

Rail Cost Adjustment Factor — 2012Q4r Base

Yr/Qtr	Preliminary RCAF	Forecast Error Adjustment	RCAF (Unadjusted)	Productivity-Adjusted RCAF		STB's 2nd Productivity-Adjusted RCAF (Not endorsed by AAR)	
				Productivity Adjustment Factor	RCAF (Adjusted)	PAF-5	RCAF-5
(Col 1)	(Col 2)	(Col. 3)	(Col 4)	(Col 5)	(Col 6)	(Col 7)	(Col 8)
2005 Q1	0.708	0.006	0.714	2.0274	0.352	2.1263	0.336
Q2	0.722	0.019	0.741	2.0420	0.363	2.1380	0.347
Q3	0.729	0.004	0.733	2.0567	0.356	2.1498	0.341
Q4	0.757	0.008	0.765	2.0715	0.369	2.1616	0.354
2006 Q1	0.752	0.008	0.760	2.0864	0.364	2.1772	0.349
Q2	0.752	0.008	0.760	2.0962	0.363	2.1929	0.347
Q3	0.773	-0.002	0.771	2.1061	0.366	2.2087	0.349
Q4	0.790	0.016	0.806	2.1160	0.381	2.2246	0.362
2007 Q1	0.773	0.007	0.780	2.1259	0.367	2.2351	0.349
Q2	0.773	-0.032	0.741	2.1348	0.347	2.2456	0.330
Q3	0.786	-0.014	0.772	2.1438	0.360	2.2562	0.342
Q4	0.812	0.014	0.826	2.1528	0.384	2.2668	0.364
2008 Q1	0.855	0.013	0.868	2.1618	0.402	2.2763	0.381
Q2	0.877	0.013	0.890	2.1683	0.410	2.2859	0.389
Q3	0.955	-0.007	0.948	2.1748	0.436	2.2955	0.413
Q4	0.955	0.036	0.991	2.1813	0.454	2.3051	0.430
2009 Q1	0.833	0.012	0.845	2.1878	0.386	2.3120	0.365
Q2	0.784	-0.082	0.702	2.1944	0.320	2.3189	0.303
Q3	0.824	-0.049	0.775	2.2010	0.352	2.3259	0.333
Q4	0.825	-0.002	0.823	2.2076	0.373	2.3329	0.353
2010 Q1	0.863	-0.005	0.858	2.2142	0.387	2.3399	0.367
Q2	0.863	0.013	0.876	2.2208	0.394	2.3469	0.373
Q3	0.880	0.003	0.883	2.2275	0.396	2.3539	0.375
Q4	0.883	0.028	0.911	2.2342	0.408	2.3610	0.386
2011 Q1	0.915	-0.012	0.903	2.2409	0.403	2.3681	0.381
Q2	0.956	0.016	0.972	2.2487	0.432	2.3752	0.409
Q3	0.980	0.017	0.997	2.2566	0.442	2.3823	0.419
Q4	0.978	0.022	1.000	2.2645	0.442	2.3894	0.419
2012 Q1	0.973	-0.006	0.967	2.2724	0.426	2.3978	0.403
Q2	0.998	-0.018	0.980	2.2769	0.430	2.4062	0.407
Q3	0.973	-0.005	0.968	2.2815	0.424	2.4146	0.401
Q4	1.005	-0.005	1.000	2.2861	0.437	2.4231	0.413
2013 Q1	0.999	-0.002	0.997	2.2907	0.435	2.4279	0.411
Q2	1.003	0.003	1.006	2.2957	0.438	2.4328	0.414
Q3	0.989	-0.012	0.977	2.3008	0.425	2.4377	0.401
Q4	1.001	-0.026	0.975	2.3059	0.423	2.4426	0.399
2014 Q1	0.985	-0.004	0.981	2.3110	0.424	2.448	0.401
Q2	0.997	-0.022	0.975	2.3168	0.421	2.4534	0.397
Q3	0.995	-0.010	0.985	2.3226	0.424	2.4588	0.401
Q4	0.985	-0.008	0.977	2.3284	0.420	2.4642	0.396
2015 Q1	0.955	-0.009	0.946	2.3342	0.405	2.4704	0.383
Q2	0.911	-0.031	0.880	2.3382	0.376	2.4766	0.355
Q3	0.906	-0.077	0.829	2.3422	0.354	2.4828	0.334
Q4	0.885	-0.023	0.862	2.3462	0.367	2.4890	0.346
2016 Q1	0.882	-0.018	0.864	2.3502	0.368	2.4932	0.347

