

BEFORE THE
SURFACE TRANSPORTATION BOARD

236069
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DOCKET NO. EP 722

RAILROAD REVENUE ADEQUACY

DOCKET NO. EP 664 (Sub-No. 2)

PETITION OF THE WESTERN COAL TRAFFIC LEAGUE TO INSTITUTE A RULEMAKING PROCEEDING
TO ABOLISH THE USE OF THE MULTI-STAGE DISCOUNTED CASH FLOW MODEL IN DETERMINING
THE RAILROAD INDUSTRY'S COST OF EQUITY CAPITAL

REPLY OF ARKANSAS ELECTRIC COOPERATIVE CORPORATION
TO PETITION OF THE ASSOCIATION OF AMERICAN RAILROADS
FOR MODIFICATION OF THE PROCEDURAL SCHEDULE

The Board's Notice served April 2, 2014 established the same schedule for these two proceedings, because "The cost of capital calculation is a component of the methodology that the Board uses to determine revenue adequacy", so it is appropriate to "coordinate the processing of these proceedings." Notice, at 4-5. AAR disagrees with the Board's judgment and asserts that there are "differences in the underlying issues" in the two dockets and differences in "the degree to which the issues have been developed in prior regulatory filings." AAR Petition, at 4. AAR, however, does not show what these alleged differences are or how they undermine the Board's determination that the proceedings in the two dockets should be coordinated.

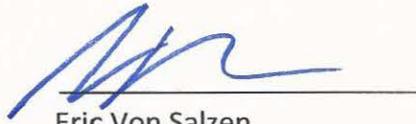
AECC submits that AAR has failed to show that the Board erred in the April 2 Notice when it coordinated the proceedings in these two dockets as it did. Moreover, the

separate schedules proposed by AAR would afford it and other opponents of regulatory reform an unfair tactical advantage. Under the AAR schedule, supporters of the WCTL petition would file their opening comments more than a month before opening comments would be due in EP 722. Because of the interrelationships between the two proceedings, the filings in EP 664 (Sub-No 2) would almost certainly give opponents a preview of arguments and evidence that the same parties would later file in EP 722, thus affording opponents an extra month to prepare responses to this evidence and argument.

An analogous problem arises with respect to the overlap of subject matter in EP 722 and EP 665 (Sub-No. 1) (“Rail Transportation Of Grain, Rate Regulation Review”). Reforms that would enhance the accessibility and effectiveness of rate case procedures for grain traffic may also be warranted for other types of traffic because of revenue adequacy considerations. The Board’s existing schedules for opening filings in EP 722 and EP 665 (Sub-No. 1) are nearly identical, minimizing potential “preview” concerns, but the AAR Petition expressly aims to break that symmetry.

Therefore, AECC opposes AAR’s request for separate schedules in EP 664 (Sub-No. 2) and EP 722. AECC takes no position on whether the single schedule set in the April 2 Notice should be modified, but if it is modified, AECC requests that the Board not introduce or expand “preview” opportunities by delaying the schedule for EP 722 relative to the schedule in EP 665.

Respectfully submitted,



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