



# Glossary of Terms



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# Glossary of Terms

**Accessibility:** A carrier's ability to provide service between an origin and a destination.

**Accessorial charges:** Charges for supplementary services/privileges provided in connection with transportation of goods. These charges (such as fuel surcharge or residential delivery fee) are not included in the freight charge.

**Advanced Shipment Notice (ASN):** A list transmitted to a customer or consignor designating items shipped. May also include expected time of arrival.

**Agency tariff:** A rate bureau publication that contains rates for many carriers.

**Auditing:** Determining the correct transportation charges due to the carrier; it involves checking the accuracy of the freight bill for errors, correct rate and weight.

**Backhaul:** Return transportation movement, usually at less revenue than the original move; moving a shipment back over part of a route already traveled.

**Beneficially own:** For a common carrier, to have legal right to hold goods and use them as collateral for rightfully due charges even though carrier does not have title to goods.

**Bill of lading:** Principal transportation document by which a carrier acknowledges receipt of freight, describes the freight, and sets forth a contract of carriage; may be negotiable or non-negotiable.



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**Bonded warehousing:** A type of warehousing in which companies place goods in storage without paying taxes or tariffs. The warehouse manager bonds himself or herself to the tax or tariff collecting agency to ensure payment of the taxes before the warehouse releases the goods.

**Broker:** An intermediary between the shipper and the carrier. The broker arranges transportation for shippers and represents carriers.

**Carriage:** Method or contractual type of transportation service. There are four types of carriage: private, common, dedicated contract and non-dedicated contract.

**Carrier:** Transportation service provider. Carriers are classified as private, common, contract or exempt.

**Carrier liability:** A common carrier is liable for all loss, damage and delay with the exception of act of God, act of public enemy, act of a public authority, act of the shipper and the inherent nature of the goods (subject to carrier liability limits).

**Claim:** A charge made against a carrier for loss, damages or overcharge.



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**Classification:** A listing of commodities, the class of rating into which the commodity is placed and used in the class rate structure.

**Class rate:** Rate for commodities grouped according to similar shipping characteristics.

**Commercial zone:** The area surrounding a city or town to which rates quoted for the city or town also apply.

**Commodity rate:** A rate for a specific commodity and its origin-destination.

**Common carriage:** For-hire transportation service that transports persons/property for the general public.

**Common carrier:** Any carrier engaged in transportation of persons/property on a regular schedule at published rates, whose services are available to the general public on a for-hire basis.

**Conditions of shipment:** Generic term used to describe a document used by carriers to supplement the contract for a specific shipment. Addresses issues such as liability, payment terms and others formerly covered in published tariffs.

**Consignee:** Person/company that receives a shipment of goods.

**Consignor:** Person/company that sends a shipment of goods.



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**Consolidation:** The collection of smaller shipments to form a larger quantity in order to realize lower transportation rates.

**Container:** A trailer (10-40 feet long) into which freight is loaded.

**Contract carrier:** Carrier engaged in transportation of persons/property by motor vehicle on a for-hire basis, under continuing contract with one or a limited number of customers, to meet specific needs of each customer.

**Conveyance:** Carrying device or container for goods being shipped.

**Cross docking:** The movement of goods directly from receiving dock to shipping dock to reduce/ eliminate shipping expense.

**CSA:** Canada Standards Association tests products for compliance to (Canada) national and international standards, and issues certification marks for qualified products.

**C-TPAT:** Customs-Trade Partnership Against Terrorism is a voluntary United States Customs and Border Protection business initiative designed to encourage importers, carriers, brokers, warehouse operators and manufacturers to ensure the integrity of the supply chain by strengthening their security practices and communicating their security guidelines to their business partners. You can learn more about this program at: [www.cbp.gov](http://www.cbp.gov).



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**Cube:** The volume of the shipment or package (the product of the length multiplied by the width multiplied by the depth).

**Cube rate:** Rate based on trailer space instead of weight; used for light, bulky loads.

**Damage claim:** Demand upon carrier for reimbursement for physical damage to shipment or because shipment was not delivered within reasonable amount of time.

**Deadhead:** Operating empty, with no revenue traffic.

**Declared value:** Assumed value of shipment unless shipper declares higher value.

**Dedicated contract carriage:** Transportation service in which carrier has detailed contract with shipper to move all contractually specified freight.

**Demurrage:** Charge levied against carrier when equipment is not returned within specified time.

**Dispatching:** The carrier activities involved with the controlling of equipment; involves arranging for fuel, drivers, crews, equipment and terminal space.

**Double bottoms:** A motor carrier operation involving two trailers being pulled by one tractor.



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**Drayage:** A motor carrier that operates locally, providing pickup and delivery service.

**Driving time regulations:** Rules administered by the U.S. Department of Transportation that limit the maximum time a driver may drive in commerce; both daily and weekly maximums are prescribed.

