



SLOVER & LOFTUS LLP

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Ms. Cynthia T. Brown
Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E. Street, S.W.
Washington, D.C. 20423

Re: EP 290 (Sub-No. 5) (2023-1), Quarterly Rail Cost Adjustment Factor

Dear Ms. Brown,

The Western Coal Traffic League (“WCTL”) respectfully submits this letter to note two errors in the forecast for the Rail Cost Adjustment Factor for the first quarter of 2023 that the Association of American Railroads (“AAR”) submitted in the above-captioned proceeding on December 5, 2022.

First, the RCAF values should be stated on a basis that 4Q22=1.000, and not 4Q17=1.000, in accordance with 49 U.S.C. § 10708 (stating that “the denominator of which is the same index for the fourth quarter of every fifth year, beginning with the fourth quarter of 1992”). This statutory rebasing should have no impact on the relative RCAF changes.

Second, WCTL’s economic consultant, L.E. Peabody & Associates, Inc. (“LEPA”), observes that the forecast error is miscalculated. Specifically, the linked values (*i.e.*, “1980 = 100 (linked)” and “4Q17 = 100”) for the Prior Quarter (*i.e.*, 2Q22) that the AAR utilized were actually those for 1Q22 and not 2Q22. LEPA’s Attachment No. 1 shows that correcting values changes the forecast error correct from -0.038 to -0.004, a change of 340 basis points.

Respectfully submitted,

William L. Slover
/s/ Robert D. Rosenberg
Counsel for the Western Coal Traffic League

Enclosure

cc: Service List, including the AAR

AAR Calculation of 1Q23 Forecast Error

	3Q22			
	AAR 1/		Corrected 2/	
<u>Item</u>	<u>Forecast</u>	<u>Actual</u>	<u>Forecast</u>	<u>Actual</u>
(1)	(2)	(3)	(4)	(5)
1. 1980 = 100	350.8	349.7	350.8	349.7
2. 1980 = 100 (linked)	321.5	311.6	328.7	327.7
3. 4Q17 = 100	121.6	117.8	124.3	123.9
4. Forecast Error	-0.038		-0.004	
<u>Prior Quarter</u>				
5. 1980 = 100	334.9	346.6	334.9	346.6
6. 1980 = 100 (linked)	306.9	308.8	313.8	324.8
7. 4Q17 = 100	116.0	116.7	118.6	122.8

1/ Based on AAR's December 5, 2022 workpapers filed in EP No. 290-5.

2/ Calculation of forecast error using corrected "Prior Quarter" values.

= Prior quarter values should be equal to 2Q22 values. The values highlighted yellow are those used by the AAR and are 1Q22 values. Updating of these values should result in an update of the forecast error calculation.