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

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:

The Association of American Railroads (“AAR”), on behalf of its freight railroad members, respectfully submits this letter in response to the National Industrial Transportation League’s (“NITL”) April 20, 2026 letter concerning the Railway Supply Institute’s (RSI) petition in Docket No. EP 334 (Sub-No. 8A).¹ In its letter, NITL contends that the Surface Transportation Board (“Board” or “STB”) should grant RSI’s petition and conduct a review of Rule 25 because it claims that Rule 25 does not establish competitive and reasonable rates. As a result, NITL claims that there will be a shortage of railcars, and shippers will be forced to make their own investments in railcars. These claims are meritless, and NITL’s letter should be struck from the record.

As the Board is aware, AAR, working with its Equipment Assets Committee (“EAC”) responded to the issues raised by RSI. AAR undertook significant time and effort to address concerns raised about its Car Hire Rules and continues its ongoing work with the EAC.² AAR is compelled, however, to address certain statements by NITL that warrant a response.

As an initial matter, the NITL’s letter is not timely. RSI filed its petition March 25, 2024, and several parties filed responses to that petition in 2024 and 2025, including a joint letter on

¹ The National Industrial Transportation League, Letter to the Honorable Patrick Fuchs, Chairman, Surface Transportation Board, regarding Docket No. EP 334 (Sub-No. 8A) – Joint Petition for Exemption of Arbitration Rule From Application of 49 U.S.C. 10706 and Motion to Dismiss (Apr. 20, 2026) (hereinafter “NITL Letter to STB (Apr. 20, 2026)”).

² AAR, Update of the Association of American Railroads, Joint Petition for Exemption of Arbitration Rule from Application of 49 U.S.C. § 10706 and Motion to Dismiss, EP 334 (Sub.-No. 8A) (Nov. 24, 2025) (hereinafter “AAR Update (Nov. 24, 2025)”).

April 15, 2024, from four organizations representing shippers and freight car owners of which NITL was one of the signatories.³ NITL's latest letter simply repeats the concerns of the 2024 letter and raises no new arguments that AAR has not already addressed and shown to be without merit.⁴ Thus, NITL's recent comments, coming so late in the process and offering nothing new, should be struck from the record and should not warrant any attention from the Board.

Having said that, as AAR explained in its previous update to the Board, AAR worked within its EAC, which is responsible for the Car Hire Rules, to address the issues raised in RSI's petition.⁵ The EAC created a Technical Advisory Group ("TAG") composed of representatives from Class I railroads, railcar owners and lessors, and short-line railroads. Many TAG members also represented RSI members, and RSI's counsel and economist attended all open TAG meetings. From May through early November 2025, the TAG met more than 30 times, reviewed data on Car Hire rates, and debated proposed changes to Rules 1 and 25. RSI members participated actively in the process and had a chance to raise their concerns about Rule 25 arbitration and the default rate under Rule 1. The TAG issued recommendations, which were approved by the EAC, and then by AAR's Safety & Operations Management Committee on November 18, 2025.

As a result of the TAG's work, several compromises were reflected in amendments and changes made to the calculation of the default rate in Rule 1 of the Car Hire Rules. These changes reflect a commonsense compromise that resolves many of RSI's (and NITL's) stated concerns without upending the system that was designed for railroads in response to depreservation with the goal of incentivizing railroad investment while preserving competitive market rates for the railroads' customers. Specifically, on a prospective basis—as is common for any Car Hire Rule change—the default rate will be based on paid rates, not merely on filed or negotiated rates. Additionally, the default rate will be calculated as the market or spot market rate that accounts for at least five percent of total paid usage (hours or miles), thus moving the default rate away from the lowest single negotiated rate.⁶ Finally, the default rates on new cars will update every five years, which will address any concerns about rates being "locked in." Additionally, the EAC's TAG continues to review Rule 25 and consider further improvements to the arbitration process, so to the extent NITL and others are concerned with Rule 25, not Rule 1, those discussions are ongoing.⁷

In its current letter, NITL warns that the default rate process will "suppress car hire rates below effective market levels."⁸ There is no evidence that this is true. In fact, car owners do not

³ The American Forest and Paper Association, the Distilled Spirits Council of the United States, the National Industrial Transportation League, and the North American Freight Car Association, Letter to the Surface Transportation Board regarding Docket EP 334 (Sub-No. 8A), Petition to Reopen (Apr. 15, 2024).

⁴ AAR, Reply to the Petition to Reopen and Condition or Revoke Approval, Joint Petition for Exemption of Arbitration Rule from Application of 49 U.S.C. § 10706 and Motion to Dismiss, EP 334 (Sub.-No. 8A) (Apr. 15, 2024) (hereinafter "AAR Reply (Apr. 15, 2024)").

⁵ AAR Update (Nov. 24, 2025) at 2-4.

⁶ If AAR adopted the average rate for the default rate, as proposed by RSI, it would be more akin to regulating rates and would also result in higher rates for railcars that would ultimately be borne by shippers.

⁷ The focus of RSI's comments to the EAC and its TAG was on the default rate contained in Rule 1, not Rule 25 or its arbitration rule.

⁸ NITL Letter to STB (Apr. 20, 2026) at 2.

need to participate in the Car Hire Process at all—it is entirely voluntary. Anyone is free to utilize their own mark, not a railroad mark, and thereby negotiate car hire rates individually, without subjecting themselves to the Car Hire Rules about which they now complain.

Additionally, NITL notes in its letter that it “supports RSI’s petition because Rule 25 places shippers at significant risk of long-term harm” through “discourage[d] investment in railroad-supplied cars.”⁹ NITL argues that “[Rule 25’s] suppressive effect also means less reliable supply of railroad-provided cars, placing greater pressure on shippers to invest their own capital in rolling stock.”¹⁰ As AAR discussed in its April 2024 reply to RSI’s petition, and supported by AAR’s economic expert, there is no “boxcar cliff” and adequate investment is being made in new railcars, including boxcars.¹¹ Even RSI has all but abandoned its arguments about investment and a “boxcar cliff,” instead pushing for a so-called market rate for all equipment—even existing equipment for which there is no investment incentive.¹²

For these reasons, NITL’s most recent letter should be stricken from the record and not warrant further attention from the Board. I appreciate your time and attention to this important matter.

Sincerely,



Jeanine K. Balbach
Counsel for the Association of American Railroads

⁹ NITL Letter to STB (Apr. 20, 2026) at 2.

¹⁰ NITL Letter to STB (Apr. 20, 2026) at 3.

¹¹ AAR Reply (Apr. 15, 2024) at 5-8.

¹² AAR Update (Nov. 24, 2025) at 5-6.