.3
29001 - 30000	53.2	32.3
30001 - 31000	54.0	32.4
31001 - 32000	54.7	32.4
32001 - 33000	55.5	32.5
33001 - 34000	56.3	32.6
34001 - 35000	57.0	32.6

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**SECTION 1
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ITEM 195-I CONT'D

**MILEAGE RATE ALLOWANCE ON TANK "T" AND HOUSE CAR "XT"
(SEE ITEM 196 FOR EXPLANATION OF DESIGNATING SYMBOLS)
(SEE NOTE 1)**

COLUMN 1	◆ COLUMN 2	◆ COLUMN 3
35001 - 36000	57.8	32.7
36001 - 37000	58.6	32.8
37001 - 38000	59.3	32.8
38001 - 39000	60.1	32.9
39001 - 40000	60.9	32.9
40001 - 41000	61.6	33.0
41001 - 42000	62.4	33.1
42001 - 43000	63.2	33.1
43001 - 44000	63.9	33.2
44001 - 45000	64.7	33.2
45001 - 46000	65.5	33.3
46001 - 47000	66.0	33.3
47001 - 48000	66.6	33.2
48001 - 49000	67.1	33.2
49001 - 50000	67.7	33.1
50001 - 51000	68.2	33.1
51001 - 52000	68.8	33.0
52001 - 53000	69.3	33.0
53001 - 54000	69.8	33.0
54001 - 55000	70.4	32.9
55001 - 56000	70.9	32.9
56001 - 57000	71.4	32.8
57001 - 58000	71.9	32.8
58001 - 59000	72.5	32.7
59001 - 60000	73.0	32.7
60001 - 61000	73.5	32.7
61001 - 62000	74.0	32.6
62001 - 63000	74.5	32.6
63001 - 64000	75.0	32.5
64001 - 65000	75.5	32.5
65001 - 66000	76.0	32.5
66001 - 67000	76.5	32.4
67001 - 68000	77.0	32.4
68001 - 69000	77.5	32.3
69001 - 70000	77.9	32.3
70001 - 71000	78.4	32.3
71001 - 72000	78.9	32.2
72001 - 73000	79.4	32.2
73001 - 74000	79.8	32.1
74001 - 75000	80.3	32.1
75001 - 76000	80.8	32.1
76001 - 77000	81.2	32.0
77001 - 78000	81.7	32.0
78001 - 79000	82.2	32.0
79001 - 80000	82.6	31.9

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**MILEAGE RATE ALLOWANCE ON TANK "T" AND HOUSE CAR "XT"
(SEE ITEM 196 FOR EXPLANATION OF DESIGNATING SYMBOLS)
(SEE NOTE 1)**

COLUMN 1	◆ COLUMN 2	◆ COLUMN 3
80001 - 81000	83.1	31.9
81001 - 82000	83.5	31.8
82001 - 83000	84.0	31.8
83001 - 84000	84.4	31.8
84001 - 85000	84.9	31.7
85001 - 86000	85.3	31.7
86001 - 87000	85.7	31.7
87001 - 88000	86.2	31.6
88001 - 89000	86.6	31.6
89001 - 90000	87.0	31.6
90001 - 91000	87.5	31.5
91001 - 92000	87.9	31.5
92001 - 93000	88.3	31.5
93001 - 94000	88.7	31.4
94001 - 95000	89.1	31.4
95001 - 96000	89.6	31.4
96001 - 97000	90.0	31.3
97001 - 98000	90.4	31.3
98001 - 99000	90.8	31.3
99001 - 100000	91.2	31.2
100001 - 101000	91.6	31.2
101001 - 102000	92.0	31.2
102001 - 103000	92.4	31.1
103001 - 104000	92.8	31.1
104001 - 105000	93.2	31.1
105001 - 106000	93.6	31.0
106001 - 107000	94.0	31.0
107001 - 108000	94.4	31.0
108001 - 109000	94.8	30.9
OVER 109000	95.2	30.9

EXPLANATION OF NOTES

- Designating symbols (mechanical designation) will be assigned to car owner or lessee by the Secretary, Technical Services, Association of American Railroads, upon written application.
- For mileage allowance purposes, the service year of a car is calculated based upon year of construction of underframe. A car's first service year is the year built. Its second service year begins on January 1 of the year following the year built, with succeeding service years starting on January 1 of each following year. If the tank's service year exceeds 30, the car's service year is considered to be in excess of 30 regardless of year of construction of underframe. For those cars constructed without an underframe, the car's service year is calculated based upon year of construction of tank. Service year is determined by subtracting the year of construction (built/rebuilt) from the current calendar year, plus 1, e.g., (2000 - 1970) + 1 = 31, or Service Years 31 and over allowance bracket.
- For cars built prior to January 1, 1968 assignment of owned or leased cars to value groups will be determined by the undepreciated base classification value. In addition, capitalized additions and betterments shall be added to the value if not already included in the BCV system.

