

**ASSOCIATION
OF AMERICAN
RAILROADS**



215921

Craig F. Rocky
Vice President - Policy & Economics

The Honorable Vernon A. Williams
Secretary
Surface Transportation Board, Room 711
1925 K Street, N.W.
Washington, DC 20423-0001

ENTERED
Office of Proceedings

Dear Mr. Williams:

Public Room

This submission is the AAR forecast of the second quarter 2006 All-Inclusive Index and Rail Cost Adjustment Factor, filed in Ex Parte No. 290 (Sub-No. 5) (2006-2), 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 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 second quarter 2006 results on the fourth quarter 2002 base, and shows the percentage changes from the previous quarter.

	<u>2006Q1</u>	<u>2006Q2</u>	<u>% Change</u>
All-Inclusive Index	116.6	116.5	-0.1
Preliminary RCAF	1.166	1.165	-0.1
Forecast Error Adjustment	0.011	0.013	
RCAF (Unadjusted)	1.177	1.178	0.1
Productivity Adjustment Factor	2.0864	2.0962	
RCAF (Adjusted)	0.564	0.562	-0.4
PAF-5	2.1772	2.1929	
RCAF-5	0.541	0.537	-0.7

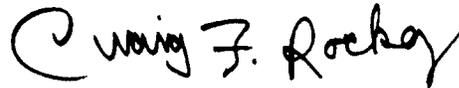
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March 6, 2006

In its October 3, 1996 decision in Ex Parte No. 290 (Sub-No. 7), *Productivity Adjustment - Implementation*, the STB noted its intent to publish, in addition to the RCAF (Unadjusted) and RCAF (Adjusted), an RCAF-5 (i.e., a calculation of the productivity adjusted RCAF values as if the agency had always used a 5-year rolling average to calculate the productivity adjustment). In response to a request by STB staff, the AAR is including a calculation of the RCAF-5 in its quarterly RCAF filing. The AAR and its members, however, do not believe the publication of a third RCAF index is required or permitted by the applicable statute (49 U.S.C. § 10708) and do not endorse its publication.

Two copies of the quarterly non-proprietary workpapers underlying this submission are filed herewith, in accordance with the ICC's order in Ex Parte No. 290 (Sub-No. 2), *Railroad Cost Recovery Procedures*, served February 8, 1990. A third copy of the working papers has been delivered to Jeff Warren in the STB office handling this proceeding. All workpapers are available for STB inspection. Questions should be directed to me or Clyde Crimmel (202 639-2309) of this office.

Sincerely,

A handwritten signature in black ink that reads "Craig F. Rockey". The signature is written in a cursive style with a large initial "C".

Craig F. Rockey

Attachments

**Second Quarter 2006
All-Inclusive Index**

Ex Parte No. 290 (Sub-No. 5) (2006-2)

**Quarterly Rail Cost Adjustment Factor
Surface Transportation Board**

**Policy and Economics Department
Association of American Railroads**

March 6, 2006

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Introduction

On January 2, 1985, the Interstate Commerce Commission (ICC) [now the Surface Transportation Board (STB)] adopted the All-Inclusive Index of Railroad Costs as the basis for the Rail Cost Adjustment Factor (RCAF). The quarterly projection of railroad costs, as documented herein, employs the All-Inclusive Index as required by the regulations. Also presented in this submission is the RCAF, both Adjusted and Unadjusted, as required by the ICC in its decision in Ex Parte No. 290 (Sub-No. 4), *Rail Cost Recovery Procedures - Productivity Adjustment*, served March 24, 1989. In addition, the AAR has included (but does not endorse) the RCAF-5, which was instituted by an STB decision served October 3, 1996 in Ex Parte No. 290 (Sub-No. 7), *Productivity Adjustment - Implementation*. This quarter's projection of railroad costs is for the second quarter 2006.

Index Weights

In the Ex Parte No. 290 (Sub-No. 2) final rules, issued in April 1981, the Interstate Commerce Commission mandated that the weights of each major cost component be updated annually. These "external" weights are calculated using data from Schedules 410 and 210 of the R-1 annual report filed with the Surface Transportation Board by the Class I railroads. The weights are typically updated with the fourth quarter projection.

The previous (2003) weights were used for the fourth quarter of 2004 through the third quarter of 2005. Beginning with the fourth quarter of 2005, the 2004 weights are used. Like the previous year, Fuel and Other Expenses had the biggest increases in weights. Expenses used for each category's weight calculation all increased by a minimum of five percent, but Fuel and Other experienced the two largest percentage increases in expenses, resulting in an increase in their weights. Labor expenses did not increase as much as most of the others, and had the biggest percentage point (1.5) drop in weighting. All other changes in weights ranged from zero to a decrease of one half of a percentage point. The 2004 (current) and 2003 (previous) weights are shown below.

RCAF Weights		
	Previous 2003	Current 2004
Labor	37.5 %	36.0 %
Fuel	10.6	12.1
Materials & Supplies	4.4	4.4
Equipment Rents	9.4	8.9
Depreciation	10.7	10.6
Interest	3.2	3.0
Other	24.2	25.0

Reweighting of the index is accomplished by calculating both the current quarter (normally the fourth) and prior (normally the third) quarter indexes with the new weights. The relative change between the two quarters is then multiplied times the prior quarter (usually the third) *linked* index. Use of this method ensures that the weight change, by itself, does not cause a change in the level of the All-Inclusive Index.

Internal weights in the labor and equipment rents components are updated at the same time as the external weights. When these weights are changed, they are also linked using the procedure described above in order to eliminate the effect of the change in weighting.

All-Inclusive Index Second Quarter 2006

The components and values of the current and previous All-Inclusive Indexes are shown below. Details of the construction of each component of the index are contained in the Appendices.

	2004 Weights	Forecast		Percent Change
		Previous 2006Q1	Current 2006Q2	
1. Labor	36.0%	292.1	292.5	0.1 %
2. Fuel	12.1%	226.4	227.9	0.7
3. M&S	4.4%	185.6	187.5	1.0
4. Equipment Rents	8.9%	184.6	186.8	1.2
5. Depreciation	10.6%	195.0	180.9	-7.2
6. Interest	3.0%	92.7	92.7	0.0
7. Other	25.0%	182.1	185.3	1.8
8. Weighted Average				
a. 1980 = 100		226.1	226.0	
b. 1980 = 100 (linked)		223.9	223.8 ¹	
c. 4Q02 = 100		116.6	116.5 ²	-0.1

¹ To calculate the 1980 = 100 Linked Index:

$$\text{Index}_{80} = (\text{Current Index} / \text{Previous Index}) * \text{the Previous Quarter Linked Index}$$

$$= \frac{226.0}{226.1} \text{ divided by } 226.1 \text{ times } 223.9$$

$$= 223.8$$

² To calculate the 4Q02 = 100 index:

$$\text{Index}_{4Q02} = (\text{Current Linked Index} / 4Q02 \text{ Linking Factor}) * 100$$

$$= \frac{223.8}{192.1} \text{ divided by } 192.1 \text{ times } 100$$

$$= 116.5$$

4Q97 based index = 129.2
 4Q92 based index = 142.6
 4Q87 based index = 169.3

Forecast vs. Actual All-Inclusive Index Fourth Quarter 2005

As shown below, the fourth quarter actual index of 118.6 is 1.3 index points above the forecast value of 117.3. Therefore, the forecast error adjustment for the second quarter 2006 is 1.3 index points.

	2004 Weights	Fourth Quarter 2005		Amt Difference
		Forecast	Actual	
1. Labor	36.0%	287.7	287.7	
2. Fuel	12.1%	276.2	283.4	
3. M&S	4.4%	179.9	179.9	
4. Equipment Rents ¹	8.9%	181.4	183.8	
5. Depreciation	10.6%	185.1	179.4	
6. Interest	3.0%	92.7	92.7	
7. Other	25.0%	176.2	180.2	
8. Weighted Average				
a. 1980 = 100		227.5	229.0	
b. 1980 = 100 (linked)		225.3	227.8 ²	
c. 4Q02 = 100 ³		117.3	118.6	1.3

Forecast error \longrightarrow **1.3 index points**

1	2004 Weights	Fourth Quarter 2005	
		Forecast	Actual
Car-Hire	51.0%	175.6	175.5
Lease Rentals	49.0%	176.2	180.2
Weighted Average		175.9	177.8
Weighted Average (linked)		181.4	183.8

² Linked actual index = (actual index / previous actual index) x previous linked actual index.

$$227.8 = 229.0 / 220.4 \times 219.2$$

Note: The standard linking procedure has been used to eliminate any changes to indexes that would be caused by updating weights. The Q3 unlinked weighted averages for the All-Inclusive Indexes (forecast and actual) and for Equipment Rents (forecast and actual) were recalculated using the new (2004) weights.

³ The 4Q02 based indexes are 1980 based indexes divided by the 4Q02 linking factor (192.1/100).
 4Q97 based indexes are the 1980 based indexes divided by the 4Q97 linking factor (173.2/100).
 4Q92 based indexes are the 1980 based indexes divided by the 4Q92 linking factor (156.9/100).

Productivity

On January 26, 2006, the Surface Transportation Board (STB) served a decision in Ex Parte 290 (Sub-No. 4) which added the year 2004 to the Productivity Adjustment Factor (PAF) and deleted the year 1999. This creates an average annual productivity for 2000 through 2004 of 1.9 percent – a decrease from the 1999 through 2003 average of 2.9 percent. The 1.9 percent matches the figure used three years prior. The components of this average annual value are shown on the following table.

Productivity changes are calculated by dividing the output index by the input index. The average annual rate is calculated by multiplying each of the five productivity changes together and taking the result to the one fifth power. The quarterly productivity adjustment factors (PAF) are calculated by increasing the previous quarter's PAF by quarterly versions of the annual rate which are the fourth root of the average annual growth rate. The difference between the PAF and the PAF-5 is the timing of the 5-year productivity trend.

Comparison of Output, Input, & Productivity			
2000 - 2004			
Year	Output Index (1)	Input Index (2)	Productivity ¹ Changes (3)
2000	1.029	0.953	1.079
2001	0.971	0.955	1.016
2002	1.012	1.006	1.006
2003	1.039	1.020	1.019
2004	1.033	1.057	<u>0.977</u>
Average			1.019
Previous Average (1999-2003)			1.029

¹ The values shown in Column 3 are based on full float calculations and may not exactly match numbers calculated using the rounded numbers displayed in Columns 1 and 2.

Calculation of PAF and PAF-5			
For 2000-2004 use fourth root of avg. productivity change			1.0047
For 1999-2003 use fourth root of previous avg. change			1.0072
Quarter	Year	PAF	PAF-5
Q1	2006	2.0864	2.1772
Q2	2006	2.0962	2.1929
Q3	2006	2.1061	2.2087
Q4	2006	2.1160	2.2246
Q1	2007	2.1259	2.2351

1999-2003

2000-2004

Rail Cost Adjustment Factor

Second Quarter 2006

Four RCAF values are presented in this filing. Two of the indexes, the All-Inclusive Index and the Unadjusted RCAF, are not modified for productivity, while the Adjusted RCAF and the RCAF-5 incorporate a productivity calculation. The All-Inclusive Index and all four RCAF values, plus the percent change for each, are shown below.

	Previous 2006Q1	Current 2006Q2	Percent Change
All-Inclusive Index ¹	116.6	116.5	-0.1
Preliminary RCAF ²	1.166	1.165	-0.1
Forecast Error Adjustment ³	0.011	0.013	
RCAF (Unadjusted) ⁴	1.177	1.178	0.1
Productivity Adjustment Factor ⁵	2.0864	2.0962	
RCAF (Adjusted) ⁶	0.564	0.562	-0.4
PAF-5 ⁷	2.1772	2.1929	
RCAF-5 ⁸	0.541	0.537	-0.7

¹ See All-Inclusive Index on page 3.

² All-Inclusive Index divided by the All-Inclusive Index in the base period (100.0).

³ 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.

⁴ Preliminary RCAF plus the forecast error adjustment.

⁵ See Productivity on page 5.

⁶ RCAF (Unadjusted) divided by the Productivity Adjustment Factor (PAF).

⁷ See Productivity on page 5.

⁸ RCAF (Unadjusted) divided by the PAF-5.

Appendix

Labor

Second Quarter 2006

The second quarter 2006 Labor Index is forecast to rise 0.1 percent. Small changes were caused by the addition of new independent labor agreements, changes in 401(k) matches, and changes in a performance bonus. Table A-1 on page 3 of this appendix lists the hourly rates for wages and supplements used to calculate the Labor Index. Appendix H lists abbreviations for railroads and unions used in the text below.

Wage Index

The Wage Index portion of the Labor Index is forecast to decrease 0.1 percent. Despite the addition of some independent contracts for a group of CN railroads, the Labor Index decreased because of drops in the lump sum and back pay adjustments.

Wage Increases: No wage increases for national or independent agreements were scheduled for the second quarter. New independent agreements were added that affected four railroads that are part of Canadian National Railway's (CN) U.S. operations. Agreements with the Brotherhood of Railway Signalmen (BRS) were added for CN's Grand Trunk Western, Sault Saint Marie Bridge Company (SSAM), and Wisconsin Central (WC). Agreements between SSAM and the Brotherhood of Maintenance of Way Employees Division, and between WC and the TCU-Carmen, were also added. Another CN railroad, the Duluth, Winnipeg & Pacific Railway, has a new agreement with the International Brotherhood of Electrical Workers (IBEW). Some of these new agreements featured general wage increases retroactive to July 1, 2005.

Lump Sums: Small lump sums were added relating to the new labor agreements added for various CN railroads. The lump sum rate decreased by 2.2 cents because of the Norfolk Southern Thoroughbred bonus. The bonus paid one year ago, which was for 15 percent of BLET employee earnings, has been completely amortized and removed. This year's bonus is for 10 percent of BLET employee earnings plus 5 percent of dispatcher earnings – meaning that the total bonus amount paid is less than last year.

Back Pay: The back pay rate decreased 0.9 cents mostly because of the complete amortization and removal of an amount relating to a new Union Pacific yardmaster contract from a year ago. A small negative amount was added relating to the new CN agreements and employee health & welfare cost sharing.

Other: Other wages contains the amortization of a profit sharing payment that the BNSF Railway made to its dispatchers, yardmaster, and engineers. This amount is unchanged from the previous quarter.

Labor Second Quarter 2006

Supplements Index

The Supplements Index is forecast to increase 0.4 percent from the first quarter filing. Most of this change is caused by an annual employee stock distribution for one union that is recorded as a fringe benefit.

Health & Welfare: The Health & Welfare hourly rate was almost unchanged – it decreased \$0.001 because of the new CN contracts that include employee Health & Welfare cost sharing.

Railroad Retirement: The Railroad Retirement and Medicare hourly rate also had a very slight decrease, \$0.003, caused slightly lower taxable earnings.

Unemployment Insurance: The Unemployment Insurance rate was unchanged for the quarter.

Other: The "Other" category is a reflection of all other fringe benefits, and currently contains employer contributions to employee 401(k) accounts, plus employer contributions to employee stock plans that are recorded as fringe benefits. The increase of 5.2 cents was caused mostly by an annual employer contribution to an annual employee stock ownership plan for one large union.

Labor Index Calculation

As shown in table A-1 on the next page, the 0.1 percent decrease in the Wage Index and the 0.4 percent increase in the Supplements Index had a combined effect of a 0.1 percent increase in the Labor Index. The linked second quarter 2006 index is 292.5.

Labor
Second Quarter 2006

Table A-1 Labor Index

	2006Q1	2006Q2	Change	
			Percent	Amount
Base Wage – Straight Time & Pay For Time Not Worked	\$29.486	\$29.496	0.0%	\$0.010
Adjustments:				
Lump Sum	0.119	0.097	-18.5%	-0.022
Back Pay	0.191	0.182	-4.7%	-0.009
Other	0.121	0.121	0.0%	0.000
Total Wages	<u>29.917</u>	<u>29.896</u>	-0.1%	-0.021
Health & Welfare Benefits	5.035	5.034	0.0%	-0.001
RR Retirement & Medicare	6.199	6.196	0.0%	-0.003
Unemployment Insurance	0.170	0.170	0.0%	0.000
Other	0.103	0.155	50.5%	0.052
Total Supplements	<u>\$11.507</u>	<u>\$11.555</u>	0.4%	0.048
Total Labor	\$41.424	\$41.451		
Wage Index¹	256.0	255.8	-0.1%	
Supplements Index²	425.2	427.0	0.4%	
Total labor Index, 2004 Weights³	303.0	303.4		
Labor Index (linked)⁴	292.1	292.5	0.1%	

¹ 1980 wage rate \$11.685

² 1980 supplements rate \$2.706

³ 2004 weights: wages, supplements 72.2% 27.8%

⁴ 2006Q2 linked Index = 2006Q1_{linked} x (2006Q2 / 2006Q1)

$$= 292.1 \times 303.4 / 303.0$$

Fuel Second Quarter 2006

The forecast for fuel is based on: (1) a survey of railroad fuel purchasing officers concerning current price and volume levels, (2) expectations of railroad purchasing officers based on their own forecast models and discussions with their major suppliers, and (3) a consensus of petroleum industry experts and general business publications.

Railroad locomotive diesel fuel prices have retreated from their post-hurricane spike in September and October, but they are still trending upward. For January 2006, railroad fuel prices increased 1.3 percent from their December level to an average higher than all of the first seven months of 2005 – and also higher than any average price in 2004.

Crude oil* prices and winter weather also have the potential to impact locomotive diesel fuel prices. One of these factors is causing upward pressure on diesel fuel prices, while the other factor is not. In early March, crude oil prices were rising because of supply concerns relating to Nigerian militants. Nigeria, the world's eighth largest oil exporter, has faced a shut of one fifth of its oil exports. Militants have stated that they intend to stop all Nigerian oil exports. In the U.S., January was much warmer than normal – easing the demand for heating oil** and having a favorable impact on locomotive diesel fuel prices, especially in the East.

The railroads believe that April (second quarter) prices will be modestly higher than their January level. The expected April average price is 3.4 percent higher than the actual average experienced for January, and 0.7 percent higher than the first quarter forecast.

Forecast Fuel Index	227.9
Change from previous quarter forecast	0.7%
Change from previous quarter actual	3.4%

* Diesel fuel used by locomotives is made from refined crude oil.

** Heating oil and locomotive diesel fuel are part of a group of closely related products that differ mostly by their sulfur content. Because of these similarities, these fuels are produced together and have similar pricing trends.

Materials & Supplies Second Quarter 2006

The Materials & Supplies Index increased 1.0 percent from the first quarter of 2006. Increasing prices for metal products, such as wheel sets and rail, were offset by decreases in ballast prices caused by regional purchases.

2006Q2 Materials & Supplies Index = 187.5

2006Q1 Materials & Supplies Index = 185.6

Difference	1.9 basis points
	or
	1.0 %

Equipment Rents Second Quarter 2006

The Equipment Rents Index consists of two components – car hire and lease rentals. The methodology used to create these two components and the final Equipment Rents Index are explained below.

Car Hire

The car hire component is indexed using data from the Car Hire Accounting Rate Master (CHARM) file. Car hire rates for the forecast quarter are estimated based on data for the most recent month available. For the first quarter, December 1 of the previous year is used. For the second, third and fourth quarters; March 1, June 1, and September 1 are used, respectively. Using data retrieved from the latest CHARM file, an average rate per car is developed. Next, those average rates are grouped into car type categories to create an overall summary of car hire rates. The summary rates are then compared from quarter to quarter to determine the Car Hire Index.

Lease Rentals

The lease rentals portion of the Equipment Rents Index uses the Producer Price Index for Industrial Commodities less Fuel and Related Products and Power (PPI-LF). The Commission adopted this surrogate in its decision served March 13, 1987. The AAR uses six years of historical data to derive its forecast for the PPI-LF. The forecast is used not only for lease rentals, but also for the "Other" component of the All-Inclusive Index. Appendix G discusses the forecast in more detail.

Equipment Rent Index Calculation

The table below calculates the Equipment Rents Index. The 0.6 percent increase in the Car Hire portion of the Index was caused by higher rates for privately-owned cars. A 1.8 percent increase in Lease Rentals combined with the increase in Car Hire to cause the overall Equipment Rent Index to rise 1.2 percent.

	2004	2006Q1	2006Q2	Percent
	Weight			Change
Car Hire	51.0%	176.0	177.0	0.6 %
Lease Rentals	49.0%	182.1	185.3	1.8
Weighted Average		179.0	181.1	1.2
Weighted Average (Linked)		184.6	186.8	1.2

Depreciation Second Quarter 2006

The Producer Price Index for Railroad Equipment (PPI-RE) is used to index depreciation expense. The PPI-RE is forecast using an ARIMA process on 6 years of monthly data (a sample size of 72) with the most recent available monthly data being the first month of the quarter prior to the forecast quarter. For a first quarter forecast, the most recent month of data available would be for October of the prior year. For a second quarter forecast, January would normally be the most recent monthly data available. April and July would be the most recent months available for third and fourth quarter forecasts, respectively. The output from the forecast model is shown on page 2 of this appendix for 1982=100. The figure forecast by the model reflects monthly PPI-RE figures that have shown no apparent pattern over the last six months: increase, no-change, increase, decrease, no-change, big increase. This lack of a clear pattern, after some large increases in early 2005, accounts for the recent difficulty forecasting this index. The current forecast is close to the actual first month of the previous quarter, and represents a 7.2 percent decrease from the previous quarter forecast.

Forecast of Depreciation Index (1982=100)	163.5
Forecast of Depreciation Index (1980=100)	180.9
Change from previous quarter forecast	-7.2%
Change from actual first month of previous quarter	0.2%
Change from same quarter of prior year (actual)	2.8%

Depreciation Second Quarter 2006

PPI RAIL EQUIPMENT

Recommended model: Box-Jenkins

Forecast Model for PPIRE

ARIMA(0,1,3) with log transform

Term	Coefficient	Std. Error	t-Statistic	Significance
b[1]	-0.2974	0.0886	-3.3553	0.9987
b[2]	-0.0771	0.0943	-0.8169	0.5832
b[3]	-0.7382	0.0893	-8.2715	1.0000

Within-Sample Statistics

Sample size 72	Number of parameters 3
Mean 4.95	Standard deviation 0.06642
R-square 0.9913	Adjusted R-square 0.9915
Durbin-Watson 1.863	Ljung-Box(18)=18.57 P=0.5812
Forecast error 0.006113	BIC 0.9234
MAPE 0.003726	RMSE 0.8938
MAD 0.5466	

Actual Values for the Most Recent 6 Periods:

Date	Actual
2005-08	161.800
2005-09	161.800
2005-10	162.800
2005-11	161.900
2005-12	161.900
2006-01	163.300

Forecasted Values

Date	2.5 Lower	Forecast	97.5 Upper
2006-02	160.386	162.292	164.220
2006-03	159.517	162.634	165.811
2006-04	159.392	163.469	167.650
2006-05	157.767	163.469	169.377
2006-06	156.527	163.469	170.719
QTR AVG	157.895	163.469	169.249
2006-07	155.488	163.469	171.860
2006-08	154.577	163.469	172.873
2006-09	153.758	163.469	173.794

Interest Second Quarter 2006

The Interstate Commerce Commission, in its decision served February 28, 1989, revised the All-Inclusive Index methodology to include a specific interest component, which is to track changes in the average interest rate from year to year. The interest rate is essentially the embedded cost of debt, i.e., total interest expense divided by average total long term debt. The interest rate is calculated for the most recent year and used until the next year's figures are available. Typically in the fourth quarter filing, the interest rate is updated to the new level. The source for interest expense is Schedule 210, column b, from the R-1 annual report. The lines used from current R-1 annual reports are listed below. The source for average total debt is Schedule 200 from the R-1 annual report. The sums of data from columns b and c (ending and beginning balances) are combined and divided by 2 to compute an average balance. The line numbers are listed below.

Interest Expense (Schedule 210)

Line	
42	Total Fixed Charges
44	Contingent Interest
less	
22	Release of Premium on Funded Debt

Average Total Debt (Schedule 200)

Line	
30	Current Loans and Notes Payable
39	Equipment Obligations and Other Long Term Debt Due Within One Year
41	Funded Debt Unmatured - Non-Current
42	Equipment Obligations - Non-Current
43	Capitalized Lease Obligatons - Non-Current
44	Debt in Default - Non-Current
45	Accounts Payable: Affiliated Companies - Non-Current
46	Unamortized Debt Premium - Non-Current

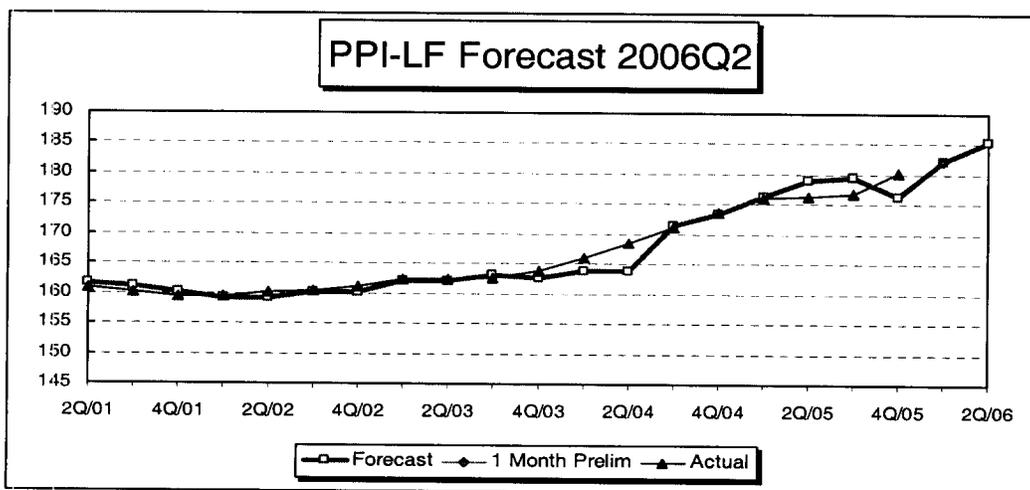
2004	Interest Rate	7.28%
1980	Interest Rate	7.85%
2006Q2	Interest Index	92.7
2006Q1	Interest Index	92.7
	Percent Change	0.0%

Other Expenses Second Quarter 2006

The Producer Price Index for Industrial Commodities less Fuel and Related Products and Power (PPI-LF) is used to index purchased services, casualties and insurance, loss and damage, taxes (other than income and payroll), general and administrative expenses, and lease rentals. These expenses, when grouped together, are usually called "Other" expenses.

