

May 31, 2024

308350

Cynthia T. Brown
Chief, Section of Administration
Surface Transportation Board
395 E St. SW
Washington, D.C. 20423

ENTERED
Office of Proceedings
May 31, 2024
Part of
Public Record

Re: STB Docket No. EP 334 (Sub-No. 8A)

Dear Cynthia:

On behalf of the Railway Supply Institute (RSI), I am writing to convey that RSI does not object to the acceptance of the replies that the Association of American Railroads (AAR) and TTX Company (TTX) filed in this proceeding on May 24, 2024, provided that the Board also grant RSI's Motion for Leave to File a Surreply dated May 6, 2024.

RSI is confident that the Board will recognize that AAR's and TTX's replies have failed to address the fundamental problems with the Arbitration Rule, as outlined in the Petition, including:

- The Rule fails to produce car-hire rates that encourage boxcar investment based on market demand, because the boxcar market lacks demand-based pricing signals.
- The lack of demand-based pricing signals in the boxcar market means that bilateral car-hire agreements, with basement-bargain default rates as a starting point and arbitration as a backstop, do not approximate market rates, contrary to the ICC's assumption when it approved the Rule.
- The Rule sets default rates in a manner that is prone to manipulation. For many boxcar types, default rates are far below nearly the entire distribution of negotiated rates.
- Even if the Rule does not lead to a boxcar supply crisis (which it will), it reduces competition by facilitating TTX's dominance of the boxcar market. TTX's share has already grown above 30%, far surpassing any other single entity.

RSI appreciates the Board's consideration of this matter.

Jason.Tutrone@ThompsonHine.com Fax: 202.331.8330 Phone: 202.263.4143

Cynthia T. Brown
May 31, 2024
Page 2

Very truly yours,

A handwritten signature in black ink, appearing to read 'J. Tutrone', with a long horizontal flourish extending to the right.

Jason D. Tutrone