



June 18, 2015

Ms. Lucille Marvin
Office of Public Assistance, Government
Affairs & Compliance
Surface Transportation Board
395 E. Street, SW
Washington, DC 20423

238679
ENTERED
Office of Proceedings
June 24, 2015
Part of Public Record

Re: TTX Company Finance Docket No. 27590

Dear Ms. Marvin,

I enclose for filing with your office, the following document:

- F.D. 27590 TTX Form A Car Contract: Supplement No. 235 sets forth new distribution methodology for chain tie-down flatcars, effective October 1, 2014.

Copy of this letter and Supplement is enclosed. Please stamp the acknowledgement copy with the filing date and return it to the messenger.

Very truly yours,

Anne Treadway
Assistant General Counsel
(312) 984-2662
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Enclosures



SUPPLEMENT NO. 235
To TTX COMPANY FORM A CAR CONTRACT
(Effective July 1, 2015)

Pursuant to action taken by the TTX Board of Directors on June 11, 2015, the Form A Car Contract is hereby amended by this Supplement No. 235, effective July 1, 2015. The purpose of this Supplement is to set forth a distribution methodology and entitlement calculations for two groups of **TTX chain tie-down flatcars**. One group will be for **60-foot cars** with HTTX, OTTX, and TPAX initials. Another group will be for **89-foot cars** with ITTX, STTX, TPDY and TTDY initials.

1. Definitions:

For the purposes of this Amendment, the following definitions apply:

- a. **Actual Cars On-Line** – The total distributable/serviceable Pool Cars on a Participant's line plus Pool Cars on the Participant's connecting short lines. For this purpose, a railcar is deemed to be on a connecting non-Participant short line if the Participant is the last road to possess the railcar prior to interchange to that short line or subsequent short lines.
- b. **Distributable Railcar** – A railcar that is not in a TTX authorized facility or moving under directive to a TTX authorized facility.
- c. **Adjusted Cars On-Line** – Each Participant's Distributable Cars On-Line minus railcars forwarded under a Disposition Instruction plus cars to be received under a Disposition Instruction.
- d. **Base Excess or Deficit Calculation** – The difference between the Adjusted Cars On-Line and the Base Entitlement Count.
- e. **Cars Deficit Pool Participant May Order** – The number of railcars a Deficit Pool Participant may order.
- f. **Cars Excess Pool Participant May Request to be Distributed** – The number of railcars an Excess Pool Participant may request to be directed off-line.
- g. **Distribution Instructions** – An instruction issued by TTX to move Pool Cars to or from a Participant's line pursuant to the prior week's order.
- h. **Deficit Pool Participant** – A Pool Participant that has fewer Actual Cars on Line than it is entitled to have under the distribution methodology stated herein.

- i. **Entitlement** –A Participant’s percentage of the total distributable chain flat railcars to which the Participant is entitled.
- j. **Excess Pool Participant** – A Pool Participant which has railcars that exceed its Entitlement.
- k. **Idle Cars Excess Fleet Average** – A 7-day average of Pool Cars idle 5-days or more on a Participant’s line (or its connecting short line) over the 7-day Pool average for Pool Cars idle 5 days or more.
- l. **Participant Total** – Total Managed Fleet on Participants’ lines plus Pool Cars on the Participants’ connecting short lines.
- m. **Pool Cars** – There are two groups of cars. One group will be for **60-foot cars** with HTTX, OTTX, and TPAX initials. Another group will be for **89-foot cars** with ITTX, STTX, TPDX and TTDX initials.
- n. **Pool Participant** (also “**Participant**”) – Any signatory to the TTX Form A Car Contract currently using TTX-owned chain flats.
- o. **Total Managed Fleet** – the total Pool Cars for distribution under the rules set forth herein.

2. **Weekly Distribution of chain flat railcars:**

The fleet shall be distributed as follows:

A. Notification – TTX will notify (or make available to) Pool Participants on a weekly basis (every Monday) of their deficit or excess status.

B. Pool Participant Response - Within 26 hours of Notification, any Pool Participant in a deficit situation may request in TTX’s Unified Fleet Distribution System (UFD®) that railcars up to the number of Cars Deficit Pool Participant May Order be directed to its line.

An Excess Pool Participant may, in UFD®, request disposition of railcars to the extent such Participant is in an excess condition.

