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Chief of Case Administration
Office of Chief Counsel
Surface Transportation Board
395 E Street, SW
Washington, DC 20423-0001

ENTERED
Office of Chief Counsel
December 16, 2025
Part of
Public Record

Re: *Ex Parte No. 334 (Sub-No. 8A), Joint Petition for Exemption of Arbitration Rule from Application of 49 U.S.C. § 10706 and Motion to Dismiss*

Dear Chief of Case Administration:

I am writing on behalf of TTX Company (“TTX”) to provide a brief reply to the Position of the Railway Supply Institute on the EAC Review (“RSI Submission”) filed in this proceeding on December 10, 2025. As the Board is aware, TTX operates several pools of railcars used by North American railroads, and TTX has previously filed comments in this proceeding. *See* Reply of TTX Company to RSI Petition to Reopen and Condition or Revoke Approval (filed Apr. 15, 2024).

With respect to the review of Car Hire Rules 1 and 25 undertaken by the Association of American Railroad’s (“AAR’s”) Equipment Asset Committee (“EAC”), as a non-voting member of that committee, TTX attended the EAC meetings in which RSI participated and, as AAR notes in its November 24 Update, TTX provided information to the committee regarding the manner in which TTX sets usage charges for its pooled railcars. TTX is also a member of RSI, although it does not agree with the positions taken by RSI in this proceeding.

TTX wishes to make a few brief points in response to the commentary submitted by RSI about the EAC’s review of Rules 1 and 25.

First, from TTX’s perspective the EAC’s consideration of RSI’s concerns was undertaken in good faith and was extraordinarily solicitous of all of the positions taken by RSI and its counsel. Numerous of RSI’s observations found their way into adjustments to Rules 1 and 25, including the move away from using the lowest negotiated rate to set default rates and the decision to adjust default rates periodically. RSI and its representatives – including its counsel – were given every opportunity to make a case for more profound changes to the car hire rules, and the fact that those positions were not adopted should not be seen as undermining the legitimacy of the process.

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Second, TTX views EAC's decision not to adopt the two key precepts of RSI's position—linking default rates to “average” negotiated rate levels and including TTX usage charges in the calculation—as entirely reasonable, and in fact obviously correct. Regarding RSI's desire for default rates set at the “average” of negotiated rates, the EAC recognized that tethering default rates to average negotiated rates would remove any incentive for car owners to negotiate rates that were “below average” and over time would operate as a ratchet driving average rates up. In such a world the calculated “default” rate would become the equivalent of a prescribed rate floor, which is inconsistent with the deregulatory goals of deprescription.

The EAC also acted correctly in excluding TTX rates from the calculation of default rates. TTX rates are completely outside of the car hire regime, and for good reason. As TTX explained to the EAC during the review process and as AAR's Update recounts (*see* Update at 9-10), the usage charges for TTX's pooled railcars are not relevant benchmarks for car hire rates paid for use of foreign railroad-marked railcars under the car hire regime—perhaps most fundamentally because TTX rates are paid solely by participants in TTX-operated pools and at least in part reflect the value associated with ownership and access to those cars to support loadings (and the transportation revenue they bring).¹

Third, RSI's Submission repeats its spurious claims about TTX's supposed “market dominance.” *See* RSI Submission at 19. The railcars owned by TTX ((primarily flatcars and boxcars) represent a tiny fraction (less than 11 percent) of the railcars on the North American network, and the TTX-owned fleet is only about half the size of the railroad-marked fleet. RSI is correct that TTX has invested in boxcars in recent years, but there is no “market dominance.” Railroads and lessors have also invested in boxcars. And TTX's boxcars do not exist to “dominate” any market: they are available for use by the hundreds of railroad participants in the Railbox pool (which included large and small railroads) to serve the needs of rail shippers.

Fourth, TTX has been struck by the bait-and-switch character of RSI's positions in this proceeding. In sharp contrast to its initial round of submissions to the Board, which were focused entirely on car hire rates *for boxcars* and contended that low default rates had led to a looming boxcar “cliff,” RSI's presentations to the EAC said nothing about any shortage of boxcars (much less other car types). And RSI's Submission confirms that its principal goal is sweeping change to the car hire system *for all car types* so that RSI's leasing company members can obtain greater compensation for railcars *they already own*. *See* RSI Submission at 23-24 (complaining that the EAC default rate changes will not apply to pre-existing railcars). TTX submits that it would have been irresponsible for EAC to consider the kind of sweeping changes

¹ RSI incorrectly states that TTX's pooling agreements “only establish a charge cap—not a floor.” RSI Submission at 21. To the contrary, TTX's pooling agreements establish principles for rate setting that bound TTX usage charges at both the high end and low end: rates are set at the lowest level consistent with recovering the costs of ownership.

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RSI demands in light of the narrow boxcar-related focus of RSI's initial filings in this proceeding.

Finally, TTX briefly responds to RSI's Motion to Strike portions of AAR's Update, which mentioned statements made by RSI members in the course of the EAC's review. RSI's suggestion that the EAC process constituted settlement negotiations exempt from disclosure under the Federal Rules of Evidence is meritless. TTX understood the EAC's process to involve the committee's review of Rules 1 and 25 *at its own initiative* in its capacity as the administrator of the car hire rules, not a settlement negotiation between AAR and RSI. Indeed, RSI's January 27, 2024 email to AAR expressly asked that RSI be allowed to participate in that already-underway EAC process. *See* RSI Email to Antwan Dozier, Railinc Manager of Car Hire Audits (filed Jan. 28, 2024). AAR's response welcomed RSI's "elect[ion] to join the EAC's process" and also made clear that the process would be one run by EAC to review the car hire rules and not a negotiation with RSI. TTX's participants in the EAC process never perceived that process as anything other than a good faith review of the car hire rules, and certainly not as a settlement negotiation between AAR and RSI (to which TTX imagines it would not have been invited).

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For the foregoing reasons, TTX supports AAR's request that the Board dismiss RSI's Petition to Reopen and Condition or Revoke Approval.

Please contact me with any questions.

Respectfully submitted,



David L. Meyer

Attorney for TTX Company

cc: All Parties of Record