

## **SURFACE TRANSPORTATION BOARD CALCULATES RAIL INDUSTRY'S COST OF CAPITAL FOR 2014**

The Surface Transportation Board announced today that it has issued its decision calculating the railroad industry's cost of capital for 2014.

In *Railroad Cost of Capital—2014*, Docket No. EP 558 (Sub-No. 18), the Board found that the rail industry's after-tax cost of capital was 10.65 percent. For 2013, the cost of capital was 11.32 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 an individual railroad's 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 \(Sub-No. 18\)](#) may be viewed and downloaded at the Board's website, [www.stb.dot.gov](http://www.stb.dot.gov), under "E-LIBRARY / Decisions & Notices / 08/11/2015."