C. TTX Response - TTX will have 24 hours after notification by Deficit Pool Participant to issue Disposition Instructions to fill Deficit Pool Participant requests. Excess Pool Participant will have 10 calendar days to fill a Disposition Instruction from the date TTX issues it. Compliance

with Disposition Instructions means delivery to interchange with receiving Pool Participant. TTX will determine viable outlets for excess capacity and sources to relieve deficits. To do this, TTX will evaluate the most logical options based on factors such as: inventory location, destination, interchange points, and time and mileage constraints. TTX will then:

- Issue Disposition Instructions to Pool Participants to move railcars in accordance with the distribution requirements;
- Provide car number, interchange point and estimated time of arrival information to destination road, as available;
- Monitor Pool Car movements and confirm Distribution Instruction compliance, as available;
- Advise the appropriate Pool Participant of any significant delays, rerouting or substitution of equipment;
- Note any instance of non-compliance and issue violation notification in accordance with Section 5 “Compliance”; and

3. Methodology of Distribution

The Distribution Methodology is as set forth in the chart in Exhibit A.

Key steps TTX will take to identify the specific number of Pool Cars to be ordered under Disposition Instructions for each Participant are as follows:

- a. Determine each Participant’s Entitlement.
- b. Determine the Actual Cars On-Line.
- c. Determine Adjusted Cars On-Line by adding or subtracting Pool Cars moving to/from Participant under Disposition Instructions.
- d. Determine the Base Excess or Deficit Calculation.

- e. For Pool Participants in a deficit situation, calculate the Cars Deficit Pool Participant May Order.
- f. For Pool Participants in an excess situation, calculate the actual excess.
- g. In the absence of any voluntary movement of empty cars to a Deficit Pool Participant, the count of cars ordered from surplus carriers is based on their prorated share of the total surplus count. For example, Road 1 is deficit and orders 200 cars. Roads 2, 3, 4, and 5 are surplus a total of 750 cars. The table below shows the contribution each surplus Pool Participant may be directed to make toward the deficit Pool Participant.

<u>Road</u>	<u>Surplus Count</u>	<u>Ratio</u>	<u>Percentage</u>	<u>Total Order</u>	<u>Order per Road</u>
2	500	500 / 750	66.7%	200	133
3	100	100 / 750	13.3%	200	27
4	100	100 / 750	13.3%	200	27
5	50	50 / 750	6.7%	200	13
Total	750		100.0%		200

4. Changes in Entitlement:

Initial Participant Entitlement will be based on each Participant’s current share as shown in Exhibit B.

Should a Participant desire a change to its Entitlement Percentage that Participant may offer its excess entitlement to, or seek additional entitlement from, other Pool Participants. In either case, there must be at least two Participants in agreement to effectuate a shift in Entitlement. In the instance where no other Participant is agreeable to the Entitlement shift, all Participant Entitlements remain the same.

5. Compliance:

A Pool Participant that fails to be in compliance with Disposition Instructions may be charged \$500 per car per each non-compliance violation. Pool Participants shall not be subject to such charges that result from a force majeure event. The Car Advisory Board has the right to change the non-compliance assessment at any time upon reasonable notice to the Pool Participants. The following are conditions of force majeure: Act of God, authority of law, adverse weather necessitating suspension of operation on a line, embargo, war,

insurrection, threatened or actual act of terrorism, fire, explosion, or other conditions beyond a Pool Participant's reasonable control preventing compliance.

6. Surplus Periods

Participant shall be required, during periods of surplus, to have on its railroad any combination of Cars in service and in storage which is equal to Participant's Entitlement Percentage.

7. Collection of Charges and Arbitration:

It shall be the responsibility of TTX to monitor compliance with Disposition Instructions and to maintain a database of compliance in UFD® available to all Pool Participants for their review. Whenever a Pool Participant has determined that a non-compliance assessment is due for Distribution Instruction Non-Compliance, the designated contact on the non-complying Pool Participant will be notified in writing within 14 calendar days of the date of the Directive Non-Compliance and advised of the non-compliance assessment owed. The amount shall be billed through normal channels with the Participant's car hire bill. The harmed Pool Participant reserves the right to waive any non-compliance assessment.

