

January 27, 2026

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January 27, 2026
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The Honorable Patrick Fuchs
Chairman
Surface Transportation Board
395 E Street, SW
Washington, D.C. 20423

Re: 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

Dear Chairman Fuchs:

The Equipment Leasing and Finance Association (ELFA) appreciates the opportunity to submit this letter in strong support of the joint petition filed by the Railway Supply Institute (RSI) in Docket No. EP 334. The petition seeks much-needed reform of the car hire rules adopted by the Association of American Railroads pursuant to authority granted by the Interstate Commerce Commission (ICC) more than 30 years ago.

ELFA represents the \$1.3 trillion equipment finance sector, which plays a vital role in driving economic growth and innovation across the United States. Our diverse membership includes independent and captive leasing and finance companies, banks, financial services firms, brokers, investment banks, manufacturers, and service providers. This broad cross-section of equipment finance lenders and lessors includes several of the nation's largest freight railcar lessors, all of whom have a significant interest in ensuring that car hire rules promote efficient investment, robust competition, and the reliable flow of commerce.

RSI's petition demonstrates clearly that the existing Car Hire Arbitration Rule (Rule 25) suppresses compensation for freight cars to levels well below what is needed to sustain reinvestment in the nation's freight car fleet. If the practices permitted by the existing rule continue, the market-based system envisioned by the ICC will remain undermined by excessive, competition-protected rates afforded to TTX Company, to the detriment of independent freight car lessors.

While we applaud the Board's holding the docket in abeyance to allow AAR to negotiate with RSI, we understand that AAR delegated the negotiations to its Equipment Assets Committee (EAC), comprised largely of representatives of railroads whose ownership interests collectively control approximately 76 percent of TTX. Moreover, the EAC refused to allow RSI to view the data to which the Equipment Assets Committee had access, notwithstanding RSI's agreement to abide by the usual STB confidentiality requirements and even refused to allow RSI's counsel and economist to participate in discussions of proposed alternative resolution of the matters about which RSI petitioned the STB.

It is not surprising, therefore, that the concessions that emerged from this closed process appear to be *de minimis* and do not correct the essential unfairness embedded in Rule 25. From ELFA's perspective, the AAR process functioned less as a genuine negotiation than as a delaying tactic that has prolonged the life of an outdated rule, preventing the development of a truly market-responsive car hire framework, and perpetuated economic signals that discourage new freight car investment.

ELFA is concerned that, despite the seriousness of these issues and the urgency identified by RSI, this proceeding has been pending for nearly two years with little progress toward a fair and transparent resolution. As an association whose members finance and supply a substantial share of the nation's freight rail equipment, ELFA supports policies that promote private investment, enhance competition, and advance the efficient functioning of transportation markets. The current Arbitration Rule falls far short of these objectives, as it insulates car hire rates from competitive forces and fails to provide adequate compensation for freight car owners; particularly independent lessors who lack the market power of large, railroad-affiliated entities.

ELFA respectfully urges the Board to lift the abeyance in Docket EP 334 (Sub-No. 8A), reopen its review of the Arbitration Rule, and move expeditiously to consider RSI's petition on the merits.

Sincerely,

A handwritten signature in black ink, appearing to read "Allyson Gale".

Allyson Gale
Director of Federal Government Relations
Equipment Leasing & Finance Association

CC: All Parties of Record