



RAIL REPORT

RAIL CUSTOMER NEWS AND INFORMATION FROM CURE

JANUARY 2008

MINNESOTA ATTORNEY GENERAL CALLS FOR REPEAL OF RAILROADS' ANTITRUST EXEMPTION

In an op-ed published on January 25 in the Bemidji (Minnesota) Press, Attorney General Lori Swanson expressed her strong support for the Railroad Antitrust Enforcement Act (S. 772/H.R. 1650) to repeal the railroads' antitrust exemptions. Since deregulation in 1980, Swanson notes, the industry has consolidated into a four-railroad monopoly, and rail customers are paying the price. "Rail customers who lack access to competitive rail transportation face higher rates and inadequate service," she writes. "Ultimately, the price is passed on to all of us as consumers." The Railroad Antitrust Enforcement Act, Swanson states, will restore accountability, ultimately creating a system "where our nation's railways will become more responsive to the needs of our country." S. 772 has been reported by the Senate Judiciary Committee and awaits action on the Senate floor.

2008 RAIL CUSTOMER DAY IS WEDNESDAY, MARCH 12!

We hope to convene a large group of rail customers from a wide array of industries to convey the importance of rail policy reform.

Please contact your Senators and Representatives to request meetings on the rail issue. Members' schedules fill up very quickly, so please contact them today!

For assistance or for details on the event, please contact Beckie Whitehead at (202) 298-1959 or rcw@vnf.com.

We look forward to seeing you in Washington, D.C., on Wednesday, March 12!

STB ISSUES FINAL DECISION ON REVISION OF COST OF CAPITAL CALCULATION

On January 17, the Surface Transportation Board (STB) issued its final decision to revise its method for calculating railroad cost of capital, a figure the agency uses in deciding many rate cases. Specifically, the Board revised its methodology for calculating the cost of equity, a key component of determining a railroad's cost of capital. The new methodology will be based on the Capital Asset Pricing Model (CAPM) as opposed to the discounted cash flow (DCF) method it previously used. The CAPM is the most commonly used method for calculating equity costs in the private sector. In addition, the

Board announced its intent to initiate a new proceeding, open to public comment, to devise a new, more workable DCF to be used in conjunction with the CAPM in the future. The full decision can be viewed at www.stb.gov, under "Decisions & Notices" and beneath the date "1/17/08."

MEMBERSHIP UPDATE

CURE is pleased to welcome its newest member in 2008:

North Carolina Electric Membership Corporation

If you are interested in joining CURE, please visit our Web site, www.railCURE.org, or call us at (202) 298-1844.

IN THE NEWS...

In Rebuttal: Regulatory Trainwreck

By Bob Szabo, Executive Director of CURE
Lewiston (Maine) Sun Journal
January 18, 2008

CURE Executive Director Bob Szabo issues a rebuttal to an earlier opinion piece by the Association of American Railroads. Szabo outlines the lack of competition in the rail industry, the failures of the STB to hold the railroads accountable, and the solutions to these problems that rail customer legislation (S. 953/H.R. 2125, S. 772/H.R. 1650) will provide.