Like the PPI-RE, the PPI-LF is forecast using an ARIMA process on 6 years of monthly data (a sample size of 72) with the most recent available monthly data being the first month of the quarter prior to the forecast quarter. For a first quarter forecast, the most recent month of data available would be for October of the prior year. For a second quarter forecast, January would normally be the most recent month available. April and July would be the most recent months available for third and fourth quarter forecasts respectively. The output from the forecast model is shown on page 2 of this appendix for 1982=100. The figure forecast by the model reflects monthly PPI-LF figures that have been increasing steadily since the summer. The monthly figure for January jumped at an annual rate of over 10 percent.

Forecast of Other Expense Index (1982=100)	165.3
Forecast of Other Expense Index (1980=100)	185.3
Change from previous quarter forecast	1.8%
Change from actual first month of previous quarter	1.8%
Change from same quarter of prior year (actual)	5.1%



Other Expenses Second Quarter 2006

PPI INDUSTRIAL COMMODITIES LESS FUEL AND RELATED PRODUCTS AND POWER

Recommended model: Box-Jenkins
Forecast Model for PPILF
ARIMA(1,1,0)*(1,1,0) with log transform

Term	Coefficient	Std. Error	t-Statistic	Significance
a[1]	0.5230	0.1117	4.6832	1.0000
A[12]	-0.6377	0.1134	-5.6215	1.0000

Within-Sample Statistics

Sample size 72	Number of parameters 2
Mean 4.993	Standard deviation 0.04116
R-square 0.9973	Adjusted R-square 0.9972
Durbin-Watson 2.238	* Ljung-Box(18)=29.6 P=0.9585
Forecast error 0.002173	BIC 0.3351
MAPE 0.001496	RMSE 0.3207
MAD 0.2233	

Actual Values for the Most Recent 6 Periods:

Date	Actual
2005-08	157.500
2005-09	158.700
2005-10	160.200
2005-11	160.800
2005-12	161.100
2006-01	162.400

Forecasted Values

Date	2.5 Lower	Forecast	97.5 Upper
2006-02	162.689	163.445	164.205
2006-03	162.965	164.348	165.743
2006-04	163.150	165.098	167.070
2006-05	162.950	165.395	167.877
2006-06	162.649	165.534	168.471
QTR AVG	162.916	165.342	167.806

2006-07	162.787	166.075	169.429
2006-08	163.260	166.923	170.668
2006-09	163.859	167.873	171.987

Railroad and Union Abbreviations

Second Quarter 2006

Railroads

ATSF	The Atchison, Topeka & Santa Fe Railway (Merged with Burlington Northern to form BNSF.)
BLE	Bessemer & Lake Erie Railroad (Part of CN's Grand Trunk Corp.)
BNSF	BNSF Railway Company
CC	Chicago, Central & Pacific (Part of CN's Grand Trunk Corp. Sometimes noted as CC&P.)
CN	Canadian National Railway (Commonly known as CN, owns Grand Trunk Corporation.)
CNGT	AAR's abbreviation for Grand Trunk Corporation (Almost all of CN's U.S. operations.)
CP	Canadian Pacific Railway (Also noted as CPR. Owns the U.S. Class I railroad Soo Line.)
CSX	CSX Transportation
DMIR	Duluth, Missabe & Iron Range Company (Part of CN's Grand Trunk Corp.)
DWP	Duluth, Winnipeg & Pacific Railway (Part of CN's Grand Trunk Corp.)
GTW	Grand Trunk Western Railroad (Part of CN's Grand Trunk Corp.)
IC	Illinois Central Railroad (Part of CN's Grand Trunk Corp.)
KCS	Kansas City Southern Railway
NS	Norfolk Southern Combined Railroad Subsidiaries (a.k.a. Norfolk Southern Railway or NS Rail)
SOO	Soo Line Railroad (Canadian Pacific Railway's western U.S. operations.)
SSAM	Sault Saint Marie Bridge Company (Part of CN's Grand Trunk Corp.)
UP	Union Pacific Railroad
WC	Wisconsin Central and subsidiaries (Part of CN's Grand Trunk Corp.)

Major Unions Involved with Railroads

ATDA	American Train Dispatchers Association
BLET	Brotherhood of Locomotive Engineers and Trainmen Division of the International Brotherhood of Teamsters
BMWED	Brotherhood of Maintenance of Way Employees Division of the International Brotherhood of Teamsters
BRS	Brotherhood of Railroad Signalmen
IAM	International Association of Machinists and Aerospace Workers
IBBM	International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers & Helpers
IBEW	International Brotherhood of Electrical Workers
NCFO	National Conference of Firemen and Oilers
SMW	Sheet Metal Workers' International Association
TCU	Transportation Communication International Union
TCU-Carmen	Brotherhood of Railway Carmen Division of the Transportation Communications International Union
UTU	United Transportation Union
UTU-Yard	United Transportation Union Yardmaster Department (also noted as UTU-YMD)

Predecessor Unions (Some AAR databases use these old abbreviations.)

BLE	Brotherhood of Locomotive Engineers (predecessor to BLET)
BMWED	Brotherhood of Maintenance of Way Employees (predecessor to BMWED)
BRC	Brotherhood of Railway Carmen (predecessor to TCU-Carmen)
IBFO	International Brotherhood of Firemen and Oilers (predecessor to NCFO)

AB-290 Sub 5

Workpapers Sent to STB for 2006 Q2 RCAF

March 6, 2006



1. Index Calculation Spreadsheet (index_calc.xls, 2 pages)
2. Summary (of ST and PFTNW Hourly Rates)
3. Taxable wages calculation
4. National Contracts spreadsheet, 2 sections (2 and 5 pages)
5. National Increase Applicability and U.S. 2004 Benchmark spreadsheets
6. Five page of new independent contract information
7. Wall Street Journal - 3 month Treasury Bill Rate
8. 2006/Q2 RCAF Lump Sum Amortization (3 pages)
9. Nine pages of contract information relating to bonuses and lump sums
10. 2006/Q2 RCAF Back Pay Amortization (5 pages)
11. 12 pages of new contract info for back pay
12. Health & Welfare 2006Q2 worksheet (3 pages)
13. Six pages of contract info and correspondence relating to H&W cost sharing rates
14. Railroad Retirement spreadsheet (5 pages)
15. Unemployment Ins. worksheet, 1-page memo for rate, 1 page from RRB
16. 2-page SAS run for Unemployment Ins.
17. Three-page short-term energy outlook from Energy Information Administration
18. Summary of M&S
19. Car Hire Spreadsheet (2 pages) plus source data (2 pages)
20. 5 pages of PPI-RE for Depreciation including graph, input/output, and BLS data
21. 5 pages of PPI-LF for Other (and Lease Rentals) incl. graph, input/output, BLS data
22. Forecast Error calculation and workpapers (9 pages)

ENTERED
Office of Hearings

RCAF All-Inclusive Index's Labor Index Based on 2004 Benchmarks

04 Wts.	3Q/05		4Q/05		1Q/06		2Q/06		3Q/06	
	Original	Rebenchd	% Chg	% Chg fr. Orig	1Q/06	% Chg	2Q/06	% Chg	3Q/06	% Chg
Straight Time	\$23.830	\$23.658	-0.7%		\$23.720	-0.5%	\$23.950	1.0%	\$23.958	0.0%
PFTNW	\$5.586	\$5.460	-2.3%		\$5.472	-2.0%	\$5.536	1.2%	\$5.538	0.0%
Total	\$29.416	\$29.118	-1.0%	-0.8%	\$29.192	-0.8%	\$29.486	1.0%	\$29.496	0.0%
Adjustments										
Lump Sum	\$0.137	\$0.131			\$0.132		\$0.119		\$0.097	
Back Pay	\$0.115	\$0.110			\$0.258		\$0.191		\$0.182	
Other	\$0.124	\$0.118			\$0.118		\$0.121		\$0.121	
Total Wages	\$29.792	\$29.477	-1.1%	-0.3%	\$29.700	-0.3%	\$29.917	0.7%	\$29.896	-0.1%
Pre-Tax Reduction	(\$0.384)	(\$0.515)			(\$0.543)		(\$0.640)		(\$0.641)	
Taxable Wages	\$29.408	\$28.962			\$29.157		\$29.277		\$29.255	
H & W	\$5.115	\$4.894	-4.3%		\$4.874	-4.7%	\$5.035	3.3%	\$5.034	0.0%
RR Ret & Medicare	\$6.140	\$6.076	-1.0%		\$6.106	-0.6%	\$6.199	1.5%	\$6.196	0.0%
Unemp. Insurance	\$0.164	\$0.159	-3.0%		\$0.159	-3.0%	\$0.170	6.9%	\$0.170	0.0%
Other	\$0.046	\$0.046	0.0%		\$0.041	-10.9%	\$0.103	151.2%	\$0.155	50.5%
Total	\$11.465	\$11.175	-2.5%	-2.5%	\$11.180	-2.5%	\$11.507	2.9%	\$11.555	0.4%
Adjustments										
Total Suppl.	\$11.465	\$11.175	-2.5%	-2.5%	\$11.180	-2.5%	\$11.507	2.9%	\$11.555	0.4%
Total Labor	\$41.257	\$40.652	-1.5%		\$40.880	-0.9%	\$41.424	1.3%	\$41.451	0.1%
Wage Rate Index	0.7220	255.0	252.3	-1.1%	254.2	-0.3%	256.0	0.7%	255.8	-0.1%
Suppl Index	0.2780	423.7	413.0	-2.5%	413.2	-2.5%	425.2	2.9%	427.0	0.4%
Total Labor Index '03 Wts.	304.4									
Total Labor Index '04 Wts.	301.9	297.0	298.4	-1.6%	298.4	-1.2%	303.0	1.5%	303.4	0.1%
Labor Index (Linked)	291.1				287.7	-1.2%	292.1	1.5%	292.5	0.1%

All Inclusive Index and RCAF

	04 Wts	3Q/05 03 Wts	3Q/05 04 Wts	% Chg	4Q/05	% Chg	1Q/06	% Chg	2Q/06	% Chg	3Q/06	% Chg
Labor	0.360	291.10	291.1	0.0%	287.7	-1.2%	292.1	1.5%	292.5	0.1%	0.0 #####	
Fuel	0.121	193.60	193.6	0.0%	276.2	42.7%	226.4	-18.0%	227.9	0.7%	--	
M&S	0.044	179.80	179.8	0.0%	179.9	0.1%	185.6	3.2%	187.5	1.0%	--	
Equip. Rents	0.089	182.80	182.8	0.0%	181.4	-0.8%	184.6	1.8%	186.8	1.2%	0.0 #####	
Depreciation	0.106	180.30	180.3	0.0%	185.1	2.7%	195.0	5.3%	180.9	-7.2%	--	
Interest	0.030	90.20	90.2	0.0%	92.7	2.8%	92.7	0.0%	92.7	0.0%	92.7	0.0%
Other	0.250	179.50	179.5	0.0%	176.2	-1.8%	182.1	3.3%	185.3	1.8%	--	
Weighted Avg. Linked	1.000	220.40	219.1	-0.6%	227.5	3.8%	226.1	-0.6%	226.0	0.0%	2.8	-98.8%
		217.00			225.3	3.8%	223.9	-0.6%	223.8	0.0%	2.8	-98.7%
10/1/80 basis		211.30			219.4	3.8%	218.0	-0.6%	217.9	0.0%	2.7	-98.8%
10/1/82		179.50			186.4	3.8%	185.2	-0.6%	185.1	-0.1%	2.3	-98.8%
4Q/87		164.10			170.4	3.8%	169.4	-0.6%	169.3	-0.1%	2.1	-98.8%
4Q/92		138.30			143.6	3.8%	142.7	-0.6%	142.6	-0.1%	1.8	-98.7%
4Q/97		125.30			130.1	3.8%	129.3	-0.6%	129.2	-0.1%	1.6	-98.8%
4Q/02 basis		113.00			117.3	3.8%	116.6	-0.6%	116.5	-0.1%	1.5	-98.7%
Car Hire	0.510	175.10	175.1	0.0%	175.6	0.3%	176.0	0.2%	177.0	0.6%	--	
Lease Rents	0.490	179.50	179.5	0.0%	176.2	-1.8%	182.1	3.3%	185.3	1.8%	0.0	--
Wghted Avg Eq Rents		177.30	177.3	0.0%	175.9	-0.8%	179.0	1.8%	181.1	1.2%	0.0	--
Linked Equipment Rents		182.80			181.4	-0.8%	184.6	1.8%	186.8	1.2%	0.0 #####	
Preliminary RCAF		1.130			1.173	3.81%	1.166	-0.6%	1.165	-0.1%	0.015	-98.7%
Forecast Error Adj. RCAF Unadjusted		0.006 1.136			0.012 1.185	4.31%	0.011 1.177	-0.7%	0.013 1.178	0.1%	0.015	-98.7%
PAF RCAF Adjusted		2.0567 0.552			2.0715 0.572	0.72% 3.62%	2.0864 0.564	0.72% -1.4%	2.0962 0.562	0.47% -0.4%	#DIV/0!	--
PAF-5 RCAF-5		2.1498 0.528			2.1616 0.548	0.55% 3.79%	2.1772 0.541	0.72% -1.3%	2.1929 0.537	0.72% -0.7%	#DIV/0!	--

Hourly Rate for 2006 Q2

Straight Time and Time Paid For But Not Worked

2006Q2 Straight Time Hourly Rate (from national spreadsheet) \$23.884
 No Change

Adjustments to 2004 base:

Adjustments added 2005 Q1

NS BLET	4% GWI	0.025
SOO various ¹	COLA for 5 unions	0.000
Non-union independent	3% GWI	0.008

Adjustments added 2005 Q2

No increase

Adjustments added 2005 Q3

Independent ATDA	\$0.15 COLA BNSF & KCS, 3.5% GWI CSX, 2% GWI SOO	0.003
DMIR _{BMW} E & SOO various ²	\$0.11 COLA for BMW E and \$0.15 for the rest	0.001
CSX & UP _{YMD} , GTC & SOO mix ³	\$0.15 COLA	0.003
BLE _{NCFO} & SMW, DMIR _{SMW}	\$0.15 COLA (participated in national)	0.000

Adjustments added 2005 Q4

SOO various ⁴	new contracts with retro GWI for 5 unions	0.001
BLE & DMIR _{IAM}	retro GWIs (participated in new nat'l eff 9/1/05)	0.000

Adjustments added 2006 Q1

DMIR _{BMW} E, SOO various ⁵	3% retro GWI for DMIR, \$0.31 COLA for SOO except \$0.19 for SOO BMW E	0.001
Independent ATDA	\$0.31 COLA for BNSF and KCS	0.001
CSX & UP _{YMD} , GTC (no IC) & SOO mix ³	\$0.31 COLA	0.004
Independent Non-Union	Mostly \$0.15 COLA	0.001
BNSF & GTW _{BLET} , GTW _{UTU}	\$0.31 COLA	0.018
GTW _{IAM} and NCFO	New contracts	0.000

Adjustments added 2006 Q2

GTW _{BRS}	new contract with 3% retro GWI	0.000
SSAM _{BMW} E& _{BRS} and WC _{TCU-CAR} & _{BRS}	new contracts with 3% retro GWI except BRS	0.000
BNSF _{BLET} and DWP _{IBEW}	BNSF BLET \$0.15 COLA and DWP IBEW new contract with 3% retro GWI	0.008

Adjusted STHR Total \$23.958

Pay For Time Not Worked

PFTNW (from national spread sheet)		\$5.521
Ratio Adj STHR to Nat STHR	23.958 / 23.884 =	1.00310

Adjusted Pay For Time Not Worked \$5.538

¹ COLA for IAM, IBBM, IBEW, IBFO and SMW.

² SOO BLE, BMW E, IAM, IBBM, IBEW, IBFO, SMW, AND UTU-YMD. SOO YMD has new contract.

³ B&LE: IBBM, IBEW, TCU, BRC, UTU; DMIR: BLE, IBBM, TCU, BRC, UTU, YMD; SOO: BRS, TCU, BRC, UTU.

Includes IC: BMW E, BRS, IAM, IBBM, IBEW, IBFO, SMW, TCU, BRC for 2005Q3 but not 2006Q1

⁴ New contracts for IAM, IBBM, IBEW, IBFO and SMW.

⁵ SOO BMW E, IAM, IBBM, IBEW, NCFO, SMW and UTU-YMD.

RCAF Taxable Wages

(To Use for Railroad Retirement and Unemployment Insurance Payroll Tax Calculations)

In the RCAF calculation, Total Wages are the wages paid, while Taxable Wages are the wages on which to base payroll tax calculations. The difference is caused by pre-tax employee contributions to help pay Health & Welfare costs. This page calculates that wage rate difference.

Most of the new national agreements feature employee Health & Welfare cost sharing. Some of the independent agreements adopt the dollar amount contributed under the national agreement, and some have their own employee contribution rate such as the CN Management H&W Plan. This Cost Sharing is a pre-tax employee contribution to Health & Welfare insurance premiums paid by the employer. The employee contribution reduces employer Health & Welfare costs, while the Health & Welfare insurance premiums paid to the provider are unchanged. In the RCAF calculation, the reduction to the employer's Health & Welfare costs affect the Supplements portion of the Labor component of the index. The Taxable Wage Rate is used for Railroad Retirement and Unemployment Insurance calculations.

Reduction Calculation for 2Q/2006

U.S. ST Hours = 327,712,768
 Wage Statistics are for 2004.

Union Group	Employees	Mo. Rate	Annual \$
TCU (BNSF, CSX, GTW, KCS, NS, UP)	9,553	(\$123.28)	(\$14,132,326.08)
TCU-CAR (BNSF, CSX, KCS, NS, UP)	10,066	(\$123.28)	(\$14,891,237.76)
Indep. \$25 Group (various CN)	1,960	(\$25.00)	(\$588,000.00)
BRS (BNSF, CSX, KCS, NS, UP)	5,697	(\$100.00)	(\$6,836,400.00)
UTU (BNSF, CC, CSX, DWP, GTW, IC, KCS, NS, SOO, UP)	42,273	(\$131.96)	(\$66,940,140.96)
UTU-YMD (BNSF, CSX, GTW, KCS, NS)	1,677	(\$131.96)	(\$2,655,563.04)
BLE (BNSF, CSX, GTW, KCS, NS, UP)	25,909	(\$127.64)	(\$39,684,297.12)
Indep. ATDA (GTW, KCS, NS)	520	(\$127.64)	(\$796,473.60)
Indep. ATDA (BNSF)	699	(\$127.64)	(\$1,070,644.32)
IBEW (BNSF, CSX, GTW, KCS, NS, UP)	4,677	(\$131.96)	(\$7,406,123.04)
Indep. 10 unions (SOO) <i>see detail</i>	840	(\$110.42)	(\$1,113,033.60)
IBBM (BNSF, CSX, KCS, NS, UP)	1,007	(\$123.28)	(\$1,489,715.52)
Indep. YMD (UP)	513	(\$123.28)	(\$758,911.68)
NCFO & SMW (BNSF, CSX, KCS, NS, UP)	3,174	(\$131.96)	(\$5,026,092.48)
Indep. ATDA (CSX)	524	(\$131.96)	(\$829,764.48)
IAM (BNSF, CSX, KCS, NS, UP)	6,359	(\$106.11)	(\$8,097,041.88)
Indep. TCU-CAR (CCP), NCFO (DMIR, BLE, GTW), BMWE (WC, DWP, SSAM)	462	(\$100.00)	(\$554,400.00)
Indep. BMWE (DMIR)	93	(\$56.36)	(\$62,897.76)
Indep. BRS (GTW, SSAM, WC), TCU-CAR (WC), IBEW (DWP)	264	(\$100.00)	(\$316,800.00)
Indep. IC NCFO	42	\$0.00	\$0.00
Total Union	116,309		(\$173,249,863.32)
All Other @ \$3,064,175.69 total per month			(\$36,770,108.28)
Total			(\$210,019,971.60)

Reduction in Wage Rate Per ST Hour	-\$0.64086600
Deduct this amount from the Wage Rate	-\$0.641

Note: Numerous DW&P unions' cost sharing expired at the end of 2003.
 Total employees and monthly rates must match H&W sheet.

National Contracts U.S.

	Straight Time Hourly Rate														
	UTU	TCU	BLE	SMWIA	BRS	BMWE	TCU-CAR	IBFO	IAM	IBBM	IBEW	ATDA	YDMSTR	OTHER	
Weight	0.26927	0.05424	0.19661	0.00549	0.03425	0.13361	0.06023	0.01222	0.03616	0.00609	0.02712	0.01308	0.01242	0.13921	1.00000
2004 Avg.	19.454	21.550	21.399	19.575	22.847	19.570	20.648	16.345	19.708	18.881	21.249	30.317	25.902	38.769	316.215
12/31/04	19.964	21.882	21.552	19.625	23.203	19.638	20.968	16.394	19.759	19.150	21.579	30.477	26.410	38.769	319.370
1/1/05	19.964	21.882	21.552	19.625	23.203	19.638	20.968	16.394	19.873	19.150	21.579	30.477	26.410	39.932	
4/1/05	19.964	21.882	21.552	19.625	23.203	19.638	20.968	16.394	19.873	19.150	21.579	30.477	26.410	39.932	
7/1/05	20.107	22.018	21.631	21.565	23.203	19.740	21.106	17.894	20.016	19.290	21.721	30.477	26.474	39.932	
10/1/05	20.107	22.018	21.631	21.565	23.203	19.740	21.106	17.894	21.693	19.290	21.721	30.477	26.474	39.932	
1/1/06	20.402	22.297	21.793	21.868	23.203	19.915	21.390	18.190	21.693	19.578	22.013	30.477	26.608	40.082	
4/1/06	20.402	22.297	21.793	21.868	23.203	19.915	21.390	18.190	21.693	19.578	22.013	30.477	26.608	40.082	
7/1/06	20.402	22.297	21.793	21.868	23.203	19.915	21.390	18.190	21.693	19.578	22.013	30.477	26.608	40.082	
	Weighted Straight Time Hourly Rate														
	UTU	TCU	BLE	SMWIA	BRS	BMWE	TCU-CAR	IBFO	IAM	IBBM	IBEW	ATDA	YDMSTR	OTHER	Total
2004 Avg.	5.238	1.169	4.207	0.108	0.783	2.615	1.244	0.200	0.713	0.115	0.576	0.397	0.322	5.397	23.082
12/31/04	5.376	1.187	4.237	0.108	0.795	2.624	1.263	0.200	0.715	0.117	0.585	0.399	0.328	5.397	23.330
1/1/05	5.376	1.187	4.237	0.108	0.795	2.624	1.263	0.200	0.719	0.117	0.585	0.399	0.328	5.559	23.496
4/1/05	5.376	1.187	4.237	0.108	0.795	2.624	1.263	0.200	0.719	0.117	0.585	0.399	0.328	5.559	23.496
7/1/05	5.414	1.194	4.253	0.118	0.795	2.637	1.271	0.219	0.724	0.118	0.589	0.399	0.329	5.559	23.618
10/1/05	5.414	1.194	4.253	0.118	0.795	2.637	1.271	0.219	0.785	0.118	0.589	0.399	0.329	5.559	23.679
1/1/06	5.494	1.209	4.285	0.120	0.795	2.661	1.288	0.222	0.785	0.119	0.597	0.399	0.331	5.580	23.884
4/1/06	5.494	1.209	4.285	0.120	0.795	2.661	1.288	0.222	0.785	0.119	0.597	0.399	0.331	5.580	23.884
7/1/06	5.494	1.209	4.285	0.120	0.795	2.661	1.288	0.222	0.785	0.119	0.597	0.399	0.331	5.580	23.884

Note: The 2003 Average and 12/31/03 Straight Time Hourly Rates are the industry rates and include all Class I railroad employees. The rates for 1/1/04 through 7/1/05 are based on the industry year-end rate updated by national union wage increases using contract information. These national increases are diluted using "percent national" ratios to account for non-national union contracts. The impact of non-national or independent contract increases after 2003 are not shown on this page and are handled separately.

National Contracts U.S.