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SECTION 1 RULES AND REGULATIONS (APPLIES ONLY ON TANK CARS)

ITEM 195-I *CONT'D*

MILEAGE RATE ALLOWANCE ON TANK "T" AND HOUSE CAR "XT" (SEE ITEM 196 FOR EXPLANATION OF DESIGNATING SYMBOLS) (SEE NOTE 1)

EXPLANATION OF NOTES

4. Applies as follows:

- A. For cars built between January 1, 1968 and July 1, 1991, assignment of owned or leased cars to value groups will be determined by the original cost as represented to the original buyer by the manufacturer's invoice price at the time of original installation into service. In the case of a manufacturer-lessor, the fair market value or the value which was certified, or would have been certified, for investment tax credit purposes shall be substituted therefore.
- B. Assignment to value groups of cars placed into service after July 1, 1991 will be determined by the original cost of the car to the original buyer as stated in the manufacturer's invoice. In only two circumstances, owners may certify as alternative "true value" in lieu of invoice price: (a) manufacturers who retain cars for their own leasing service and (b) purchasers who can demonstrate that they contributed physical assets of significant value that were used by the manufacturer in fabricating a car, resulting in a reduction of the invoice price by more than \$1,000 per car below the price that otherwise would have been charged. For manufacturers "true value" is the price for which a car or group of cars manufactured as a group would have been sold in an arm's length transaction. For purchasers who have made a qualifying contribution to fabrication, "true value" is the invoice price plus the depreciated value of the contributed assets distributed over the cars for which the assets were used, subject to the same limitations on "true value" which would apply to a manufacturer.

"True value" shall not exceed the average price of similar cars registered in UMLER at invoice price within the most recent 12 months for which registration information is available in UMLER, adjusted for changes in the market values of new tank cars as reflected in average car prices. If the AAR determines by audit that a certified "true value" exceeds this value limit by an amount that causes a car to be placed in a higher allowance value bracket, the value of the car will be reduced to the appropriate value bracket. In addition, if the AAR determines by audit that a certified, "true value" exceeds this value limit by an amount that causes a car to be placed in allowance value bracket more than one bracket above the otherwise applicable bracket, excess allowances paid as a result of the over valuation shall be reimbursed to the paying railroads.

Those owners who certify a "true value" in lieu of invoice price during the calendar year must provide to the AAR an officer's certificate at the end of the year stating that, based on all information available to the owner, the owner has complied with the terms of this item. Car owners must supply for entry into UMLER all information required for tank cars in the UMLER Specification Manual. Notwithstanding any other provision of this tariff item, "true value" will be subject to audit directly by the AAR.

- C. If applicable, initial into service transportation costs, capitalized original lining costs, capitalized additions and capitalized betterments shall be added to car values determined pursuant to paragraphs 4 (A) and 4 (B), above, if not already included in the value of the car. For cars built after January 1, 1988, capitalized inspection costs shall be added to the value, if applicable and if not already included in the value, if applicable and if not already included in the value of the car. Values other than invoice price shall be identified in accordance with the current AAR UMLER format at the time cars are submitted to the Secretary, Business Services, AAR, for registration in the UMLER file (see Note 6, this item).
- D. The rebuilt year and rebuilt valuation of a private car will be utilized for the purpose of computing applicable mileage allowances subject to the following conditions:
1. The car must be rebuilt in accordance with the current requirements of Rule 88, Section C of the Office Manual and Sections A & B of the Field Manual, AAR Interchange Rules, Application for official rebuilt status must be filed with the AAR Technical Services and written formal approval received prior to registering such car in the UMLER file with rebuilt age and valuation data.
 2. Assignment of owned or leased rebuilt cars to value groups will be determined as outlined in Notes 4. (A), 4. (B) and 4. (C) herein, except that the maximum valuation of a rebuilt private car shall not exceed the lesser of:
 - a. 75 percent of the original cost of a comparable new car.
 - b. 75 percent of the calculated replacement cost of the rebuilt car prior to rebuilding, as computed per AAR Interchange Rule 107.
- E. All car ages and values submitted are subject to verification by the AAR, and audit by the AAR or the owners independent public accountant upon reasonable request by the AAR. If the car owner elects to have the audit performed by its independent public accountant, such audit must be performed in a timely fashion in the manner prescribed by the AAR, will be performed at the car owner's expense and must be duly certified by the car owner's auditor as representing the true value of all cars included in such audit. Failure of the car owner to furnish the required car valuation data to the AAR UMLER file, to arrange for the requested audit, or to correct errors determined as a result of such audit, will result in such car(s) being assigned to the lowest applicable mileage allowance rate group.

