



September 25, 2012

Legislation

Congress passes 6 month spending measure. On September 22, the Senate approved a six-month spending measure to keep the government funded. The vote was 62-30, with 10 Republicans voting with the Democratic majority. The House of Representatives passed the legislation the week prior. The measure needed to be approved prior to the conclusion of the fiscal year on September 30th.

Congress has now adjourned through the November 6th election. Both chambers will return following the election for a "lame duck" session.

Senate hearing highlights need for WRDA bill. On September 20, the Senate Environment and Public Works Committee held a hearing urging congressional action on investing in the nation's inland waterway system. The hearing, "Water Resources Development Act: Growing the Economy and Protecting Public Safety," highlighted the importance of waterways to the U.S. economy.

"U.S. ports and waterways, many of which are maintained by the Corps of Engineers, moved 2.3 billion tons of goods in fiscal year 2011," explained Senator Barbara Boxer (D-CA), Chairwoman of the committee. "And Corps flood risk management projects are estimated to have prevented \$28.1 billion in damages in 2010. The Water Resources Development Act and the projects, policies, and programs it authorizes are essential components of creating jobs and keeping our economy growing."

Senator James Inhofe (R-OK), Ranking Member of the committee, stated, "WRDA should be passed on a regular basis. Unfortunately, the last WRDA bill was enacted in November 2007 - almost five years ago. At that time, we came together with the House to override a presidential veto because we recognized the significance of this legislation."

Participating in the hearing was Rick Calhoun, President of Cargo Carriers, a business of Cargill.

"Our nation's waterways have remained a reliable transportation mode because of the vision of past Congresses and hard work of the U.S. Army Corps of Engineers," explained Calhoun. "The past two years have provided great challenges for the Corps, which managed to keep our water transportation system open despite record flooding followed this year by severe drought. But as we look to the future, it is our belief that without immediate action to alter the delivery schedule of projects needed to enhance our infrastructure, the system's reliability could be challenged."

According to the recent soybean checkoff analysis, "Farm to Market: A Soybean's Journey," demand for barge loading of U.S. soybeans is expected to increase by 55 percent between now and 2020/2021.

Surface Transportation Board

STB calculates cost of capital for nation's railroads. The Surface Transportation Board (STB) announced on September 13 its estimation of the railroad industry's cost of capital for 2011.

In Railroad Cost of Capital—2011, Docket No. EP 558 (Sub-No. 15), the STB found that the rail industry's after-tax cost of capital was 11.57 percent. Last year, the cost of capital was 11.03 percent.

The cost-of-capital figure represents the STB's estimate of the average rate of return needed to persuade investors to provide capital to the freight-rail industry.

Calculated annually, the cost-of-capital figure is an essential component of many of the agency's core regulatory responsibilities. The STB uses the cost-of-capital figure in evaluating the adequacy of individual railroads' revenues each year. It also uses the figure when determining the reasonableness of a challenged rail rate, considering a proposal to abandon a rail line, or valuing a particular railroad operation.

The Surface Transportation Board is the regulatory agency created by the United States Congress to resolve railroad rate and service disputes and reviewing proposed railroad mergers.