

## **SURFACE TRANSPORTATION BOARD CALCULATES RAIL INDUSTRY'S COST OF CAPITAL FOR 2012**

The Surface Transportation Board announced today that it has issued its decision calculating the railroad industry's cost of capital for 2012.

In [Railroad Cost of Capital—2012](#), Docket No. EP 558 (Sub-No. 16), the Board found that the rail industry's after-tax cost of capital was 11.11 percent. Last year, the cost of capital was 11.57 percent.

The cost-of-capital figure represents the Board's estimate of the average rate of return needed to persuade investors to provide capital to the freight-rail industry.

Calculated annually, the cost-of-capital figure is an essential component of many of the agency's core regulatory responsibilities. The Board uses the cost-of-capital figure in evaluating the adequacy of individual railroads' revenues each year. It also uses the figure when determining the reasonableness of a challenged rail rate, considering a proposal to abandon a rail line, or valuing a particular railroad operation.

The Board's decision in Docket No. EP 558 (Sub-No. 16) is available at the Board's website at [www.stb.dot.gov](http://www.stb.dot.gov).

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