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BEFORE THE
SURFACE TRANSPORTATION BOARD

STB EX PARTE NO. 431 (Sub-No. 3)
REVIEW OF THE SURFACE TRANSPORTATION BOARD'S
GENERAL COSTING SYSTEM

COMMENTS OF THE
U.S. DEPARTMENT OF AGRICULTURE

Cindy Smith
Acting Under Secretary
Marketing and Regulatory Programs
U.S. Department of Agriculture
Washington, D.C. 20250

Date: April 30, 2009

AUTHORITY AND INTEREST

The Secretary of Agriculture is charged with the responsibility under the Agricultural Adjustment Act of 1938 and the Agricultural Marketing Act of 1946 to represent the interests of agricultural producers and shippers in improving transportation services and facilities by, among other things, initiating and participating in Surface Transportation Board (Board) proceedings involving rates, charges, tariffs, practices, and services.

USDA COMMENTS

The Department of Agriculture supports the Board's efforts to update and review its Uniform Rail Costing System (URCS). It has been more than 10 years since a review of URCS was conducted. Undoubtedly, there have been many changes in the railroad industry in the intervening years that affect the assumptions underlying URCS. Thus, a thorough review of URCS is warranted at this time.

URCS is important because it is used to determine a railroad's variable costs for regulatory proceedings, including rail rate appeals and rail line abandonments. As the Board has jurisdiction only on tariff rates equal to or exceeding a revenue-to-variable cost ratio of 180, URCS determines the eligibility of shippers to appeal rail rates. Since URCS is used in the Board's decisions regarding important regulatory proceedings, it is imperative that it be updated to reflect as accurately as possible actual current rail costs. To accomplish this, the Board should carefully review the assumptions incorporated into the URCS model and modify these assumptions as needed.

Respectively submitted,

A handwritten signature in black ink, appearing to read "Cindy Smith", with a stylized flourish at the end.

Cindy Smith
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