

AAR Circular OT-5 & OT-57

Midwest Association of Rail Shippers

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Objective

- **North America Freight Car Association background**
- **Operating Authority for Private Railcars**
 - **AAR Circular OT-5**
 - Background
 - Issues
 - **AAR Circular OT-57**
 - Changes from OT-5
 - Registration of equipment
 - New process

North America Freight Car Association

- **NAFCA organized in 1994 to deal with issues related to private railcars**
- **NAFCA's goal is to protect the interests of the manufacturers, owners and non-railroad operators of private railcars**
- **NAFCA currently made up of 39 members who collectively own or operate in excess of 760,000 railcars**
 - Railcar manufacturers
 - Railcar owners and lessors
 - Shippers who own and/or lease railcars
 - Associate members



OT-5 and OT-57

- **Circular OT-5**
 - Loading authority to operate private cars on railroads
 - First OT-5 Circular issued in 1962
 - Ownership of rail fleet significantly different today
- **NAFCA predecessor (SCOT-5) filed a complaint with ICC in 1989 which produced the current OT-5 rules**

“The controlling entity must apply for loading authority. Applications for the use of private cars with specific railroads should state the name of the controlling entity, the name of the originating line haul carrier, the specific car number(s) and if known, the station(s) and industry(s) at which loads are intended to originate should be provided.....Application approval for shipper provided cars cannot be denied by the carrier(s) except for reasons of safety, mechanical factors or inadequate storage space.”

OT-5 and OT-57

- **Key Provisions of Circular OT-5**
 - **Carriers cannot deny shippers the right to provide private cars for their use except for:**
 - **Safety issues**
 - **Mechanical issues**
 - **Inadequate storage**
 - **ICC ruling also stated that carriers cannot deny the use of private cars for “commercial reasons”**
 - **Commodity is not a requirement**
 - **Loading location is not a requirement**

OT-5 and OT-57

- **Initially OT-5 applications were paper forms that were filled out and sent by fax for approval**
- **In 2008 Loading Authority was migrated to a User Interface application**
- **The new on-line process became problematic**
 - **Carriers continued to use OT-5 as a capacity planning tool**
 - **Commodity codes and loading location now required**
 - **Excessive delays in approval process**
 - **Applications rejected or delayed**
 - **Open maintenance advisories**
 - **Storage plans did not include 100% of cars**

OT-5 and OT-57

- **Carriers began assessing charges for OT-5 violations**
 - **Commodity in car not listed in OT-5 application**
 - **Loading location not listed in OT-5 application**
 - **Not having OT-5 application approval in place for every car**
- **In Fall of 2018 NAFCA sent a letter to the AAR indicating that the Loading Authority system was unnecessarily burdensome for shippers and that Circular OT-5 rules and regulations were not being followed by all the carriers**
- **It was agreed that meetings should be held between the AAR, all Class I carriers and NAFCA**

OT-5 and OT-57

- **Nov 27, 2018 - AAR, 7 Class I carriers & NAFCA met to discuss OT-5 issues and problems**
- **The joint group determined**
 - **OT-5 application and approval process was not working for either side**
 - **A new system should be developed:**
 - **Railroads will no longer approve private cars for loading**
 - **Mechanical data will not be reviewed as part of the registration process**
 - **Commodity information will no longer be required**
 - **Loading point information will no longer be required**
 - **Current contact information for controlling party is required**
 - **Current storage information for equipment is required**
 - **Procedures will be established to move empty cars to storage which have no empty disposition, or which have been rejected at the destination**

OT-5 and OT-57

- **Once the new system is developed the new requirements should be included in a new OT Circular**
 - **Current Circular OT-5**
 - The assignment of reporting marks
 - Mechanical designation
 - **New Circular OT-57**
 - Will replace the Loading Authority provisions that were contained in OT-5

OT-5 and OT-57

- **NEW OT-57 System**
 - **Implemented in Phases**
 - Phase 1 registration of cars into new system
 - Phase 2 and Phase 3 enhancements to new system
 - **Private railcar controlling parties will be required to submit the following information to Railinc regarding their owned or leased fleets:**
 - Car initial and number
 - may be made using spreadsheets (CSV format)
 - Primary contact information (name, address, email, phone)
 - Valid storage location

OT-5 and OT-57

- **Submission of Fleet Information**
 - **Once fleet information is submitted those cars will be able to operate on all carriers within North America without seeking any approval from any carrier**
 - **The only exception**
 - **Cars that are not listed in UMLER**
 - **Cars that are not listed as “active”**
 - **Cars that are found to be mechanically unfit to operate**
 - **Uploads can be up to 50,000 cars at one time**
 - **Smaller batches of cars will upload quicker**
 - **Spreadsheets can be used for upload (CVS format)**

