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ATTORNEYS AT LAW

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Office of Chief Counsel
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Public Record

December 23, 2025

Via E-Filing

Ms. Cynthia T. Brown
Chief of Case Administration
Office of Chief Counsel
Surface Transportation Board
395 E Street SW
Washington, DC 20423

Re: EP 290 (Sub-No. 5) (2026-1),
Quarterly Rail Cost Adjustment Factor

Dear Ms. Brown,

The Western Coal Traffic League writes to advise the Board that the League's economic consultant, L.E. Peabody & Associates, Inc., has identified two errors in the forecast submitted by the Association of American Railroads ("AAR") for the All-Inclusive Index ("AII") portion of the RCAF for the first quarter of 2026. The errors do not alter the ultimate RCAF forecast.

For both the Depreciation and Other components, the AAR calculated the 1Q26 forecasted values on a 1982 = 100 basis using an average of the values for December 2025, January 2026, and February 2026, rather than the correct average of the values for January 2026, February 2026, and March 2026.

The AAR shows the calculation of the Depreciation component in Appendix E and pdf pages 64-68 of its supporting workpapers. Page 2 of Appendix E identifies the values used to calculate the "Forecast of Depreciation Index (1982 = 100)" average value of 219.4 for 1Q26, which is used to calculate the Depreciation component of the All-Inclusive Index on a 1980 = 100 basis. The AAR used an average of **December 2025 (219.165)**, January 2026 (219.355), and February 2026 (219.544) for the 1Q26 average value of 219.4 (1982 = 100). The AAR should have used an average of the January 2026 (219.355), February 2026 (219.544), and **March 2026 (219.734)** for the 1Q26 average value of 219.5 (1982 = 100). Using the corrected 1Q26 value of 219.5 on a 1982=100 basis results in a revised value of 242.8 for the Depreciation component of the All-Inclusive Index compared to the AAR's value of 242.7.

The AAR shows the calculation of the Other component in Appendix G and pdf pages 71-76 of its supporting workpapers. Page 2 of Appendix G identifies the values used to calculate the “Forecast of Other Index (1982 = 100)” average value of 270.7 for 1Q26, which is used to calculate the Other component of the All-Inclusive Index on a 1980 = 100 basis. The AAR used an average of **December 2025 (270.275)**, January 2026 (271.052), and February 2026 (270.919) for the 1Q26 average value of 270.7 (1982 = 100). The AAR should have used an average of the January 2026 (271.052), February 2026 (270.919), and **March 2026 (271.299)** for the 1Q26 average value of 271.1 (1982 = 100). Using the corrected 1Q26 value of 271.1 on a 1982 = 100 basis results in a revised value of 303.9 for the Other component of the All-Inclusive Index vs. the AAR's value of 303.5.

The table below depicts the 1Q26 All-Inclusive Index published by the AAR, the corrected values, and the percent difference between the two.

<u>Calculation of 1Q26 All-Inclusive Index</u>			
<u>Item</u> (1)	<u>1Q26 All - Inclusive Index</u>		<u>Percent</u> <u>Difference 1/</u> (4)
	<u>AAR 12/5/25 Filing</u> (2)	<u>Corrected Version</u> (3)	
1. Labor	573.0	573.0	0.00%
2. Fuel	299.8	299.8	0.00%
3. Materials & Supplies	387.1	387.1	0.00%
4. Equipment Rents	301.3	301.3	0.00%
5. Depreciation	242.7	242.8	0.04%
6. Interest	58.1	58.1	0.00%
7. Other	303.5	303.9	0.13%
8. Weighted Average			
a. 1980 = 100	378.3	378.4	0.03%
b. 1980 = 100 (linked)	344.3	344.4	0.03%
c. 4Q22 = 100	100.6	100.6	0.00%
1/ (Column (3) ÷ Column (2) -1) x 100.			

Please let us know if there are questions concerning this submission.

Ms. Cynthia Brown
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Respectfully submitted,

A handwritten signature in dark ink, reading "Robert D. Rosenberg". The signature is fluid and cursive, with a long, sweeping horizontal line extending from the end of the name.

Robert D. Rosenberg
Counsel for the Western Coal Traffic League

cc: Rand Gayad, Association of American Railroads
J. Frederick Miller, Jr., Esq., Association of American Railroads
Timothy D. Crowley, L.E. Peabody & Associates, Inc.
Daniel L. Fapp, L.E. Peabody & Associates, Inc.

