



**Association of American Railroads**  
**Safety and Operations • Business Services**  
**425 Third Street, SW • Washington, D.C. 20024**

## **CIRCULAR No. OT-24**

**IN EFFECT AS OF MARCH 1, 2025**

### **GUIDELINES FOR REPORTING EQUIPMENT VALUATION AND AGE INFORMATION AND VALUATION FOR CALCULATING OF RAILROAD MULTI-LEVEL AUTOMOBILE SUPERSTRUCTURE APPURTENANCE RATES**

#### **A. VALUATION**

For the purpose of reporting equipment valuation, the original capitalized cost is defined to be the cost as represented to the original buyer by the manufacturer's invoice price at the time of original installation into service. Initial into-service transportation costs, if capitalized, shall be added to the value base of the car if not already included in the original capitalized cost. Values (Additions and Betterments) other than invoice price shall be reported in accordance with the AAR Umler® Data Specification Manual. When capitalized items are subsequently removed the value base (ledger value) shall be decreased accordingly. Equipment valuation for owned or leased units shall be the original capitalized cost in U.S. Dollars, without allowance for depreciation, in accordance with the provisions of the Commission's Uniform System of Accounts for Railroad Companies.

Also, for the purpose of determining the applicable Multi-Level Automobile Superstructure appurtenance rates, only the amount of addition and betterments costs for Railroad owned or leased superstructures, which have been capitalized in accordance with the provisions of the STB's Uniform System of Accounts for Railroad Companies shall be included in the superstructure value base. In the event such capitalized items are subsequently removed the superstructure value base shall be decreased accordingly. For the purpose of reporting superstructure Original Cost, all values will be updated in the Original Cost Self-Service (OCSS) tool housed at Railinc for AAR Audit Validation. See Appurtenance Rate Tables in Appendix S and Appendix T, Code of Car Hire Rules and Interpretations – Freight, [Circular No. OT-10](#).

The costs for the following items are not included in the value base of the car:

1. Non-capitalized overheads.
2. Bi- and tri-level automobile superstructures utilized for the transportation of vehicles, unless originally capitalized as part of the car or built as integral car.
3. Refrigeration or heating units.
4. Containers forming a permanent part of the car notwithstanding that they may be removable, unless capitalized, as part of the car.
5. Removable hoods, unless capitalized, and the proper account contains a notation indicating the cars upon which the hoods are installed.
6. Interior load restraining equipment, including bins, pallets, brackets or similar devices used to package the load, unless capitalized as part of the car.
7. Place in line fees.

When a unit's AAR Mechanical Designation is changed resulting in the re-classification of its Equipment Group (box car to flat car), the sum of the capitalized positive and negative addition and betterment costs is reported to adjust the ledger value to reflect only the equipment necessary for the newly assigned mechanical designation.

Documentation Requirements: In accordance with AAR Interchange Rule 88.C.1.C(4) the following are required to be maintained by car owner (and submitted via OCSS for Superstructures).

1. Manufacturer invoice to the original buyer with data that ties to the amounts entered, or in cases of multiple equipment submitted on a single invoice, all equipment must be referenced in the documentation; or
2. An executed Purchase and Sale Agreement and/or executed Bill of Sale ("Agreement") which identifies the first sale transaction price (between a manufacturer and the first entity acquiring the railcar(s)). The Agreement should identify the specific equipment to be acquired by identification marks matching the Umler registration. The original cost shall be the value which would be eligible for capitalization under accounting rules that would be placed on a corporate balance sheet before depreciation is applied. Any variation from the Agreement's explicit first sale transaction price must be supported by providing a signed document on company letterhead referencing the source of adjustment (within the Agreement) and applicable adjustment computation. Adjustments must be documented with a source and methodology sufficient to validate the Original Cost to be registered.

## B. DETERMINATION OF INTERCHANGE LIFE AND CAR HIRE AGE

Units interchange service is prescribed in AAR Interchange Rule 90 and Rule 88. Rule 90 governs the service life for units qualified for forty (40) years of service. Rule 88 governs the units qualified for fifty (50) years of service. In addition, Rule 88 prescribes the standards for units to qualify for Extended Service qualified for fifty (50) years of service and Increased Life Status qualified for sixty-five (65) years of service. Examples for determine interchange service and car hire age is below:

1. Rule 90 – applicable to units built new prior to July 1, 1974, e. g., built date: 1972 + 41 = 2013, transportation code XA will be reported to the unit on January 1, 2013.
2. Rule 88 – applicable to units built new after June 30, 1974, e. g., built date March 1980 + 50 = 2030, transportation code YA will be reported on March 1, 2030.
3. Rule 88, Rebuilt Status – increases service a maximum of 10 years, e. g., built date May 1973, rebuilt date July 1985 + 50 = 2013, transportation code YA will be reported on July 1, 2013.
4. Rule 88 – Increased Life Status – increases service a maximum of 15 years, e. g., built date June 1978, approved increased life status September 2010 + 50 + 15 = 2043, transportation code YA will be reported on September 1, 2043.
5. For the purpose of determining car hire age for superstructures and box cars under Ex Parte 346, sub 19, a) units built in January – June, current year 2010 – year built 1980 = 30 + 1 = 31 years, b) units built in July – December, current year 2010 – year built 1980 = 30.