**Drop:** A situation in which an equipment operator deposits a trailer or boxcar at a facility at which it is to be loaded or unloaded.

**Dunnage:** Protective material such as boards or metal bracing used to secure the shipment inside the vehicle.

**Economies of scale:** Efficiencies that result from carrying out activities on a large scale that are reflected in reduced per-unit costs.  
**Electronic Data Interchange (EDI):** Multipleenterprise computer integration that allows companies to send standard business transactions electronically instead of via traditional voice and paper methods.

**Exempt carrier:** A for-hire carrier that is exempt from economic regulations.



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**FAK (Freight All Kinds):** Average freight classification derived by combining the classification of commodities with multiple freight classes shipped together in a single shipment.

**FAST:** Free and Secure Trade is a United States Customs and Border Protection (CBP) initiative designed to harmonize the commercial processes for clearance of commercial shipments at the U.S./Canada and U.S./Mexico borders. To learn more go to: [www.cbp.gov](http://www.cbp.gov).

**FCL:** A carload or container load weighing the minimum weight or more.

**Federal Aviation Administration Authorization Bill of 1994 (FAAA):** Legislation that completely regulated intrastate rates, routes and services, thus preempting states' rights over common and contract carriage.

**For-hire carrier:** A carrier that provides transportation service to the public on a fee basis.

**FOB (Free on Board) destination:** The seller is the owner of the goods in transit; title transfers at destination.

**FOB (Free on Board) origin:** The buyer is the owner of the goods in transit; title transfers at origin.

**Freight bill:** The carrier's invoice for transportation charges applicable to a freight shipment.



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**Freight forwarder:** Individual/company that accepts LTL shipments and consolidates them into truckload lots on a for-hire basis; agent who helps expedite shipments by preparing necessary documents/making other arrangements for moving freight.

**Flatbed:** A trailer without sides used for hauling machinery or other bulky items.

**General commodities carrier:** A common motor carrier that has operating authority to transport general commodities, or all commodities not listed as special commodities.

**Gross weight:** The total weight of the vehicle and the payload of freight or passengers.

**Hazardous materials:** Materials that the Department of Transportation has determined to be a risk to health, safety and property; includes items such as explosives, flammable liquids, poisons, corrosive liquids and radioactive material.

**Headload:** A freight shipment that is loaded directly in the nose of the trailer and would not be handled until delivery.

**Hundredweight:** Unit of weight equal to 100 pounds.

**Interlining:** The transfer of cargo and equipment from one carrier to another in a joint freight move.



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**Intermodal:** Where more than one mode of transportation is used to ship goods. (Also referred to as multimodal.)

**Interstate commerce:** Exchanging goods between buyers and sellers in two or more states.

**Intrastate commerce:** All business between buyers/sellers carried on within a state.

**Irregular route carrier:** A motor carrier that is permitted to provide service utilizing any route.

**Inventory cost:** The cost of holding goods, usually expressed as a percentage of the inventory value; includes the cost of capital, warehousing, taxes, insurance, depreciation and obsolescence.

**Inventory in transit:** Inventory in a carrier's possession being transported to the buyer.

**Just-in-Time (JIT) system:** An inventory control and reduction system that attempts to reduce inventory levels by coordinating demand and supply to the point at which the desired item arrives just in time for use.

**Lading:** The cargo carried in a transportation vehicle.

**Lane:** A specific origin-destination pair.



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**Landed cost:** The total cost of a product delivered at a given location; the production cost plus the transportation cost to the customer's location.

**LCL:** Less-than-carload rail service; less-than-container load. Line haul: The movement of freight between two of a carrier's operating facilities.

**Logbook:** A daily record of the hours an interstate driver spends driving, off duty, sleeping in the berth or on duty but not driving.

**LPL (Less-Than-Pallet Load):** Shipments with less than the quantity of packages required to fill a pallet.

**LTL:** Less than truckload; less than quantity of freight required to apply truckload rate charged by motor carrier.

**LTL weight break:** Shipment weight above which it is economically advantageous to declare and pay for a shipment at the rate for the next higher weight category.

**LTL-TL weight break:** Shipment weight above which it is economically advantageous to declare and pay for a shipment as a truckload instead of paying the LTL charge.

**Marginal cost:** Increase in total cost that results when the rate of production or other activity is increased by one unit. Also referred to as incremental cost.



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**Mileage rate:** A rate based upon the number of miles a commodity is shipped.

**Minimum weight:** The shipment weight the carrier's tariff specifies as the minimum weight required to use the TL or CL rate; the rate discount volume.

**Motor Carrier Act of 1980:** Act of Congress that deregulated for-hire trucking.

**Multimodal:** See intermodal.

**National Motor Freight Classification (NMFC):** The National Motor Freight Classification (NMFC) is a system for classifying goods for transportation. NMFC currently contains 18 goods classifications (classes 50 through 500). Goods are classified according to their "transportability," as reflected by four transportation characteristics: 1. density; 2. stowability; 3. ease or difficulty in handling; and 4. liability. Shippers and carriers use this classification system to establish base pricing for the transportation of specific goods. Additional incentives may be negotiated from the base transportation price for the goods. The NMFC is maintained by the National Motor Freight Traffic Association (NMFTA) and monitored by the U.S. Department of Transportation.

