

SUPPORTING STATEMENT - FORM QCS

**A. Justification:**

1. The Surface Transportation Board (Board) has broad statutory authority to provide economic regulatory oversight of railroads, addressing such matters as rates, service, and the construction, acquisition and abandonment of rail lines, as well as carrier mergers and the interchange of traffic among carriers (49 U.S.C. 10101-11908). The collection in Form QCS, which is based on information contained in waybills used by railroads in the ordinary course of business, reports car loadings and total revenues by commodity code for each commodity that moved on the railroad during the reporting period. See 49 CFR 1248. The Board has authority to collect this information pursuant to 49 U.S.C. 11145.

2. Information reported on Form QCS is entered into the Uniform Rail Costing System (URCS), which is a cost measurement methodology. URCS was developed by the Board pursuant to 49 U.S.C. 11161-62 and is used in rail rate proceedings as a tool to calculate the variable costs of providing a particular rail service in accordance with 49 U.S.C. 10707(d). The Board also uses revenue-to-cost (variable cost) ratios to make particular jurisdictional determinations. Specifically, 49 U.S.C. 10709 now limits the Board's jurisdiction over maximum rates to those instances where the revenue-variable cost ratio exceeds a specific percentage.

The Board also uses URCS to analyze the information that it obtains through the annual railroad waybill sample, pursuant to 49 U.S.C. 721, 10707 and 11144-45, as well as in railroad abandonment proceedings to measure "off-branch costs" (see 49 U.S.C. 10904(a); 49 CFR 1152.32(n)). In addition, this information is essential for determining regional and system costs. And many other Federal agencies and industry groups, including the Department of Transportation and the Association of American Railroads (AAR), depend on Form QCS for information regarding the cost of the movement of goods by railroads.

3. Generally, no improved technology has been identified by the Board to reduce the burden of these collections. However, the Board does not prohibit the use of improved technology where appropriate. For many years, the respondent carriers have maintained Form QCS in a computerized format. The railroads enter their data on the computerized version of the form and submit the required signed hard copy to the Board. The Board facilitates timely filing by permitting responders to fax or email the required data and then follow-up with the hard copies. The Board has considered electronic filing, but determined that because the data is maintained in a different format by each of the seven respondent carriers, electronic filing would not be useful to the Board. In addition, any requirement for this report to be filed in a specific format would necessarily impose a greater cost burden on the respondents.

4. No other Federal agency collects the information reported on Form QCS, nor is this information available from any other source. Therefore, there will be no duplication of information. In most instances, the information sought is unique to each carrier.

5. No small entities will be affected by the collection of this information. This report is applicable only to Class I railroads, which have operating revenues in excess of \$250 million (1991 dollars) adjusted for inflation. The Board has adopted an indexing methodology which will insure that regulated carriers are classified based on real business expansion and not from the effects of inflation.

6. The Board cannot fulfill its statutory responsibilities without quarterly and annual information on car loadings and total revenues by commodity code for each commodity that moved on the railroad during the reporting period.

7. No special circumstances described in question 7 apply to this collection.

8. The Board's 60-day notice was published in the Federal Register on August 12, 2008. See 73 FR 46977.

9. The Board does not provide any payment or gift to respondents.

10. All information collected through this report is available to the public.

11. There are no questions of a sensitive nature with respect to the information collected.

12. The following represents the estimates of hour burden of the collections of information:

(1) Number of respondents: 7.

(2) Frequency of response: Each Class I carrier is required to file the quarterly and annual QCS report. Quarterly reports are due within 60 days after close of the quarter, and annual reports are due 90 days after the close of the year.

(3) Annual hour burden per respondent: Based on information provided by the railroad industry during the 1990's, it is estimated that it takes 217 man-hours each time a report is prepared. This estimate includes the time needed to gather the information, edit, review, type and proofread the data. It is estimated that each of the seven Class I railroads requires 1,085 hours to complete the four quarterly and one annual report. The total annual burden hours for all seven carrier responds is, therefore, estimated at 7,595 hours. It is likely that the time required to produce these reports is overstated, given the advances in computerized data collection and processing systems.

(4) Total estimate of annualized cost to respondents for the hour burdens for collection of information: It is estimated that each of the seven Class I railroad companies

requires an average of no more than 217 hours to prepare each report. Because this collection involves data that respondents already compile to make internal business decisions, this collection does not otherwise increase the respondent's accounting burden. The total industry cost for this report is estimated at not more than \$227,850 (7 (number of respondents) x 1,085 (hours to prepare four quarterly and one annual submission) x \$30/hour (average cost per hour)).

13. Other costs to respondents: (a) These information collection requirements impose no start-up costs on respondents. (b) We estimate that there are no costs to respondents for operations, maintenance and purchase of services attributable to this reporting requirement.

14. Estimated costs to the Board: We estimate that it takes 3.75 hours to review each filing x 35 filings per year x \$80 per hour (including staff time to review, as well as overhead costs), resulting in a cost of \$10,500.

15. Estimates in items 13 and 14 are unchanged. However, it is likely that the time required to produce these reports is overstated, given the advances in computerized data collection and processing systems.

16. This report is not published.

17. Not applicable.

18. Not applicable

**B. Collections of Information Employing Statistical Methods:**

Not applicable