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ITEM 195-I CONT'D

**MILEAGE RATE ALLOWANCE ON TANK "T" AND HOUSE CAR "XT"
(SEE ITEM 196 FOR EXPLANATION OF DESIGNATING SYMBOLS)
(SEE NOTE 1)**

4. F. Maximum original cost of fair market value will be as follows:

1. For cars built in 1981 and prior.....	\$ 64,001
2. For cars built in 1982.....	\$ 58,001
3. For cars built in 1983.....	\$ 56,001
4. For cars built in 1984.....	\$ 51,001
5. For cars built in 1985.....	\$ 54,001
6. For cars built in 1986.....	\$ 66,001
7. For cars built in 1987.....	\$ 62,001
8. For cars built in 1988.....	\$ 63,001
9. For cars built in 1989.....	\$ 64,001
10. For cars built in 1990.....	\$ 67,001
11. For cars built in 1991.....	\$ 71,001
12. For cars built in 1992.....	\$ 70,001
13. For cars built in 1993.....	\$ 76,001
14. For cars built in 1994.....	\$ 74,001
15. For cars built in 1995.....	\$ 80,001
16. For cars built in 1996.....	\$ 83,001
17. For cars built in 1997.....	\$ 84,001
18. For cars built in 1998.....	\$ 89,001
19. For cars built in 1999.....	\$ 94,001
20. For cars built in 2000.....	\$ 92,001
21. For cars built in 2001.....	\$106,001
22. For cars built in 2002.....	\$109,001
23. For cars built in 2003.....	\$ 85,001
24. For cars built in 2004 and subsequent.....	\$ 93,001

NOTE: Age is determined by subtracting the year of construction (built/rebuilt) from the calendar year plus 1. e.g. (2000-1988) + 1 = 13.

5. For cars built or rebuilt subsequent to December 31, 1977, all values reported to the AAR UMLER file must be stated in equivalent US dollars based on the applicable exchange rate at the time such cars were built or rebuilt. Subsequent capitalized additions and betterments reported to UMLER must also be stated in equivalent US dollars at the time such improvements were made.
6. Applies as follows:
- A. Into service transportation costs are those freight charges associated with the movement of a car that is ready for its first load to the locations of the car's original installation into service. Other transportation charges incurred during construction (e.g., to a facility which installs the original lining, etc) may be included in ledger value provided that the cost is capitalized.
 - B. A capital expenditure is an expenditure intended to benefit future periods in contrast to revenue expenditure/current expense which benefits a current period. It is an addition to a capital asset and is initially reflected on the balance sheet. A capital expenditure normally is subject to depreciation in future years.
 - C. Applies as follows:
 - 1. An addition or betterment has the effect of:
 - a. Extending the useful life of a car beyond the life projected when the car was entered into service; or
 - b. Increasing a car's normal use beyond that which was in effect when the car was entered into service; or
 - c. Lowering the operating costs beyond that which was in effect at the time the car was entered into service; or
 - d. Otherwise adding to the worth of the benefits a car can yield beyond that in effect when the car was entered into service (e.g., enhance safety, etc).
 - e. Any repair that maintains a car in its customary state of operating efficiency is NOT an addition or betterment.
 - 2. An addition is the installation of a new component of a car (not a replacement) which meets the above tests. The value registered in UMLER shall be the cost of the component added, including labor.
 - 3. A betterment is the replacement of a component of the car with a superior component. The value registered in UMLER for a betterment should not exceed the cost of the superior component, including labor minus (1) the original value of the component that was replaced (i.e., retired) and (2) the cost (i.e., expense) incurred in removing the old component.
 - 4. When a unit of property is removed from a car (i.e., partial retirement), the ledger value registered in UMLER shall be reduced by the original value of the unit removed.
 - 5. Any cost recovered under AAR Defect Car Billing, if applicable, must be deducted from the cost of an addition or betterment.

