

SURFACE TRANSPORTATION BOARD

NOTICE

STB Ex Parte No. 664

METHODOLOGY TO BE EMPLOYED IN DETERMINING THE RAILROAD  
INDUSTRY'S COST OF CAPITAL

August 20, 2007

NOTICE TO THE PARTIES:

On August 14, 2007, a decision was served in the above titled proceeding. The Board has discovered errors in **Table 1** and **Table 2** that appear on pages 7 and 8 of the decision. The illustrative cost-of-capital figures that should have been reported in **Table 2** were incorrectly reported as the cost-of-equity figures in **Table 1**. The corrected tables provide the proper cost-of-equity and cost-of-capital calculations for the proposed Capital Asset Pricing Model (CAPM) approach. The corrected tables should read:

**Table 1**  
**Cost-of-Equity Comparison**

<b>Year</b>	<b>Current DCF</b>	<b>2-Stage DCF</b>	<b>CAPM</b>
1997	13.8	7.6	11.9
1998	13.1	7.1	10.2
1999	12.9	7.0	10.7
2000	13.9	8.5	10.7
2001	12.8	6.9	9.2
2002	12.6	6.6	8.3
2003	12.7	6.8	8.0
2004	13.2	6.9	8.2
2005	15.2	7.2	8.4

**Table 2**  
**Cost-of-Capital Comparison**

<b>Year</b>	<b>Current DCF</b>	<b>2-Stage DCF</b>	<b>CAPM</b>
1997	9.7	7.4	10.5
1998	11.6	6.8	8.8
1999	10.7	7.0	9.3
2000	10.8	8.1	9.2
2001	10.1	6.8	8.1
2002	9.6	6.2	7.2
2003	9.4	6.0	6.7
2004	10.1	6.2	7.1
2005	12.2	6.7	7.5

The Board will serve a corrected decision along with this notice.

By the Board, Chairman Nottingham, Vice Chairman Buttrey, and Commissioner Mulvey.

Vernon A. Williams  
Secretary