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May 2, 2014

BY HAND

ENTERED
Office of Proceedings
May 5, 2014
Part of
Public Record

Cynthia T. Brown
Chief of the Section of Administration
Office of Proceedings
Surface Transportation Board
395 E Street, SW
Washington, DC 20423-0001

Re: Finance Docket No. 27590 (Sub-No. 4),
TTX Company – Application for Approval of Pooling
of Car Service With Respect to Flatcars

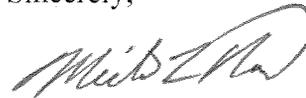
Dear Ms. Brown:

Enclosed for filing in the above-referenced matter are an original and ten copies of TTX's Rebuttal in Support of the Application for Reauthorization of the TTX Flatcar Pool.

Please date-stamp the enclosed extra copy of this document and return it with our waiting messenger.

Thank you very much for your assistance.

Sincerely,



Michael L. Rosenthal

Enclosures



BEFORE THE
SURFACE TRANSPORTATION BOARD

TTX Company – Application for Approval of Pooling
of Car Service With Respect to Flatcars

Finance Docket No. 27590 (Sub-No. 4)

**TTX COMPANY’S REBUTTAL IN SUPPORT OF THE
APPLICATION FOR REAUTHORIZATION OF THE TTX FLATCAR POOL**

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May 2, 2014

BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 27590 (Sub-No. 4)

**TTX COMPANY'S REBUTTAL IN SUPPORT OF THE
APPLICATION FOR REAUTHORIZATION OF THE TTX FLATCAR POOL**

TTX Company ("TTX") hereby submits its rebuttal in support of its Application for reauthorization of the TTX flatcar pooling agreement. In light of the overwhelmingly positive record developed in this proceeding, TTX asks the Board to act as promptly as possible to extend TTX's flatcar pooling authority for the full 15-year term of the proposed Amended Pooling Agreement.

On January 16, TTX submitted its Application for reauthorization of the flatcar pool. The Application described the developments in the decade since the pool was last reauthorized that demonstrate why reauthorization of the pool for a further term of 15 years is in the public interest. The Application also showed that reauthorization of TTX's flatcar pool would not result in any countervailing competitive harm. The Application was supported by verified statements from TTX executives, experts in railroad strategic planning and intermodal operations, and one of America's leading economists.

TTX's Application has also received overwhelming support from shippers and other beneficiaries of the flatcar pool. More than 85 parties submitted letters of support, including: The National Industrial Transportation League, which has over 500 company members; the Intermodal Association of North America, with more than 1,000 members; the Retail Industry Leaders Association, with over 200 members; several dozen individual shippers, including intermodal shippers, steamship lines, automobile manufacturers, forest product shippers, pipe

and steel shippers, and shippers of heavy machinery and equipment; logistics companies; truckload carriers, ports; railcar manufacturers and component suppliers; and the United States Department of Defense's Military Surface Deployment and Distribution Command ("SDDC"). In their letters, these parties confirm the many public benefits of the TTX flatcar pool described in the Application, including the pool's role in expanding investment in flatcar equipment for use by railroads and their shippers, its emphasis on efficiency and the high quality of its equipment, and its commitment to research and development. The breadth of this support also confirms that these benefits extend to all the different types of flatcars in the pool. There is likewise broad support for TTX's request to extend its pooling authority for a 15-year term, which would promote greater certainty and stability for TTX, participating railroads, and shippers that use pool equipment.¹

In fact, no party opposes any aspect of TTX's requested reauthorization. One of TTX's supporters, SDDC, asks that the Board "convey the importance of establishing more responsive management of chain tie-down flatcars to better facilitate execution of the [Department of Defense] transportation mission in time of national defense need." SDDC Letter, p. 2. But SDDC makes this request in the context of its full and unambiguous support for reauthorization of the TTX pool. SDDC "asks the Board to consider national defense interests and approve a 15-year extension of TTX's pooling authority, because the TTX fleet is critical to meeting military requirements." And it specifically endorses the 15-year extension of TTX's pooling authority

¹ A letter from Wells Fargo Securities, LLC, emphasized the benefits of a 15-year term, stating that it "should provide debt investors with an increased degree of confidence, and, as a result, debt funding costs to TTX could reasonably be expected to be lower" than if TTX received a shorter extension. *See TTX Company's Submission of Additional Statements of Shippers and Others in Support of the Application for Reauthorization of the TTX Flatcar Pool*, at Tab 33 (filed Apr. 18, 2014).

“to ensure a longer period of continuity and stability in the composition of the chain flatcar inventory.”

We write briefly to explain why SDDC’s request does not warrant formal Board action.² In short, SDDC already has the full attention of TTX and its participating railroads. For many years, TTX and SDDC have participated in an open and constructive dialogue about the operation of the chain tie-down cars that SDDC relies upon to meet its transportation needs. In response to a previous request for changes in how those cars are managed, TTX and its railroad participants met with SDDC in 2005 to discuss possible revisions to TTX’s chain tie-down car distribution mechanisms, but despite their good faith efforts, the parties could not agree on the type of arrangement sought by SDDC. Nonetheless, TTX has continued to address SDDC’s strong interest in an adequate and efficient flatcar supply in many ways over the past ten years, including by meeting periodically with Department of Defense representatives to address their forecasted equipment needs. TTX values and appreciates SDDC’s support, and TTX will continue to work with SDDC to help meet the military’s need for an adequate and efficient supply of flatcars.

² In the course of describing how TTX manages its chain tie-down fleet, SDDC characterizes TTX’s current method of distributing the fleet as granting “quasi-ownership” of cars to railroads. That characterization is incorrect. Like cars in TTX’s other small flatcar fleets, TTX’s chain tie-down flatcars are often placed in what are known as “Rule 16 pools” or “shipper pools” to promote their efficient use. Rule 16 of the Association of American Railroads’ Car Service Rules permits railroads to denote a shipper, agency, or commodity pool for routing after a car is made empty. TTX’s use of Rule 16 pools is an efficient method of distributing this small fleet, which is used by a small number of shippers, and has been specifically endorsed by the Board and the Interstate Commerce Commission. *See TTX Co. – Application for Approval of Pooling of Car Service With Respect to Flatcars*, 7 S.T.B. 778, 792-93 (2004); *TTX Co. – Application for Approval of the Pooling of Car Service With Respect to Flat Cars*, FD 27590 (Sub-No. 2), slip op. at 6-10 (STB served Aug. 31, 1994).

CONCLUSION

TTX requests that the Board expeditiously reauthorize the TTX flatcar pool for a 15-year term to allow TTX to continue providing the substantial public benefits of the pool.

Respectfully submitted,



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