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425 Third Street, SW
Washington, DC 20024
Phone: 202-639-2100
AAR.org

Anika S. Cooper, Chief Counsel
Office of the Chief Counsel
Surface Transportation Board
395 E Street SW
Washington, DC 20423

ENTERED
Office of Chief Counsel
February 12, 2026
Part of
Public Record

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

Dear Ms. Cooper:

Pursuant to the Board's February 6, 2026 decision, the Association of American Railroads (AAR) submits this response to the Western Coal Traffic League's (WCTL) December 23, 2025 letter concerning AAR's first-quarter 2026 Rail Cost Adjustment Factor (RCAF) forecast for the All-Inclusive Index components.

WCTL's filing does not identify any material error requiring correction. Rather, WCTL asserts that AAR should have averaged January-March 2026 instead of December 2025-February 2026 when converting the Depreciation and Other components to a 1982=100 basis. This assertion reflects a disagreement over averaging conventions in the context of a forecast prepared under unusual and well-documented data constraints; it does not reflect noncompliance with any Board-prescribed requirement.

As the Board is aware, the Railroad Cost Recovery Procedures¹ specify the index components and applicable data sources, but they do not prescribe a single forecasting formula, mandate a fixed set of calendar months to be averaged in every circumstance, or require a particular treatment when source-data publication is disrupted or delayed. AAR therefore exercised reasonable methodological judgment consistent with longstanding practice and the Board's procedural framework.

In this instance, the federal government's lapse in appropriations in fall 2025 disrupted the timely publication of key Bureau of Labor Statistics (BLS) series used in the RCAF process, resulting in the unavailability of the October 2025 observation at the time of AAR's December 5, 2025 filing. As documented in AAR's supporting workpapers, this data gap constrained the construction of the

¹ *Railroad Cost Recovery Procedures*, 1 I.C.C.2d 207 (1984); *Railroad Cost Recovery Procedures—Productivity Adjustment*, 5 I.C.C.2d 434 (1989). These procedures outline the quarterly cost adjustment requirements for RCAF.

forecast window.² Given the statutory requirement to file the RCAF on a fixed schedule, AAR applied a consistent and economically reasonable approach using the most recent available information and transparently disclosed both the constraint and its treatment in the record.

Notably, WCTL itself acknowledges that its alternative calculations do not alter the ultimate RCAF forecast. As reflected in WCTL's own submission, the resulting differences amount to 0.04 percent for Depreciation, 0.13 percent for Other, and 0.03 percent for the All-Inclusive Index—differences that are immaterial and have no effect on any regulatory outcome.

Accordingly, WCTL's letter provides no basis for revisiting or modifying the index values adopted by the Board in its December 18, 2025 decision. AAR's submission complied fully with the Board's procedures, and AAR's treatment of the forecast was transparent, internally consistent, and reasonable in light of the unique data circumstances at the time of filing.

AAR remains available to provide any additional clarification the Board may find helpful.

Respectfully submitted,



Rand Ghayad, Ph.D.
Senior Vice President – Policy and Economics, Chief Economist
Association of American Railroads

CC: Cynthia Brown, Surface Transportation Board
Robert Rosenberg, Esq., Slover & Loftus LLP

² See AAR Workpapers, *Quarterly Rail Cost Adjustment Factor*, EP 290 (Sub No. 5) (2026 1), at 44–45; 52–53 (Dec. 5, 2025).