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SUPPLEMENT 35 TO TARIFF RIC 6007-L

**SECTION 1
RULES AND REGULATIONS
(APPLIES ONLY ON TANK CARS)**

ITEM 195-I CONT'D

**MILEAGE RATE ALLOWANCE ON TANK "T" AND HOUSE CAR "XT"
(SEE ITEM 196 FOR EXPLANATION OF DESIGNATING SYMBOLS)
(SEE NOTE 1)**

7. Applies as follows:

- A. When an owner: (1) makes a valuation correction to the UMLER file; or (2) changes the mechanical designation of cars registered in the UMLER file; and such changes result in an increase or decrease in the mileage allowance rates, the Secretary, Business Services, AAR, will be so notified and the increase or decrease will be applied retroactively. Once cars have been reported to the UMLER file, any of the foregoing corrections or changes that result in a retroactive increase or decrease in the mileage allowance rates will be identified by the Secretary. The car owner is required to furnish the Secretary documented proof of the basis of the correction or change and advise as to any applicable mileage allowance adjustments which are required.
 - B. Retroactive Mileage Allowance Decrease: Within five (5) months from the date of a change to the UMLER file resulting in a retroactive mileage allowance rate decrease, the owner will notify all using carriers of such decrease with either supporting details or a summary of the over-collections, with a copy to the Secretary. After receiving such notification, the using carrier shall deduct such amount(s), in the next open mileage reports to the car owner, plus fifteen (15) percent to reimburse the handling road for audit and associated administrative expenses. If the owner fails to send notification to the users within five (5) months, the Secretary shall notify carriers of the car initial(s) and number(s) involved and the user(s) shall make an adjustment, as described above.
 - C. Retroactive Mileage Allowance Increase: Within five (5) months from the date of a change to the UMLER file resulting in a retroactive mileage allowance rate increase, the owner will notify all using carriers of such increase with either supporting details or a summary of the under-collections, with a copy to the Secretary. After receiving such notification, the using carriers shall add such amount(s) in their next open mileage reports to the car owner, less fifteen (15) percent to reimburse the handling roads for audit and associated administrative expense. No retroactive mileage allowance rate increase will be applicable if the owner fails to notify the using carriers of such increase within five (5) months from the date of a change to the UMLER file.
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SUPPLEMENT 35 TO TARIFF RIC 6007-L

SECTION 2 EXCEPTIONS TO APPLICATION AND RULES APPLIES ON CARS OTHER THAN TANK CARS

ITEM 540-C

NORFOLK SOUTHERN RAILWAY COMPANY (See Note 1)

1. The handling of EMPTY cars for account of NS will be as follows:
 - A. The provisions of item 615 Series WILL NOT apply.
 - B. When a car is released from load on NS, the empty car will be returned to the origin station of the last loaded movement via the reverse of the inbound route. If the owner or lessee of the car desires movement of the empty car via a different route or station other than the last loaded movement, owner or lessee can enter advance empty disposition using the NS internet application while railcar is under loads. If owner or lessee of the car desires to change movement of the empty car via a different route or station after car has been released empty, such change will be subject to the applicable rules and charges governing diversion in NS 8002 Series.
 - C. Empty cars will be handled without charge if the empty movement was immediately preceded by a revenue move within the last 60 days on the Norfolk Southern Railway Company. (See Exceptions 1 and 2)

Exception 1. Empty cars moving on their own wheels will be subject to charges published in NSRQ 4900 Series Item 101030 Series when:

- A. Cars are new or have been restenciled with new initials and/or numbers.
- B. Cars are not listed in UMLER.
- C. Cars are moving for scrapping or sale.
- D. On back to back empty moves the second move is chargeable.

Exception 2. Empty cars consigned to a repair or storage facility will be governed by the provisions published in NS 8002 Series Item 3000 Series.

EXPLANATION OF NOTE

Note 1. If subject car has last contained Hazardous Materials, shipping paper must be furnished at the point of origin of the empty car for all moves whether they are reverse route or not.

(Underscored portion denotes change.)

EXPLANATION OF REFERENCE MARKS

- ◆ - Increase
 - ◆ - Reduction/Decrease
 - ▲ - Indicates no change in some charges
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