## C. (I) REBUILT STATUS OR INCREASED LIFE STATUS (ILS) FOR CARS – OWNED OR LEASED

Units that meet the rebuilt or increased life status in accord with AAR Interchange Rule 88 and the STB Accounting Rules that are approved by the AAR and capitalized can be reported as rebuilt or ILS units. The original cost for rebuilt cars will be the rebuilt value which may include the following:

1. Cost of renewals, determined as follows:
  - a. Actual cost of new materials applied.
  - b. Material store expense.
  - c. Freight charges over own line on addition and betterment materials, on cost basis.
  - d. Freight charges over foreign lines on repair, addition, and betterment materials, if not already absorbed in change out prices.
  - e. Storehouse price of secondhand materials applied including material store expense (not reapplied).
  - f. Labor cost of applying materials to car, plus shop expense.
  - g. Labor cost of fabricating materials, plus shop expense. The distributed charge for shop expense shall not exceed that authorized by rules governing same in STB classification of Operating Revenues and Expenses.
  - h. If repairs and betterments are applied at contract shop, the total net amount charged by contractor (except as shown in Item i) may be included as it usually comprises the above items, plus profit.
  - i. Less cost of stripping car preparatory to rebuilding (also, any profit on same if done at contract shops), if included.
  - j. Less salvage value of part released, at current salvage prices.
2. Value of reused materials, must be valued at original cost to original owner plus subsequent additions and betterments, minus depreciation determined by the Field Manual of AAR Interchange Rule 107 depreciation rates, but it cannot exceed the AAR Rule 107 depreciated value or scrap value, whichever is higher, and, effective for work completed after December 31, 1990, applicable to qualified boxcars covered in Ex Part Sub 19, it cannot be lower than the scrap value.
3. Capitalized into-service transportation costs from final rebuilding point to first loading point.
4. Documentation Requirements: In accordance with AAR Interchange Rule 88.C.1.C(4) the following are required to be maintained by car owner (and submitted via OCSS for Superstructures).
  - a. Third-party repair invoice with material and labor amounts distinctly broken out.
  - b. In the case of in-house rebuilds, invoice on company letter head with material and labor amounts distinctly broken out.

## C. (II) REBUILT STATUS FOR SUPERSTRUCTURES – OWNED OR LEASED

Units that meet the rebuilt life status in accord with AAR Interchange Rule 88 and the STB Accounting Rules that are approved by the AAR and capitalized can be reported as rebuilt units. The original cost for rebuilt superstructures will be the rebuilt value which may include the following:

