

TROY E. NEHLS

22ND DISTRICT, TEXAS

NEHLS.HOUSE.GOV



WASHINGTON, D.C.
1104 LONGWORTH HOB
WASHINGTON, DC 20515
PHONE: (202) 225-5951

Congress of the United States

House of Representatives

Washington, DC 20515

January 5, 2026

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Public Record

The Honorable Patrick Fuchs
Chairman
Surface Transportation Board
395 E Street, SW
Washington, DC 20423

Dear Chairman Fuchs,

I write regarding the long-standing inequities embedded in the car hire rate structure, as raised in the Railway Supply Institute's (RSI) petition filed in March 2024.

As you know well, when the Interstate Commerce Commission (ICC) was replaced by the Surface Transportation Board it delegated certain rulemaking authority under § 1033.1 to the Association of American Railroads (AAR). This statute requires the framework governing compensation for the use of freight cars among railroads to enable "market based" rates to replace government set rates within the span of ten years¹, from January 1, 1993. More than 30 years have passed and the prescribed rules and regulations governing the hire of freight cars as defined in § 1039.14(c)(2) are still not compliant with federal statute. The implementation authority vested in the AAR has failed to produce a market-based system consistent with the intent established under § 1033.1. Instead, a bifurcated system has been developed to the benefit of railcars owned and operated by Class I carriers who operate with antitrust immunity, at the expense of private rail car owners.

Rules established by the AAR take advantage of the federal antitrust exemption provided to Class I carriers to carve-out TTX, a company owned by the seven North American Class I railroads, from the AAR's established default rate for freight car hire under § 1033.1. The result entitles TTX to a rate of \$1.12 per hour per car, while setting the default hire rate for non-TTX owned private rail cars at a paltry \$0.17 per hour. This default rate follows the car for its 40-year service life. In effect, TTX's ownership, through its control and operation of the AAR and a federally provided antitrust exemption, permanently set their competitors' prices for four decades.

Newly built freight boxcars cost upwards of \$160,000 and have a serviceable life of 40 years. At \$0.17 per hour, private owners of freight rail cars can never hope to recoup the initial investment cost of new capacity on the freight network. This differential has discouraged

¹ 49 CFR § 1033.1 - Car hire rates. | [Electronic Code of Federal Regulations \(e-CFR\)](#) | [US Law](#) | [LII / Legal Information Institute](#)

investment by non-railroad owners, diminished the availability of competitively sourced boxcars, and contributed to a shift of freight to highway—with detrimental effects on safety, infrastructure, and emissions.

I urge the board to compel the AAR to comply with the language and intent of § 1033.1 and implement a free market-based system that fosters open and fair competition. The current system allows the AAR to wield its members antitrust exemptions to discriminate against private operators and stifle competition. At a time when we see further consolidation in the freight rail market, it is essential that the board act to protect the shipping community that is too often held captive by single carriers. Without a robust private rail car market, investment will dry up, and shippers will see more congestion with higher prices, which will only lead to more consolidation.

Sincerely,

A handwritten signature in dark ink, appearing to read "T. Nehls", written over a horizontal line.

Troy E. Nehls
Member of Congress