Pay For Time Not Worked Hourly Rate

	UTU	TCU	BLE	SMWIA	BRS	BMWE	TCU-CAR	IBFO	IAM	IBBM	IBEW	ATDA	YDMSTR	OTHER
Weight	0.26927	0.05424	0.19661	0.00549	0.03425	0.13361	0.06023	0.01222	0.03616	0.00609	0.02712	0.01308	0.01242	0.13921
2004 Avg.	7.783	5.341	7.169	3.957	4.734	3.531	3.606	2.890	4.034	2.865	4.459	5.622	6.648	1.331
12/31/04	7.988	5.423	7.220	3.967	4.807	3.543	3.662	2.899	4.044	2.906	4.528	5.652	6.779	1.331
1/1/05	7.988	5.423	7.220	3.967	4.807	3.543	3.662	2.899	4.067	2.906	4.528	5.652	6.779	1.371
4/1/05	7.988	5.423	7.220	3.967	4.807	3.543	3.662	2.899	4.067	2.906	4.528	5.652	6.779	1.371
7/1/05	8.045	5.457	7.247	4.359	4.807	3.561	3.686	3.164	4.097	2.927	4.558	5.652	6.795	1.371
10/1/05	8.045	5.457	7.247	4.359	4.807	3.561	3.686	3.164	4.440	2.927	4.558	5.652	6.795	1.371
1/1/06	8.163	5.526	7.301	4.421	4.807	3.593	3.735	3.217	4.440	2.971	4.619	5.652	6.830	1.376
4/1/06	8.163	5.526	7.301	4.421	4.807	3.593	3.735	3.217	4.440	2.971	4.619	5.652	6.830	1.376
7/1/06	8.163	5.526	7.301	4.421	4.807	3.593	3.735	3.217	4.440	2.971	4.619	5.652	6.830	1.376

Pay For Time Not Worked Hourly Rate

	UTU	TCU	BLE	SMWIA	BRS	BMWE	TCU-CAR	IBFO	IAM	IBBM	IBEW	ATDA	YDMSTR	OTHER	Total
2004 Avg.	2.096	0.290	1.410	0.022	0.162	0.472	0.217	0.035	0.146	0.017	0.121	0.074	0.083	0.185	5.329
12/31/04	2.151	0.294	1.420	0.022	0.165	0.473	0.221	0.035	0.146	0.018	0.123	0.074	0.084	0.185	5.410
1/1/05	2.151	0.294	1.420	0.022	0.165	0.473	0.221	0.035	0.147	0.018	0.123	0.074	0.084	0.191	5.417
4/1/05	2.151	0.294	1.420	0.022	0.165	0.473	0.221	0.035	0.147	0.018	0.123	0.074	0.084	0.191	5.417
7/1/05	2.166	0.296	1.425	0.024	0.165	0.476	0.222	0.039	0.148	0.018	0.124	0.074	0.084	0.191	5.451
10/1/05	2.166	0.296	1.425	0.024	0.165	0.476	0.222	0.039	0.161	0.018	0.124	0.074	0.084	0.191	5.463
1/1/06	2.198	0.300	1.435	0.024	0.165	0.480	0.225	0.039	0.161	0.018	0.125	0.074	0.085	0.192	5.521
4/1/06	2.198	0.300	1.435	0.024	0.165	0.480	0.225	0.039	0.161	0.018	0.125	0.074	0.085	0.192	5.521
7/1/06	2.198	0.300	1.435	0.024	0.165	0.480	0.225	0.039	0.161	0.018	0.125	0.074	0.085	0.192	5.521

U.S. National Contract

UTU

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2004 Industry Avg.				19.45414	7.78347
12/31/04 Industry Rate				19.96446	7.98765
1/1/05			95.071%	19.96446	7.98765
4/1/05			95.071%	19.96446	7.98765
7/1/05		0.15000	95.071%	20.10707	8.04471
10/1/05			95.071%	20.10707	8.04471
1/1/06		0.31000	95.071%	20.40179	8.16262
4/1/06			95.071%	20.40179	8.16262
7/1/06			95.071%	20.40179	8.16262

TCU

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2004 Industry Avg.				21.55034	5.34108
12/31/04 Industry Rate				21.88211	5.42331
1/1/05			90.274%	21.88211	5.42331
4/1/05			90.274%	21.88211	5.42331
7/1/05		0.15000	90.274%	22.01752	5.45687
10/1/05			90.274%	22.01752	5.45687
1/1/06		0.31000	90.274%	22.29737	5.52623
4/1/06			90.274%	22.29737	5.52623
7/1/06			90.274%	22.29737	5.52623

BLE

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2004 Industry Avg.				21.39949	7.16932
12/31/04 Industry Rate				21.55170	7.22031
1/1/05			52.553%	21.55170	7.22031
4/1/05			52.553%	21.55170	7.22031
7/1/05		0.15000	52.553%	21.63053	7.24672
10/1/05			52.553%	21.63053	7.24672
1/1/06		0.31000	52.553%	21.79345	7.30130
4/1/06			52.553%	21.79345	7.30130
7/1/06			52.553%	21.79345	7.30130

U.S. National Contract

SMWIA

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2004 Industry Avg.				19.57516	3.95723
12/31/04 Industry Rate				19.62511	3.96733
1/1/05			97.798%	19.62511	3.96733
4/1/05			97.798%	19.62511	3.96733
7/1/05		0.15000	97.798%	21.56476	4.35944
10/1/05			97.798%	21.56476	4.35944
1/1/06		0.31000	97.798%	21.86793	4.42073
4/1/06			97.798%	21.86793	4.42073
7/1/06			97.798%	21.86793	4.42073

New contract removes COLAs after 6/30/02 and adds four retro G.W.I.

BRS

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2004 Industry Avg.				22.84738	4.73371
12/31/04 Industry Rate				23.20313	4.80741
1/1/05			94.553%	23.20313	4.80741
4/1/05			94.553%	23.20313	4.80741
7/1/05		No COLA per NRLC	94.553%	23.20313	4.80741
10/1/05			94.553%	23.20313	4.80741
1/1/06			94.553%	23.20313	4.80741
4/1/06			94.553%	23.20313	4.80741
7/1/06			94.553%	23.20313	4.80741

BMWE

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2004 Industry Avg.				19.57028	3.53077
12/31/04 Industry Rate				19.63838	3.54305
1/1/05			92.178%	19.63838	3.54305
4/1/05			92.178%	19.63838	3.54305
7/1/05		0.11000	92.178%	19.73977	3.56134
10/1/05			92.178%	19.73977	3.56134
1/1/06		0.19000	92.178%	19.91491	3.59294
4/1/06			92.178%	19.91491	3.59294
7/1/06			92.178%	19.91491	3.59294

U.S. National Contract

TCU-Carmen

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2004 Industry Avg.				20.64827	3.60575
12/31/04 Industry Rate				20.96795	3.66158
1/1/05			91.776%	20.96795	3.66158
4/1/05			91.776%	20.96795	3.66158
7/1/05		0.15000	91.776%	21.10561	3.68562
10/1/05			91.776%	21.10561	3.68562
1/1/06		0.31000	91.776%	21.39012	3.73530
4/1/06			91.776%	21.39012	3.73530
7/1/06			91.776%	21.39012	3.73530

NCFO

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2004 Industry Avg.				16.34456	2.89044
12/31/04 Industry Rate				16.39353	2.89910
1/1/05			95.642%	16.39353	2.89910
4/1/05			95.642%	16.39353	2.89910
7/1/05		0.15000	95.642%	17.89394	3.16444
10/1/05			95.642%	17.89394	3.16444
1/1/06		0.31000	95.642%	18.19043	3.21687
4/1/06			95.642%	18.19043	3.21687
7/1/06			95.642%	18.19043	3.21687

IAM

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2004 Industry Avg.				19.70808	4.03361
12/31/04 Industry Rate				19.75898	4.04403
1/1/05		0.12000	95.064%	19.87306	4.06737
4/1/05			95.064%	19.87306	4.06737
7/1/05		0.15000	95.064%	20.01566	4.09656
10/1/05			95.064%	21.69313	4.43988
1/1/06	No COLA until July		95.064%	21.69313	4.43988
4/1/06			95.064%	21.69313	4.43988
7/1/06			95.064%	21.69313	4.43988

U.S. National Contract

IBBM

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2004 Industry Avg.				18.88052	2.86488
12/31/04 Industry Rate				19.15049	2.90584
1/1/05			92.861%	19.15049	2.90584
4/1/05			92.861%	19.15049	2.90584
7/1/05		0.15000	92.861%	19.28978	2.92697
10/1/05			92.861%	19.28978	2.92697
1/1/06		0.31000	92.861%	19.57764	2.97065
4/1/06			92.861%	19.57764	2.97065
7/1/06			92.861%	19.57764	2.97065

IBEW

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2004 Industry Avg.				21.24949	4.45891
12/31/04 Industry Rate				21.57898	4.52804
1/1/05			94.435%	21.57898	4.52804
4/1/05			94.435%	21.57898	4.52804
7/1/05		0.15000	94.435%	21.72063	4.55777
10/1/05			94.435%	21.72063	4.55777
1/1/06		0.31000	94.435%	22.01338	4.61920
4/1/06			94.435%	22.01338	4.61920
7/1/06			94.435%	22.01338	4.61920

ATDA

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2004 Industry Avg.				30.31657	5.62185
12/31/04 Industry Rate				30.47670	5.65154
1/1/05			0.000%	30.47670	5.65154
4/1/05			0.000%	30.47670	5.65154
7/1/05			0.000%	30.47670	5.65154
10/1/05			0.000%	30.47670	5.65154
1/1/06			0.000%	30.47670	5.65154
4/1/06			0.000%	30.47670	5.65154
7/1/06			0.000%	30.47670	5.65154

U.S. National Contract

YDMSTRS

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2004 Industry Avg.				25.90158	6.64825
12/31/04 Industry Rate				26.40969	6.77867
1/1/05			43.151%	26.40969	6.77867
4/1/05			43.151%	26.40969	6.77867
7/1/05		0.15000	43.151%	26.47442	6.79528
10/1/05			43.151%	26.47442	6.79528
1/1/06		0.31000	43.151%	26.60819	6.82962
4/1/06			43.151%	26.60819	6.82962
7/1/06			43.151%	26.60819	6.82962

OTHER

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2004 Industry Avg.				38.76901	1.33075
12/31/04 Industry Rate				38.76901	1.33075
1/1/05	3.00%		100.000%	39.93208	1.37068
4/1/05			100.000%	39.93208	1.37068
7/1/05			100.000%	39.93208	1.37068
10/1/05			100.000%	39.93208	1.37068
1/1/06		0.15000	100.000%	40.08208	1.37582
4/1/06			100.000%	40.08208	1.37582
7/1/06			100.000%	40.08208	1.37582

Check Sums

	Increase	Applicable	ST HR	PFTNW HR
2004 AVG			316.21487	63.97002
12/31/04			319.37020	All three should match check sums on U.S. Benchmark page.
		1135.355%		
	Should match check sum on National Increase Applicability for U.S. Total page	ok matches	ok matches	ok matches
			ok matches	

U.S. 2004 Benchmark

	From AAR 112-Class Wage Statistics & Survey				ST \$ Adjusted to Exclude		2004 Average		12/31/2004		ST Hrs. 2004
	ST Hrs.	ST \$	PFTNW \$	Union L. Sum	Lump Sums	Hourly Rates	Hourly Rates		ST HR	Weights	
							ST wo LS	PFTNW			
UTU	88,241,837	\$1,720,288,704	\$686,828,088	\$3,619,940	\$1,716,668,764	\$19,454	\$7,783	\$19,964	0.26927		
TCU	17,774,017	385,349,003	94,932,528	2,312,970	383,036,033	21,550	5,341	21,882	0.05424		
BLE	64,430,147	1,433,383,058	461,920,119	54,610,571	1,378,772,487	21,399	7,169	21,552	0.19661		
SMWIA	1,800,206	35,239,315	7,123,838	0	35,239,315	19,575	3,957	19,625	0.00549		
BRS	11,225,594	256,559,201	53,138,674	83,735	256,475,466	22,847	4,734	23,203	0.03425		
BMWE	43,786,404	857,923,207	154,599,549	1,010,821	856,912,386	19,570	3,531	19,638	0.13361		
TCU-CAR	19,736,514	407,562,798	71,165,022	37,953	407,524,845	20,648	3,606	20,968	0.06023		
IBFO	4,005,533	65,513,469	11,577,753	44,801	65,468,668	16,345	2,890	16,394	0.01222		
IAM	11,851,341	233,615,256	47,803,665	48,049	233,567,207	19,708	4,034	19,759	0.03616		
IBBM	1,996,541	37,755,256	5,719,841	59,521	37,695,735	18,881	2,865	19,150	0.00609		
IBEW	8,886,854	188,883,771	39,625,652	42,668	188,841,103	21,249	4,459	21,579	0.02712		
ATDA	4,286,290	132,200,878	24,096,882	2,255,276	129,945,602	30,317	5,622	30,477	0.01308		
UTU-YMD	4,071,055	106,363,043	27,065,384	916,297	105,446,746	25,902	6,648	26,410	0.01242		
OTHER	45,620,435	1,768,659,023	60,709,554	0	1,768,659,023	38,769	1,331	38,769	0.13921		
AAR 112 Total	327,712,768	7,629,295,982	1,746,306,549	65,042,602	7,564,253,380	23,082	5,329	23,330	1.00000		
Sum (for proofing)						316,21487	63,97002	319,37020			

Year-End Figures are calculated, based on 2004 ws-112 and union contracts, in YearEnd2004RCAF&RCR.xls exhibited in document titled "Year-End 2004 ST Hourly Rates for U.S."
The ST Hours Weights and the Hourly Rates are full float.

AGREEMENT

between the

**CANADIAN NATIONAL (CN)
GRAND TRUNK WESTERN RAILROAD INCORPORATED
(GTW)**

AND

its employees represented by the

BROTHERHOOD OF RAILROAD SIGNALMEN (BRS)

IT IS AGREED:

ARTICLE I - RATES OF PAY

- A. Effective July 1, 2005, all rates of pay in effect on June 30, 2005 are increased by three percent (3%).
- B. Effective July 1, 2006, all rates of pay in effect on June 30, 2006 are increased by three percent (3%).
- C. Effective July 1, 2007, all rates of pay in effect on June 30, 2007 are increased by three percent (3%).
- D. Effective July 1, 2008, all rates of pay in effect on June 30, 2008 are increased by four percent (4%).
- E. Effective July 1, 2009, all rates of pay in effect on June 30, 2009 are increased by three percent (3%).
- F. Rates of pay resulting from the application of paragraphs A through E, which end in fractions of a cent shall be rounded to the nearest whole cent. Fractions less than one-half cent shall be dropped and fractions of one-half cent or more shall be increased to the nearest full cent.

AGREEMENT BETWEEN
CANADIAN NATIONAL (CN)
WISCONSIN CENTRAL TRANSPORTATION CORPORATION (WC)
AND
BROTHERHOOD RAILWAY CARMEN DIVISION
TRANSPORTATION COMMUNICATIONS INTERNATIONAL UNION

IT IS AGREED:

ARTICLE I – TERMS AND CONDITIONS OF AGREEMENT

Unless otherwise specified in this agreement:

- A. Effective 11:59 p.m., December 31, 2005, the terms and conditions contained in the Agreement between the Wisconsin Central Transportation Corporation and the Brotherhood Railway Carmen Division Transportation Communications International Union are eliminated in their entirety.
- B. Effective 12:01 a.m. January 1, 2006, employees subject to the agreement between the Wisconsin Central Transportation Corporation will become subject to the terms and conditions contained in the agreement between the Illinois Central Railroad Company and the Railway Carmen Division Transportation Communications International Union, with the following exception:

The provision related to “Employee Protection/Contracting Out/Employment Level” will not be applicable to employees covered by the new WC/BRC Agreement.

- C. It is understood that the Company may continue to outside contract work to the extent presently permissible by the existing terms and conditions of the previous WC/BRC Agreement.

ARTICLE II – RATES OF PAY

- A. Effective July 1, 2005, all rates of pay in effect on June 30, 2005 are increased by three per cent (3%).
- B. Effective July 1, 2006, all rates of pay in effect on June 30, 2006 are increased by three per cent (3%).
- C. Effective July 1, 2007, all rates of pay in effect on June 30, 2007 are increased by three per cent (3%).

AGREEMENT BETWEEN
CANADIAN NATIONAL (CN)
WISCONSIN CENTRAL TRANSPORTATION CORPORATION (WC)
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- C. Effective July 1, 2007, all rates of pay in effect on June 30, 2007 are increased by three per cent (3%).

ATTACHMENT A

Pay Grades	3% GWI			
	Pay Rate July 1, 2004	Pay Rate July 1, 2005	Pay Rate July 1, 2006	Pay Rate July 1, 2007
1	\$ 24.00	\$ 24.72	\$ 25.46	\$ 26.22
2	\$ 22.00	\$ 22.66	\$ 23.34	\$ 24.04
3	\$ 21.00	\$ 21.63	\$ 22.28	\$ 22.95
4	\$ 20.00	\$ 20.60	\$ 21.22	\$ 21.86
5	\$ 19.00	\$ 19.57	\$ 20.16	\$ 20.76
6	\$ 18.00	\$ 18.54	\$ 19.10	\$ 19.67
7	\$ 17.50	\$ 18.03	\$ 18.57	\$ 19.13

Pay Grade	Positions
1	Lead Mechanics
2	Mobile Foreman Structures, Mobile Foreman Track, Track Inspector, Ore Dock Remote Operator, Welder
3	Boom Truck, Brandt Truck, Headquartered Foreman Structures, Headquartered Foreman Track, Jimbo Crane, Lead Tamper, Locomotive Crane, Ore Dock Mechanic/Loader, Rail Pickup Unit (RPU), Relief Operator, Structures Electrician, Structures Plumber, Super Gopher, Tractor Trailer, Truck Crane, Undercutter, Work Equipment Mechanic
4	Assistant Foreman Structures, Assistant Foreman Track, Backup Tamper, Ballast Regulator, Brush Cutter, Jet Snowblower, Loader, Lube Truck Driver, Snow Fighter, Soo Bridge Operator, Speed Swing, Spikers, Structures Carpenter, Tandem Axle Truck Driver, Thermite Welder, Tie Inserter Production, Yard Cleaner
5	Backhoe, Dozer, Grader, Tie Inserter 925-Loram, Welder Helper, Work Equipment Mechanic Helper
6	Adzer, Anchor Cribber, Anchor Knocker, Anchor Tight, Bolt Machine, Bus Driver, Cribber, Dual Anchor, Fuel Truck Driver, Grabber/Spike Puller, Heater, Plater, Recycle Operator, Scarifier, Scrap Picker, Self-Feeding Anchor Machine, Self-Propelled Adzer-Cribber, Tie Crane, Tie Plugger, Tractor
7	Bridge Tender, Bridgeman, Crane Helper, Trackman, Yard Cleaner Helper

**AGREEMENT BETWEEN
CANADIAN NATIONAL (CN)
DULUTH WINNIPEG AND PACIFIC RAILWAY COMPANY (DWP)
AND SYSTEM COUNCIL NO. 16 OF THE
INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS**

IT IS AGREED:

ARTICLE I - RATES OF PAY

- A. Effective July 1, 2005, all rates of pay in effect on June 30, 2005 are increased by three percent (3%).
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- C. Effective July 1, 2007, all rates of pay in effect on June 30, 2007 are increased by three percent (3%).
- D. Effective July 1, 2008, all rates of pay in effect on June 30, 2008 are increased by four percent (4%).
- E. Effective July 1, 2009, all rates of pay in effect on June 30, 2009 are increased by three percent (3%).
- F. Rates of pay resulting from the application of paragraphs A through E, which end in fractions of a cent shall be rounded to the nearest whole cent. Fractions less than one-half cent shall be dropped and fractions of one-half cent or more shall be increased to the nearest full cent.

**ARTICLE II - COST-OF-LIVING ALLOWANCE AND ADJUSTMENTS THERETO
AFTER JANUARY 1, 2010**

Section 1 - Cost of Living Allowance and Effective Dates of Adjustments

- (a) A cost-of-living allowance will be payable in the manner set forth in and subject to the provisions of this Article, on the basis of the "Consumer Price Index for Urban Wage Earners and Clerical Workers (Revised Series) (CPI-W)" (1967=100), U.S. Index, all items - unadjusted, as published by the Bureau of Labor Statistics, U.S. Department of Labor, and hereinafter referred to as the BLS CPI. The first such cost-of-living allowance shall be payable effective July 1, 2010 based, subject to paragraph (d), on the BLS CPI for September 2009 as compared with the BLS CPI for March 2010. Such allowance, and further cost-of-living adjustments thereto which will become effective as described below, will be based on the change in the BLS CPI during the respective measurement periods

Treasurys May Remain Steady As Yield-Curve Inversion Persists

By SHAYNA STOYKO

NEW YORK—The holiday-shortened week is check-full of clues on the economic and monetary-policy front, but analysts said they don't expect any big swings in Treasurys.

Chalk it up to the Federal Reserve's transparency and the fact that bond investors expect stellar first-quarter economic growth. After selling Treasurys and pushing yields higher during the past month, investors have started saying enough is enough. The benchmark enough and seem to be comfortable with current levels.

CREDIT

MARKETS

The benchmark 10-year Treasury finished Friday around 4.54%, about 0.05 percentage point below where it started the week. A month ago, the yield on the 10-year Treasury had been as low as 4.29%. Bond prices and yields move in opposite directions.

Unless something happens to inject some uncertainty into the market, Treasurys will likely trade in a range this week, analysts said.

Prominent this week are minutes from the Fed's Jan. 31 policy meeting due today, January consumer-inflation data tomorrow, \$36 billion of government-debt auctions tomorrow and Thursday and speeches from a few Fed officials—including Chairman Ben Bernanke—Friday.

The data and Fed remarks stand little chance of altering growing expectations of more rate increases before the Fed takes a pause at a target rate of 5%. The current fed-funds target is 4.5%.

The sense is that the market has priced in as much of the tightening through the May 10 [Federal Open Market Committee]

meeting as it's willing to," said David Ader, head of government-bond strategy at RBS Greenwich Capital in Greenwich, Conn., in a research note.

Under normal circumstances, any of the featured items on this week's calendar would have the potential to create fireworks. But these aren't normal times.

With shorter-term rates slightly higher than longer-term ones, "the absolute low level of rates has contributed to a low-volatility environment," said George Goncalves, Treasurys- and agencies-desk strategist at Banc of America Securities in New York. "It's going to take an exogenous event to do anything to this market."

He said he expects the yield on the 10-year Treasury to trade between 4.48% and 4.62% this week.

Market participants are having an easier time swallowing the idea that short-term rates are likely to remain higher for a while than longer-term ones. Some participants have said they expect this aberration, known as a yield-curve inversion, to last for the rest of the year.

Late Friday, the two-year Treasury was yielding about 0.12 percentage point more than the 10-year Treasury and 0.15 percentage point more than the 30-year Treasury.

The Treasurys team at Jefferies & Co. in New York said further inversion of the yield curve is basically a given.

That is because government sales of \$22 billion of two-year Treasurys tomorrow and \$14 billion of five-year Treasurys Thursday will likely add pressure to those maturities and send their yields higher. Month-end buying by longer-term investors who need to match their portfolios to extensions in benchmark indexes will likely support 10- and 30-year maturities and send those yields lower.

Money Rates

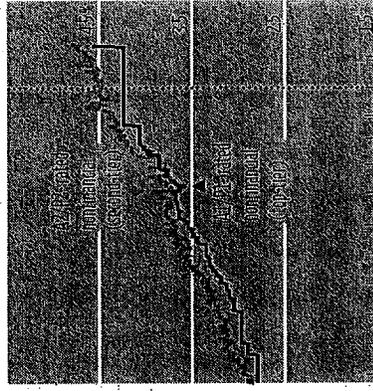
The key U. S. and foreign annual interest rates below are a guide to general levels but don't always represent actual transactions.

Euro Commercial Paper: Placed directly by General Electric Capital Corp.: 2.43% 30 days; 2.52% two months; 2.57% three months; 2.68% four months; 2.85% five months; 2.68% six months.
London Interbank Offered Rates (Libor): 4.5700% one month; 4.7031% three months; 4.9400% six months; 5.1000% one year. Effective rate for contracts entered into two days from date appearing at top of this column.
Euro Libor: 2.48350% one month; 2.61000% three months; 2.71875% six months; 2.87750% one year. Effective rate for contracts entered into two days from date appearing at top of this column.
Euro Interbank Offered Rates (Euribor): 2.483% one month; 2.609% three months; 2.720% six months; 2.880% one year. Source: Reuters.

Friday, February 17, 2006

Commercial Paper

Yields paid by corporations for short-term financing, typically for daily operation



F M A M J J A S O N D J F
2005 2006

Source: Federal Reserve

Prime Rate: 7.50% (effective 01/31/06). The base rate on corporate loans posted by at least 75% of the nation's 30 largest banks.

Discount Rate (Primary): 5.50% (effective 01/31/06).
Federal Funds: 4.62% high, 4.37% low, 4.37% near closing bid, 4.46% offered. Effective rate: 4.47%. Source: Tull

Monday, February 20, 2006

lett Prebon Information, Ltd. Federal-funds target rate: 4.500% (effective 01/31/06).
Call Money: 6.25% (effective 01/31/06).

Commercial Paper: Placed directly by General Electric Capital Corp.: 4.49% 30 to 44 days; 4.53% 45 to 59 days; 4.58% 60 to 89 days; 4.65% 90 to 119 days; 4.70% 120 to 149 days; 4.73% 150 to 179 days; 4.75% 180 to 209 days; 4.77% 210 to 239 days; 4.78% 240 to 266 days; 4.79% 267 to 270 days.

Euro Commercial Paper: Placed directly by General Electric Capital Corp.: 2.43% 30 days; 2.51% two months; 2.56% three months; 2.59% four months; 2.64% five months; 2.67% six months.

Dealer Commercial Paper: High-grade unsecured notes sold through dealers by major corporations: 4.53% 30 days; 4.60% 60 days; 4.68% 90 days.

Certificates of Deposit: 4.55% one month; 4.71% three months; 4.88% six months.

Bankers Acceptances: 4.53% 30 days; 4.65% 60 days; 4.73% 90 days; 4.79% 120 days; 4.86% 150 days; 4.90% 180 days.

Source: Tulliet Prebon Information, Ltd.
Eurodollars: 4.55% - 4.53% one month; 4.66% - 4.64% two months; 4.75% - 4.73% three months; 4.83% - 4.80% four months; 4.88% - 4.85% five months; 4.93% - 4.91% six months. Source: Tulliet Prebon Information, Ltd.

London Interbank Offered Rates (Libor): 4.5700% one month; 4.7700% three months; 4.9400% six months; 5.1000% one year. Effective rate for contracts entered into two days from date appearing at top of this column.
Euro Libor: 2.47825% one month; 2.61000% three months; 2.72500% six months; 2.89500% one year. Effective rate for contracts entered into two days from date appearing at top of this column.

Euro Interbank Offered Rates (Euribor): 2.476% one month; 2.608% three months; 2.723% six months; 2.895% one year. Source: Reuters.

Foreign Prime Rates: Canada 5.25%; European Central Bank 2.25%; Japan 1.375%; Switzerland 2.96%; Britain 4.50%.

Treasury Bills: Results of the Monday, February 13, 2006, auction of short-term U.S. government bills, sold at a discount from face value in units of \$1,000 to \$1 million: 4.440% 13 weeks; 4.540% 26 weeks. Tuesday, February 14, 2006 auction: 4.330% 4 weeks.

Overnight Repurchase Rate: 4.43%. Source: Garban Inter-capital.

Freddie Mac Posted yields on 30-year mortgage commitments delivered within 30 days 6.00%, 60 days 6.05%, standard conventional fixed-rate mortgages: 3.375%, 2% rate capped one-year adjustable rate mortgages.

Fannie Mae: Posted yields on 30 year mortgage commitments (priced at par) for delivery within 30 days 6.171%, 60 days 6.198%, standard conventional fixed-rate mortgages. Constant Maturity Debt Index: 4.695% three months; 4.856% six months; 4.949% one year.

Merrill Lynch Ready Assets Trust: 3.74%.
Consumer Price Index: December, 196.8, up 3.4% from a year ago. Bureau of Labor Statistics.

