

SUPPORTING STATEMENT - R-1

**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, the construction, acquisition and abandonment of rail lines, carrier mergers, and interchange of traffic among carriers (49 U.S.C. 10101-11908). Annual R-1 reports, which are required to be filed by Class 1 railroads under 49 U.S.C. 11145 are used in the following contexts:

- (1) Mergers, Acquisition of Control, Consolidations and Abandonments (49 U.S.C. 11323-24).
- (2) Uniform Rail Costing System (URCS) 49 U.S.C. 11162, 11163 and 11164.
- (3) Rail revenue adequacy proceedings (49 U.S.C. 10704).
- (4) Rail Cost Adjustment Factor (RCAF) (49 U.S.C. 10708).
- (5) Other investigations and rulemakings (49 U.S.C. 10701, 10704-05, 10707-08).
- (6) Rail Cost Studies (49 U.S.C. 10701(c), (d)).

2. The reports are used by the Board, other Federal agencies, and industry groups (including the Association of American Railroads (AAR)) to monitor and assess railroad industry growth, financial stability, traffic, and operations and to identify industry changes that may affect national transportation policy. The reports show operating expenses of the carriers, including those for right-of-way and structures, equipment, train and yard operations, and general and administrative expenses.

The Board uses data from the reports to more effectively carry out its statutory responsibilities, including acting on railroad requests for authority to engage in Board regulated financial transactions such as mergers, acquisitions of control, consolidations, and abandonments; conducting proceedings to determine whether rail revenues are adequate; developing an index known as the "rail cost adjustment factor"; and conducting other investigations as well as rulemakings. In addition, information from this report is also entered into the Board's Uniform Rail Costing System (URCS), which is a cost measurement

methodology developed by the Board pursuant to 49 U.S.C. 11161-62 and used as a tool in rail rate proceedings to calculate the variable costs associated with providing a particular service.

3. Generally, no improved technology has been identified by the Board to reduce the burden of these collections. For many years, respondent carriers have maintained this form 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 has considered electronic filing, but determined that because the data is maintained in a different format by 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 in the R-1 report, 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. Annual reports are required to be filed by Class 1 railroads under 49 U.S.C. 11145. Without this annual collection, the Board could not fulfill its statutory responsibilities.

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 data pertaining to this Form are open to public inspection.

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 R-1 report annually on or before March 31 of the year following the year which is being reported.

(3) Annual hour burden per respondent: 800 hours, based on information provided

by the railroad industry during the 1990's. The total estimated annual burden hours for all 7 carriers is, therefore, no more than 5,600 hours. These estimates include time spent reviewing instructions; searching existing data sources; gathering and maintaining the data needed; completing and reviewing the collection of information; and converting the data from the carrier's individual accounting system to the Board's Uniform System of Accounts (USOA), which ensures that the information will be presented in a consistent format across all reporting railroads. See 49 U.S.C. 11141-43, 11161-64, 49 CFR 1200-1201. It is likely that the time required to produce this report 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 7 Class I railroad companies requires an average of no more than 800 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 collection is estimated at not more than \$168,000 (800 (hours per filing) X 7 (number of respondents) X \$30 (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 for operation, maintenance, or purchase of services associated with these reporting requirements.

14. Costs to Board: We estimate that it takes 16 hours annually to scan and post these reports on the Board's website, resulting in a cost to the Board of \$1,112.

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

16. Plans for tabulation and publication: The complete R-1 reports are posted on the Board's website at <http://www.stb.dot.gov/econdata.nsf/f039526076cc0f8e8525660b006870c9?OpenView>

17. Not applicable.

18. Not applicable

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

Not applicable