

SERVICE DATE – LATE RELEASE MARCH 4, 2019

SURFACE TRANSPORTATION BOARD

NOTICE

Docket No. EP 290 (Sub-No. 5)

QUARTERLY RAIL COST ADJUSTMENT FACTOR

Decided: March 4, 2019

In Railroad Cost Recovery Procedures, 1 I.C.C.2d 207 (1984), the Interstate Commerce Commission (ICC) outlined the procedures for calculating the all-inclusive index of railroad input prices and the method for computing the rail cost adjustment factor (RCAF). Under the procedures, the Association of American Railroads (AAR) is required to calculate the index on a quarterly basis and submit it to the agency on the fifth day of the last month of each calendar quarter. In Railroad Cost Recovery Procedures—Productivity Adjustment, 5 I.C.C.2d 434 (1989), aff'd sub nom. Edison Electric Institute v. ICC, 969 F.2d 1221 (D.C. Cir. 1992), the ICC adopted procedures that require the adjustment of the quarterly index for a measure of productivity.

The provisions of 49 U.S.C. § 10708 direct the Surface Transportation Board (Board) to continue to publish both an unadjusted RCAF and a productivity-adjusted RCAF on a quarterly basis.

The Board publishes the productivity change annually in Docket No. EP 290 (Sub-No. 4), Railroad Cost Recovery Procedures—Productivity Adjustment. The Board has not yet issued the productivity change for 2017 and for the 2013-2017 averaging period. The Board's regulations require that AAR submit this quarter's index by March 5, 2019. Because AAR will not have the 2017 productivity figures, AAR's March 5 filing should ensure that its methodology to account for that is clearly explained. For example, if AAR elects to use last year's productivity figures in its March 5 filing, it should clearly note in the pleadings and workpapers that it has done so.

By the Board, Allison C. Davis, Acting Director, Office of Proceedings.