



Surface Transportation Board
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March 2, 2020

The Honorable Ted Cruz
United States Senate
127A Russell Senate Office Building
Washington, DC 20510

Dear Senator Cruz:

Thank you for your recent letter regarding railroad revenue adequacy and the importance of freight rail to our nation's transportation system. We appreciate knowing your interest on these important matters. Your letter and this response have been entered into the revenue adequacy dockets (Hearing on Revenue Adequacy, Docket No. EP 761, and Railroad Revenue Adequacy, Docket No. EP 722).

As you may know, the Board's Rate Reform Task Force (RRTF) issued a report in April 2019, which recommended a wide range of options for the Board to consider to improve its rate review methodologies and processes. After carefully reviewing the RRTF report, the Board proposed a new rate review option for smaller cases (Final Offer Rate Review, Docket No. EP 755), a streamlined market dominance process that could be used in any rate review proceeding (Market Dominance Streamlined Approach, Docket No. EP 756), and revised regulations to improve the utility of the Waybill Sample reporting that railroads submit to the Board (Waybill Sample Reporting, Docket No. EP 385 (Sub-No. 8)). The Board requested public comment on each of these proposals.

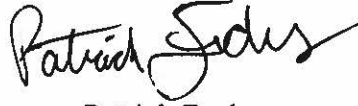
The report's options also included possible changes regarding revenue adequacy. As you note, in December 2019, the Board held a public hearing to give full and careful consideration to the revenue adequacy ideas raised in the RRTF report, including the potential effects of those options on the rail network and the shippers they serve. The two-day hearing reflects the Board's firm commitment to robust public input on the report. All interested persons were invited to testify at the hearing, which was open to the public, and the Board received testimony from more than 30 witnesses, including railroads and shippers and their representatives, as well as economists, the investment community, and others. Following the hearing, the record remained open until February 13, 2020, to allow parties to supplement their testimony. We are considering the testimony and comments received.

Thank you again for your interest in the Board's work. If you or your staff have any questions, please contact us or Ms. Lucille Marvin, the Board's Director of the Office of Public Assistance, Governmental Affairs, and Compliance, at (202) 245-0238.

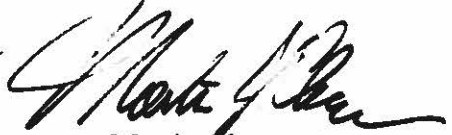
Sincerely,



Ann Begeman
Chairman



Patrick Fuchs
Board Member



Martin Oberman
Vice Chairman