4.440%

2006/Q2 RCAF Lump Sum Amortization

	Quarter of Payment	Quarter Amortization Began	Amount	Annual Per ST Hour	1 Quarter Per ST Hour	U.S. ST Hours	
NS - BLE	2005Q1	2005Q2	\$36,466,778	0.11128	0.44511	327,712,768	2004
SOO - UTU-YMD	2005Q1	2005Q3	\$24,500	0.00007	0.00030	327,712,768	2004
SOO - IAM	2005Q1	2005Q4	\$287,100	0.00088	0.00350	327,712,768	2004
CN-US - various ¹	2005Q4	2006Q1	\$1,499,989	0.00458	0.01831	327,712,768	2004
CN-US - mix ²	2006Q1	2006Q2	\$475,928	0.00145	0.00581	327,712,768	2004
NS - BLET & ATDA	2006Q1	2006Q2	\$28,503,675	0.08698	0.34791	327,712,768	2004
Total				0.09396			

Should be slightly less than amortized amount.

Interest Rate

2004/Q1	0.930
2004/Q2	0.930
2004/Q3	1.050
2004/Q4	1.515
2005/Q1	2.155
2005/Q2	2.540
2005/Q3	2.895
2005/Q4	3.460
2006/Q1	3.940
2006/Q2	4.440
2006/Q3	
2006/Q4	

Lump Sum Adjustment for 2006 Q2 → 0.096575
or
0.097

¹ IAM - BLE, CCP, DMIR, DWP, GTW, IC and WC

- NCFO - DMIR
- NCFO - BLE
- NCFO - GTW
- TCU-CAR - CCP
- BMWE - WC

² IBEW - DWP

- NCFO - IC & CCP
- BRS - GTW
- TCU-CAR - WC
- BRS - WC & SSAM (2004 earnings)

SCHEDULE: SOO UTU-YMD

Added 2005Q3

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0.00030			
2005/Q3	4	2.895	0.7238	\$0.00023	\$0.00008	\$0.00000	\$0.00007
2005/Q4	3	3.460	0.8650	\$0.00015	\$0.00008	\$0.00000	\$0.00007
2006/Q1	2	3.940	0.9850	\$0.00008	\$0.00008	\$0.00000	\$0.00007
2006/Q2	1	4.440	1.1100	\$0.00000	\$0.00008	\$0.00000	\$0.00008

SCHEDULE: SOO IAM

Added 2005Q4

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0.00350			
2005/Q4	4	3.460	0.8650	\$0.00264	\$0.00090	\$0.00003	\$0.00086
2006/Q1	3	3.940	0.9850	\$0.00177	\$0.00090	\$0.00003	\$0.00087
2006/Q2	2	4.440	1.1100	\$0.00089	\$0.00090	\$0.00002	\$0.00088
2006/Q3	1		0.0000	\$0.00000	\$0.00089	\$0.00000	\$0.00089

SCHEDULE: CN-US IAM, NCFO, TCU-CAR, BMW

Added 2006Q1

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0.01831			
2006/Q1	4	3.940	0.9850	\$0.01380	\$0.00469	\$0.00018	\$0.00451
2006/Q2	3	4.440	1.1100	\$0.00925	\$0.00470	\$0.00015	\$0.00455
2006/Q3	2		0.0000	\$0.00462	\$0.00462	\$0.00000	\$0.00462
2006/Q4	1		0.0000	\$0.00000	\$0.00462	\$0.00000	\$0.00462

SCHEDULE: CN-US Mix

Added 2006Q2

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0.00581			
2006/Q2	4	4.440	1.1100	\$0.00438	\$0.00149	\$0.00006	\$0.00143
2006/Q3	3		0.0000	\$0.00292	\$0.00146	\$0.00000	\$0.00146
2006/Q4	2		0.0000	\$0.00146	\$0.00146	\$0.00000	\$0.00146
2007/Q1	1		0.0000	\$0.00000	\$0.00146	\$0.00000	\$0.00146

SCHEDULE: NS BLET & ATDA

Added 2006Q2

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
imp Sum				\$0.34791			
2006/Q2	4	4.440	1.1100	\$0.26237	\$0.08940	\$0.00386	\$0.08554
2006/Q3	3		0.0000	\$0.17491	\$0.08746	\$0.00000	\$0.08746
2006/Q4	2		0.0000	\$0.08746	\$0.08746	\$0.00000	\$0.08746
2007/Q1	1		0.0000	\$0.00000	\$0.08746	\$0.00000	\$0.08746

ARTICLE IX – GRIEVANCE RESOLUTION/BONUS

- A. Within sixty (60) days of the date of this agreement, all employees in active service on positions covered by this Agreement will be paid one thousand dollars (\$1000) each, subject to applicable payroll deductions.
- B. Upon payment of the amount indicated in paragraph A, all claims and grievances, other than those involving disciplinary action based on an occurrence prior to the effective date of this Agreement are considered resolved without prejudice to the position of either party and with the understanding that such settlements will not be cited by either party in any future case, nor used by either party to allege that the other has agreed to a particular practice.

ARTICLE X - GENERAL PROVISIONS

- A. The purpose of this Agreement is to completely resolve any and all outstanding Section 6 Notices served by the Organization and to fix the general level of compensation and rules covering working conditions through December 31, 2009 and thereafter until changed or modified in accordance with the provisions of the Railway Labor Act, as amended.
- B. Neither party to this Agreement shall serve, prior to November 1, 2009 (not to become effective prior to January 1, 2010), any notice or proposal for the purpose of changing, adding to, or deleting the provisions of any Agreement in effect between the parties.

This agreement is effective on the dates indicated above.

Signed the ____ day of _____, 2006 at _____, Illinois.

FOR THE CANADIAN NATIONAL
DULUTH WINNIPEG AND PACIFIC
RAILWAY COMPANY

FOR SYSTEM COUNCIL NO. 16

OF THE INTERNATIONAL
BROTHERHOOD OF
ELECTRICAL WORKERS UNION

SIGNED BY TJK

SIGNED BY DED

T. J. Kerntz
Manager Labor Relations
SIGNED BY KAM

Dale E. Doyle
General Chairman

K. A. McCarthy
Manager Labor Relations
SIGNEDBY JSG

J. S. Gibbins
Director Labor Relations

IC & CC&P
NCF0

- B. Such vacation days may be taken upon two (2) days advance notice, consistent with the needs of service.
- C. Employees must use their single increment days between January 1 and November 15. Any unused days as of November 15 will be paid for in lieu of vacation.

ARTICLE IX – GRIEVANCE RESOLUTION/BONUS

- A. Upon ratification of this Agreement, all employees in active service on positions covered by this Agreement will be paid six hundred fifty dollars (\$650.00) each, subject to applicable payroll deductions.
- B. Upon payment of the amount indicated in paragraph A, all claims and grievances, other than those involving disciplinary action based on an occurrence prior to the effective date of this Agreement are considered resolved without prejudice to the position of either party and with the understanding that such settlements will not be cited by either party in any future case, nor used by either party to allege that the other has agreed to a particular practice.

ARTICLE X - GENERAL PROVISIONS

- A. The purpose of this Agreement is to completely resolve all outstanding Section 6 Notices served by the Organization and to fix the general level of compensation and rules covering working conditions through December 31, 2009 and thereafter until changed or modified in accordance with the provisions of the Railway Labor Act, as amended.
- B. Neither party to this Agreement shall serve, prior to November 1, 2009 (not to become effective prior to January 1, 2010), any notice or proposal for the purpose of changing, adding to, or deleting the provisions of any Agreement in effect between the parties.

This Agreement is effective on the dates indicated above.

Signed the 30th day of November, 2005 at Homewood, Illinois and Spokane, Washington.

FOR THE CANADIAN NATIONAL

FOR THE NATIONAL CONFERENCE
OF FIREMEN AND OILERS

/s/ J.S. Gibbins
J. S. Gibbins
Director – Labor Relations

/s/ R. A. Burrill
R. A. Burrill
General Chairman

/s/ K. A. McCarthy
K. A. McCarthy
Manager – Labor Relations

/s/ D. J. Mandalas
D. J. Mandalas
Manager – Labor Relations

parent. In such cases, a basic day's pay at the rate of the last service rendered will be allowed for each of the three (3) days. Employees will make provision for taking leave with their supervisor in the usual manner.

- Family relationships created through the legal adoption process shall qualify for bereavement leave. Any other family relationship not specifically mentioned shall be excluded.
- Bereavement leave non-availability shall be considered neutral for determining the qualifying day for holiday pay purposes. The workday preceding or following the employee's bereavement leave, as the case may be, shall be considered the qualifying day for holiday pay purposes.

ARTICLE VIII – SAVINGS CLAUSE

All rules, agreements, provisions, conditions or practices, however established, which may conflict with this agreement are superseded by the provisions of this agreement. The parties exchanged various proposals antecedent to adoption of the various Articles that appear in this agreement. It is our mutual understanding that none of such antecedent proposals and drafts will be used by any party for any purpose and that the provisions of this agreement will be interpreted and applied as though such proposals and drafts had not been used or exchanged in the negotiation.

ARTICLE IX – GRIEVANCE RESOLUTION/BONUS

- A. Within sixty (60) days of the effective date of this Agreement, all employees in active service on positions covered by this Agreement will be paid one thousand dollars (\$1,000.00) each, subject to applicable payroll deductions.
- B. Upon payment of the amount indicated in paragraph A, all claims and grievances, other than those involving disciplinary action, based on an occurrence prior to the effective date of this Agreement are considered resolved without prejudice to the position of either party and with the understanding that such settlements will not be cited by either party in any future case, nor used by either party to allege that the other has agreed to a particular practice.

ARTICLE VI – PAYROLL DIRECT DEPOSIT

Upon ratification, at the Company's discretion all employees may be paid weekly or bi-weekly to the direct deposit account designated by the employee.

ARTICLE VII – BEREAVEMENT

Upon ratification, all bereavement rules are abrogated and the following is substituted therefore:

Employees in active service shall be entitled to bereavement leave of three (3) work days, to be taken at the discretion of the employee, upon furnishing proof of death of the employee's immediate family member. Bereavement leave will be taken within six months from the date of death of the employee's immediate family member. For purposes of this rule, immediate family consists of the employee's spouse, child, parent, grandparent, grandchild, brother, sister, half-brother, half-sister, step-parent, step-child and spouse's parent. In such cases, a basic day's pay at the rate of the last service rendered will be allowed for each of the three (3) days. Employees will make provision for taking leave with their supervisor in the usual manner.

- Family relationships created through the legal adoption process shall qualify for bereavement leave. Any other family relationship not specifically mentioned shall be excluded.
- Bereavement leave non-availability shall be considered neutral for determining the qualifying day for holiday pay purposes. The workday preceding or following the employee's bereavement leave, as the case may be, shall be considered the qualifying day for holiday pay purposes.

ARTICLE VIII - VACATIONS

- A. Effective January 1, 2006, employees entitled to two (2) or more weeks of vacation may split up to two (2) weeks of their vacations into single increment days, one or more days at a time.
- B. Such vacation days may be taken upon two (2) days advance notice, consistent with the needs of service.
- C. Employees must use their single increment days between January 1 and November 15. Any unused days as of November 15 will be paid for in lieu of vacation.

ARTICLE IX – GRIEVANCE RESOLUTION/BONUS

- A. Within sixty (60) days of the date of this agreement, all employees in active service on positions covered by this agreement will be paid five hundred dollars (\$500) each, subject to applicable payroll deductions.

WC BRS Agreement October 26, 2005

WC & SSAM

BRS



Labor Relations Department

Canadian National Railway
17641 South Ashland Avenue
Homewood, Illinois
60430 - 1345

October 26, 2005

Side Letter #1

Mr. G. Hillila
General Chairman
Brotherhood of Railroad Signalmen
1621 Cook Avenue
Wisconsin Rapids
Wisconsin, 54494

Dear Mr. Hillila,

This will confirm our understanding reached during the negotiations leading to the agreement of this date.

The parties recognized that in arriving at a totally new wage structure that it would be difficult to compute retroactive pay for the period during which negotiations were being held.

To resolve this issue, the parties agreed that employees working on positions subject to this agreement on the effective date of the agreement will be paid 3% of any 2004 earnings made while working on positions subject to this agreement, and 6% of any 2005 earnings made while working on positions subject to this agreement.

Employees who are subject to this agreement and not active on the effective date of the agreement will receive the payment described in the above paragraph upon their return to a position subject to this agreement. Such payment will be made to those in active service within sixty (60) days of ratification and to any others who may later qualify within sixty (60) days of their return to work.

Yours truly,

Dirk Veenis
Manager Labor Relations

NS BLET

AGREEMENT

It is HEREBY AGREED this 1st day of November 2003.

ARTICLE I - THOROUGHBRED PERFORMANCE BONUSSection 1

Effective January 1, 2003, and payable in 2004 and 2005 locomotive engineers represented by the undersigned General Committees will be eligible for a bonus up to a maximum fifteen percent (15%) of their engineer earnings in the preceding calendar year.

Section 2

Effective January 1, 2005 and payable in 2006, 2007 and 2008 locomotive engineers represented by the undersigned General Committees will be eligible for a bonus up to a maximum of ten (10%) of their engineer earnings in the preceding calendar year.

Section 3

Effective January 1, 2008 and payable in 2009 and each year thereafter, locomotive engineers represented by the undersigned General Committees will be eligible for a bonus up to a maximum fifteen percent (15%) of their engineer earnings in the preceding calendar year.

Section 4

The terms and conditions for the administration of the Thoroughbred Performance Bonus remain as specified in Article I, Sections 3 and 4 of the June 1996 Agreement between the parties, subject to the maximums stated in Sections 1, 2 and 3 above.

Section 5

The Brotherhood of Locomotive Engineers shall have the unilateral right to accept wage increases as provided in Side Letter 1 in lieu of the bonus provided for by Section 3 of this Article I effective on and after January 1, 2010 by providing written notice to the Carrier of its intention to do so between November 1, 2009 and November 30, 2009.

NS BLBT

ARTICLE II - SIGNING BONUS

- (a) Not later than three months after the date of this Agreement each employee covered by this Agreement who qualifies under subsection (b) shall be paid a Lump Sum of \$2,000.00. Such Lump Sum shall be paid in a separate check and shall be subject to withholdings for applicable Federal, State and Local Taxes.
- (b) To qualify for the Lump Sum an employee must:
- (1) have an employment relationship with the Carrier as of April 1, 2003 or have retired or died subsequent to the date of this Agreement; and
 - (2)
 - (i) have compensation for active service performed during the period February 1, 2003 through March 31, 2003, or
 - (ii) have been on authorized leave for such entire period of personal illness, on-duty injury, or pursuant to the Family and Medical Leave Act, and return to active service not later than August 1, 2003, or
 - (iii) have been out of service for such entire period due to Carrier disciplinary action that is subsequently rescinded or overturned with pay for all time lost.
- (c) There shall be no duplication of the lump sum payment by virtue of employment under an agreement with another organization, nor will such payment be used to offset, construct or increase guarantees in protection agreement or arrangements. Engineers receiving a lump sum payment under a separate agreement, such as the Longevity Bonus contained in the 2002 UTU National Agreement, will receive the difference between that amount and \$2,000.00 (if otherwise eligible for the signing bonus).

ARTICLE III - WAGES**Section 1 - First General Wage Increase**

Effective January 1, 2005 all standard basic daily rates of pay for employees represented by the Brotherhood of Locomotive Engineers in effect on December 31, 2004 shall be increased by four (4) percent.

Section 2 - Second General Wage Increase

Effective January 1, 2007 all standard basic daily rates of pay for employees represented by the Brotherhood of Locomotive Engineers in effect on December 31, 2006 shall be increased by two (2) percent.

Section 3 - Second General Wage Increase

Effective July 1, 2003, each basic monthly rate of pay in effect on June 30, 2003 for employees covered by this Agreement shall be increased in the amount of two and one-half percent (2 ½ %) representing a general wage increase. Where basic monthly rates are not in effect, an equivalent adjustment shall be made.

Section 4 - Third General Wage Increase

Effective July 1, 2004, each basic monthly rate of pay in effect on June 30, 2004 for employees covered by this Agreement shall be increased in the amount of three (3) percent representing a general wage increase. Where basic monthly rates are not in effect, an equivalent adjustment shall be made.

ARTICLE II**Part I - Transfer Time**

Effective January 1, 2005, existing agreements are amended to provide that an employee covered by this Agreement shall receive an allowance for all time consumed immediately prior or subsequent to the employee's regular tour of duty that is (i) required by the Carrier, and (ii) directly involves the transition of ongoing work responsibilities between shifts. Such allowance shall not exceed an amount equal to fifteen (15) minutes' time at the straight time rate of pay.

Part II - Thoroughbred Performance Bonus Program Participation

The Parties agree that employees represented by ATDD/BLE will participate in the Norfolk Southern Thoroughbred Performance Bonus Program for the periods and on the basis set forth below:

Section 1

- (a) Effective January 1, 2005 and payable in 2006 train dispatchers represented by the undersigned General Chairmen will be eligible for a bonus up to a maximum of five percent (5%) of their dispatcher earnings in the preceding calendar year.
- (b) Effective January 1, 2006 and payable in 2007 train dispatchers represented by the undersigned General Chairmen will be eligible for a bonus up to a maximum of five percent (5%) of their dispatcher earnings in the preceding calendar year.
- (c) Effective January 1, 2007 and payable in 2008, and each year thereafter, train dispatchers represented by the undersigned General Chairmen will be eligible for a bonus up to a maximum of ten percent (10%) of their dispatcher earnings in the preceding calendar year.

Crimmel, Clyde

From: Weaver, Scott R. [scott.weaver@nscorp.com]
Date: Thursday, February 02, 2006 10:00 AM
To: Liu, Shou-Lien
Subject: RE: Thoroughbred Performance Bonus

They will each receive the maximum which you have correctly identified as 10% and 5% respectively. SRW

-----Original Message-----

From: Liu, Shou-Lien [mailto:SLiu@aar.org]
Sent: Thursday, February 02, 2006 9:45 AM
To: Scott Weaver
Cc: Crimmel, Clyde
Subject: Thoroughbred Performance Bonus

Scott,

It's the time for Norfolk Southern BLET and ATDA to receive the Thoroughbred Performance Bonus effective January 1, 2005 and payable in 2006. According to the individual agreement, BLET and ATDA will be eligible for a bonus up to a maximum of 10% and 5%, respectively. Please provide us the percentages that they are actually awarded for each union. Thank you!

Shou-Lien Liu
(202)639-2381
sliu@aar.org



ASSOCIATION OF AMERICAN RAILROADS

MEMORANDUM

TO: Self
FROM: Clyde Crimmel
cc: Shou-Lien Liu
DATE: November 9, 2005
RE: Unemployment Insurance Tax Rate for 2005

Unemployment Insurance rates for 2006 can range from a minimum of 0.65 percent to a maximum of 12 percent on monthly earnings up to \$1,195. A 1.5 percentage point surcharge will be in effect for 2006, meaning the minimum tax rate is effectively 2.15 percent. Marla Huddleston, Chief, Division of Benefit and Employment Analysis at the Railroad Retirement Board, said in her November 9 e-mail that the weighted average 2006 Unemployment Insurance rate for Class I railroads is **2.36 percent**.

Currently, we are using 2004 wage statistics that Class I railroads do not include the Texas Mexican Railway which KCS took control on January 1, 2005. When we rebenchmark in the fall of 2006, KCS may include Texas Mexican in its 2005 wage statistics. If this railroad is included, the 2006 weighted average Unemployment Insurance rate for Class I railroads will be still 2.36 percent.

**Tax Rates and Maximum Taxable Earnings Under Social Security,
Railroad Retirement and Railroad Unemployment Insurance Programs, Continued**

Period	Railroad Retirement					Railroad Unemployment Insurance				Unemployment Repayment Tax [4]	
	Maximum earnings base [3]		Tax rate (percent) [3]			Maximum monthly taxable earnings	Employer tax rate [5] (percent)	Surcharge or (pooled credit)	New employer tax rate (percent)	Maximum taxable earnings	Employer tax rate (percent)
			Tier 1	Tier 2							
	Tier 1 [7]	Tier 2	Employer & employee each	Employer	Employee						
1991	53,400	39,600	7.65	16.1	4.9	765	5.55 - 12.0	...	8.00	765	4.0
1992	55,500	41,400	7.65	16.1	4.9	785	3.10 - 12.0	(3.12)	8.00	785	4.0
1993	57,600	42,900	7.65	16.1	4.9	810	0.65 - 12.0	(5.31)	7.30	810	4.0
1994	60,600	45,000	7.65	16.1	4.9	840	0.65 - 12.0	(0.22)	6.08		
1995	61,200	45,300	7.65	16.1	4.9	850	0.65 - 12.0	...	4.15		
1996	62,700	46,500	7.65	16.1	4.9	865	0.65 - 12.0	...	2.31		
1997	65,400	48,600	7.65	16.1	4.9	890	0.65 - 12.0	...	1.16		
1998	68,400	50,700	7.65	16.1	4.9	925	2.15 - 12.0	1.5	0.85		
1999	72,600	53,700	7.65	16.1	4.9	970	2.15 - 12.0	1.5	0.92		
2000	76,200	56,700	7.65	16.1	4.9	1,005	0.65 - 12.0	...	1.67		
2001	80,400	59,700	7.65	16.1	4.9	1,050	2.15 - 12.0	1.5	2.59		
2002	84,900	63,000	7.65	15.6	4.9	1,100	3.15 - 12.0	2.5	2.71		
2003	87,000	64,500	7.65	14.2	4.9	1,120	3.15 - 12.0	2.5	2.36		
2004	87,900	65,100	7.65	13.1	4.9	1,130	2.15 - 12.0	1.5	2.38		
2005	90,000	66,900	7.65	12.6	4.4	1,150	2.15 - 12.0	1.5	3.43		
2006	94,200	69,900	7.65	12.6	4.4	1,195	2.15 - 12.0	1.5	4.03		
2007 and later	[2]	[2]	7.65	[8]	[8]	[2]	[5]	[5]	[5]		

- 1 The tax credit. Employees received a credit of 0.3 percent in 1984. The self-employed received a credit of 2.7 percent in 1984, 2.3 percent in 1985 and 2.0 percent in 1986-89.
- 2 Based on automatic adjustments in proportion to increases in average earnings levels.
- 3 Earnings bases are monthly through 1984 and annual for 1985 and later. October 1, 1973 was the effective date for the allocation of railroad retirement taxes by tiers, subject to a moratorium for certain railroad labor organizations. The tier 1 tax rate was set equal to the current social security tax rate.
- 4 This temporary tax applied to employers until all pre-October 1985 loans from the Railroad Retirement Account were fully repaid with interest on June 29, 1993. Earnings bases are annual through 1988 and monthly for 1989-1993.
- 5 Taxes are paid only by employer. From 1948 through 1988, the rate for a calendar year was based on a graduated schedule depending on the preceding September 30 account balance (including administration fund). Except for certain commuter railroads, the rate for 1989-1990 was fixed at 8.0 percent. Beginning in 1991, each employer's rate is experience-based, with a minimum of 0.65 percent and a maximum of 12 percent, or 12.5 percent if a 3.5 percent surcharge applies due to a low account balance.
- 6 Taxes are paid only by employers. The supplemental annuity tax was repealed for calendar years after 2001.
- 7 Beginning in 1991, the portion of the tier 1 tax rate which does not exceed the social security HI tax rate is applied to earnings up to the HI maximum taxable amount. In 1993, a 1.45 percent tax applied to earnings up to \$135,000 and a 6.2 percent tax applied to earnings up to \$57,600.
- 8 Beginning in 2004, the tier 2 tax rate will be determined annually from a tax rate schedule based on the average account benefits ratio. The average account benefits ratio is the average for the 10 fiscal years preceding the calendar year of the ratio of the fair market value of the assets in the Railroad Retirement Account and the National Railroad Retirement Investment Trust as of the close of each fiscal year to the total benefits and administrative expenses paid from those accounts during the fiscal year. Employer tax rates can range from 8.2 percent to 22.1 percent. Employee tax rates can range from 0 percent to 4.9 percent.

The MEANS Procedure

Variable	N	Sum	Mean
ANUAL_US	2628	33630824.15	12797.12
QTRLY_US	2628	35546455.07	13526.05

The SAS System
 Factors and Caps 2004 and 2006Q2

The MEANS Procedure

Variable	N	Sum	Mean
FactorA	2628	2646.71	1.0071190
FactorQ	2628	2750.51	1.0466160
Capa	2628	35635680.00	13560.00
Capq	2628	37685520.00	14340.00



Energy Information Administration

Official Energy Statistics from the U.S. Government

[Glossary](#)

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Short-Term Energy Outlook

February 7th, 2006 Release
(Next Update: March 7th, 2006)

Overview

In 2006 and 2007, total domestic energy demand is projected to increase at an average annual rate of about 1.4 percent each year.

In the United States, January was 27 percent warmer than normal, pushing prices for natural gas lower than predicted in the previous *Outlook*. But cold weather in parts of Asia and Europe combined with uncertainties regarding oil supplies from Nigeria, Iran and Iraq help keep crude oil prices high. Prices for crude oil and petroleum products are projected to remain high through 2006 before starting to weaken in 2007. The price of West Texas Intermediate (WTI) crude oil, which averaged \$56 per barrel in 2005, is projected to average \$65 per barrel in 2006 and \$61 in 2007 ([Figure 1. West Texas Intermediate Crude Oil Price](#)). Retail regular gasoline prices, which averaged \$2.27 per gallon in 2005, are projected to average \$2.45 in 2006 and \$2.34 in 2007 ([Figure 2. Gasoline and Crude Oil Prices](#)). Henry Hub natural gas prices, which averaged \$9.00 per thousand cubic feet (mcf) in 2005, are projected to average \$8.87 in 2006 and \$8.70 in 2007 ([Figure 3. Natural Gas Henry Hub Spot Prices](#)).

Hurricane Recovery

Recovery of natural gas and crude oil production from Hurricanes Katrina and Rita continues. According to the [Minerals Management Service](#), approximately 255,000 barrels per day (bbl/d) of oil production and 400 million cubic feet per day (mcf/d) of natural gas production are expected to remain offline prior to the start of the next hurricane season June 1, 2006 ([Figure 4. Shut-In Federal Offshore Gulf Crude Oil Production](#), [Figure 5. Shut-In Federal Offshore Gulf Natural Gas Production](#)).