Rail Cost Adjustment Factor — Notes

Preliminary RCAF - The Preliminary Rail Cost Adjustment Factor (RCAF) is the All-Inclusive Index divided by 100. The All-Inclusive Index is a price index forecast on the 5th day of the month prior to each quarter.

Forecast Error Adjustment - An adjustment made to the Preliminary RCAF that accounts for the forecast error in the forecast 2 quarters prior. The forecast error is calculated by comparing the forecast to the actual index.

RCAF (Unadjusted) - The Rail Cost Adjustment Factor with a forecast error adjustment, but without a productivity adjustment. The RCAF (Unadjusted) is equal to the sum of the Preliminary RCAF plus the Forecast Error Adjustment.

Productivity Adjustment Factor - The factor, determined by the Surface Transportation Board (STB), that is used to convert the RCAF (Unadjusted) from a price index to a productivity-adjusted cost adjustment factor.

RCAF (Adjusted) - A cost adjustment factor that is a price index adjusted for productivity. The RCAF (Adjusted) is calculated by dividing the RCAF (Unadjusted) by the Productivity Adjustment Factor.

PAF-5 - A second productivity adjustment factor that treats its calculation as if the Surface Transportation Board used a 5-year rolling average change in productivity since the inception of the productivity adjustment. The major difference between the Productivity Adjustment Factor and the PAF-5 is timing: the starting points are different, and the quarter where the 5-year rolling average change is updated is different. The figures used to calculate the 5-year rolling average change to update the PAF-5 are identical to those used for the Productivity Adjustment Factor.

RCAF-5 - A second productivity-adjusted RCAF that reflects national average productivity changes as if a 5-year rolling average change had been applied consistently since the productivity adjustment's inception in the second quarter of 1989. The RCAF-5 is calculated by dividing the RCAF (Unadjusted) by the PAF-5.

Reminder:

Beginning with the 2013Q1 RCAF filing (December 5, 2012), the RCAF is stated on a 2012Q4 basis - as required by law. The old basis was 2007Q4. When comparing 2013 RCAFs to earlier years, make sure you are comparing indexes that are stated on the same basis. The page before this page has everything recalculated to a consistent 2012Q4 basis. Older RCAF filings will use the appropriate basis at the time of the filing, which will not be 2012Q4 until the first quarter of 2013. **Attachment A in the AAR's December 5, 2012 RCAF filing contained historical data converted to a 2012Q4 basis, but it is now incorrect.** Also included are example calculations and historical data necessary to calculate an index on any basis.

Note 1:

In a decision served December 20, 2013, the Surface Transportation Board revised portions of its Rail Cost Adjustment Factor for 2011Q4 through 2013Q4. The revisions also caused the 2012Q4 basing factor to be revised. Although RCAFs prior to 2011Q4 did not change as stated in their original basis, figures restated to the current 2012Q4r basis may have small changes from the original conversion made with the original basing factor. **Appendix AE in the AAR's December 5, 2013, RCAF filing contains historical data converted to a 2012Q4r basis for comparison purposes.** Also included are example calculations and historical data necessary to calculate an index on any basis.

Note 2:

In a decision served March 20, 2014, the Surface Transportation Board revised the weights used for its All-Inclusive Index, causing revisions to portions of its Rail Cost Adjustment Factor for 2014Q1. Appendix AA in the AAR's March 17, 2014, RCAF filing provides more background. The Board confirmed the 2014Q1 revised number by using it as the forecast in its 2014Q3 forecast error calculation decided June 20, 2014.