

- Future of ARAC.
- Continuous Improvement of FAA Rulemaking Process.
- Remarks from other EXCOM members.

Attendance is open to the interested public but limited to the space available. The FAA will arrange teleconference service for individuals wishing to join in by teleconference if we receive notice by November 26. Arrangements to participate by teleconference can be made by contacting the person listed in the **FOR FURTHER INFORMATION CONTACT** section. Callers outside the Washington metropolitan area are responsible for paying long-distance charges.

The public must arrange by November 26 to present oral statements at the meeting. The public may present written statements to the executive committee by providing 25 copies to the Executive Director, or by bringing the copies to the meeting.

If you are in need of assistance or require a reasonable accommodation for this meeting, please contact the person listed under the heading **FOR FURTHER INFORMATION CONTACT**.

Issued in Washington, DC, October 16, 2007.

Pamela Hamilton-Powell,

Executive Director, Aviation Rulemaking Advisory Committee.

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DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Ex Parte No. 661 (Sub-No. 1)]

Rail Fuel Surcharges

AGENCY: Surface Transportation Board, DOT.

ACTION: Notice of OMB Approval of Information Collection.

SUMMARY: Pursuant to the Paperwork Reduction Act, 44 U.S.C. 3501 *et. seq.* (PRA) and Office of Management and Budget (OMB) regulations at 5 CFR 1320.11, the Surface Transportation Board has obtained OMB approval for the collection of information adopted by the Board in *Rail Fuel Surcharges*, STB Ex Parte No. 661 (Sub-No. 1) (STB served Aug. 14, 2007).

This collection, which is codified at 49 CFR 1243.3, has been assigned OMB Control No. 2140-0014. Unless renewed, OMB approval expires on October 31, 2010. The display of a currently valid OMB control number for this collection is required by law. Under

the PRA and 5 CFR 1320.8, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a currently valid OMB control number.

Vernon A. Williams,
Secretary.

[FR Doc. E7-21072 Filed 10-25-07; 8:45 am]

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DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Ex Parte No. 664]

Methodology to be Employed in Determining the Railroad Industry's Cost of Capital

AGENCY: Surface Transportation Board, DOT.

ACTION: Notice of public hearing.

SUMMARY: The Surface Transportation Board will hold a public hearing beginning at 10 a.m. on Tuesday, December 4, 2007, at its offices in Washington, DC. The purpose of the hearing will be to allow current parties of record to comment on the proposed methodology to be employed in determining the railroad industry's estimated cost of capital and the record developed in this proceeding. Parties of record wishing to speak at the hearing should notify the Board in writing.

DATES: The public hearing will take place on Tuesday, December 4, 2007. Any party of record wishing to speak at the hearing should file with the Board a written notice of intent to participate, and should identify the party, the proposed speaker, the time requested, and the topic(s) to be covered, as soon as possible but no later than November 20, 2007. Each speaker should also file with the Board his/her written testimony by November 27, 2007.

ADDRESSES: All notices of intent to participate and testimony may be submitted either via the Board's e-filing format or in the traditional paper format. Any person using e-filing should attach a document and otherwise comply with the Board's "www.stb.dot.gov" website, at the "E-FILING" link. Any person submitting a filing in the traditional paper format should send an original and 10 copies of the filing to: Surface Transportation Board, Attn: STB Ex Parte No. 664, 395 E Street, SW., Washington, DC 20423-0001.

FOR FURTHER INFORMATION CONTACT: Timothy Strafford, (202) 245-0356. [Assistance for the hearing impaired is

available through the Federal Information Relay Service (FIRS) at: (800) 877-8339.]

SUPPLEMENTARY INFORMATION: Each year the Surface Transportation Board (Board) determines the railroad industry's cost of capital. The Board then uses this cost of capital figure for a variety of regulatory purposes. It is used to evaluate the adequacy of individual railroads' revenues each year. It is also employed in maximum rate cases, feeder line applications, rail line abandonments, and trackage rights cases.

The Board calculates the cost of capital as the weighted average of the cost of debt and the cost of equity, with the weights determined by the capital structure (the fraction of capital from debt or equity on a market-value basis) of the railroad industry. While the cost of debt is observable and readily available, the cost of equity (the expected return that equity investors require) can only be estimated. How best to calculate the cost of equity is the subject of a vast amount of literature covering the fields of finance, economics, and regulation. In each case, however, because the cost of equity cannot be directly observed, estimating the cost of equity requires adopting a financial model and making a variety of simplifying assumptions. The Board currently uses a Discounted Cash Flow (DCF) methodology to calculate the cost of equity, which in turn is used to calculate the cost of capital.

By advance notice of proposed rulemaking served on September 20, 2006, the Board sought comments on the appropriate methodology to be employed in determining the cost of equity component of the cost of capital. On February 15, 2007, the Board held a hearing on the Board's cost-of-capital calculation, and how this evidence should be submitted and analyzed in future proceedings. On August 14, 2007, the Board proposed to move from a DCF method to a Capital Asset Pricing Model (CAPM) method in determining the estimated cost of capital. Generally, CAPM first determines the return an investor would receive on a risk-free investment. An estimate of the risk premium associated with the particular investment is then developed. Once the risk premium is quantified, its value is added to the risk-free investment rate to obtain an estimate of the cost of equity.

In the August 14, 2007 decision, the Board invited comments on the proposed methodology. A number of parties have commented on the importance of this proceeding and the Association of American Railroads