

SUPPORTING STATEMENT- R-1 REPORT

A. Justification:

1. Why the collection is necessary. 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). Information from the Annual R-1 reports, which are required to be filed by Class I railroads under 49 U.S.C. § 11145, is used in the following contexts: abandonments (49 U.S.C. § 10903); mergers, acquisition of control, and consolidations (49 U.S.C. §§ 11323-24); Uniform Rail Costing System (URCS) (49 U.S.C. §§ 11161-11164); rail revenue adequacy proceedings (49 U.S.C. § 10704(a)(2)); Rail Cost Adjustment Factor (RCAF) (49 U.S.C. § 10708); and other rail cost studies, investigations, and rulemakings (49 U.S.C. §§ 10701, 10704(a)(1), 10705, 10707, 11701).

2. How the collection will be used. The R-1 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 reports are used by the Board, other Federal agencies, and industry groups to monitor and assess railroad industry growth, financial stability, traffic, and operations.

The Board uses data from the R-1 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, certain information from this report is 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. Extent of automated information collection. Generally, no improved technology has been identified by the Board to reduce the burden of these R-1 collections. For many years, respondent carriers have maintained the form used for these reports 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 different electronic formats by the 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. Identification of duplication. 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. Effects on small business. No small entities will be affected by the collection of this information. Only Class I railroads, which have operating revenues in excess of \$250 million (1991 dollars) adjusted for inflation, are subject to this reporting requirement. The Board has adopted an indexing methodology that will ensure that regulated carriers are classified based on real business expansion, rather than the effects of inflation.

6. Impact of less frequent collections. Annual reports are required to be filed by Class I railroads under 49 U.S.C. § 11145. Without this annual collection, the Board could not fulfill its statutory responsibilities.

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

8. Compliance with 5 C.F.R. § 1320.8. The Board published a notice in the Federal Register, providing a 60-day comments period regarding this collection. See 77 Fed. Reg. 2129-01 (Jan. 13, 2012). No comments were submitted. As required, the Board has published a notice providing a 30-day comment period, with comments to be sent to OMB. See 77 Fed. Reg. 27540.

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

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

11. Justification for collection of sensitive information. This collection contains no information of a sensitive nature.

12. Estimation of burden hours for respondents. Based on information recently provided by the railroad industry, we estimate a per-respondent-railroad burden of no more than 800 hours for the entire R-1 report. The estimate includes 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 accounting format across all reporting railroads. See 49 U.S.C. §§ 11141-43, 11161-64, 49 C.F.R. §§ 1200-1201. The total estimated annual burden hours for all 7 carriers is, therefore, no more than 5,600 hours (7 respondents X 800 hours).

13. Other costs to respondents: (a) Continuing this existing collection will impose no start-up costs on respondents. (b) Respondents must submit a signed hard copy of this report. The estimated cost of mailing the report is no more than \$4.00 per report or \$28 annually for all

seven respondents.

14. Costs to Board: We estimate that it takes 42 hours (GS 14/5 hourly rate with benefits of \$70.84) to enter the R-1 data into URCS system and two hours (GS 14/10 hourly rate with benefits of \$81.26) to post the searchable pdf's to the website, resulting in a total cost to the Board of \$3,138.

15. Changes in burden hours. No change in burden hours is requested.

16. Plans for tabulation and publication: The agency does not tabulate the results of this report. Rather, individual R-1 reports since 2005 are posted in their entirety on the Board's website at www.stb.dot.gov/stb/industry/econ_reports.html (select "[Complete Class I Railroad Annual Reports](#)" or for reports before 2005 select "Annual Reports R-1 Selected Schedules " hyperlink).

17. Display of expiration date for OMB approval. No exception is sought. The control number and expiration date for this collection appear on the cover sheet of the instructions.

18. Exceptions to Certification Statement. No exceptions are sought.

B. Collections of Information Employing Statistical Methods:

Not applicable