



DEPARTMENT OF THE ARMY
MILITARY SURFACE DEPLOYMENT AND DISTRIBUTION COMMAND
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October 22, 2015
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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

8 October 2015

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

Dear Ms. Brown;

The Board invited the Surface Deployment and Distribution Command (SDDC) to file a status report one year into the pooling agreement that resulted from the subject Pooling Reauthorization request from TTX. Enclosed, please find SDDC's comment, signed by the Commander, Major General Susan A. Davidson.

A copy of this comment is being 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 SDDC's filing of this comment, please contact me at (618) 220-5796 or via e-mail at david.j.dicenso.civ@mail.mil. Thank you for your consideration of the enclosed.

A handwritten signature in blue ink, appearing to read "David J. Dicenso", is positioned above the typed name and title.

DAVID J. DICENSO
Attorney-Advisor



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Ms. Cynthia T. Brown
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395 E. Street, S.W.
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Dear Ms. Brown:

The Military Surface Deployment and Distribution Command (SDDC) is providing this letter pursuant to the Board's decision served October 1, 2014 regarding TTX Company – Application for Approval of Pooling Car Service with Respect to Flatcars (Finance Docket No. 27590 (Sub-No. 4)) which granted a reauthorization to TTX's flatcar pooling authority for 15 years. In this decision, the Board directed TTX to file a report not later than October 1, 2015 regarding the status of ongoing discussions with SDDC and invited SDDC to file its own report at that time.

SDDC notes that on June 18, 2015, TTX filed "Supplement No. 235" with the Board. Supplement No. 235 contains the TTX distribution methodology for chain tie-down flatcars which went into effect July 1, 2015. SDDC comments are based on meetings and communications with TTX and data in Supplement No. 235.

SDDC is the Army Service Component of the United States Transportation Command and 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. DODX chain tie-down flatcars make up a relatively small portion of the total North American chain tie-down flatcar fleet. As such, the military relies heavily upon the TTX flatcars which compose the majority of the North American flatcar fleet.

During 2015, SDDC engaged in several productive discussions with TTX and representatives from owning railroads regarding the military's ability to access an adequate supply of commercial flatcars during times of national defense need. These discussions were not focused exclusively on TTX fleet management processes but also included significant dialogue on processes/procedures that the military, the railroads, and TTX could enact to enhance efficient railcar use. SDDC is actively assessing railcar demand planning, as well as current onloading/offloading activities, to identify efficiency opportunities. We intend to continue active dialogue with TTX and the railroads to develop and enact beneficial process changes.

Military needs during peacetime operations (current environment) are distinctly different from wartime operations (major contingency). The distribution methodology and entitlement calculations represented in Supplement No. 235 directly support more efficient management of TTX chain tie-down flats by instituting processes which enable individual railroad entitlements to behave more like a free-running pool. This will benefit peacetime management of railcars; however, SDDC has continued concerns regarding responsive flatcar availability during major contingency operations. Different plausible contingency scenarios will result in very different movement requirements. Under one scenario, it may be necessary for a given railroad to release substantial portions of its entitlement early in a contingency and then to receive additional flatcars to support movements for an installation it serves later in the contingency. Another scenario may call for the reverse to happen. Although Supplement No. 235 arguably allows these flows to occur, the weekly cyclical process described may not allow this to happen within an adequate timeframe.

Further, in its comment on TTX's 2004 application for extension of its pooling authority (Finance Docket No. 27590 (Sub-No.3)), SDDC enumerated specific problems encountered with the use of TTX cars during the initial deployment for Operation Iraqi Freedom the previous year. They largely resulted from railroads exercising a degree of control over their TTX entitlements similar to that which they exercised over cars that they owned. Avoiding such problems in the future is more important than ever before because the supply of commercial chain tie-down flatcars is shrinking. Supplement No. 235 will help; however, because it preserves entitlements, it is not a complete solution.

TTX Company has given us strong assurances that it will do whatever is necessary during contingencies to make its militarily useful cars available to us. Based on our past experience, SDDC is confident they will do so. However, SDDC intends to continue dialogue with TTX Company and the railroads until we can reach agreement on procedures to be followed during major contingencies.

SDDC greatly appreciates the Board's acknowledgement and support of military railcar needs. Thank you for your continuing interest in addressing the military implications of your decisions.

Sincerely,



Susan A. Davidson
Major General, U.S. Army
Commanding