Georgia-Pacific

133 Peachtree Street NE
Atlanta, Georgia 30303

James B. Hannan
Chief Executive Officer
and President

July 7, 2015

Mr. Ed Hamberger
Association of American Railroads
425 3rd Street, SW
Washington, DC 20024

Dear Mr. Hamberger:

As an Industry, forest products companies ship ~650,000 carloads of freight annually in boxcars. Shipping by rail is important to the economic viability of our industry, our nation and it supports our environmental responsibility. Georgia-Pacific LLC is a major North American shipper with a rail freight spend of approximately $350 million per year on volume at 192 company locations.

For several years the North American boxcar fleet has been declining (Attachment 1), and the railroad and rail equipment industries have not been reinvesting in boxcars at the level necessary to keep up with the demand. Boxcar shortages, previously a seasonal occurrence, have in recent years become more chronic. We are concerned with the fact that a large portion of the North American boxcar fleet will reach the 50-year statutory service life between 2025 and 2032. With the current condition of the doors, walls and floors, many of those cars will be scrapped even before 2025 due to high repair costs that cannot be amortized by car owners over the short remaining useful life. The accelerated obsolescence of the boxcar fleet jeopardizes the future of the forest products industry and our $3.5B annual revenue contribution to the railroad industry.

Today, AAR interchange Rule 88 provides boxcar owners with the opportunity to qualify their cars for a 65-year service life under a provision known as "Increased Life Status" (ILS). In theory, if this rule could be implemented it would help mitigate the inevitable decline in the boxcar fleet. In practice however there are two ILS provisions which will prevent the potential application of ILS to boxcars:

1. Car owners are not permitted to pursue ILS until a car is 47 years old. By that time many of the current 50' boxcars may already have been scrapped due to high maintenance/repair costs.
2. The requirements for ILS incorporate a provision from AAR interchange rule 90 which requires replacement of <u>any</u> cast components that are over age 50, regardless of their condition.

Our industry is dependent on rail transportation and an adequate supply of boxcars. Without sufficient boxcars we will be incapable of providing our customers with the products necessary to build homes, produce and package their products, print papers & magazines. We believe that in order to ensure the future supply of boxcars, the rules governing ILS should be reviewed and revised to (a) allow car owners to qualify boxcars for ILS at a younger age (prior to the 47th year) and, (b) retain existing cast components on ILS cars, *providing it can be demonstrated that it is safe to do so.*

We urge the AAR to revisit the provisions for ILS for boxcars with the intent of amending the current rules and providing the opportunity to sustain our industry's long term business with the railroads.

Sincerely,

Jim B. Hannan