

SURFACE TRANSPORTATION BOARD PROPOSES SEVERAL CHANGES TO ITS KEY COSTING METHODOLOGY

The Surface Transportation Board today announced several proposed changes to its general purpose costing system, the Uniform Railroad Costing System (URCS).

The Board is proposing to adjust the manner in which URCS calculates certain system-average unit costs to better reflect railroad operations. The proposal will automatically reflect economies of scale relative to shipment-size increases, eliminating the current need for a separate mathematical adjustment referred to as the "make-whole adjustment."

The Board had previously identified the make-whole adjustment as an aspect of URCS warranting further review in a May 2010 report to Congress. The Board also is proposing to make a number of related changes to URCS that would result in more accurate movement costs and to change two of the agency's reporting requirements to support these proposals.

URCS enables the Board to determine a railroad's variable costs of providing rail transportation service, to determine the jurisdictional threshold in rate disputes between railroads and their customers, and to determine whether challenged rates are reasonable. URCS also is used in proceedings involving proposed rail-line abandonments.

The Board's decision in [Review of the General Purpose Costing System, EP 431 \(Sub-No. 4\)](#), may be viewed and downloaded at the Board's website, www.stb.dot.gov, under "E-LIBRARY / Decisions & Notices / 02/04/13".

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