

SERVICE DATE – OCTOBER 8, 2026

SURFACE TRANSPORTATION BOARD

Docket No. EP 552 (Sub-No. 30)

RAILROAD REVENUE ADEQUACY—2025 DETERMINATION

Digest:¹ The Board finds that four Class I railroads (BNSF Railway Company, CSX Transportation, Inc., Norfolk Southern Combined Railroad Subsidiaries, and Union Pacific Railroad Company) are revenue adequate for the year 2025, meaning that those railroads achieved a rate of return equal to or greater than the Board's calculation of the average cost of capital for the freight rail industry.

Decided: October 7, 2026

This annual determination of railroad revenue adequacy under 49 U.S.C. § 10704(a)(3) is made in accordance with the standards and procedures developed in Standards for Railroad Revenue Adequacy (Standards I), 364 I.C.C. 803 (1981); Standards for Railroad Revenue Adequacy (Standards II), 3 I.C.C.2d 261 (1986); and Supplemental Reporting of Consolidated Information for Revenue Adequacy Purposes (Supplemental Reporting), 5 I.C.C.2d 65 (1988). Pursuant to those procedures, which are essentially mechanical, a railroad is considered revenue adequate under 49 U.S.C. § 10704(a) if it achieves a rate of return on net investment (ROI) equal to at least the current cost of capital for the railroad industry.

In Railroad Cost of Capital—2025, EP 558 (Sub-No. 29) (STB served September 10, 2026), the Board determined that the 2025 railroad industry cost of capital was 9.79%. By comparing this figure to the 2025 ROIs, calculated from data reported in the carriers' Annual Report R-1 Schedule 250 filings, a revenue adequacy figure has been determined for each of the Class I freight railroads that were in operation as of December 31, 2025.²

A summary of the ROIs for all Class I railroads is set forth in Appendix A to this decision. Appendix B provides the railroads' R-1 Schedule 250 data that was used to compute the ROIs. The Board finds four carriers (BNSF Railway Company, CSX Transportation, Inc., Norfolk Southern Combined Railroad Subsidiaries, and Union Pacific Railroad Company) to be

¹ The digest constitutes no part of the decision of the Board but has been prepared for the convenience of the reader. It may not be cited to or relied upon as precedent. See Pol'y Statement on Plain Language Digs. in Decisions, EP 696 (STB served Sept. 2, 2010).

² Annual Report R-1 filings do not include rail operations in Canada or Mexico. The Board implements accounting and cost reporting rules (pursuant to 49 U.S.C. § 11164) for rail carriers subject to the Board's jurisdiction, which encompasses transportation in the United States pursuant to 49 U.S.C § 10501(a)(2).

revenue adequate for 2025.³ The Board's findings will be final on the effective date of this decision.

It is ordered:

1. This decision is effective on its service date.
2. Notice of this decision will be published in the Federal Register.

By the Board, Board Members Fuchs, Hedlund, Kloster, and Schultz.

³ Pursuant to Standards I, 364 I.C.C. at 803, Standards II, 3 I.C.C.2d at 261, and Supplemental Reporting, 5 I.C.C.2d at 65, revenue adequacy determinations for Class I carriers are made on a system-wide basis, which includes certain railroad affiliates.

APPENDIX A

Railroad	ROI
BNSF Railway Company	10.91%
CSX Transportation, Inc.	11.40%
Grand Trunk Corporation (including U.S. affiliates of Canadian National Railway)	6.09%
Norfolk Southern Combined Railroad Subsidiaries	10.29%
Soo Line Corporation & Kansas City Southern Railway Company	5.30%
Union Pacific Railroad Company	17.09%

APPENDIX B

(Dollars in Thousands)

Railroad Year: 2025	BNSF	CSX	GT	NS	SOO/KCSR	UP
Combined/Consolidated Net Railway Operating Income For Reporting Entity	5,713,681	2,845,455	777,355	2,481,965	777,382	7,264,190
Add: Interest Income from Working Capital Allowance – Cash Portion	7,959	5,551	1,015	25,200	5,465	0
Add: Income Taxes Associated with Non-Rail Income and Deductions	307,731	195,101	-1,070	305,209	16,486	166,584
Add: Gain or (loss) from transfer/reclassification to nonrail-status (net of income taxes)	8,814	8,979	432	115,830	159	239,114
** Adjusted Net Railway Operating Income **	6,038,185	3,055,086	777,732	2,928,204	799,492	7,669,888
** Calculating the Adjusted Investment in Railroad Property for the Reporting Entity **						
Combined Investment in Railroad Property Used in Transportation Service – Ending Balance	70,397,775	33,990,244	15,755,239	35,111,646	18,802,691	57,104,389
Combined Investment in Railroad Property Used in Transportation Service – Beginning Balance	69,394,987	32,947,427	15,605,931	34,484,407	18,759,577	55,812,520
Combined Investment in Railroad Property Used in Transportation Service – Average	69,896,381	33,468,836	15,680,585	34,798,027	18,781,134	56,458,455
Interest During Construction – Ending Balance					9,763	-43,236
Interest During Construction – Beginning Balance					10,803	-43,236
Interest During Construction – Average	0	0	0	0	10,283	-43,236
Other Elements of Investment – Ending Balance					-348	
Other Elements of Investment – Beginning Balance					0	
Other Elements of Investment – Average	-	-	-	-	(174)	-
Net Rail Assets of Rail Related Affiliates – Ending Balance			230,577		57,884	
Net Rail Assets of Rail Related Affiliates – Beginning Balance			221,869		11,522	
Net Rail Assets of Rail Related Affiliates – Average	-	-	226,223	-	34,703	-
Working Capital Allowance – Ending Balance	1,250,287	399,319	193,069	862,828	155,062	918,425
Working Capital Allowance – Beginning Balance	1,334,882	526,906	187,562	930,278	176,626	853,610
Working Capital Allowance – Average	1,292,585	463,113	190,316	896,553	165,844	886,018
Accumulated Deferred Income Tax Credits – Ending Balance	15,973,495	7,220,613	3,352,853	7,384,469	3,870,487	-12,567,182
Accumulated Deferred Income Tax Credits – Beginning Balance	15,704,045	7,041,144	3,309,596	7,072,944	3,915,353	-12,296,744
Accumulated Deferred Income Tax Credits – Average	15,838,770	7,130,879	3,331,225	7,228,707	3,892,920	(12,431,963)
Tax Adjusted Net Investment Base – Ending Balance	55,674,567	27,168,950	12,826,032	28,590,005	15,135,735	45,412,396
Tax Adjusted Net Investment Base – Beginning Balance	55,025,824	26,433,189	12,705,766	28,341,741	15,021,569	44,326,150
* Tax Adjusted Net Investment Base *	55,350,196	26,801,070	12,765,899	28,465,873	15,078,652	44,869,273
TAX ADJUSTED RETURN ON INVESTMENT	10.91%	11.40%	6.09%	10.29%	5.30%	17.09%