When arbitration has been requested to settle a dispute arising under this Supplement related to Distribution Instruction non-compliance, the facts and circumstances related to the dispute shall be presented in writing to the Director- General Equipment of TTX Company within 30 calendar days from the date on which arbitration was requested. The harmed Pool Participant(s) may also elect to submit documentation within 30 calendar days of learning of the arbitration request. The Car Advisory Board, as established by TTX Company shall act as the arbitration committee. The arbitration committee may request oral presentation by the Director-General Equipment of TTX Company, the Pool Participant charged with non-compliance, and /or the injured Pool Participant. A majority of the arbitration committee is required to establish quorum and the majority vote of those present shall govern. Members of the arbitration committee, determined by the Director-General Equipment of TTX Company to be involved in or affected by the dispute being considered, and representatives of TTX, will be disqualified from voting on resolution of the dispute. The arbitration committee, within 30 calendar days after the arbitration proceeding, shall render its decision in writing and such decision shall be final.

8. Rule 22 Reclaim

Pool Cars shall not be subject to AAR Rule 22 Reclaim.

60-ft or 89-ft Chain Flat Distribution Report - Exhibit A

Supplement No. 235

ROAD	A	B	C	D		E	F	G	H	I	J
	Total Managed Fleet	Entitlement Percentage	Actual Cars On-Line	Cars Under Distribution Instructions		Adjusted Cars On-Line	Base Entitlement Count	Base Excess or (Deficit)	Idle Cars Excess Pool Average	CARS DEFICIT CARRIER MAY ORDER	
				Forwarded	Received						
Road 1			350								
Short Lines			50								
Total	300	17.39%	400	15	0	385	294	91	0	-	
Road 2			15								
Short Lines			0								
Total	40	2.32%	15	0	0	15	39	(24)	0	24	
Road 3			13								
Short Lines			12								
Total	20	1.16%	25	0	0	25	20	5	0	-	
Road 4			420								
Short Lines			50								
Total	400	23.19%	470	15	0	455	392	63	0	-	
Road 5			0								
Short Lines			0								
Total	10	0.58%	0	0	0	0	10	(10)	0	10	
Road 6			250								
Short Lines			50								
Total	500	28.99%	300	95	50	255	490	(235)	25	210	
Road 7			5								
Short Lines			0								
Total	5	0.29%	5	0	0	5	5	0	0	-	
Road 8			350								
Short Lines			125								
Total	450	26.09%	475	0	75	550	441	109	0	-	
Subtotal - On-Line			1,403								
Subtotal - Connecting Shortlines			287								
PARTICIPANT TOTAL			1,690		(1)	1,690					
Cars in TTX Authorized Facility, or Enroute to TTX Authorized Facility			35			35					
TOTAL	1,725	100.00%	1,725	125	125	1,725					

- A The Total Managed Fleet of 60-ft (or 89-ft) chain flats.
- B Each Participant's Percentage of Total 60-ft (or 89-ft) chain flats as calculated based on prior loads.
- C Actual Distributable/Servicable Cars On-Line based upon member count and junctions to connecting short lines.
- D Cars Forwarded, moving From Excess Carriers under Disposition Instructions to Deficit Carriers.
- E Cars to be Received, moving Toward Deficit Carriers under Disposition Instructions from Excess Carriers.
- F Each Participant's Total Actual Cars On-Line minus Cars Forwarded plus Cars Received, $F = C - D + E$
- G Each Participant's Entitlement Percentage times the PARTICIPANT TOTAL (1) of all distributable cars on-line. Cars in Shop (a TTX Authorized Facility) and enroute to shop are not allocated in the entitlement counts.
- H Each Participant's Adjusted Cars On-Line minus their Base Entitlement Count, $H = F - G$
- I Excess Idle car count, total idle cars minus count at pool average.
- J For Carriers in a base deficit condition, $J = \text{Absolute value of } H \text{ minus } I \text{ (excess idle cars)}$. For Deficit Carriers this is the count of cars that they may request disposition toward their road.

Initial Participant Entitlement - Exhibit B

<u>Road</u>	<u>89-ft</u>		<u>60-ft</u>	
	<u>Entitlement</u>	<u>Capacity</u>	<u>Entitlement</u>	<u>Capacity</u>
BNSF	15.979%	298	28.625%	528
CN	1.930%	36	9.199%	170
CPRS	0.536%	10	9.091%	168
CSXT	22.842%	426	8.009%	148
FXE	0.000%	-	0.054%	1
KCS	10.724%	200	3.734%	69
NS	18.391%	343	9.740%	180
ST	0.000%	-	0.000%	-
UP	29.598%	552	31.548%	582
Total	100.000%	1,865	100.000%	1,844

Capacity is based on Fleet Size as of May 22, 2015