



DEPARTMENT OF THE ARMY  
MILITARY SURFACE DEPLOYMENT AND DISTRIBUTION COMMAND  
1 SOLDIER WAY  
SCOTT AFB, IL 62225-5006

APR 11 2014

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Ms. Cynthia T. Brown  
Chief, Section of Administration  
Office of Proceedings  
Surface Transportation Board  
395 E. Street, S.W.  
Washington, DC 20423

ENTERED  
Office of Proceedings  
April 21, 2014  
Part of  
Public Record

Dear Ms. Brown:

This is a Department of Defense (DoD) comment regarding TTX Company – Application For Pooling Reauthorization (Finance Docket No. 27590 (Sub-No. 4)). This comment is filed on behalf of the DoD by the Military Surface Deployment and Distribution Command (SDDC). SDDC is the Army Service Component of the United States Transportation Command, the entity responsible for directing and supervising execution of DoD's strategic distribution system. In addition, SDDC is responsible for planning and executing the surface delivery of DoD equipment and supplies. SDDC owns and manages the freight cars which the military services have purchased for interchange use. These cars are referred to as the Defense Freight Railway Interchange Fleet (DFRIF) and carry DODX reporting marks.

In regulating the railroad industry, it is the policy of the United States Government to ensure the development and continuation of a sound rail transportation system, with effective competition among rail carriers and with other modes, to meet the needs of the public and the national defense (49 USC Sec.10101.(4)). 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. In addition, we support the 15-year reauthorization period to ensure a longer period of continuity and stability in the composition of the chain flatcar inventory.

Rail transportation is a critical element of SDDC's operation. SDDC's fleet of DODX cars is not sufficient to meet all military requirements. To meet those requirements, DoD utilizes private sector assets including the TTX flatcar pool. TTX owns the largest fleet of chain tiedown flatcars in North America, which are commonly used to transport military vehicles. The TTX pool structure ensures availability of the chain tiedown flatcars in an efficient and cost effective manner. The efficiency provided through the TTX pooling program is important to meeting DoD's mission.

Absent pooling, peacetime market forces could create a flatcar ownership distribution that does not match the flatcar distribution needed to support military deployment. SDDC is concerned about the potential for two types of flatcar shortages; a nationwide shortage and a local shortage at one or more military installations. TTX's economies of scale in managing the pooled flatcar fleet are greater than those of individual railroads. Thus, TTX is likely to be able to support a larger total chain tiedown fleet than the individual railroads collectively would if they each owned their own flatcar fleets. However, even if the individual railroads each owned flatcars, and they owned enough to prevent a nationwide shortage, there would be no assurance that localized flatcar shortages would not occur for military purposes.

Another concern is that TTX's chain tiedown flatcars do not flow totally seamlessly from one railroad to another. SDDC supported TTX's previous application for pooling authority in 2004. At that time, SDDC noted that military responsiveness would be improved if TTX's chain tiedown flatcars could seamlessly move from one railroad to another, especially during wartime or other periods of highly elevated military demand. The current management process includes assignment of certain chain tiedown flatcars to particular railroads for their preferential use, instead of being a totally fluid pool. SDDC also noted that some delays and inefficiencies in responding to Operation Iraqi Freedom were caused by this preferential use where certain railroads had, in effect, quasi-ownership of some of the flatcars in the TTX pool. In some cases, railroads, with preferential use of some flatcars, served later deploying units, but were reluctant to send their flatcars to the railroads that served the installations with earlier deploying units. While the Board did not condition its 2004 approval upon a more responsive management arrangement of chain tiedown flatcars, it did ask TTX and its member railroads to develop such an arrangement. To date, TTX and the member railroads have not established a more responsive management plan for the wartime/contingency distribution of flatcars. We request that the Board's pooling authority approval convey the importance of establishing more responsive management of chain tiedown flatcars to better facilitate execution of the DoD transportation mission in time of national defense need.

The concerns regarding availability and management raised above are important and should be addressed. However, I wish to reiterate SDDC support of TTX's application for a 15-year reauthorization of the pooling authority to ensure continued pooling, which is far more effective than individual railroad ownership.

Sincerely,

A handwritten signature in black ink, appearing to read 'T. Richardson', with a long horizontal flourish extending to the right.

Thomas J. Richardson  
Major General, U.S. Army  
Commanding



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14 April 2014

Re: DoD Comment regarding TTX Application for Pooling Reauthorization (Finance Docket No. 27590 (Sub-No.4))

Dear Ms. Brown;

Enclosed is our filing in the above-referenced proceeding. Please find the original and ten (10) copies of the Military Surface Deployment and Distribution Command's comments enclosed.

I certify that a copy of this filing was sent to Michael L. Rosenthal, Covington & Burling, 1201 Pennsylvania Avenue NW., Washington DC 20004; David L. Meyer, Morrison Foerster, 2000 Pennsylvania Avenue NW., Suite 6000, Washington, DC 20006; and Patrick B. Loftus, TTX Company, 101 North Wacker Drive, Chicago, IL 60606.

Should any questions arise regarding this filing, please contact me at (618) 220-5796 or via e-mail at [david.j.dicenso.civ@mail.mil](mailto:david.j.dicenso.civ@mail.mil). Thank you for your consideration of the enclosed filing.

  
DAVID J. DICENSO  
Attorney-Advisor