



Surface Transportation Board
Washington, D.C. 20423-0001

Office of the General Counsel

202-245-0260
FAX 202-245-0460

Meeting under Section 5, STB Reauthorization Act

May 7, 2019

Present: Members Begeman, Fuchs, and Oberman
Staff Bill Brennan, Mike Boyles, Rachel Campbell, Anika Cooper, Allison Davis, Christopher Diamond, Ellen Erichsen, Amanda Gorski, Kim Hillenbrand, Craig Keats, Lisa Novins, Valerie Quinn, Andy Read, Janie Sheng

Topic: Rate Reform Task Force Recommendations

Summary of the Matters Discussed, Prepared by General Counsel Craig Keats:

At this meeting, staff briefed Board Members on certain recommendations made in the Rate Reform Task Force Report issued on April 29, 2019. The Report recommended improvements to the existing rate review processes and proposed new rate review methodologies that the Board could consider. This meeting focused on four recommendations in the Report: potential changes to the Board's market dominance methodology; potential simplifications to the stand-alone cost (SAC) methodology; a new way to use "simplified SAC" in cases involving revenue adequate carriers; and a new methodology for deciding large cases (called Incumbent Network Cost Analysis, or INCA).

Staff and Board Members discussed the following matters:

1. The existing market dominance methodology, including prior efforts at streamlining; a proposal to establish by rule a set of criteria for making a complainant's prima facie case of market dominance.
2. Standardizing certain components of SAC (General and Administrative, Maintenance of Way, and Buildings and Facilities), including how it might play out in a SAC case.
3. Staff's proposal to make "Simplified-SAC" more accessible to shippers challenging the rates of revenue adequate carriers by permitting use of a simplified Road Property Investment calculation.
4. How the INCA methodology might work, including potential ways to calculate the operating expenses of the incumbent and value the incumbent's assets.