**Non-dedicated contract carriage:** Transportation service in which carrier service for a shipper is based on contractual rates for a minimum number of mutually convenient shipments.



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**One-way transportation:** Form of carriage (usually common; sometimes non-dedicated contract carriage) for which the shipper pays only for loaded moves.

**Operating rights/authority:** Granted by state or federal regulatory agencies; stipulated routes, points and types of traffic that could be served by carrier.

**Opportunity cost:** The cost of using resources for a certain purpose, measured by the benefit or revenues given up by not using them in their best alternative use.

**Permit:** A grant of authority to operate as a contract carrier.

**Physical distribution:** The movement and storage functions associated with finished goods from manufacturing plants to warehouses and to customers.

**Physical supply:** The movement and storage of raw materials from supply sources to the manufacturing facility.

**Piggyback (also known as Trailer-on-Flat-Car or TOFC):** A rail truck service in which a highway trailer is loaded by a shipper and driven to a rail terminal where it is loaded on a rail flat car; the railroad moves the trailer-on-flatcar to the destination terminal where the trailer is off-loaded and delivered to the consignee.



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**PIP:** Partners in Protection is a Canada Border Services Agency (CBSA) program that is designed to enlist the cooperation of private industry in efforts to enhance border security, combat organized crime and terrorism, and increase awareness of customs compliance issues. For PIP information go to [www.cbsa-asfc.gc.ca](http://www.cbsa-asfc.gc.ca).

**Point of origin:** Location at which shipment is received from the shipper by the carrier.

**Private carriage:** Type of transportation service in which the owner of the means of transportation is also the owner of the goods being transported.

**Pro number:** Any progressive or serial number applied for identification to freight bills, bills of lading, etc.; used to track freight movement and associated paperwork.

**Pupload:** A high-volume freight shipment that would fill all or most of a pup trailer.

**Reefer:** A term used for a refrigerated vehicle.

**Regular route carrier:** A motor carrier that is authorized to provide service over designated routes.

**Relay terminal:** A motor carrier terminal that facilitates the substitution of one driver for another who has driven the maximum number of hours permitted.



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**Released value:** Stated limit of amount of liability for loss or damage carrier will bear for a shipment.

**Reverse logistics:** The process of collecting, moving and storing used, damaged or outdated products and/or packaging from end users.

**Roll-on-roll-off (RO-RO):** A type of ship designed to permit cargo to be driven on at the origin and off at destination; used extensively for the movement of automobiles.

**Routing:** Process of determining how a shipment will move between origin and destination. Routing information includes designation of carrier(s) involved; actual route of carrier.

**Shipment:** A lot (quantity) of freight tendered to the carrier by one consignor at one place at one time for delivery to one consignee at one place on one bill of lading.

**Shipper:** As defined in this course, the party who controls the transportation decisions for a given shipment.

**Supply chain:** All those processes from end user through original suppliers that provide products, services and information that add value for customers.

**Supply chain management (SCM):** An approach to analyzing and/or managing logistics networks.



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**Tandem:** A truck that has two drive axles or a trailer that has two axles.

**Tare weight:** The weight of a vehicle when it is empty.

**Tariff:** A set of rules/rates used by a carrier to determine shipping charges. Carrier-produced rate schedules and “conditions of shipment” have replaced most tariffs in recent years.

**Title:** Document (e.g., a bill of lading or warehouse receipt) that confers on holder right of ownership/possession/transfer of merchandise specified.

**TL:** Truckload, a shipment weighing the minimum weight or more. A rate reduction is given a TL size shipment.

**Ton mile:** A measure of output for freight transportation; it reflects the weight of the shipment and the distance it is hauled; a multiplication of tons hauled and distance traveled.

**Traffic management:** The management of those activities associated with buying and controlling transportation services for a shipper or consignee or both.

**Transit time:** The total time that elapses from pickup to delivery of a shipment.



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**Truck and Intermodal Regulatory Reform Act (TIRRA):** Legislation that eliminated the filed-rate doctrine for common carriers.

**Waybill:** Document containing description of goods that are part of common carrier freight shipment. Shows origin, destination, consignee/consignor and amount charged. Copies travel with goods and are retained by originating/delivering agents. Used by the carrier for internal record and control, especially during transit; not a transportation contract.

**Weight:** In shipping, weight is qualified further as gross (weight of goods and container), net (weight of goods themselves without any container) and legal (similar to net; determined in such manner as law of particular country/jurisdiction may direct).

**Weight break:** The shipment volume at which the LTL charges equal the TL charges at the minimum weight.