



**Surface Transportation Board**  
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March 4, 2020

The Honorable Michael S. Lee  
United States Senate  
361-A Russell Senate Office Building  
Washington, DC 20510

Dear Senator Lee:

Thank you for your recent letter regarding railroad revenue adequacy and the importance of an efficient and competitive rail network. We appreciate knowing your views on these issues. 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.

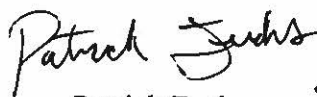
The report's options included possible changes regarding revenue adequacy. In order to give full and careful consideration to the revenue adequacy ideas raised in the RRTF report, including the potential effects of those options on the rail network and the shippers they serve, the Board held a two-day public hearing in December 2019. 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 these important issues. 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