OT-5 and OT-57

- **Railroads may pursue the option of sending a private car to its storage location if there is not a valid destination (return location) for the car or if a shipper rejects a private car under the following timeline:**
 - **FREE DAY** - Notice will be provided to the controlling entity based on the contact information on file.
 - **Day 1 and Day 2** – The controlling entity will have two full business days, following the free day, to respond to the notice for empty billing.
 - **Day 3** – If the controlling entity does not respond to the inquiry, notice will be provided to the car owner who has one full business day to respond to the inquiry.
 - **Day 4** – If the car owner does not respond to the inquiry, the carrier will send a final notice to both the controlling entity and the car owner advising that they have 24 hours to respond.
 - If no response from the controlling entity or the car owner has been received after the expiration of day 4, the carrier may send the car(s) to the storage location that is on file.
 - **Note:** All times will be calculated from 12:01 am following the first notice.
 - **Note:** Business days apply to the first 4 days and do not apply to the 5th and final day. For example: if the 4th day expires at 12:01 am on Saturday then Saturday would be counted as the 5th day and action may be taken.
 - **Note:** Christmas Eve, Christmas Day, New Years and Good Friday holidays will also be counted as free days

OT-5 and OT-57

OT-57 Movement to Storage Matrix

Day	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6	Scenario 7
Notice given - free day	Mon	Tue	Wed	Thu	Fri	Sat	Sun
CE response time - Day 1	Tue	Wed	Thu	Fri	Mon	Mon	Mon
CE response time - Day 2	Wed	Thu	Fri	Mon	Tue	Tue	Tue
CO response time - Day 3	Thu	Fri	Mon	Tue	Wed	Wed	Wed
Final Notice - Day 4	Fri	Sat	Tue	Wed	Thu	Thu	Thu
Action may be taken - Day 5	Sat (day 6)	Sun (day 6)	Wed (day 8)	Thu (day 8)	Fri (day 8)	Fri (day 7)	Fri (day 6)

Note: Time is calculated beginning with the first 12:01 am after initial Notice is given.

OT-5 and OT-57

- **New user roles in OT-57 Loading Authority**
 - Fleet manager (Controlling Entity)
 - Equipment Owner
 - Railroad Users
- **Under OT-57 the controlling entity will set up fleet(s)**
 - Fleet name
 - Controlling entity contact information
 - Storage location information
 - Equipment initial and number
 - Ongoing maintenance of fleet information is required
 - **Optional information**
 - Fleet description
 - Alternate empty waybill instructions

OT-5 and OT-57

- **Contact information will reside in FindUs.Rail**
 - **All users should set up an account in FindUs.rail**
 - Any change made in FindUs.Rail will carry over to the new OT-57 application
 - **Primary contact information is required**
 - Name
 - Address
 - Email
 - Phone number
 - **System will also accept any number of secondary contacts**

OT-5 and OT-57

- **Storage Location information will reside in OT-57 loading application**
 - **Primary storage location is required**
 - List of locations is populated by each company
 - Track capacity, car spots, etc. are not required
 - **System will also accept any number of secondary storage locations**
 - **Components needed to create a storage location**
 - Location name
 - Delivering carrier
 - Freight Station Accounting Code (FSAC)
 - Standard Point Location Code (SPLC)
 - Customer Identification File number (CIF)

OT-5 and OT-57

- **Implementation schedule**
 - **January 2020 will be a transitional period**
 - **OT-57 put into production December 12, 2019**
 - **Shippers can register existing fleets into new system**
 - **As of Friday, January 10th**
 - **625,437 cars registered**
 - **560 companies creating fleets**
 - **1,151 contacts set up**
 - **3,694 storage locations set up**
 - **1,629 fleets set up**
 - **Expect penalty charges for loading cars not registered in OT-57 after February 2020**
 - **OT-5 was changed to “read only”**

OT-5 and OT-57

– Phase 2 – 2020

- Enhance the controlling entity connection with FindUs.Rail to allow for review of contact information
- Enhance the feed from FindUS.Rail to handle when contacts are removed or updated
- Create a communication path when equipment already exists on a fleet and is being added to a new fleet
- Create a communication path when a railroad needs to contact the controlling entity

– Phase 3 – 2021

- Storage location validations
- Pools, transportation code and reverse routing
- Enhanced reports

OT-5 and OT-57

**Contact for information, issues and questions
regarding the new OT-57 system**

Railinc Customer Service

1-877-724-5462

1-877-Railinc



Thank you for your attention