Winter Heating Expenditures

The warmer than expected January has provided U.S. households some relief from this year's expected increase in heating fuel expenditures. However, 2005-2006 winter residential space-heating expenditures are still projected to be higher relative to the winter of 2004-2005 owing to higher energy prices. On average, households heating primarily with natural gas can expect to spend \$178 (24 percent) more for fuel this winter than last winter. Households heating primarily with heating oil can expect to pay, on average, \$195 (16 percent) more this winter than last. Households heating primarily with propane can expect to pay, on average, \$150 (14 percent) more this winter than last. Households heating primarily with electricity can expect to pay, on average, \$36 (5 percent) more than last winter. Should colder-than-normal weather occur for the remainder of the heating season, expenditures could be significantly higher than currently projected. These averages provide a broad guide to changes from last winter, but fuel expenditures for individual households are highly dependent on local weather conditions, the size and efficiency of individual homes, their heating equipment, and thermostat settings ([Table WF01. Selected U.S. Average Consumer Prices and Expenditures for Heating Fuels for the Winter](#)).

Global Petroleum Markets

Many of the same factors that drove world oil markets in 2005, such as low world spare oil production capacity and rapid world oil demand growth, will continue to affect markets in 2006 and 2007. Other factors are less certain, such as the frequency and intensity of hurricanes, other extreme weather, and geopolitical instability.

Price Summary

	Year				Percent Change		
	2004	2005	2006	2007	04-05	05-06	06-07
WTI							
Crude^a (\$/barrel)	41.44	56.49	64.98	60.63	36.3	15.0	-6.7
Gasoline^b (\$/gal)	1.85	2.27	2.45	2.34	22.7	8.0	-4.6
Diesel^c (\$/gal)	1.81	2.41	2.51	2.42	33.3	4.1	-3.8
Heating Oil^d (\$/gal)	1.54	2.03	2.24	2.13	32.2	10.2	-5.1
Natural Gas^d (\$/mcf)	10.74	12.73	13.36	13.41	18.6	4.9	0.4

^a West Texas Intermediate. ^b Average regular pump price.

^c On-highway retail. ^d Residential average.

Detailed STEO Information

[Query STEO database](#) assumptions, data, projections

[Real Petroleum Prices](#) charts, data, projections

[Short-Term Energy Spreadsheet](#)

Tables

Tables	Format
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1. U.S. Macroeconomic and Weather Assumptions	html xls pdf
1a. U.S. Regional Macroeconomic Data	html xls pdf
2. U.S. Energy Indicators	html xls pdf
3. International Petroleum Supply and Demand	html xls pdf
3a. OPEC Oil Production	html xls pdf
4. U.S. Energy Prices	html xls pdf
5a. U.S. Petroleum Supply and Demand	html xls pdf
5b. U.S. Regional Motor Gasoline Inventories and Prices	html xls pdf
5c. U.S. Regional Distillate Inventories and Prices	html xls pdf
5d. U.S. Regional Propane Inventories and Prices	html xls pdf
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8b. U.S. Regional Natural Gas Demand	html xls pdf
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10c. U.S. Regional Electricity Prices	html xls pdf
10d. U.S. Electricity Generation by Sector	html xls pdf
10e. Fuel Consumption for Electricity	

World spare oil production capacity is projected to increase modestly during 2006 and 2007 despite new supplies from both non-OPEC and OPEC countries ([Figure 6. World Oil Spare Production Capacity](#)). The primary reason is that many mature fields, such as those in the North Sea, Mexico, and the Middle East, are showing declines. Non-OPEC supply, which grew by an annual average of 800,000 bbl/d between 1995-2005, is projected to grow by 800,000 bbl/d in 2006 and by 1.6 million bbl/d in 2007.

Outside of the United States, net production increases in 2006 of 100,000-200,000 bbl/d are expected in the Caspian, Canada, Angola, Russia, Brazil, and Mexico areas. Large new projects in 2007 are projected to lead to increases of almost 500,000 bbl/d in Angola, almost 400,000 bbl/d in the Caspian, over 200,000 bbl/d in Brazil, and over 200,000 bbl/d in Canada.

World oil demand growth ([Figure 7. World Oil Demand Growth](#)) is expected to increase from 1.2 million bbl/d in 2005 to 1.6 million bbl/d in 2006, largely because U.S. demand is projected to recover from a net decline in 2005 to show growth of 350,000 bbl/d in 2006. OECD demand growth outside of the United States is expected to remain low ([Figs. 8a-8f. International Oil Supply Charts](#)). World demand growth is projected to increase further to 1.9 million bbl/d in 2007 because of economic growth in developing Asian countries (excluding China). Chinese demand growth is projected to stay on its overall annual trend of about 500,000 bbl/d per year.

U.S. Petroleum Markets

Record high prices, hurricane-related disruptions, airline consolidations and a mild winter contributed to a 0.3-percent contraction in petroleum demand in 2005, the first decline since 2001. Demand for jet fuel shrank by 0.4 percent, while demand for liquefied petroleum gases and other oils also slipped in 2005. Residual fuel oil consumption, however, registered a 6.8-percent increase, brought about by price-induced switching from natural gas and a hot summer. A recovery in petroleum demand is expected in 2006 and 2007, averaging 2 percent per year, under assumptions of continued economic growth ([Figure 9. U.S. Petroleum Products Demand Growth](#)). Motor gasoline demand, accounting for almost half of total petroleum consumption, is projected to increase an average 1.7 percent per year. Residual fuel oil demand is expected to decline in 2006 under the assumption of a normal summer, and a projected recovery in natural gas demand in price-sensitive sectors.

On February 6, 2006, retail regular motor gasoline prices averaged \$2.34 per gallon, up 1.5 cents from January 9 (or, up 10.4 cents from January 2) and 43 cents from last year. The retail regular motor gasoline price is projected to average \$2.45 per gallon in 2006, up 7.3 percent from the previous year, before declining slowly to \$2.34 per gallon in 2007. Retail diesel prices are expected to follow a similar pattern, averaging \$2.51 per gallon in 2006, up 4.1 percent from last year, before gradually retreating to \$2.42 per gallon in 2007.

The recent increase in product imports has boosted inventories levels. Total motor gasoline stocks have recovered from their lows immediately following the hurricanes to a level very close to this time last year ([Figure 10. U.S. Gasoline Inventories](#)). Distillate stocks, currently at the high end of the previous 5-year range, are projected to decline slightly to the middle of that range for much of the forecast interval.

Natural Gas Markets

Total natural gas demand in 2006 is projected to remain near 2005 levels, then increase by 2.3 percent in 2007 ([Figure 11. Total U.S. Natural Gas Demand Growth](#)). Residential demand, in particular, is projected to slip somewhat from 2005 levels in 2006 and then increase by 3.3 percent in 2007. Demand for natural gas for generation of electricity is expected to fall by 2.1 percent in 2006 because of the warm January and the assumed return to normal summer weather, then increase by 2.2 percent in 2007. However, strong growth in natural gas-intensive industrial output is expected both this year (3.1 percent) and next (2.2 percent).

Domestic dry natural gas production in 2005 is estimated to have declined by 2.7 percent, owing mainly to the hurricane-induced infrastructure disruptions in the Gulf of Mexico. Dry gas production is projected to increase by 3.0 percent in 2006 and 1.3 percent in 2007. Total liquefied natural gas (LNG) imports are projected to increase from their 2005 level of 630 billion cubic feet (bcf) to 840 bcf in 2006. LNG

Generation by Sector [html](#) [xls](#) [pdf](#)

11. U.S. Renewable Energy Use by Sector [html](#) [xls](#) [pdf](#)

Annual Tables with Extended History, 1993-2007

A1. Annual U.S. Energy Supply and Demand [html](#) [xls](#) [pdf](#)

A2. Annual U.S. Macroeconomic and Weather Indicators [html](#) [xls](#) [pdf](#)

A3. Annual U.S. Energy Supply and Demand [html](#) [xls](#) [pdf](#)

A4. Annual Average U.S. Energy Prices [html](#) [xls](#) [pdf](#)

A5. Annual U.S. Petroleum Supply and Demand [html](#) [xls](#) [pdf](#)

A6. Annual U.S. Natural Gas Supply and Demand [html](#) [xls](#) [pdf](#)

A7. Annual U.S. Coal Supply and Demand [html](#) [xls](#) [pdf](#)

A8. Annual U.S. Electricity Supply and Demand [html](#) [xls](#) [pdf](#)

Winter Fuels Outlook Table

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Figures *all figures ppt (powerpoint presentation)*

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2. Gasoline and Crude Oil Prices [gif](#)

3. Natural Gas Henry Hub Spot Prices (Base Case and 95% Confidence Interval*) [gif](#)

4. Shut-In Federal Offshore Gulf Crude Oil Production [gif](#)

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6. World Oil Spare Production Capacity [gif](#)

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18. U.S. Crude Oil Stocks [gif](#)

19. U.S. Crude Oil Production Trends [gif](#)

20. U.S. Distillate Stocks [gif](#)

21. U.S. Distillate Fuel Prices [gif](#)

22. U.S. Annual Energy Expenditures As Percent of GDP* [gif](#)

imports in 2007 are expected to reach 1,070 bcf.

On January 27, 2006, working gas in storage stood at an estimated 2,406 bcf, which is the highest level for this time of year since 1989. Stocks are 296 bcf above 1 year ago and 529 bcf above the 5-year average (Figure 12. [U.S. Working Natural Gas in Storage](#)). Much of the current excess in storage is accounted for by unexpectedly warm winter weather, particularly in January. While concerns about potential future supply tightness and pressure from high oil market prices are keeping current and futures prices for natural gas high (at about \$8 to \$9 per mcf at the Henry Hub), any further weakening of natural gas demand (from weather or other factors) could cause a sharp downward correction in prices during 2006.

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Electricity Demand

Electricity demand is expected to increase by 0.5 percent in 2006 and by an additional 2.0 percent in 2007 due mainly to weather conditions and continuing economic growth (Figure 13. [Total U.S. Electricity Demand Growth](#)). Projected regional 2006 electricity prices to the residential sector range from 7.9 cents per kilowatt-hour (kwh) in the East South Central region to 13.9 cents per kwh in New England. On average, residential electricity prices in 2007 are expected to remain near 2006 levels.

Other EIA Forecasts:
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Coal Markets

Electric power sector demand for coal is projected to increase by 1.2 percent in 2006 and by another 1.4 percent in 2007 (Figure 14. [U.S. Coal Demand Growth](#)). Power sector demand for coal continues to increase in response to higher natural gas prices as well as higher oil prices. U.S. coal production is projected to grow by 2.7 percent in 2006 and by 1.2 percent in 2007 (Figure 15. [U.S. Coal Production](#)). The price of coal to the power sector is projected to rise throughout the forecast period, although at a slower rate than in 2005. In the electric power sector, coal prices are projected to rise by an average 7.0 percent in 2006 and by an additional 2.8 percent in 2007, increasing from \$1.54 per million Btu in 2005 to \$1.70 per million Btu in 2007.

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AAR MATERIALS AND SUPPLIES INDEX
Region By Composition
First Quarter 2006
March 1, 2006

United States by Composition Category - Summary

Composition Category -----	Weight -----	Previous Quarter Index -----	Current Quarter Index -----	Relative Of Change -----
Forest Products	.1321	213.81	211.86	.9909
Metal Products	.6552	147.80	156.21	1.0569
Miscellaneous Products	.2128	213.54	197.14	.9232
U.S. By Composition	--	170.52	172.29	1.0104
U.S. By Composition (Linked)	--	174.89	176.71	1.0104
United States (1977=100) Linking Factor: 1.423	--	248.87	251.46	1.0104
United States (1980=100) Linking Factor: 1.061	--	185.56	187.49	1.0104

Car Hire for RCAF

RCAF (Forecast)

	1980	June 3Q/05	Sept. 4Q/05	Dec. 1Q/06	Mar. 2Q/06	June 3Q/06
RATE						
RR-OWNED TIME	31.00	66.00	66.00	66.00	66.00	0.00
RR-OWNED MILEAGE	4.69	7.30	7.30	7.30	7.30	0.00
PRIVATELY-OWNED CARS	25.47	43.28	43.48	43.64	43.98	#DIV/0!
AUTORACKS	47.00	49.41	51.12	52.01	47.30	#DIV/0!
INDEX						
RR-OWNED TIME	100.0	212.9	212.9	212.9	212.9	0.0
RR-OWNED MILEAGE	100.0	155.7	155.7	155.7	155.7	0.0
PRIVATELY-OWNED CARS	100.0	169.9	170.7	171.3	172.7	#DIV/0!
AUTORACKS	100.0	105.1	108.8	110.7	100.6	#DIV/0!
CAR HIRE INDEX (old wts) 2003	100.0	178.1	--	--	--	--
CAR HIRE INDEX (new wts) 2004	100.0	178.6	179.1	179.5	180.5	#DIV/0!
CAR HIRE INDEX (LINKED)	100.0	175.1	175.6	176.0	177.0	NA

Note: The Car Hire Index for third quarter using *old weights* and *linked* should match that quarter's filing. The third quarter *new weights* version is used in the fourth quarter linked index calculation to ensure that the transition from old weights to new weights does not impact the linked index.

Equipment Rents Data From UMLER

	2006												
	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUNE	JULY

Railroad Owned															
No. of Cars	8,223	8,223	8,233	8,223	8,210	8,187	8,159	8,485	8,459						
Superstructures															
Rate	22.0	22.0	22.0	22.0	22.0	22.0	21.0	20.0	20.0						
Superstructures #3 - Auto Rack	66.0	66.0	66.0	66.0	66.0	66.0	66.0	65.0	66.0						
All other #1 - Time	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3						
All other #2 - Mileage															
Privately Owned															
No. of Cars	49,210	49,214	49,180	49,182	49,165	49,188	49,212	49,207	49,130						
Superstructures	304,934	307,041	308,423	307,615	308,118	309,256	310,037	310,704	311,695						
Covered Hoppers	270,874	271,707	271,754	272,246	272,942	274,267	273,804	274,070	276,064						
Tank Cars	249,672	249,865	252,725	253,069	254,993	255,832	256,415	256,818	260,465						
Others															
Rate	74.0	74.0	74.0	74.0	74.0	74.0	75.0	75.0	75.0						
Superstructures #1 - Time	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0						
Superstructures #2 - Mileage	55.0	55.0	56.0	56.0	56.0	57.0	51.0	51.0	52.0						
Superstructures #3 - Auto Rack	44.3	44.3	44.4	44.4	44.5	44.6	44.1	44.2	44.3						
Covered Hoppers #2 - Mileage	66.3	66.4	67.0	67.1	67.3	67.4	67.0	67.3	68.4						
Tank Cars #2 - Mileage	71.0	71.0	70.0	70.0	70.0	70.0	72.0	72.0	72.0						
Others #1 - Time	6.6	6.6	6.6	6.6	6.5	6.5	6.7	6.7	6.7						
Others #2 - Mileage															

	2005														
	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	
AVERAGE RATES															
Private Superstructures	17.39	17.39	17.39	17.39	17.39	17.39	17.63	17.63	17.63	0.00	0.00	0.00	0.00	0.00	
Private Others	22.36	22.36	22.14	22.14	22.04	22.04	22.68	22.68	22.68	0.00	0.00	0.00	0.00	0.00	
Private Total	43.34	43.39	43.48	43.51	43.55	43.64	43.51	43.64	43.98	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	
Autoracks	50.28	50.28	51.12	51.13	51.13	52.01	46.73	46.44	47.30	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	

	2003	2004
WEIGHTS		
For RCAF & RCR		
RR-owned Time	0.224	0.235
RR-owned Mileage	0.104	0.099
Privately-owned Cars	0.672	0.666
Autoracks	0.000	0.000
----- Check sum	1.000	1.000

Weights for Equipment Rents (not used in Car Hire calculation)		
	2003	2004
Car Hire - U.S.	0.501	0.510
Lease Rentals - U.S.	0.499	0.490
----- Check sum	1.000	1.000

1 PROGRAM: DPRB799
 CURRENT DATE: MARCH 01, 2006

RAILROAD EQUIPMENT 1/

PAGE NO: 43

		AVERAGE RATE FOR 03/06		
CAR GROUP	CAR COUNT	TIME	MILEAGE	AUTO RACK
-VEHICULAR FLATS	8,459	109 ¢/HR	.083 \$/MILE	20 ¢/HR
ONO. OF ZERO RATED VEH. FLATS 2/	110			
-ALL OTHER CARS	714,141	66 ¢/HR	.073 \$/MILE	
ONO. OF ZERO RATED "OTHER" CARS 2/	37,281			
	TOTAL:			
	759,991			

1/ THIS PRINT EXCLUDES THE FOLLOWING CAR TYPES:

- CAR TYPE D - LOCOMOTIVES
- CAR TYPE M - MAINTENANCE OF WAY, SCALE, PASSENGER, CABOOSE AND EOT DEVICE
- CAR TYPE U - CONTAINERS
- CAR TYPE Z - TRAILERS

0 -2/ ALL TTX EQUIPMENT (INCLUDING ABOX, RBOX AND GONX) IS SHOWN ON THE PRIVATE EQUIPMENT REPORT. EQUIPMENT CAN BE ZERO RATED DUE TO OWNERS SUPPLYING INCORRECT OR INSUFFICIENT INFORMATION TO THE CAR ACCOUNTING PROCESS OR CARS WITH RATE INDICATOR SIX (6). THIS EQUIPMENT IS ELIMINATED FROM THE AVERAGING PROCESS.

PRIVATE EQUIPMENT 1/

AVERAGE RATE FOR 03/06

CAR GROUP	CAR COUNT	TIME	MILEAGE	AUTO RACK
		75 ¢/HR	.000 \$/MILE	52 ¢/HR
-VEHICULAR FLATS	19	0 ¢/HR	.443 \$/MILE	
ONO. OF ZERO RATED VEH. FLATS 2/	311,695			
-COVERED HOPPERS	10,527	5 ¢/HR	.684 \$/MILE	
ONO. OF ZERO RATED COVERED HOPPERS 2/	276,064			
-TANKS	9,013	72 ¢/HR	.067 \$/MILE	
ONO. OF ZERO RATED TANKS 2/	260,465			
-ALL OTHER CARS	40,409			
ONO. OF ZERO RATED "OTHER" CARS 2/	40,409			
TOTAL:	957,322			

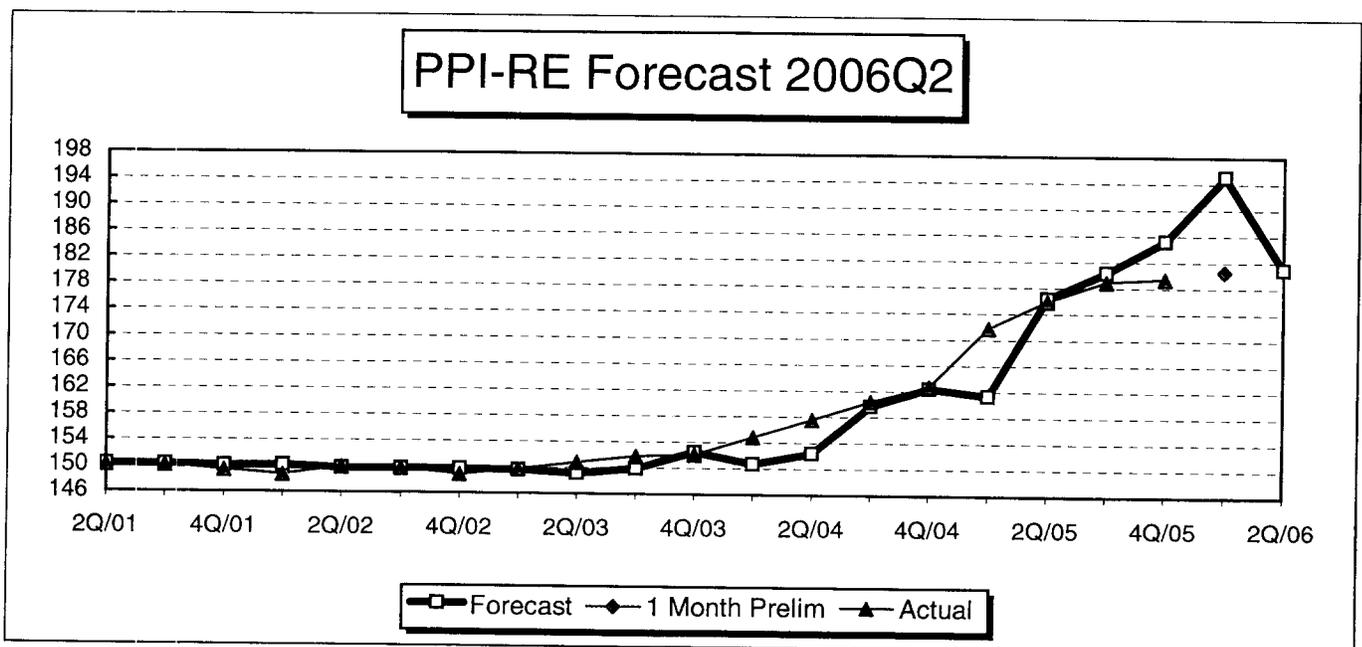
1/ THIS PRINT EXCLUDES THE FOLLOWING CAR TYPES:
 CAR TYPE D - LOCOMOTIVES
 CAR TYPE M - MAINTENANCE OF WAY, SCALE, PASSENGER, CABOOSE AND EOT DEVICE
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PPI-RE Forecast (for Depreciation Component)

	Forecast	Actual	1 Month Prelim
2Q/01	150.2	150.1	
3Q/01	150.2	150.0	
4Q/01	150.0	149.3	
1Q/02	150.1	148.6	
2Q/02	149.7	149.9	
3Q/02	149.7	149.7	
4Q/02	149.7	148.8	
1Q/03	149.6	149.7	
2Q/03	149.1	150.8	
3Q/03	149.9	151.7	
4Q/03	152.4	152.0	
1Q/04	150.7	154.8	
2Q/04	152.3	157.5	
3Q/04	159.6	160.3	
4Q/04	162.4	162.7	
1Q/05	161.3	171.7	
2Q/05	176.3	175.9	
3Q/05	180.3	178.9	
4Q/05	185.1	179.4	
1Q/06	195.0		180.6
2Q/06	180.9		

1980 Base

	PPI-RE Forecast		Percent Change			
	(82=100)	(80=100)	Yr Ago Actual	Latest Month Actual	2nd Prev Qtr Actual	Previous Forecast
2006Q2						
Low	157.9	174.7	-0.7%			
Modpoint	163.5	180.9	2.8%	0.2%	0.8%	-7.2%
High	169.2	187.2	6.4%			



re_ppi.txt

Forecast Pro Version 4.3 Standard Edition

Database I:\Indexes2\RCAF\2006Q2\5Deprec\FPre_ppi.xls is open and ready for use.

Expert data exploration of dependent variable PPIRE

Length 72 Minimum 134.500 Maximum 163.300
Mean 141.475 Standard deviation 9.804

Classical decomposition (multiplicative)
Trend-cycle: 98.18% Seasonal: 0.35% Irregular: 1.46%

Log transform recommended for Box-Jenkins.

Choice is narrowed down to Box-Jenkins or exponential smoothing.

Box-Jenkins outperforms exponential smoothing by 3.745 to 5.345 out-of-sample Mean Absolute Deviation. I tried 78 forecasts up to a maximum horizon 12. For Box-Jenkins, I used a log transform.

Series is trended and seasonal.

Recommended model: Box-Jenkins
Forecast Model for PPIRE
ARIMA(0,1,3) with log transform

Term	Coefficient	Std. Error	t-Statistic	Significance
b[1]	-0.2974	0.0886	-3.3553	0.9987
b[2]	-0.0771	0.0943	-0.8169	0.5832 <-
b[3]	-0.7382	0.0893	-8.2715	1.0000

Within-Sample Statistics

Sample size 72	Number of parameters 3
Mean 4.95	Standard deviation 0.06642
R-square 0.9918	Adjusted R-square 0.9915
Durbin-watson 1.863	Ljung-Box(18)=18.57 P=0.5812
Forecast error 0.006113	BIC 0.9234
MAPE 0.003726	RMSE 0.8938
MAD 0.5466	

Forecast Report
Fri Feb 17 09:36:14 2006
Box-Jenkins model for PPIRE
Analysis of Historic Fit Set

Date	Historic
2000-02	135.300
2000-03	135.600
2000-04	135.800
2000-05	135.700
2000-06	135.800
2000-07	135.800
2000-08	135.700
2000-09	135.900
2000-10	135.800
2000-11	135.800
2000-12	135.800
2001-01	135.900
2001-02	135.900
2001-03	135.400

re_ppi.txt

2001-04	135.500
2001-05	135.600
2001-06	135.700
2001-07	135.100
2001-08	135.100
2001-09	135.000
2001-10	134.600
2001-11	134.500
2001-12	134.500
2002-01	134.900
2002-02	134.600
2002-03	135.100
2002-04	135.000
2002-05	135.200
2002-06	135.400
2002-07	134.900
2002-08	135.000
2002-09	134.600
2002-10	134.500
2002-11	134.500
2002-12	134.500
2003-01	134.500
2003-02	135.400
2003-03	135.500
2003-04	136.000
2003-05	136.300
2003-06	136.300
2003-07	136.700
2003-08	136.500
2003-09	136.900
2003-10	137.200
2003-11	137.700
2003-12	137.300
2004-01	137.900
2004-02	140.100
2004-03	142.200
2004-04	142.800
2004-05	143.500
2004-06	143.700
2004-07	143.200
2004-08	143.500
2004-09	144.200
2004-10	145.000
2004-11	147.000
2004-12	153.200
2005-01	153.400
2005-02	156.000
2005-03	161.600
2005-04	161.100
2005-05	161.300
2005-06	161.200
2005-07	161.500
2005-08	161.800
2005-09	161.800
2005-10	162.800
2005-11	161.900
2005-12	161.900
2006-01	163.300

Forecasted Values

Date	2.5 Lower	Forecast	97.5 Upper
------	-----------	----------	------------

re_ppi.txt

2006-02	160.386	162.292	164.220
2006-03	159.517	162.634	165.811
2006-04	159.392	163.469	167.650
2006-05	157.767	163.469	169.377
2006-06	156.527	163.469	170.719
2006-07	155.488	163.469	171.860
2006-08	154.577	163.469	172.873
2006-09	153.758	163.469	173.794
2006-10	153.008	163.469	174.645
2006-11	152.313	163.469	175.442
2006-12	151.663	163.469	176.194
2007-01	151.051	163.469	176.908



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Data extracted on: February 28, 2006 (05:16 PM)

PPI Commodity Data

Series Catalog:

Series ID : wpu144

Not Seasonally Adjusted

Group : Transportation equipment

Item : Railroad equipment

Base Date : 8200

Data:

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ann
2005	153.4	156.0	161.6	161.1	161.3	161.2	161.5	161.8	161.8	162.8 (P)	161.9 (P)	161.9 (P)	160.6 (P)
2006	163.3 (P)												

P : Preliminary. All indexes are subject to revision four months after original publication.

