

SUPPORTING STATEMENT - R-1 Modification in EP 706
Reporting Requirements for Positive Train Control Expenses and Investments

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).

The Board proposes, in Ex Parte 706, to supplement the R-1 reports by requiring reporting railroads to provide information that would identify capital and operating expenditures for Positive Train Control (PTC). Railroads that carry passengers and/or carry certain hazardous materials are required to implement PTC, a safety system for railroads that will automatically shut down the power to locomotives to prevent accidents. Railroads are currently reporting PTC expenditures within the aggregated reporting category of capital investments and expenses. Under the Board's proposal, railroads would continue to be required to provide this aggregated information on capital investments and expenses, but would also be required to list PTC investments and expenditures as separate line items in a supplemental R-1 schedule. The separate identification of PTC information is necessary to help the Board monitor the emergence of PTC as a factor affecting the financial condition of the rail industry.

PTC is a system designed to prevent train-to-train collisions, over-speed derailments, incursions into established work zone limits, and the movement of a train through a switch left in the wrong position. The Rail Safety Improvement Act of 2008 requires Class I rail carriers to develop and submit a plan to the Secretary of Transportation for implementing PTC by December 31, 2015 (49 U.S.C. § 20157). The PTC plan must address operations on main lines where intercity rail passenger transportation or commuter rail transportation is regularly provided, and on main lines over which TIH or PIH are transported. The Rail Safety Improvement Act places the onus on rail carriers to pay for installation and maintenance of PTC.

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 (including the Association of American Railroads (AAR)) 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. Under the Board’s proposal in Ex Parte 706, the supplemental schedule will not be included in URCS. Rather, the proposed identification of PTC information in an R-1 supplemental schedule will help the Board monitor the emergence of PTC as a factor affecting the financial condition of the rail industry.

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 is simultaneously publishing notice in the Federal Register, seeking comments regarding the proposed modification to this collection. See Reporting Requirements for Positive Train Control Expenses and Investments, 76 Fed. Reg. 63,582-99 (Oct. 13, 2011).

9. Payments of 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. After a minor adjustment to the railroads' computer program, the proposed modification is not expected to have an effect on this estimated per-report burden. 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) As noted, we estimate that the proposed modification will involve only the modest burden of adjusting the computer program to segregate and report the requested information as a separate line item. (b) We estimate that there are otherwise no costs for operation, maintenance, or purchase of services associated with these proposed reporting requirements.

14. Costs to Board: We estimate that the cost to the Agency of entering the R-1 data into URCS system and posting the searchable pdf's to the website totals \$3,150, which includes 42 hours at a GS-14 pay grade.

15. Changes in burden hours. The proposed modification is not expected to affect the number of burden hours associated with this collection.

16. Plans for tabulation and publication: The agency does not tabulate the results of this report. Rather, the individual R-1 reports are posted in their entirety on the Board's website at www.stb.dot.gov/stb/industry/econ_reports.html (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