1. Cost of rebuilds, determined as follows:
  - a. Actual cost of new materials applied.
  - b. Material store expense.
  - c. Freight charges over own line on addition and betterment materials, on cost basis.
  - d. Freight charges over foreign lines on repair, addition, and betterment materials, if not already absorbed in change out prices.
  - e. Storehouse price of secondhand materials applied including material store expense (not reapplied).
  - f. Labor cost of applying materials to car, plus shop expense.
  - g. Labor cost of fabricating materials, plus shop expense. The distributed charge for shop expense shall not exceed that authorized by rules governing same in STB classification of Operating Revenues and Expenses.
  - h. If repairs and betterments are applied at contract shop, the total net amount charged by contractor (except as shown in Item i) may be included as it usually comprises the above items, plus profit.
  - i. Less cost of stripping car preparatory to rebuilding (also, any profit on same if done at contract shops), if included.
  - j. Less salvage value of part released, at current salvage prices.
2. Depreciated value of the superstructure being rebuilt, must be valued at original cost to original owner plus subsequent additions and betterments, minus depreciation (Base Depreciation Value of Car + Depreciation of Additions and Betterments) using the Field Manual of AAR Interchange Rule 107 depreciation rates (Exhibit IV and V), based upon generally accepted accounting principles (Calculation shown in section C.6 below).
3. Capitalized into-service transportation costs from final rebuilding point to first loading point.
4. Rebuilt superstructures that meet the rebuilt standards of AAR Interchange Rule 88 and the STB Accounting Rules that are recognized by the AAR, and capitalized may be treated as rebuilt superstructures. The date placed in service will govern the determination of age as prescribed in B, above. The value to be used for Umler registration is similar to that for cars except that into-service transportation costs may be included. The original cost for rebuilt superstructures will be the rebuilt value as calculated in section C.6 below.
5. Documentation Requirements: In accordance with AAR Interchange Rule 88.C.1.C(4) the following are required to be maintained by car owner (and submitted via OCSS for Superstructures).
  - a. Third-party repair invoice with material and labor amounts distinctly broken out.
  - b. In the case of in-house rebuilds, invoice on company letter head with material and labor amounts distinctly broken out.
6. The rebuilt calculation summary described in C. (II) sections 1 through 4 is shown below. This calculation is housed within the Original Cost Self-Service tool and can be accessed through Railinc.com.
  - a. Determine Ledger Value
    - $\text{Ledger Value} = \text{Original Cost} + \text{A\&B's OR}$
    - $\text{Ledger Value} = \text{Original Cost} - \text{A\&B's (Depends on if the A\&B Indicator is + Positive or - Negative)}$
  - b. Determine Depreciated Value of Superstructure Being Rebuilt
    - 1) Determine Depreciation Rate of Superstructure
      - $\text{Depreciation Rate of Superstructure} = \text{negative } (((\text{Rebuilt Month} - \text{Built Month})/12 + (\text{Rebuilt Year} - \text{Built Year})) * (\text{Office Manual Rule 107, Exhibit IV, Annual Depreciation Rate}) + 1)$
    - 2) Determine Base Depreciated Value of Superstructure
      - $\text{Depreciated Value of Superstructure} = \text{Original Cost} * \text{Depreciation Rate of Superstructure}$
    - 3) Determine Depreciation Rate of Additions and Betterments (to be calculated separately for each addition and betterment)
      - $\text{Depreciation Rate of Additions and Betterments} = \text{Age of the Addition or Betterment} * \text{Rate of Depreciation identified in Office Manual Rule 107, Exhibit V, Additions and Betterments Chart}$

- 4) Determine Depreciated Value of Additions and Betterments (to be calculated separately for each addition and betterment)
  - Base Depreciated Value of Additions and Betterments = Cost of Addition or Betterment \* Corresponding Depreciation Rate of Addition or Betterment per Office Manual Rule 107, Exhibit V, Annual Depreciation Rate
- 5) Depreciated Value of Superstructure Being Rebuilt
  - Depreciated Value of Superstructure Being Rebuilt = Base Depreciated Value of Superstructure + Depreciated Value of all Additions and Betterments
- c. Determine Invoice Total
  - Invoice Total = Rebuilt Material + Additional Rebuilt Materials + Labor
- d. Determine New Net Cost
  - New Net Cost = Invoice Total – Less Stripping – Less Material Cred
- e. Determine New Original Cost
  - New Original Cost = New Net Cost + Depreciated Value of Superstructure Being Rebuilt

Example calculation from the Original Cost Self-Service tool housed within Railinc:

CAR INIT	CAR #	BLT MON	BLT YR*	RB MON	RB YR	ORIG COST	A&B'S	LEDGER VALUE	REUSED PARTS**	REUSED PERCENT **	RBLT MATERIAL	RBLT MAT, ADD.	RBLT LABOR	INVOICED	LESS STRIPPING	LESS MATERIAL CRED.	NEW COSTS NET	TOTAL COSTS
CAR	123456	6	1990	9	2018	29080	0	\$29,080	\$2,908	10.00%	\$18,387		\$29,026	\$47,413			\$47,413	\$50,321

#### D. ARTICULATED UNITS

Articulated units, considered a single unit, report the base value (original cost, applicable addition and betterment costs, ledger value) per Section A and report the date built/rebuilt of the oldest segment of the unit.

#### E. BOX CARS QUALIFIED UNDER EX PARTE 346 SUB 19

For the purpose of determining the car hire rate for qualified box cars under Ex Parte Sub 19, cars hire rates prescribed under STB's Ex Parte No. 334 will be calculated from the base year of 1986 and the ledger value will not be adjusted to reflect addition and betterment cost subsequent to December 31, 1990. See Appendix R, Code of Car Hire Rules and Interpretations – Freight, [Circular No. OT-10](#).

Note: 1. Age and value information reported to the Umler file are subject to verification by the AAR, and audit by the AAR.

Note: 2. The reporting of your company's contact information to FindUs.Rail is a mandatory requirement prescribed under AAR Interchange Rule 114. Please ensure that your contact information is complete.

This circular is issued on behalf of the AAR Equipment Assets Committee.

By direction of,

**Nichole Fimple**

AVP Business Services/Executive Dir. Rules and Standards  
Association of American Railroads

Supersedes Circular OT-24-I, dated January 1, 2024.

#### Legal Disclaimer

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