



# SURFACE TRANSPORTATION BOARD

FOR RELEASE

07/10/2025 (Thursday)  
No. 25-25  
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## **STB DISCONTINUES REGULATORY PROCEEDING ON CARRIER-PROPOSED BENCHMARKING PROCEDURE**

The Surface Transportation Board today announced a decision discontinuing a regulatory docket in which certain Class I carriers proposed changes to the agency's procedures for railroad revenue adequacy, along with a related exploratory proceeding. The Board takes this action in the interest of administrative efficiency, and the agency is prioritizing other, mission-critical matters at this time.

The Board annually determines which Class I rail carriers are revenue adequate by comparing a carrier's return on net investment (ROI) with the rail industry's after-tax cost of capital for the given year. If a carrier's ROI exceeds the cost of capital, the carrier is considered to have been revenue adequate for that year.

In September 2020, in Docket No. EP 766, Union Pacific Railroad Company, Norfolk Southern Railway Company, and the U.S. rail affiliates of Canadian National Railway Company filed a joint petition for rulemaking to modify certain of the Board's revenue adequacy procedures, including benchmarking railroad ROI and cost of capital to companies in the S&P 500. The Board initiated a proceeding to consider the petition in December 2020 and invited comments on the joint proposal and related issues through August 2021. The Board did not propose regulations or indicate that it would do so.

Prior to the carriers' petition, in April 2014, the Board opened an exploratory, information-gathering proceeding on revenue adequacy in Docket No. EP 722, and the Board held public hearings to gather information in 2015 and 2019 and received written comments through February 2020. While this type of exploratory docket could have been considered closed at that time, today's decision promotes clarity by discontinuing this docket as well.

In today's decision, the Board finds that closing these two proceedings is appropriate because the public interest would be better served by the Board devoting its resources to other reform and rulemaking initiatives. The Board noted its efforts to streamline its processes and procedures, make it easier to build infrastructure, and review competition policies. The agency is not foreclosed from revisiting revenue adequacy in the future.

“Today’s decision closing these regulatory proceedings reflects the agency’s intensive focus on its mission and allocating resources to their highest and best use,” said STB Chairman Patrick Fuchs. “I look forward to continued engagement with shippers, railroads, and the broader public on reforms to advance a competitive, efficient, and sound rail network.”

Today’s decision in Railroad Revenue Adequacy, Docket No. EP 722 and Joint Petition for Rulemaking—Annual Revenue Adequacy Determinations, Docket No. EP 766, may be viewed and downloaded [here](#).

**POSTED: 07/10/2025 10:33 AM**