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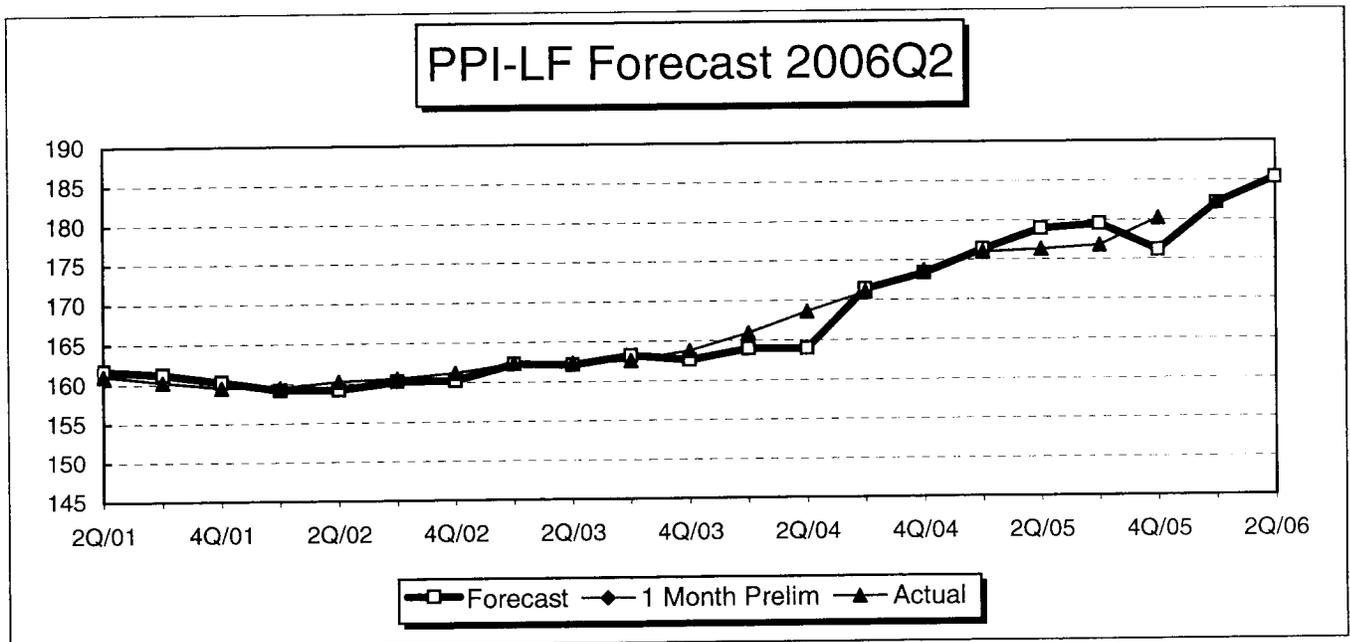
Phone: (202) 691-5200
 Fax-on-demand: (202) 691-6325
 Data questions: blsdata_staff@bls.gov
 Technical (web) questions: webmaster@bls.gov
 Other comments: feedback@bls.gov

PPI-LF Forecast (for Other and Lease Rentals Components)

	Forecast	Actual	1 Month Prelim
2Q/01	161.7	161.0	
3Q/01	161.2	160.2	
4Q/01	160.2	159.5	
1Q/02	159.2	159.5	
2Q/02	159.2	160.2	
3Q/02	160.1	160.5	
4Q/02	160.2	161.2	
1Q/03	162.2	162.3	
2Q/03	162.1	162.3	
3Q/03	163.2	162.6	
4Q/03	162.6	163.8	
1Q/04	163.9	166.0	
2Q/04	163.9	168.6	
3Q/04	171.4	171.1	
4Q/04	173.3	173.7	
1Q/05	176.3	176.0	
2Q/05	178.9	176.3	
3Q/05	179.5	176.8	
4Q/05	176.2	180.2	
1Q/06	182.1		182.1
2Q/06	185.3		

1980 Base

	PPI-LF Forecast		Percent Change			
	(82=100)	(80=100)	Yr Ago Actual	Latest Month Actual	2nd Prev Qtr Actual	Previous Forecast
2006Q2						
Low	162.9	182.6	3.6%			
Modpoint	165.3	185.3	5.1%	1.8%	2.8%	1.8%
High	167.8	188.1	6.7%			



Forecast Pro Version 4.3 Standard Edition

Database I:\Indexes2\RCAF\2006Q2\7Other\FPIf_ppi.xls is open and ready for use.

Expert data exploration of dependent variable PPILF

Length 72 Minimum 141.800 Maximum 162.400
 Mean 147.522 Standard deviation 6.193

Classical decomposition (multiplicative)
 Trend-cycle: 98.31% Seasonal: 0.24% Irregular: 1.46%

Log transform recommended for Box-Jenkins.

Choice is narrowed down to Box-Jenkins or exponential smoothing.

Box-Jenkins outperforms exponential smoothing by 1.267 to 1.808 out-of-sample Mean Absolute Deviation. I tried 78 forecasts up to a maximum horizon 12. For Box-Jenkins, I used a log transform.

Series is trended and seasonal.

Recommended model: Box-Jenkins
 Forecast Model for PPILF
 ARIMA(1,1,0)*(1,1,0) with log transform

Term	Coefficient	Std. Error	t-Statistic	Significance
a[1]	0.5230	0.1117	4.6832	1.0000
A[12]	-0.6377	0.1134	-5.6215	1.0000

Within-Sample Statistics

Sample size 72	Number of parameters 2
Mean 4.993	Standard deviation 0.04116
R-square 0.9973	Adjusted R-square 0.9972
Durbin-Watson 2.238	* Ljung-Box(18)=29.6 P=0.9585
Forecast error 0.002173	BIC 0.3351
MAPE 0.001496	RMSE 0.3207
MAD 0.2233	

Forecast Report
 Fri Feb 17 09:41:23 2006
 Box-Jenkins model for PPILF
 Analysis of Historic Fit Set

Date	Historic
2000-02	141.800
2000-03	142.100
2000-04	142.500
2000-05	142.500
2000-06	142.600
2000-07	142.700
2000-08	142.500
2000-09	142.700
2000-10	143.100
2000-11	142.900
2000-12	142.900
2001-01	143.500
2001-02	143.500
2001-03	143.600
2001-04	143.700

lf_ppi.txt

2001-05	143.700
2001-06	143.600
2001-07	143.200
2001-08	142.800
2001-09	142.800
2001-10	142.600
2001-11	142.300
2001-12	142.200
2002-01	142.200
2002-02	142.200
2002-03	142.400
2002-04	142.800
2002-05	142.700
2002-06	143.000
2002-07	143.000
2002-08	143.000
2002-09	143.200
2002-10	143.900
2002-11	143.800
2002-12	143.400
2003-01	144.000
2003-02	144.700
2003-03	145.300
2003-04	144.800
2003-05	144.900
2003-06	144.800
2003-07	144.600
2003-08	144.800
2003-09	145.000
2003-10	145.900
2003-11	146.100
2003-12	146.300
2004-01	147.200
2004-02	148.200
2004-03	149.100
2004-04	150.000
2004-05	150.500
2004-06	150.900
2004-07	151.500
2004-08	152.600
2004-09	153.300
2004-10	154.600
2004-11	155.000
2004-12	155.400
2005-01	156.400
2005-02	156.900
2005-03	157.400
2005-04	157.600
2005-05	157.400
2005-06	157.000
2005-07	157.300
2005-08	157.500
2005-09	158.700
2005-10	160.200
2005-11	160.800
2005-12	161.100
2006-01	162.400

Forecasted Values

Date	2.5 Lower	Forecast	97.5 Upper
------	-----------	----------	------------

			lf_ppi.txt
2006-02	162.689	163.445	164.205
2006-03	162.965	164.348	165.743
2006-04	163.150	165.098	167.070
2006-05	162.950	165.395	167.877
2006-06	162.649	165.534	168.471
2006-07	162.787	166.075	169.429
2006-08	163.260	166.923	170.668
2006-09	163.859	167.873	171.987
2006-10	164.998	169.357	173.831
2006-11	165.205	169.867	174.660
2006-12	165.316	170.261	175.354
2007-01	166.218	171.458	176.862



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Data extracted on: February 17, 2006 (09:25 AM)

PPI Commodity Data

Series Catalog:

Series ID : wpu03t15m05

Not Seasonally Adjusted

Group : Industrial Commodities less fuels

Item : Industrial commodities less fuels

Base Date : 8200

Data:

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ann
2005	156.4	156.9	157.4	157.6	157.4	157.0	157.3	157.5	158.7	160.2 (P)	160.8 (P)	161.1 (P)	158.2 (P)
2006	162.4 (P)												

P : Preliminary. All indexes are subject to revision four months after original publication.

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Forecast Error Calculation

	Fourth Quarter 2005		Diff
	2004	2005Q4	
Labor	Weight	Forecast	Actual
Fuel	36.0%	287.7	287.7
M&S	12.1%	276.2	283.4
Equip Rents	4.4%	179.9	179.9
Depreciation	8.9%	181.4	183.8
Interest	10.6%	185.1	179.4
Other	3.0%	92.7	92.7
Weighted Avg	25.0%	176.2	180.2
1980 = 100		227.5	229.0
1980 = 100 (linked)		225.3	227.8
4Q02 = 100		117.3	118.6
4Q97 = 100		130.1	131.5
4Q92 = 100		143.6	145.2

Forecast Error → 1.3

Prior Quarter	2005Q4	2005Q3
1980 = 100	219.1	220.4 ***
1980 = 100 (linked)	217.0	219.2
4Q02 = 100	113.0	114.1
4Q97 = 100	125.3	126.6
4Q92 = 100	138.3	139.7

Equipment Rents

Car Hire	51.0%	175.5	175.5
Lease Rentals	49.0%	176.2	180.2
Weighted Average		175.9	177.8
Linked		181.4	183.8

Prior Quarter	2005Q4	2005Q3
Weighted Average	177.3	175.9 ***
Linked	182.8	181.8

Sum of Weights ok
Sum of ER Wt. ok

* 2005Q3 Actual has employee H&W cost sharing rates for July from 1st month of quarter

* actual=forecast from Equipment Rents below

PPI-RE 162.80 161.90 161.90 0.9040

* actual=forecast

PPI-LF 160.20 160.80 161.10 0.8920

calculated

calculated

calculated

calculated

calculated

calculated

calculated

calculated

calculated

from UMLER equipment rents

calculated (equals PPI-LF from above)

calculated

calculated

*** if fourth quarter, weighted avg for prior needs to use new weights, linked is ok

All-Inclusive Index (Actual)

	04 Wts	3Q/05 03 Wts	3Q/05 04 Wts	% Chg.	4Q/05 04 Wts	% Chg.	1Q/06 04 Wts	% Chg.	2Q/06 04 Wts	% Chg.	3Q/06 04 Wts	% Chg.
Labor	36.0%	290.9	290.9	0.0%	287.7	-1.1%		-100.0%		#DIV/0!		#DIV/0!
Fuel	12.1%	212.3	212.3	0.0%	283.4	33.5%		-100.0%		#DIV/0!		#DIV/0!
M&S	4.4%	179.8	179.8	0.0%	179.9	0.1%		-100.0%		#DIV/0!		#DIV/0!
Equipment Rents	8.9%	181.8	181.8	0.0%	183.8	1.1%	0.0	-100.0%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Depreciation	10.6%	178.9	178.9	0.0%	179.4	0.3%	92.7	-100.0%		#DIV/0!		#DIV/0!
Interest	3.0%	90.2	90.2	0.0%	92.7	2.8%	92.7	0.0%	92.7	0.0%	92.7	0.0%
Other	25.0%	176.8	176.8	0.0%	180.2	1.9%		-100.0%		#DIV/0!		#DIV/0!
	<u>1.0000</u>											
Weighted Avg.		221.4	220.4	-0.5%	229.0	3.9%	2.8	-98.8%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Linked		219.2	219.2	0.0%	227.8	3.9%	2.8	-98.8%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
10/1/80		213.4	213.4	0.0%	221.8	3.9%	2.7	-98.8%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
10/1/82		181.3	181.3	0.0%	188.4	3.9%	2.3	-98.8%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
4Q/87		165.8	165.8	0.0%	172.3	3.9%	2.1	-98.8%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
4Q/92		139.7	139.7	0.0%	145.2	3.9%	1.8	-98.8%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
4Q/97		126.6	126.6	0.0%	131.5	3.9%	1.6	-98.8%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
4Q/02		114.1	114.1	0.0%	118.6	3.9%	1.5	-98.7%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Equipment Rents												
Car Hire	51.0%	175.1	175.1	0.0%	175.5	0.2%		-100.0%		#DIV/0!		#DIV/0!
Lease Rentals	49.0%	176.8	176.8	0.0%	180.2	1.9%	0.0	-100.0%	0.0	#DIV/0!	0.0	#DIV/0!
	1.0000											
ER Weighted Avg		175.9	175.9	0.0%	177.8	1.1%	0.0	-100.0%	0.0	#DIV/0!	0.0	#DIV/0!
ER Linked		181.8	181.8	0.0%	183.8	1.1%	0.0	-100.0%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

* Reflects the final actual third quarter values.

LABOR	03 Wts	04 Wts
FUEL	109.088	104.724
M&S	22.504	25.688
	7.911	7.911
EQUIP RENTS	17.089	16.180
DEPR	19.142	18.963
INTEREST	2.886	2.706
OTHER	42.786	44.200
Weighted Avg.	221.406	220.373
ER Weighted Avg.	175.9483	175.933

Note: 2005Q3 Labor differs from the filing because the filing did not have the new Q3 H&W employee cost sharing rates available, while the Actual uses the new rates.

RCAF Fuel (Actual All-Inclusive Index)

October 2005

Average Price for Monthly Report

	October 200 Price (1)	1/1/81 Price (2)	1/91 New	October 2005
			Method Linking Factors (3)	Index 1/1/81=100 (4)
U.S.	231.93	89.34	99.415	258.09
East	227.05	91.56	99.435	246.58
West	233.69	87.83	99.416	264.52

$$(4) = (1) / (2) \times (3)$$

Fuel Index on 1977 Base and 1980 Base

	October 2005		October 2005		Index 1980=100 (5)
	Index 1/1/81=100 (1)	Linking Factors 1977=100 (2)	Linking Factors 1980=100 (3)	Index 1977=100 (4)	
U.S.	258.09	2.606	1.096	672.57	282.86
East	246.58	2.569	1.134	633.46	279.62
West	264.52	2.639	1.067	698.06	282.24

$$(4) = (1) \times (2)$$

$$(5) = (1) \times (3)$$

Final Actual All-inclusive Index

	1980=100 October 2005		October 2005
	Current Index	Adjustment Factor	Linked Index
U.S.	282.86	1.00192	283.40 ←
East	279.62	1.00621	281.36
West	282.24	1.00024	282.31

January	= Q1
April	= Q2
July	= Q3
October	= Q4

RCAF - Depreciation

Series ID : wpu144

Not Seasonally Adjusted

Group : Transportation equipment

Item : Railroad equipment

Forecast Year 2006

As reported at end of month 82=100

		Nov.	Feb.	May	Aug.
For Forecast →		06Q1	06Q2	06Q3	06Q4
For Actual →		05Q3	05Q4	06Q1	06Q2
January	2005	153.4	153.4	153.4	153.4
February	2005	156.0	156.0	156.0	156.0
March	2005	161.6	161.6	161.6	161.6
April	2005	161.1	161.1	161.1	161.1
May	2005	161.3	161.3	161.3	161.3
June	2005	161.2	161.2	161.2	161.2
July	2005	160.3	161.5	161.5	161.5
August	2004	161.8	161.8	161.8	161.8
September	2004	163.0	161.8	161.8	161.8
October	2004	162.8	162.8		
November	2004		161.9		
December	2004		161.9		
January	2006		163.3		
February	2006				
March	2006				
April	2006				
May	2006				
June	2006				
July	2006				
Actual Qtr.		161.7	162.2	NA	NA

1980=100

Actual Qtr.	178.9	179.4	NA	NA
First Mo. next qtr.	180.1	180.6	NA	NA

0.904 =1980

RCAF - Other

Series ID : wpu03t15m05

Not Seasonally Adjusted

Group : Industrial Commodities less fuels

Item : Industrial commodities less fuels

Forecast Year 2006

As reported at end of month 82=100

		Nov.	Feb.	May	Aug.
For Forecast	→	06Q1	06Q2	06Q3	06Q4
For Actual	→	05Q3	05Q4	06Q1	06Q2
January	2005	156.4	156.4	156.4	156.4
February	2005	156.9	156.9	156.9	156.9
March	2005	157.4	157.4	157.4	157.4
April	2005	157.6	157.6	157.6	157.6
May	2005	157.4	157.4	157.4	157.4
June	2005	157.0	157.0	157.0	157.0
July	2005	157.1	157.3	157.3	157.3
August	2005	157.3	157.5	157.5	157.5
September	2005	158.7	158.7	158.7	158.7
October	2005	160.2	160.2		
November	2005		160.8		
December	2005		161.1		
January	2006		162.4		
February	2006				
March	2006				
April	2006				
May	2006				
June	2006				
July	2006				
Actual Qtr.		157.7	160.7	NA	NA

1980=100

Actual Qtr.	176.8	180.2	NA	NA
First Mo. next qtr.	179.6	182.1	NA	NA

0.892 =1980

Car Hire for RCAF

RCAF (Actual)

		1980	Aug 3Q/05	Nov. 4Q/05	Feb 1Q/06	May 2Q/06	Aug 3Q/06
RATE							
	RR-OWNED TIME	31.00	66.00	66.00	66.00	0.00	0.00
	RR-OWNED MILEAGE	4.69	7.30	7.30	7.30	0.00	0.00
	PRIVATELY-OWNED CARS	25.47	43.39	43.55	43.64	#DIV/0!	#DIV/0!
	AUTORACKS	47.00	50.28	51.13	46.44	#DIV/0!	#DIV/0!
INDEX							
	RR-OWNED TIME	100.0	212.9	212.9	212.9	0.0	0.0
	RR-OWNED MILEAGE	100.0	155.7	155.7	155.7	0.0	0.0
	PRIVATELY-OWNED CARS	100.0	170.3	171.0	171.3	#DIV/0!	#DIV/0!
	AUTORACKS	100.0	107.0	108.8	98.8	#DIV/0!	#DIV/0!
	CAR HIRE INDEX (old wts)	2003	100.0	178.3	--	--	--
	CAR HIRE INDEX (new wts)	2004	100.0	178.9	179.5	#DIV/0!	#DIV/0!
	CAR HIRE INDEX (LINKED)		100.0	175.1	175.5	NA	NA

Equipment Rents Data From UMLER

	2005					2006								
	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG
Railroad Owned														
No. of Cars	8,223	8,223	8,233	8,223	8,210	8,187	8,159	8,485						
Superstructures														
Rate	22.0	22.0	22.0	22.0	22.0	22.0	21.0	20.0						
Superstructures #3 - Auto Rack	66.0	66.0	66.0	66.0	66.0	66.0	66.0	66.0						
All other #1 - Time	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3						
All other #2 - Mileage														
Privately Owned														
No. of Cars	49,210	49,214	49,180	49,182	49,165	49,188	49,212	49,207						
Superstructures	304,934	307,041	308,423	307,615	308,118	309,256	310,037	310,704						
Covered Hoppers	270,874	271,707	271,754	272,246	272,942	274,267	273,804	274,070						
Tank Cars	249,672	249,865	252,725	253,069	254,993	255,832	256,415	256,818						
Others														
Rate	74.0	74.0	74.0	74.0	74.0	74.0	75.0	75.0						
Superstructures #1 - Time	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0						
Superstructures #2 - Mileage	55.0	55.0	56.0	56.0	56.0	57.0	51.0	51.0						
Superstructures #3 - Auto Rack	44.3	44.3	44.4	44.4	44.5	44.6	44.1	44.2						
Covered Hoppers #2 - Mileage	66.3	66.4	67.0	67.1	67.3	67.4	67.0	67.3						
Tank Cars #2 - Mileage	71.0	71.0	70.0	70.0	70.0	70.0	72.0	72.0						
Others #1 - Time	6.6	6.6	6.6	6.6	6.5	6.5	6.7	6.7						
Others #2 - Mileage														
AVERAGE RATES														
Private Superstructures	17.39	17.39	17.39	17.39	17.39	17.39	17.63	17.63						
Private Others	22.36	22.36	22.14	22.14	22.04	22.04	22.68	22.68						
Private Total	43.34	43.39	43.48	43.51	43.55	43.64	43.51	43.64						
Autoracks	50.28	50.28	51.12	51.13	51.13	52.01	46.73	46.44						
WEIGHTS														
For RCAF & RCR														
RR-owned Time	0.224	0.235												
RR-owned Mileage	0.104	0.099												
Privately-owned Cars	0.672	0.666												
Autoracks	0.000	0.000												
----- Check sum	1.000	1.000												
Weights for Equipment Rents (not used in Car Hire calculation)														
Car Hire - U.S.	2003	2004												
Lease Rentals - U.S.	0.501	0.510												
----- Check sum	0.499	0.490												
----- Check sum	1.000	1.000												



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Data extracted on: February 28, 2006 (05:16 PM)

PPI Commodity Data

Series Catalog:

Series ID : wpu144

Not Seasonally Adjusted
Group : Transportation equipment
Item : Railroad equipment
Base Date : 8200

Data:

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ann
2005	153.4	156.0	161.6	161.1	161.3	161.2	161.5	161.8	161.8	162.8 (P)	161.9 (P)	161.9 (P)	160.6 (P)
2006	163.3 (P)												

P : Preliminary. All indexes are subject to revision four months after original publication.

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Data extracted on: February 17, 2006 (09:25 AM)

PPI Commodity Data

Series Catalog:

Series ID : wpu03t15m05

Not Seasonally Adjusted

Group : Industrial Commodities less fuels

Item : Industrial commodities less fuels

Base Date : 8200

Data:

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ann
2005	156.4	156.9	157.4	157.6	157.4	157.0	157.3	157.5	158.7	160.2 (P)	160.8 (P)	161.1 (P)	158.2 (P)
2006	162.4 (P)												

P : Preliminary. All indexes are subject to revision four months after original publication.

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ASSOCIATION OF AMERICAN RAILROADS

MEMORANDUM

TO: Self
FROM: Clyde Crimmel
cc: Shou-Lien Liu
DATE: November 9, 2005
RE: Unemployment Insurance Tax Rate for 2005

Unemployment Insurance rates for 2006 can range from a minimum of 0.65 percent to a maximum of 12 percent on monthly earnings up to \$1,195. A 1.5 percentage point surcharge will be in effect for 2006, meaning the minimum tax rate is effectively 2.15 percent. Marla Huddleston, Chief, Division of Benefit and Employment Analysis at the Railroad Retirement Board, said in her November 9 e-mail that the weighted average 2006 Unemployment Insurance rate for Class I railroads is **2.36 percent**.

Currently, we are using 2004 wage statistics that Class I railroads do not include the Texas Mexican Railway which KCS took control on January 1, 2005. When we rebenchmark in the fall of 2006, KCS may include Texas Mexican in its 2005 wage statistics. If this railroad is included, the 2006 weighted average Unemployment Insurance rate for Class I railroads will be still 2.36 percent.

