

SURFACE TRANSPORTATION BOARD

DECISION

Docket No. EP 748

INDEXING THE ANNUAL OPERATING REVENUES OF RAILROADS

Decided: June 8, 2018

The Surface Transportation Board (STB) is publishing the annual inflation-adjusted index factors for 2017.<sup>1</sup> These factors are used by the railroads to adjust their gross annual operating revenues for classification purposes. This indexing methodology ensures that railroads are classified based on real business expansion and not on the effects of inflation. Classification is important because it determines the extent to which individual railroads must comply with STB reporting requirements.

The STB's annual inflation-adjusted factors are based on the annual average Railroad Freight Price Index developed by the Bureau of Labor Statistics. The STB's deflator factor is used to deflate revenues for comparison with established revenue thresholds.

The base year for railroads is 1991. The inflation index factors are presented as follows:

STB Railroad Inflation-Adjusted Index and Deflator Factor Table

<b>Year</b>	<b>Index</b>	<b>Deflator</b>
1991	409.50	100.00 <sup>2</sup>
1992	411.80	99.45
1993	415.50	98.55
1994	418.80	97.70
1995	418.17	97.85

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<sup>1</sup> For many years, the annual inflation-adjusted index factors have been published in the Federal Register only. For increased transparency, the Board's Director of the Office of Economics will now also issue an order in this new docket setting forth the annual inflation-adjusted index factors.

<sup>2</sup> In Montana Rail Link, Inc., & Wisconsin Central Ltd., Joint Petition for Rulemaking with Respect to 49 C.F.R. Part 1201, 8 I.C.C.2d 625 (1992), the Board's predecessor, the Interstate Commerce Commission, raised the revenue classification level for Class I railroads from \$50 million (1978 dollars) to \$250 million (1991 dollars), effective for the reporting year beginning January 1, 1992. The Class II threshold was also raised from \$10 million (1978 dollars) to \$20 million (1991 dollars).

STB Railroad Inflation-Adjusted Index and Deflator Factor Table  
(continued)

<b><u>Year</u></b>	<b><u>Index</u></b>	<b><u>Deflator</u></b>
1996	417.46	98.02
1997	419.67	97.50
1998	424.54	96.38
1999	423.01	96.72
2000	428.64	95.45
2001	436.48	93.73
2002	445.03	91.92
2003	454.33	90.03
2004	473.41	86.40
2005	522.41	78.29
2006	567.34	72.09
2007	588.30	69.52
2008	656.78	62.28
2009	619.73	66.00
2010	652.29	62.71
2011	708.80	57.71
2012	740.61	55.23
2013	764.19	53.53
2014	778.41	52.55
2015	749.22	54.60
2016	732.38	55.85
2017	758.95	53.90

Application of the annual deflator factors results in the following annual revenue thresholds:

Railroad Revenue Thresholds

<b>Year</b>	<b>Factor</b>	<b>Class I</b>	<b>Class II</b>
2013	0.5353	467,063,129	37,365,050
2014	0.5255	475,754,803	38,060,384
2015	0.5460	457,913,998	36,633,120
2016	0.5585	447,621,226	35,809,698
2017	0.5390	463,860,933	37,108,875

The annual inflation-adjusted index factors for 2017 are effective January 1, 2017.

By the Board, William Brennan, Acting Director, Office of Economics.