



ASSOCIATION  
OF AMERICAN  
RAILROADS

**John T. Gray**  
Senior Vice President - Policy & Economics

June 7, 2012

The Honorable Cynthia T. Brown  
Chief, Section of Administration  
Office of Proceedings  
Surface Transportation Board  
395 E Street, SW.  
Washington, DC 20423-0001

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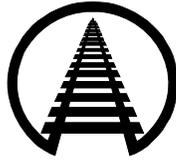
Dear Ms. Brown:

Attached are two revised pages to the AAR forecast of the third quarter 2012 All-Inclusive Index and Rail Cost Adjustment Factor, filed on June 5, 2012 with the Surface Transportation Board (STB) in ex Parte No. 290 (Sub-No. 5)(2012-3), Quarterly Rail Cost Adjustment Factor. The revision concerns only three of the percent change numbers on each page. The indices are not affected. If there are any questions, please contact me or Clyde Crimmel (202 639-2309).

Sincerely,

John T. Gray

Attachments



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Dear Ms. Brown:

This submission is the AAR forecast of the third quarter 2012 All-Inclusive Index and Rail Cost Adjustment Factor, filed in Ex Parte No. 290 (Sub-No. 5) (2012-3) *Quarterly Rail Cost Adjustment Factor*. The versions of RCAF-related indices covered in this filing are: the All-Inclusive Index (initiated in the second quarter of 1985), the Unadjusted RCAF (produced since October 1982), the Adjusted RCAF (first published in the second quarter of 1989), and the RCAF-5 (created by the STB in its Ex Parte No. 290 (Sub-No. 7) decision served October 3, 1996). The table below summarizes the third quarter 2012 results on the fourth quarter 2007 base, and shows the percentage changes from the previous quarter.

	<u>2012Q2</u>	<u>2012Q3</u>	<u>% Change</u>
All-Inclusive Index	120.7	117.7	-2.5 <i>r</i>
Preliminary RCAF	1.207	1.177	-2.5 <i>r</i>
Forecast Error Adjustment	-0.022	-0.006	
RCAF (Unadjusted)	1.185	1.171	-1.2 <i>r</i>
Productivity Adjustment Factor	2.2769	2.2815	
RCAF (Adjusted)	0.520	0.513	-1.3
PAF-5	2.4062	2.4146	
RCAF-5	0.492	0.485	-1.4

## Rail Cost Adjustment Factor

### Third Quarter 2012

### Revised June 7, 2012

Four RCAF values are presented in this filing. Two are not modified for productivity (Preliminary RCAF and RCAF Unadjusted), and two incorporate a productivity calculation (RCAF Adjusted and RCAF-5). The All-Inclusive Index and all four RCAF values, plus the percent change for each, are shown below. Note that the All-Inclusive Index is on a 2007Q4=100 basis.

	Previous 2012Q2	Current 2012Q3	Percent Change
All-Inclusive Index <sup>1</sup>	120.7	117.7	-2.5 <i>r</i>
Preliminary RCAF <sup>2</sup>	1.207	1.177	-2.5 <i>r</i>
Forecast Error Adjustment <sup>3</sup>	<u>-0.022</u>	<u>-0.006</u>	
RCAF (Unadjusted) <sup>4</sup>	1.185	1.171	-1.2 <i>r</i>
Productivity Adjustment Factor <sup>5</sup>	<u>2.2769</u>	<u>2.2815</u>	
RCAF (Adjusted) <sup>6</sup>	0.520	0.513	-1.3
PAF-5 <sup>7</sup>	2.4062	2.4146	
RCAF-5 <sup>8</sup>	0.492	0.485	-1.4

<sup>1</sup> See All-Inclusive Index on page 3.

<sup>2</sup> All-Inclusive Index divided by the All-Inclusive Index in the base period (100.0).

<sup>3</sup> The current figure is from Forecast vs. Actual All-Inclusive Index in this filing (page 4). The previous quarter figure is shown in a similar section of the previous quarter's filing.

<sup>4</sup> Preliminary RCAF plus the forecast error adjustment.

<sup>5</sup> See Productivity on page 5.

<sup>6</sup> RCAF (Unadjusted) divided by the Productivity Adjustment Factor (PAF).

<sup>7</sup> See Productivity on page 5.

<sup>8</sup> RCAF (Unadjusted) divided by the PAF-5.