**Tax Rates and Maximum Taxable Earnings Under Social Security,
Railroad Retirement and Railroad Unemployment Insurance Programs, Continued**

Period	Railroad Retirement					Railroad Unemployment Insurance				Unemployment Repayment Tax [4]	
	Maximum earnings base [3]		Tax rate (percent) [3]			Maximum monthly taxable earnings	Employer tax rate [5] (percent)	Surcharge or (pooled credit)	New employer tax rate (percent)	Maximum taxable earnings	Employer tax rate (percent)
			Tier 1	Tier 2							
	Tier 1 [7]	Tier 2	Employer & employee each	Employer	Employee						
1991	53,400	39,600	7.65	16.1	4.9	765	5.55 - 12.0	...	8.00	765	4.0
1992	55,500	41,400	7.65	16.1	4.9	785	3.10 - 12.0	(3.12)	8.00	785	4.0
1993	57,600	42,900	7.65	16.1	4.9	810	0.65 - 12.0	(5.31)	7.30	810	4.0
1994	60,600	45,000	7.65	16.1	4.9	840	0.65 - 12.0	(0.22)	6.08		
1995	61,200	45,300	7.65	16.1	4.9	850	0.65 - 12.0	...	4.15		
1996	62,700	46,500	7.65	16.1	4.9	865	0.65 - 12.0	...	2.31		
1997	65,400	48,600	7.65	16.1	4.9	890	0.65 - 12.0	...	1.16		
1998	68,400	50,700	7.65	16.1	4.9	925	2.15 - 12.0	1.5	0.85		
1999	72,600	53,700	7.65	16.1	4.9	970	2.15 - 12.0	1.5	0.92		
2000	76,200	56,700	7.65	16.1	4.9	1,005	0.65 - 12.0	...	1.67		
2001	80,400	59,700	7.65	16.1	4.9	1,050	2.15 - 12.0	1.5	2.59		
2002	84,900	63,000	7.65	15.6	4.9	1,100	3.15 - 12.0	2.5	2.71		
2003	87,000	64,500	7.65	14.2	4.9	1,120	3.15 - 12.0	2.5	2.36		
2004	87,900	65,100	7.65	13.1	4.9	1,130	2.15 - 12.0	1.5	2.38		
2005	90,000	66,900	7.65	12.6	4.4	1,150	2.15 - 12.0	1.5	3.43		
2006	94,200	69,900	7.65	12.6	4.4	1,195	2.15 - 12.0	1.5	4.03		
2007 and later	[2]	[2]	7.65	[8]	[8]	[2]	[5]	[5]	[5]		

- 1 The tax credit. Employees received a credit of 0.3 percent in 1984. The self-employed received a credit of 2.7 percent in 1984, 2.3 percent in 1985 and 2.0 percent in 1986-89.
- 2 Based on automatic adjustments in proportion to increases in average earnings levels.
- 3 Earnings bases are monthly through 1984 and annual for 1985 and later. October 1, 1973 was the effective date for the allocation of railroad retirement taxes by tiers, subject to a moratorium for certain railroad labor organizations. The tier 1 tax rate was set equal to the current social security tax rate.
- 4 This temporary tax applied to employers until all pre-October 1985 loans from the Railroad Retirement Account were fully repaid with interest on June 29, 1993. Earnings bases are annual through 1988 and monthly for 1989-1993.
- 5 Taxes are paid only by employer. From 1948 through 1988, the rate for a calendar year was based on a graduated schedule depending on the preceding September 30 account balance (including administration fund). Except for certain commuter railroads, the rate for 1989-1990 was fixed at 8.0 percent. Beginning in 1991, each employer's rate is experience-based, with a minimum of 0.65 percent and a maximum of 12 percent, or 12.5 percent if a 3.5 percent surcharge applies due to a low account balance.
- 6 Taxes are paid only by employers. The supplemental annuity tax was repealed for calendar years after 2001.
- 7 Beginning in 1991, the portion of the tier 1 tax rate which does not exceed the social security HI tax rate is applied to earnings up to the HI maximum taxable amount. In 1993, a 1.45 percent tax applied to earnings up to \$135,000 and a 6.2 percent tax applied to earnings up to \$57,600.
- 8 Beginning in 2004, the tier 2 tax rate will be determined annually from a tax rate schedule based on the average account benefits ratio. The average account benefits ratio is the average for the 10 fiscal years preceding the calendar year of the ratio of the fair market value of the assets in the Railroad Retirement Account and the National Railroad Retirement Investment Trust as of the close of each fiscal year to the total benefits and administrative expenses paid from those accounts during the fiscal year. Employer tax rates can range from 8.2 percent to 22.1 percent. Employee tax rates can range from 0 percent to 4.9 percent.

The MEANS Procedure

Variable	N	Sum	Mean
ANUAL_US	2628	33630824.15	12797.12
QTRLY_US	2628	35546455.07	13526.05

The SAS System
 Factors and Caps 2004 and 2006Q2

The MEANS Procedure

Variable	N	Sum	Mean
FactorA	2628	2646.71	1.0071190
FactorQ	2628	2750.51	1.0466160
Capa	2628	35635680.00	13560.00
Capq	2628	37685520.00	14340.00



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Short-Term Energy Outlook

February 7th, 2006 Release
(Next Update: March 7th, 2006)

Overview

In 2006 and 2007, total domestic energy demand is projected to increase at an average annual rate of about 1.4 percent each year.

In the United States, January was 27 percent warmer than normal, pushing prices for natural gas lower than predicted in the previous *Outlook*. But cold weather in parts of Asia and Europe combined with uncertainties regarding oil supplies from Nigeria, Iran and Iraq help keep crude oil prices high. Prices for crude oil and petroleum products are projected to remain high through 2006 before starting to weaken in 2007. The price of West Texas Intermediate (WTI) crude oil, which averaged \$56 per barrel in 2005, is projected to average \$65 per barrel in 2006 and \$61 in 2007 ([Figure 1. West Texas Intermediate Crude Oil Price](#)). Retail regular gasoline prices, which averaged \$2.27 per gallon in 2005, are projected to average \$2.45 in 2006 and \$2.34 in 2007 ([Figure 2. Gasoline and Crude Oil Prices](#)). Henry Hub natural gas prices, which averaged \$9.00 per thousand cubic feet (mcf) in 2005, are projected to average \$8.87 in 2006 and \$8.70 in 2007 ([Figure 3. Natural Gas Henry Hub Spot Prices](#)).

Hurricane Recovery

Recovery of natural gas and crude oil production from Hurricanes Katrina and Rita continues. According to the [Minerals Management Service](#), approximately 255,000 barrels per day (bbl/d) of oil production and 400 million cubic feet per day (mcf/d) of natural gas production are expected to remain offline prior to the start of the next hurricane season June 1, 2006 ([Figure 4. Shut-In Federal Offshore Gulf Crude Oil Production](#), [Figure 5. Shut-In Federal Offshore Gulf Natural Gas Production](#)).

Winter Heating Expenditures

The warmer than expected January has provided U.S. households some relief from this year's expected increase in heating fuel expenditures. However, 2005-2006 winter residential space-heating expenditures are still projected to be higher relative to the winter of 2004-2005 owing to higher energy prices. On average, households heating primarily with natural gas can expect to spend \$178 (24 percent) more for fuel this winter than last winter. Households heating primarily with heating oil can expect to pay, on average, \$195 (16 percent) more this winter than last. Households heating primarily with propane can expect to pay, on average, \$150 (14 percent) more this winter than last. Households heating primarily with electricity can expect to pay, on average, \$36 (5 percent) more than last winter. Should colder-than-normal weather occur for the remainder of the heating season, expenditures could be significantly higher than currently projected. These averages provide a broad guide to changes from last winter, but fuel expenditures for individual households are highly dependent on local weather conditions, the size and efficiency of individual homes, their heating equipment, and thermostat settings ([Table WF01. Selected U.S. Average Consumer Prices and Expenditures for Heating Fuels for the Winter](#)).

Global Petroleum Markets

Many of the same factors that drove world oil markets in 2005, such as low world spare oil production capacity and rapid world oil demand growth, will continue to affect markets in 2006 and 2007. Other factors are less certain, such as the frequency and intensity of hurricanes, other extreme weather, and geopolitical instability.

Price Summary

	Year				Percent Change		
	2004	2005	2006	2007	04-05	05-06	06-07
WTI							
Crude^a (\$/barrel)	41.44	56.49	64.98	60.63	36.3	15.0	-6.7
Gasoline^b (\$/gal)	1.85	2.27	2.45	2.34	22.7	8.0	-4.6
Diesel^c (\$/gal)	1.81	2.41	2.51	2.42	33.3	4.1	-3.8
Heating Oil^d (\$/gal)	1.54	2.03	2.24	2.13	32.2	10.2	-5.1
Natural Gas^d (\$/mcf)	10.74	12.73	13.36	13.41	18.6	4.9	0.4

^a West Texas Intermediate. ^b Average regular pump price.

^c On-highway retail. ^d Residential average.

Detailed STEO Information

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[Real Petroleum Prices](#) charts, data, projections

[Short-Term Energy Spreadsheet](#)

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1a. U.S. Regional Macroeconomic Data	html xls pdf
2. U.S. Energy Indicators	html xls pdf
3. International Petroleum Supply and Demand	html xls pdf
3a. OPEC Oil Production	html xls pdf
4. U.S. Energy Prices	html xls pdf
5a. U.S. Petroleum Supply and Demand	html xls pdf
5b. U.S. Regional Motor Gasoline Inventories and Prices	html xls pdf
5c. U.S. Regional Distillate Inventories and Prices	html xls pdf
5d. U.S. Regional Propane Inventories and Prices	html xls pdf
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10d. U.S. Electricity Generation by Sector	html xls pdf
10e. Fuel Consumption for Electricity	

World spare oil production capacity is projected to increase modestly during 2006 and 2007 despite new supplies from both non-OPEC and OPEC countries ([Figure 6. World Oil Spare Production Capacity](#)). The primary reason is that many mature fields, such as those in the North Sea, Mexico, and the Middle East, are showing declines. Non-OPEC supply, which grew by an annual average of 800,000 bbl/d between 1995-2005, is projected to grow by 800,000 bbl/d in 2006 and by 1.6 million bbl/d in 2007.

Outside of the United States, net production increases in 2006 of 100,000-200,000 bbl/d are expected in the Caspian, Canada, Angola, Russia, Brazil, and Mexico areas. Large new projects in 2007 are projected to lead to increases of almost 500,000 bbl/d in Angola, almost 400,000 bbl/d in the Caspian, over 200,000 bbl/d in Brazil, and over 200,000 bbl/d in Canada.

World oil demand growth ([Figure 7. World Oil Demand Growth](#)) is expected to increase from 1.2 million bbl/d in 2005 to 1.6 million bbl/d in 2006, largely because U.S. demand is projected to recover from a net decline in 2005 to show growth of 350,000 bbl/d in 2006. OECD demand growth outside of the United States is expected to remain low ([Figs. 8a-8f. International Oil Supply Charts](#)). World demand growth is projected to increase further to 1.9 million bbl/d in 2007 because of economic growth in developing Asian countries (excluding China). Chinese demand growth is projected to stay on its overall annual trend of about 500,000 bbl/d per year.

U.S. Petroleum Markets

Record high prices, hurricane-related disruptions, airline consolidations and a mild winter contributed to a 0.3-percent contraction in petroleum demand in 2005, the first decline since 2001. Demand for jet fuel shrank by 0.4 percent, while demand for liquefied petroleum gases and other oils also slipped in 2005. Residual fuel oil consumption, however, registered a 6.8-percent increase, brought about by price-induced switching from natural gas and a hot summer. A recovery in petroleum demand is expected in 2006 and 2007, averaging 2 percent per year, under assumptions of continued economic growth ([Figure 9. U.S. Petroleum Products Demand Growth](#)). Motor gasoline demand, accounting for almost half of total petroleum consumption, is projected to increase an average 1.7 percent per year. Residual fuel oil demand is expected to decline in 2006 under the assumption of a normal summer, and a projected recovery in natural gas demand in price-sensitive sectors.

On February 6, 2006, retail regular motor gasoline prices averaged \$2.34 per gallon, up 1.5 cents from January 9 (or, up 10.4 cents from January 2) and 43 cents from last year. The retail regular motor gasoline price is projected to average \$2.45 per gallon in 2006, up 7.3 percent from the previous year, before declining slowly to \$2.34 per gallon in 2007. Retail diesel prices are expected to follow a similar pattern, averaging \$2.51 per gallon in 2006, up 4.1 percent from last year, before gradually retreating to \$2.42 per gallon in 2007.

The recent increase in product imports has boosted inventories levels. Total motor gasoline stocks have recovered from their lows immediately following the hurricanes to a level very close to this time last year ([Figure 10. U.S. Gasoline Inventories](#)). Distillate stocks, currently at the high end of the previous 5-year range, are projected to decline slightly to the middle of that range for much of the forecast interval.

Natural Gas Markets

Total natural gas demand in 2006 is projected to remain near 2005 levels, then increase by 2.3 percent in 2007 ([Figure 11. Total U.S. Natural Gas Demand Growth](#)). Residential demand, in particular, is projected to slip somewhat from 2005 levels in 2006 and then increase by 3.3 percent in 2007. Demand for natural gas for generation of electricity is expected to fall by 2.1 percent in 2006 because of the warm January and the assumed return to normal summer weather, then increase by 2.2 percent in 2007. However, strong growth in natural gas-intensive industrial output is expected both this year (3.1 percent) and next (2.2 percent).

Domestic dry natural gas production in 2005 is estimated to have declined by 2.7 percent, owing mainly to the hurricane-induced infrastructure disruptions in the Gulf of Mexico. Dry gas production is projected to increase by 3.0 percent in 2006 and 1.3 percent in 2007. Total liquefied natural gas (LNG) imports are projected to increase from their 2005 level of 630 billion cubic feet (bcf) to 840 bcf in 2006. LNG

Generation by Sector [html](#) [xls](#) [pdf](#)

11. U.S. Renewable Energy Use by Sector [html](#) [xls](#) [pdf](#)

Annual Tables with Extended History, 1993-2007

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A2. Annual U.S. Macroeconomic and Weather Indicators [html](#) [xls](#) [pdf](#)

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A5. Annual U.S. Petroleum Supply and Demand [html](#) [xls](#) [pdf](#)

A6. Annual U.S. Natural Gas Supply and Demand [html](#) [xls](#) [pdf](#)

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Winter Fuels Outlook Table

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imports in 2007 are expected to reach 1,070 bcf.

On January 27, 2006, working gas in storage stood at an estimated 2,406 bcf, which is the highest level for this time of year since 1989. Stocks are 296 bcf above 1 year ago and 529 bcf above the 5-year average ([Figure 12. U.S. Working Natural Gas in Storage](#)). Much of the current excess in storage is accounted for by unexpectedly warm winter weather, particularly in January. While concerns about potential future supply tightness and pressure from high oil market prices are keeping current and futures prices for natural gas high (at about \$8 to \$9 per mcf at the Henry Hub), any further weakening of natural gas demand (from weather or other factors) could cause a sharp downward correction in prices during 2006.

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Electricity Demand

Electricity demand is expected to increase by 0.5 percent in 2006 and by an additional 2.0 percent in 2007 due mainly to weather conditions and continuing economic growth ([Figure 13. Total U.S. Electricity Demand Growth](#)). Projected regional 2006 electricity prices to the residential sector range from 7.9 cents per kilowatt-hour (kwh) in the East South Central region to 13.9 cents per kwh in New England. On average, residential electricity prices in 2007 are expected to remain near 2006 levels.

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Coal Markets

Electric power sector demand for coal is projected to increase by 1.2 percent in 2006 and by another 1.4 percent in 2007 ([Figure 14. U.S. Coal Demand Growth](#)). Power sector demand for coal continues to increase in response to higher natural gas prices as well as higher oil prices. U.S. coal production is projected to grow by 2.7 percent in 2006 and by 1.2 percent in 2007 ([Figure 15. U.S. Coal Production](#)). The price of coal to the power sector is projected to rise throughout the forecast period, although at a slower rate than in 2005. In the electric power sector, coal prices are projected to rise by an average 7.0 percent in 2006 and by an additional 2.8 percent in 2007, increasing from \$1.54 per million Btu in 2005 to \$1.70 per million Btu in 2007.

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AAR MATERIALS AND SUPPLIES INDEX
Region By Composition
First Quarter 2006
March 1, 2006

United States by Composition Category - Summary

Composition Category -----	Weight -----	Previous Quarter Index -----	Current Quarter Index -----	Relative Of Change -----
Forest Products	.1321	213.81	211.86	.9909
Metal Products	.6552	147.80	156.21	1.0569
Miscellaneous Products	.2128	213.54	197.14	.9232
U.S. By Composition	--	170.52	172.29	1.0104
U.S. By Composition (Linked)	--	174.89	176.71	1.0104
United States (1977=100) Linking Factor: 1.423	--	248.87	251.46	1.0104
United States (1980=100) Linking Factor: 1.061	--	185.56	187.49	1.0104

Car Hire for RCAF

RCAF (Forecast)

	1980	June 3Q/05	Sept. 4Q/05	Dec. 1Q/06	Mar. 2Q/06	June 3Q/06
RATE						
RR-OWNED TIME	31.00	66.00	66.00	66.00	66.00	0.00
RR-OWNED MILEAGE	4.69	7.30	7.30	7.30	7.30	0.00
PRIVATELY-OWNED CARS	25.47	43.28	43.48	43.64	43.98	#DIV/0!
AUTORACKS	47.00	49.41	51.12	52.01	47.30	#DIV/0!
INDEX						
RR-OWNED TIME	100.0	212.9	212.9	212.9	212.9	0.0
RR-OWNED MILEAGE	100.0	155.7	155.7	155.7	155.7	0.0
PRIVATELY-OWNED CARS	100.0	169.9	170.7	171.3	172.7	#DIV/0!
AUTORACKS	100.0	105.1	108.8	110.7	100.6	#DIV/0!
CAR HIRE INDEX (old wts) 2003	100.0	178.1	--	--	--	--
CAR HIRE INDEX (new wts) 2004	100.0	178.6	179.1	179.5	180.5	#DIV/0!
CAR HIRE INDEX (LINKED)	100.0	175.1	175.6	176.0	177.0	NA

Note: The Car Hire Index for third quarter using *old weights* and *linked* should match that quarter's filing. The third quarter *new weights* version is used in the fourth quarter linked index calculation to ensure that the transition from old weights to new weights does not impact the linked index.

Equipment Rents Data From UMLER

	2006												
	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUNE	JULY

Railroad Owned															
No. of Cars	8,223	8,223	8,233	8,223	8,210	8,187	8,159	8,485	8,459						
Superstructures															
Rate	22.0	22.0	22.0	22.0	22.0	22.0	21.0	20.0	20.0						
Superstructures #3 - Auto Rack	66.0	66.0	66.0	66.0	66.0	66.0	66.0	65.0	66.0						
All other #1 - Time	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3						
All other #2 - Mileage															
Privately Owned															
No. of Cars	49,210	49,214	49,180	49,182	49,165	49,188	49,212	49,207	49,130						
Superstructures	304,934	307,041	308,423	307,615	308,118	309,256	310,037	310,704	311,695						
Covered Hoppers	270,874	271,707	271,754	272,246	272,942	274,267	273,804	274,070	276,064						
Tank Cars	249,672	249,865	252,725	253,069	254,993	255,832	256,415	256,818	260,465						
Others															
Rate	74.0	74.0	74.0	74.0	74.0	74.0	75.0	75.0	75.0						
Superstructures #1 - Time	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0						
Superstructures #2 - Mileage	55.0	55.0	56.0	56.0	56.0	57.0	51.0	51.0	52.0						
Superstructures #3 - Auto Rack	44.3	44.3	44.4	44.4	44.5	44.6	44.1	44.2	44.3						
Covered Hoppers #2 - Mileage	66.3	66.4	67.0	67.1	67.3	67.4	67.0	67.3	68.4						
Tank Cars #2 - Mileage	71.0	71.0	70.0	70.0	70.0	70.0	72.0	72.0	72.0						
Others #1 - Time	6.6	6.6	6.6	6.6	6.5	6.5	6.7	6.7	6.7						
Others #2 - Mileage															

	2005														
	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	
AVERAGE RATES															
Private Superstructures	17.39	17.39	17.39	17.39	17.39	17.39	17.63	17.63	17.63	0.00	0.00	0.00	0.00	0.00	
Private Others	22.36	22.36	22.14	22.14	22.04	22.04	22.68	22.68	22.68	0.00	0.00	0.00	0.00	0.00	
Private Total	43.34	43.39	43.48	43.51	43.55	43.64	43.51	43.64	43.98	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	
Autoracks	50.28	50.28	51.12	51.13	51.13	52.01	46.73	46.44	47.30	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	

	2003	2004
WEIGHTS		
For RCAF & RCR	0.224	0.235
RR-owned Time	0.104	0.099
RR-owned Mileage	0.672	0.666
Privately-owned Cars	0.000	0.000
Autoracks	1.000	1.000
----- Check sum		

Weights for Equipment Rents (not used in Car Hire calculation)		
	2003	2004
Car Hire - U.S.	0.501	0.510
Lease Rentals - U.S.	0.499	0.490
----- Check sum	1.000	1.000

1 PROGRAM: DPRB799
 CURRENT DATE: MARCH 01, 2006

RAILROAD EQUIPMENT 1/

PAGE NO: 43

		AVERAGE RATE FOR 03/06		
CAR GROUP	CAR COUNT	TIME	MILEAGE	AUTO RACK
-VEHICULAR FLATS	8,459	109 ¢/HR	.083 \$/MILE	20 ¢/HR
ONO. OF ZERO RATED VEH. FLATS 2/	110			
-ALL OTHER CARS	714,141	66 ¢/HR	.073 \$/MILE	
ONO. OF ZERO RATED "OTHER" CARS 2/	37,281			
	TOTAL:			
	759,991			

1/ THIS PRINT EXCLUDES THE FOLLOWING CAR TYPES:

- CAR TYPE D - LOCOMOTIVES
- CAR TYPE M - MAINTENANCE OF WAY, SCALE, PASSENGER, CABOOSE AND EOT DEVICE
- CAR TYPE U - CONTAINERS
- CAR TYPE Z - TRAILERS

0 -2/ ALL TTX EQUIPMENT (INCLUDING ABOX, RBOX AND GONX) IS SHOWN ON THE PRIVATE EQUIPMENT REPORT. EQUIPMENT CAN BE ZERO RATED DUE TO OWNERS SUPPLYING INCORRECT OR INSUFFICIENT INFORMATION TO THE CAR ACCOUNTING PROCESS OR CARS WITH RATE INDICATOR SIX (6). THIS EQUIPMENT IS ELIMINATED FROM THE AVERAGING PROCESS.

PRIVATE EQUIPMENT 1/

AVERAGE RATE FOR 03/06

CAR GROUP	CAR COUNT	TIME	MILEAGE	AUTO RACK
-VEHICULAR FLATS	49,130	75 ¢/HR	.000 \$/MILE	52 ¢/HR
ONO. OF ZERO RATED VEH. FLATS 2/	19	0 ¢/HR	.443 \$/MILE	
-COVERED HOPPERS	311,695	5 ¢/HR	.684 \$/MILE	
ONO. OF ZERO RATED COVERED HOPPERS 2/	10,527			
-TANKS	276,064	72 ¢/HR	.067 \$/MILE	
ONO. OF ZERO RATED TANKS 2/	9,013			
-ALL OTHER CARS	260,465			
ONO. OF ZERO RATED "OTHER" CARS 2/	40,409			
TOTAL:	957,322			

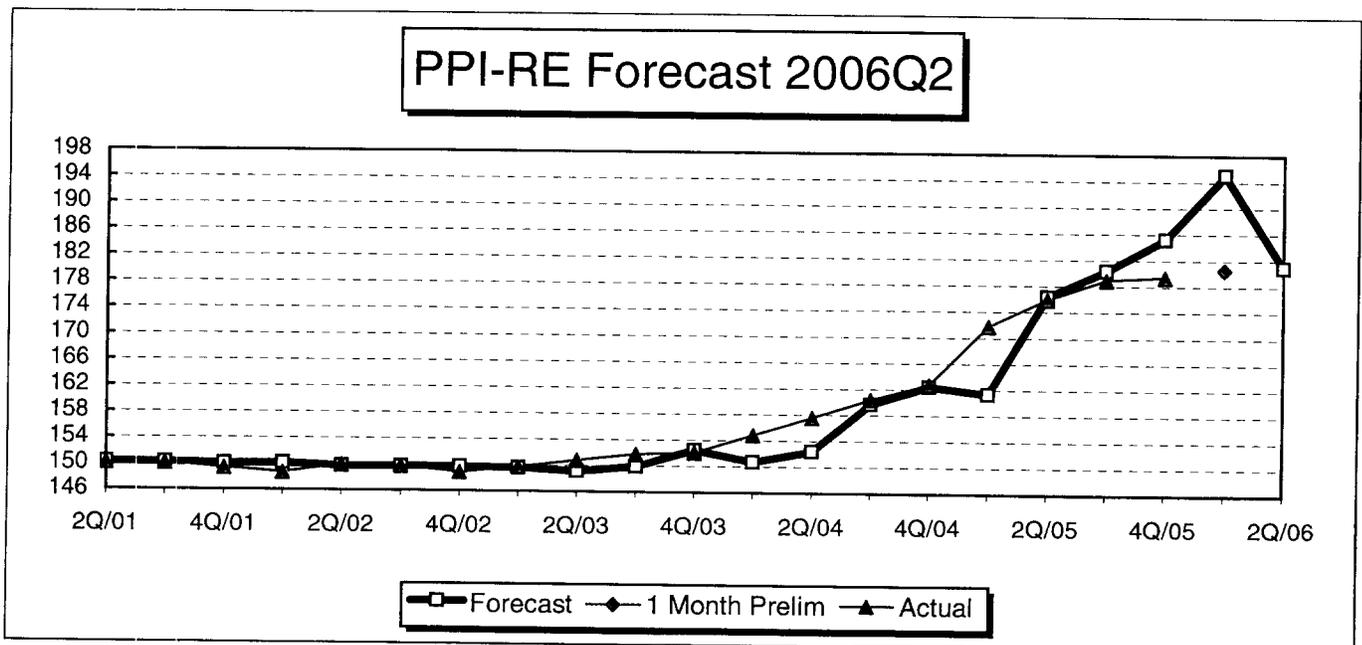
1/ THIS PRINT EXCLUDES THE FOLLOWING CAR TYPES:
 CAR TYPE D - LOCOMOTIVES
 CAR TYPE M - MAINTENANCE OF WAY, SCALE, PASSENGER, CABOOSE AND EOT DEVICE
 CAR TYPE U - CONTAINERS
 CAR TYPE Z - TRAILERS
 ALL TTX EQUIPMENT (INCLUDING ABOX, RBOX AND GONX) IS SHOWN ON THE PRIVATE EQUIPMENT REPORT.
 EQUIPMENT CAN BE ZERO RATED DUE TO OWNERS SUPPLYING INCORRECT OR INSUFFICIENT INFORMATION TO THE CAR ACCOUNTING PROCESS OR CARS WITH RATE INDICATOR SIX (6). THIS EQUIPMENT IS ELIMINATED FROM THE AVERAGING PROCESS.

PPI-RE Forecast (for Depreciation Component)

	Forecast	Actual	1 Month Prelim
2Q/01	150.2	150.1	
3Q/01	150.2	150.0	
4Q/01	150.0	149.3	
1Q/02	150.1	148.6	
2Q/02	149.7	149.9	
3Q/02	149.7	149.7	
4Q/02	149.7	148.8	
1Q/03	149.6	149.7	
2Q/03	149.1	150.8	
3Q/03	149.9	151.7	
4Q/03	152.4	152.0	
1Q/04	150.7	154.8	
2Q/04	152.3	157.5	
3Q/04	159.6	160.3	
4Q/04	162.4	162.7	
1Q/05	161.3	171.7	
2Q/05	176.3	175.9	
3Q/05	180.3	178.9	
4Q/05	185.1	179.4	
1Q/06	195.0		180.6
2Q/06	180.9		

1980 Base

	PPI-RE Forecast		Percent Change			
	(82=100)	(80=100)	Yr Ago Actual	Latest Month Actual	2nd Prev Qtr Actual	Previous Forecast
2006Q2						
Low	157.9	174.7	-0.7%			
Modpoint	163.5	180.9	2.8%	0.2%	0.8%	-7.2%
High	169.2	187.2	6.4%			



re_ppi.txt

Forecast Pro Version 4.3 Standard Edition

Database I:\Indexes2\RCAF\2006Q2\5Deprec\FPre_ppi.xls is open and ready for use.

Expert data exploration of dependent variable PPIRE

Length 72 Minimum 134.500 Maximum 163.300
Mean 141.475 Standard deviation 9.804

Classical decomposition (multiplicative)
Trend-cycle: 98.18% Seasonal: 0.35% Irregular: 1.46%

Log transform recommended for Box-Jenkins.

Choice is narrowed down to Box-Jenkins or exponential smoothing.

Box-Jenkins outperforms exponential smoothing by 3.745 to 5.345 out-of-sample Mean Absolute Deviation. I tried 78 forecasts up to a maximum horizon 12. For Box-Jenkins, I used a log transform.

Series is trended and seasonal.

Recommended model: Box-Jenkins
Forecast Model for PPIRE
ARIMA(0,1,3) with log transform

Term	Coefficient	Std. Error	t-Statistic	Significance
b[1]	-0.2974	0.0886	-3.3553	0.9987
b[2]	-0.0771	0.0943	-0.8169	0.5832 <-
b[3]	-0.7382	0.0893	-8.2715	1.0000

Within-Sample Statistics

Sample size 72	Number of parameters 3
Mean 4.95	Standard deviation 0.06642
R-square 0.9918	Adjusted R-square 0.9915
Durbin-watson 1.863	Ljung-Box(18)=18.57 P=0.5812
Forecast error 0.006113	BIC 0.9234
MAPE 0.003726	RMSE 0.8938
MAD 0.5466	

Forecast Report
Fri Feb 17 09:36:14 2006
Box-Jenkins model for PPIRE
Analysis of Historic Fit Set

Date	Historic
2000-02	135.300
2000-03	135.600
2000-04	135.800
2000-05	135.700
2000-06	135.800
2000-07	135.800
2000-08	135.700
2000-09	135.900
2000-10	135.800
2000-11	135.800
2000-12	135.800
2001-01	135.900
2001-02	135.900
2001-03	135.400

re_ppi.txt

2001-04	135.500
2001-05	135.600
2001-06	135.700
2001-07	135.100
2001-08	135.100
2001-09	135.000
2001-10	134.600
2001-11	134.500
2001-12	134.500
2002-01	134.900
2002-02	134.600
2002-03	135.100
2002-04	135.000
2002-05	135.200
2002-06	135.400
2002-07	134.900
2002-08	135.000
2002-09	134.600
2002-10	134.500
2002-11	134.500
2002-12	134.500
2003-01	134.500
2003-02	135.400
2003-03	135.500
2003-04	136.000
2003-05	136.300
2003-06	136.300
2003-07	136.700
2003-08	136.500
2003-09	136.900
2003-10	137.200
2003-11	137.700
2003-12	137.300
2004-01	137.900
2004-02	140.100
2004-03	142.200
2004-04	142.800
2004-05	143.500
2004-06	143.700
2004-07	143.200
2004-08	143.500
2004-09	144.200
2004-10	145.000
2004-11	147.000
2004-12	153.200
2005-01	153.400
2005-02	156.000
2005-03	161.600
2005-04	161.100
2005-05	161.300
2005-06	161.200
2005-07	161.500
2005-08	161.800
2005-09	161.800
2005-10	162.800
2005-11	161.900
2005-12	161.900
2006-01	163.300

Forecasted Values

Date 2.5 Lower Forecast 97.5 Upper
Page 2

re_ppi.txt

2006-02	160.386	162.292	164.220
2006-03	159.517	162.634	165.811
2006-04	159.392	163.469	167.650
2006-05	157.767	163.469	169.377
2006-06	156.527	163.469	170.719
2006-07	155.488	163.469	171.860
2006-08	154.577	163.469	172.873
2006-09	153.758	163.469	173.794
2006-10	153.008	163.469	174.645
2006-11	152.313	163.469	175.442
2006-12	151.663	163.469	176.194
2007-01	151.051	163.469	176.908



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Data extracted on: February 28, 2006 (05:16 PM)

PPI Commodity Data

Series Catalog:

Series ID : wpu144

Not Seasonally Adjusted

Group : Transportation equipment

Item : Railroad equipment

Base Date : 8200

Data:

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ann
2005	153.4	156.0	161.6	161.1	161.3	161.2	161.5	161.8	161.8	162.8 (P)	161.9 (P)	161.9 (P)	160.6 (P)
2006	163.3 (P)												

P : Preliminary. All indexes are subject to revision four months after original publication.

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 2 Massachusetts Ave., NE
 Washington, DC 20212-0001

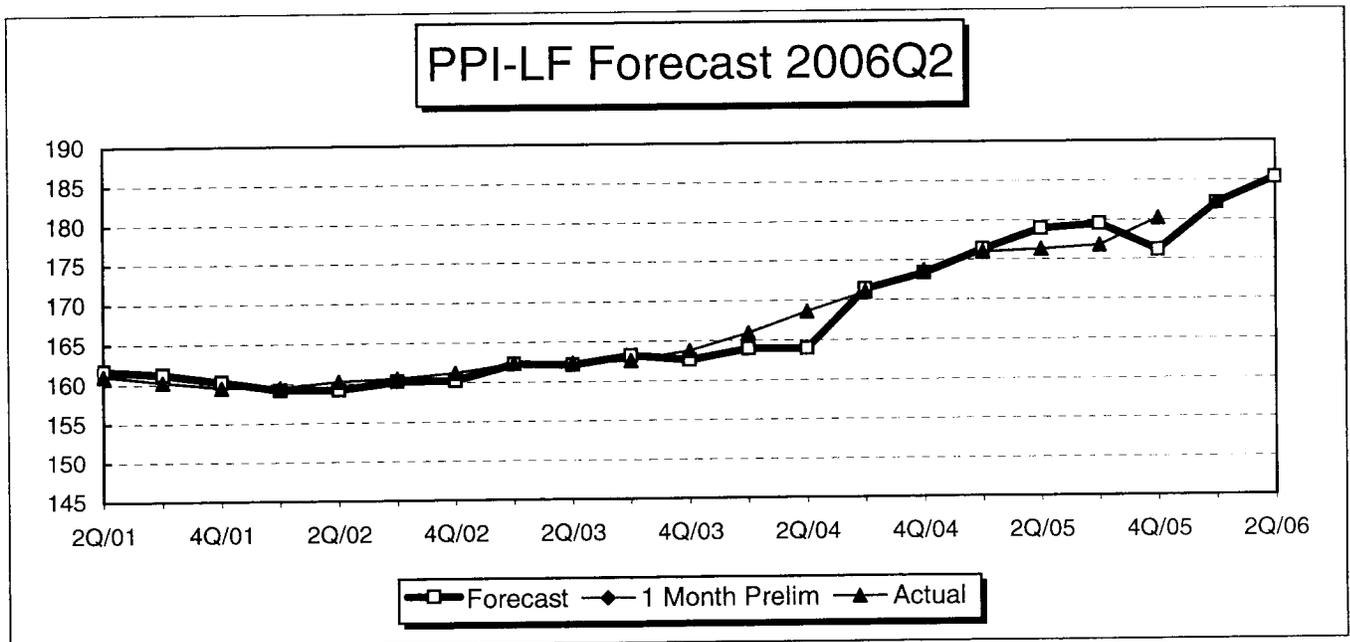
Phone: (202) 691-5200
 Fax-on-demand: (202) 691-6325
 Data questions: blsdata_staff@bls.gov
 Technical (web) questions: webmaster@bls.gov
 Other comments: feedback@bls.gov

PPI-LF Forecast (for Other and Lease Rentals Components)

	Forecast	Actual	1 Month Prelim
2Q/01	161.7	161.0	
3Q/01	161.2	160.2	
4Q/01	160.2	159.5	
1Q/02	159.2	159.5	
2Q/02	159.2	160.2	
3Q/02	160.1	160.5	
4Q/02	160.2	161.2	
1Q/03	162.2	162.3	
2Q/03	162.1	162.3	
3Q/03	163.2	162.6	
4Q/03	162.6	163.8	
1Q/04	163.9	166.0	
2Q/04	163.9	168.6	
3Q/04	171.4	171.1	
4Q/04	173.3	173.7	
1Q/05	176.3	176.0	
2Q/05	178.9	176.3	
3Q/05	179.5	176.8	
4Q/05	176.2	180.2	
1Q/06	182.1		182.1
2Q/06	185.3		

1980 Base

	PPI-LF Forecast		Percent Change			
	(82=100)	(80=100)	Yr Ago Actual	Latest Month Actual	2nd Prev Qtr Actual	Previous Forecast
2006Q2						
Low	162.9	182.6	3.6%			
Modpoint	165.3	185.3	5.1%	1.8%	2.8%	1.8%
High	167.8	188.1	6.7%			



Forecast Pro Version 4.3 Standard Edition

Database I:\Indexes2\RCAF\2006Q2\7Other\FPIf_ppi.xls is open and ready for use.

Expert data exploration of dependent variable PPILF

 Length 72 Minimum 141.800 Maximum 162.400
 Mean 147.522 Standard deviation 6.193

Classical decomposition (multiplicative)
 Trend-cycle: 98.31% Seasonal: 0.24% Irregular: 1.46%

Log transform recommended for Box-Jenkins.

Choice is narrowed down to Box-Jenkins or exponential smoothing.

Box-Jenkins outperforms exponential smoothing by 1.267 to 1.808 out-of-sample Mean Absolute Deviation. I tried 78 forecasts up to a maximum horizon 12. For Box-Jenkins, I used a log transform.

Series is trended and seasonal.

Recommended model: Box-Jenkins
 Forecast Model for PPILF
 ARIMA(1,1,0)*(1,1,0) with log transform

Term	Coefficient	Std. Error	t-Statistic	Significance
a[1]	0.5230	0.1117	4.6832	1.0000
A[12]	-0.6377	0.1134	-5.6215	1.0000

Within-Sample Statistics

Sample size 72	Number of parameters 2
Mean 4.993	Standard deviation 0.04116
R-square 0.9973	Adjusted R-square 0.9972
Durbin-Watson 2.238	* Ljung-Box(18)=29.6 P=0.9585
Forecast error 0.002173	BIC 0.3351
MAPE 0.001496	RMSE 0.3207
MAD 0.2233	

Forecast Report
 Fri Feb 17 09:41:23 2006
 Box-Jenkins model for PPILF
 Analysis of Historic Fit Set

Date	Historic
2000-02	141.800
2000-03	142.100
2000-04	142.500
2000-05	142.500
2000-06	142.600
2000-07	142.700
2000-08	142.500
2000-09	142.700
2000-10	143.100
2000-11	142.900
2000-12	142.900
2001-01	143.500
2001-02	143.500
2001-03	143.600
2001-04	143.700

lf_ppi.txt

2001-05	143.700
2001-06	143.600
2001-07	143.200
2001-08	142.800
2001-09	142.800
2001-10	142.600
2001-11	142.300
2001-12	142.200
2002-01	142.200
2002-02	142.200
2002-03	142.400
2002-04	142.800
2002-05	142.700
2002-06	143.000
2002-07	143.000
2002-08	143.000
2002-09	143.200
2002-10	143.900
2002-11	143.800
2002-12	143.400
2003-01	144.000
2003-02	144.700
2003-03	145.300
2003-04	144.800
2003-05	144.900
2003-06	144.800
2003-07	144.600
2003-08	144.800
2003-09	145.000
2003-10	145.900
2003-11	146.100
2003-12	146.300
2004-01	147.200
2004-02	148.200
2004-03	149.100
2004-04	150.000
2004-05	150.500
2004-06	150.900
2004-07	151.500
2004-08	152.600
2004-09	153.300
2004-10	154.600
2004-11	155.000
2004-12	155.400
2005-01	156.400
2005-02	156.900
2005-03	157.400
2005-04	157.600
2005-05	157.400
2005-06	157.000
2005-07	157.300
2005-08	157.500
2005-09	158.700
2005-10	160.200
2005-11	160.800
2005-12	161.100
2006-01	162.400

Forecasted Values

Date	2.5 Lower	Forecast	97.5 Upper
------	-----------	----------	------------

			lf_ppi.txt
2006-02	162.689	163.445	164.205
2006-03	162.965	164.348	165.743
2006-04	163.150	165.098	167.070
2006-05	162.950	165.395	167.877
2006-06	162.649	165.534	168.471
2006-07	162.787	166.075	169.429
2006-08	163.260	166.923	170.668
2006-09	163.859	167.873	171.987
2006-10	164.998	169.357	173.831
2006-11	165.205	169.867	174.660
2006-12	165.316	170.261	175.354
2007-01	166.218	171.458	176.862



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Data extracted on: February 17, 2006 (09:25 AM)

PPI Commodity Data

Series Catalog:

Series ID : wpu03t15m05

Not Seasonally Adjusted

Group : Industrial Commodities less fuels

Item : Industrial commodities less fuels

Base Date : 8200

Data:

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ann
2005	156.4	156.9	157.4	157.6	157.4	157.0	157.3	157.5	158.7	160.2 (P)	160.8 (P)	161.1 (P)	158.2 (P)
2006	162.4 (P)												

P : Preliminary. All indexes are subject to revision four months after original publication.

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Other comments: feedback@bls.gov

Forecast Error Calculation

	Fourth Quarter 2005		Diff
	2004	2005Q4	
Labor	Weight	Forecast	Actual
Fuel	36.0%	287.7	287.7
M&S	12.1%	276.2	283.4
Equip Rents	4.4%	179.9	179.9
Depreciation	8.9%	181.4	183.8
Interest	10.6%	185.1	179.4
Other	3.0%	92.7	92.7
Weighted Avg	25.0%	176.2	180.2
1980 = 100		227.5	229.0
1980 = 100 (linked)		225.3	227.8
4Q02 = 100		117.3	118.6
4Q97 = 100		130.1	131.5
4Q92 = 100		143.6	145.2

Forecast Error → 1.3

Prior Quarter	2005Q4	2005Q3
1980 = 100	219.1	220.4 ***
1980 = 100 (linked)	217.0	219.2
4Q02 = 100	113.0	114.1
4Q97 = 100	125.3	126.6
4Q92 = 100	138.3	139.7

Equipment Rents

Car Hire	51.0%	175.5	from UMLER equipment rents
Lease Rentals	49.0%	180.2	calculated (equals PPI-LF from above)
Weighted Average		177.8	calculated
Linked		183.8	calculated

Prior Quarter	2005Q4	2005Q3
Weighted Average	177.3	175.9 ***
Linked	182.8	181.8

Sum of Weights ok
Sum of ER Wt. ok

* 2005Q3 Actual has employee H&W cost sharing rates for July from 1st month of quarter

* actual=forecast from Equipment Rents below

PPI-RE 162.80 161.90 161.90 0.9040

* actual=forecast

PPI-LF 160.20 160.80 161.10 0.8920

calculated

calculated

calculated

calculated

calculated

calculated

calculated

calculated

calculated

from UMLER equipment rents

calculated (equals PPI-LF from above)

calculated

calculated

*** if fourth quarter, weighted avg for prior needs to use new weights, linked is ok

All-Inclusive Index (Actual)

	04 Wts	3Q/05 03 Wts	3Q/05 04 Wts	% Chg.	4Q/05 04 Wts	% Chg.	1Q/06 04 Wts	% Chg.	2Q/06 04 Wts	% Chg.	3Q/06 04 Wts	% Chg.
Labor	36.0%	290.9	290.9	0.0%	287.7	-1.1%		-100.0%		#DIV/0!		#DIV/0!
Fuel	12.1%	212.3	212.3	0.0%	283.4	33.5%		-100.0%		#DIV/0!		#DIV/0!
M&S	4.4%	179.8	179.8	0.0%	179.9	0.1%		-100.0%		#DIV/0!		#DIV/0!
Equipment Rents	8.9%	181.8	181.8	0.0%	183.8	1.1%	0.0	-100.0%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Depreciation	10.6%	178.9	178.9	0.0%	179.4	0.3%		-100.0%		#DIV/0!		#DIV/0!
Interest	3.0%	90.2	90.2	0.0%	92.7	2.8%	92.7	0.0%	92.7	0.0%	92.7	0.0%
Other	25.0%	176.8	176.8	0.0%	180.2	1.9%		-100.0%		#DIV/0!		#DIV/0!
	<u>1.0000</u>											
Weighted Avg.		221.4	220.4	-0.5%	229.0	3.9%	2.8	-98.8%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Linked		219.2	219.2	0.0%	227.8	3.9%	2.8	-98.8%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
10/1/80		213.4	213.4	0.0%	221.8	3.9%	2.7	-98.8%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
10/1/82		181.3	181.3	0.0%	188.4	3.9%	2.3	-98.8%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
4Q/87		165.8	165.8	0.0%	172.3	3.9%	2.1	-98.8%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
4Q/92		139.7	139.7	0.0%	145.2	3.9%	1.8	-98.8%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
4Q/97		126.6	126.6	0.0%	131.5	3.9%	1.6	-98.8%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
4Q/02		114.1	114.1	0.0%	118.6	3.9%	1.5	-98.7%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Equipment Rents												
Car Hire	51.0%	175.1	175.1	0.0%	175.5	0.2%		-100.0%		#DIV/0!		#DIV/0!
Lease Rentals	49.0%	176.8	176.8	0.0%	180.2	1.9%	0.0	-100.0%	0.0	#DIV/0!	0.0	#DIV/0!
	1.0000											
ER Weighted Avg		175.9	175.9	0.0%	177.8	1.1%	0.0	-100.0%	0.0	#DIV/0!	0.0	#DIV/0!
ER Linked		181.8	181.8	0.0%	183.8	1.1%	0.0	-100.0%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

* Reflects the final actual third quarter values.

	03 Wts	04 Wts
LABOR	109.088	104.724
FUEL	22.504	25.688
M&S	7.911	7.911
EQUIP RENTS	17.089	16.180
DEPR	19.142	18.963
INTEREST	2.886	2.706
OTHER	42.786	44.200
Weighted Avg.	221.406	220.373
ER Weighted Avg.	175.9483	175.933

Note: 2005Q3 Labor differs from the filing because the filing did not have the new Q3 H&W employee cost sharing rates available, while the Actual uses the new rates.

RCAF Fuel (Actual All-Inclusive Index)

October 2005

Average Price for Monthly Report

	October 200 Price (1)	1/1/81 Price (2)	1/91 New	October 2005
			Method Linking Factors (3)	Index 1/1/81=100 (4)
U.S.	231.93	89.34	99.415	258.09
East	227.05	91.56	99.435	246.58
West	233.69	87.83	99.416	264.52

$$(4) = (1) / (2) \times (3)$$

Fuel Index on 1977 Base and 1980 Base

	October 2005		October 2005		Index 1980=100 (5)
	Index 1/1/81=100 (1)	Linking Factors 1977=100 (2)	Linking Factors 1980=100 (3)	Index 1977=100 (4)	
U.S.	258.09	2.606	1.096	672.57	282.86
East	246.58	2.569	1.134	633.46	279.62
West	264.52	2.639	1.067	698.06	282.24

$$(4) = (1) \times (2)$$

$$(5) = (1) \times (3)$$

Final Actual All-inclusive Index

	1980=100 October 2005		October 2005
	Current Index	Adjustment Factor	Linked Index
U.S.	282.86	1.00192	283.40 ←
East	279.62	1.00621	281.36
West	282.24	1.00024	282.31

January	= Q1
April	= Q2
July	= Q3
October	= Q4

RCAF - Depreciation

Series ID : wpu144

Not Seasonally Adjusted

Group : Transportation equipment

Item : Railroad equipment

Forecast Year 2006

As reported at end of month 82=100

		Nov.	Feb.	May	Aug.
For Forecast →		06Q1	06Q2	06Q3	06Q4
For Actual →		05Q3	05Q4	06Q1	06Q2
January	2005	153.4	153.4	153.4	153.4
February	2005	156.0	156.0	156.0	156.0
March	2005	161.6	161.6	161.6	161.6
April	2005	161.1	161.1	161.1	161.1
May	2005	161.3	161.3	161.3	161.3
June	2005	161.2	161.2	161.2	161.2
July	2005	160.3	161.5	161.5	161.5
August	2004	161.8	161.8	161.8	161.8
September	2004	163.0	161.8	161.8	161.8
October	2004	162.8	162.8		
November	2004		161.9		
December	2004		161.9		
January	2006		163.3		
February	2006				
March	2006				
April	2006				
May	2006				
June	2006				
July	2006				
Actual Qtr.		161.7	162.2	NA	NA

1980=100

Actual Qtr.	178.9	179.4	NA	NA
First Mo. next qtr.	180.1	180.6	NA	NA

0.904 =1980

RCAF - Other

Series ID : wpu03t15m05

Not Seasonally Adjusted

Group : Industrial Commodities less fuels

Item : Industrial commodities less fuels

Forecast Year 2006

As reported at end of month 82=100

		Nov.	Feb.	May	Aug.
For Forecast	→	06Q1	06Q2	06Q3	06Q4
For Actual	→	05Q3	05Q4	06Q1	06Q2
January	2005	156.4	156.4	156.4	156.4
February	2005	156.9	156.9	156.9	156.9
March	2005	157.4	157.4	157.4	157.4
April	2005	157.6	157.6	157.6	157.6
May	2005	157.4	157.4	157.4	157.4
June	2005	157.0	157.0	157.0	157.0
July	2005	157.1	157.3	157.3	157.3
August	2005	157.3	157.5	157.5	157.5
September	2005	158.7	158.7	158.7	158.7
October	2005	160.2	160.2		
November	2005		160.8		
December	2005		161.1		
January	2006		162.4		
February	2006				
March	2006				
April	2006				
May	2006				
June	2006				
July	2006				
Actual Qtr.		157.7	160.7	NA	NA

1980=100

Actual Qtr.	176.8	180.2	NA	NA
First Mo. next qtr.	179.6	182.1	NA	NA

0.892 =1980

Car Hire for RCAF

RCAF (Actual)

		1980	Aug 3Q/05	Nov. 4Q/05	Feb 1Q/06	May 2Q/06	Aug 3Q/06
RATE							
	RR-OWNED TIME	31.00	66.00	66.00	66.00	0.00	0.00
	RR-OWNED MILEAGE	4.69	7.30	7.30	7.30	0.00	0.00
	PRIVATELY-OWNED CARS	25.47	43.39	43.55	43.64	#DIV/0!	#DIV/0!
	AUTORACKS	47.00	50.28	51.13	46.44	#DIV/0!	#DIV/0!
INDEX							
	RR-OWNED TIME	100.0	212.9	212.9	212.9	0.0	0.0
	RR-OWNED MILEAGE	100.0	155.7	155.7	155.7	0.0	0.0
	PRIVATELY-OWNED CARS	100.0	170.3	171.0	171.3	#DIV/0!	#DIV/0!
	AUTORACKS	100.0	107.0	108.8	98.8	#DIV/0!	#DIV/0!
	CAR HIRE INDEX (old wts)	2003	100.0	178.3	--	--	--
	CAR HIRE INDEX (new wts)	2004	100.0	178.9	179.5	#DIV/0!	#DIV/0!
	CAR HIRE INDEX (LINKED)		100.0	175.1	175.5	NA	NA

Equipment Rents Data From UMLER

	2005					2006								
	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG
Railroad Owned														
No. of Cars	8,223	8,223	8,233	8,223	8,210	8,187	8,159	8,485						
Superstructures														
Rate	22.0	22.0	22.0	22.0	22.0	22.0	21.0	20.0						
Superstructures #3 - Auto Rack	66.0	66.0	66.0	66.0	66.0	66.0	66.0	66.0						
All other #1 - Time	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3						
All other #2 - Mileage														
Privately Owned														
No. of Cars	49,210	49,214	49,180	49,182	49,165	49,188	49,212	49,207						
Superstructures	304,934	307,041	308,423	307,615	308,118	309,256	310,037	310,704						
Covered Hoppers	270,874	271,707	271,754	272,246	272,942	274,267	273,804	274,070						
Tank Cars	249,672	249,865	252,725	253,069	254,993	255,832	256,415	256,818						
Others														
Rate	74.0	74.0	74.0	74.0	74.0	74.0	75.0	75.0						
Superstructures #1 - Time	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0						
Superstructures #2 - Mileage	55.0	55.0	56.0	56.0	56.0	57.0	51.0	51.0						
Superstructures #3 - Auto Rack	44.3	44.3	44.4	44.4	44.5	44.6	44.1	44.2						
Covered Hoppers #2 - Mileage	66.3	66.4	67.0	67.1	67.3	67.4	67.0	67.3						
Tank Cars #2 - Mileage	71.0	71.0	70.0	70.0	70.0	70.0	72.0	72.0						
Others #1 - Time	6.6	6.6	6.6	6.6	6.5	6.5	6.7	6.7						
Others #2 - Mileage														
AVERAGE RATES														
Private Superstructures	17.39	17.39	17.39	17.39	17.39	17.39	17.63	17.63						
Private Others	22.36	22.36	22.14	22.14	22.04	22.04	22.68	22.68						
Private Total	43.34	43.39	43.48	43.51	43.55	43.64	43.51	43.64						
Autoracks	50.28	50.28	51.12	51.13	51.13	52.01	46.73	46.44						
WEIGHTS														
For RCAF & RCR														
RR-owned Time	0.224	0.235												
RR-owned Mileage	0.104	0.099												
Privately-owned Cars	0.672	0.666												
Autoracks	0.000	0.000												
----- Check sum	1.000	1.000												
Weights for Equipment Rents (not used in Car Hire calculation)														
Car Hire - U.S.	2003	2004												
Lease Rentals - U.S.	0.501	0.510												
----- Check sum	0.499	0.490												
----- Check sum	1.000	1.000												



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PPI Commodity Data

Series Catalog:

Series ID : wpu144

Not Seasonally Adjusted
Group : Transportation equipment
Item : Railroad equipment
Base Date : 8200

Data:

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ann
2005	153.4	156.0	161.6	161.1	161.3	161.2	161.5	161.8	161.8	162.8 (P)	161.9 (P)	161.9 (P)	160.6 (P)
2006	163.3 (P)												

P : Preliminary. All indexes are subject to revision four months after original publication.

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