

SUPPORTING STATEMENT – MODIFICATION OF
ANNUAL AND QUARTERLY
FREIGHT COMMODITY STATISTICS, FORM QCS
(in EP 701)

A. Justification:

1. (a) 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 the interchange of traffic among carriers (49 U.S.C. §§ 10101-11908). Under 49 U.S.C. §§ 11145, the Board may require regulated carriers to submit financial and statistical data and reports that the Board needs to carry out its mission. 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 C.F.R. § 1248.

(b) Why the modification is necessary. The Board now proposes to accelerate the due date for this and several other reporting requirements. Under the proposal, Form QCS would be filed 30 days, instead of 60 days, after the end of the quarter for which they are compiled (49 C.F.R. § 1248.5). The proposed change to the filing deadline would further facilitate oversight of the economic health and operations of Class I (large) railroads. Earlier reporting of financial information would provide the Board and the public with an increased ability to identify and evaluate emerging trends, business conditions, and issues related to Class I railroads. In addition, the Board would be able to more quickly produce the various decisions that depend on the data. Reporting and information technology has changed since the existing deadline was set, allowing data to be more easily compiled and prepared for reports. Given the need for current financial and operational information, as well as improved reporting capabilities, it is appropriate that the Board reexamine and shorten current reporting deadlines.

2. How the collection will be used. Information reported on Form QCS is entered into the Uniform Rail Costing System (URCS), which is a cost measurement methodology. URCS, which was developed by the Board pursuant to 49 U.S.C. §§ 11161-62, 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 uses variable costs, for example, to calculate revenue-to-variable cost ratios to make threshold determinations about whether a rate complaint can proceed. Specifically, 49 U.S.C. § 10709 now limits the Board's jurisdiction over maximum rates to those instances where the revenue-to-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 C.F.R. § 1152.32(n)). In addition, this information is essential for determining regional and system costs. And many other federal agencies and industry groups depend on Form QCS for information regarding the cost of the movement of goods by railroads.

3. Extent of automated information collection. The railroads submit this report electronically in Excel spreadsheet format.

4. Identification of duplication. No other Federal agency has economic regulatory authority over freight rail transportation. Because no other Federal agency collects the information in this report, nor is this information available from any other source, 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. This reporting requirement applies only to Class I railroads, which have operating revenues in excess of \$250 million (1991 dollars) (adjusted for inflation using 2012 data, the revenue threshold for a Class I rail carrier is \$452,653,248). 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. The QCS data is aggregated in the annual QCS report. The agency uses the annual QCS data in its URCS calculations, while the quarterly data is primarily for public consumption. Thus, less frequent collection would either diminish the utility of the data for the agency or diminish the public availability of the quarterly information.

7. Special circumstances. No special circumstances apply to this collection.

8. Compliance with 5 C.F.R. § 1320.8. As part of its proposed rule, the Board has published a notice providing a 30-day comment period regarding the proposed modification, followed by a 30-day period for replies to comments. 80 Fed. Reg. 39045.

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. The following information pertains to the estimate of burden hours associated with this collection:

(1) Number of respondents: 7.

(2) Frequency of response: Each Class I carrier is required to file the quarterly

and annual QCS reports.

(3) Annual hour burden per respondent and total for all respondents: Based on information provided by the railroad industry, it is estimated that it takes not more than 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; and submit the form. It is estimated that each of the seven Class I railroads requires not more than 1,085 hours to complete the four quarterly reports and the one annual report. The total annual burden hours for all seven carrier responds is, therefore, estimated at 7,595 hours. In EP 431 (Sub-No. 4), Review of the General Purpose Costing System (served 2/4/13), the Board proposed a modification to this collection (submitted to OMB) that required a one-time addition of 7.5 start-up hours per railroad to this total. Annualized over the three-year approval period, the total number of burden hours was estimated at 7,613. To date, the Board has not adopted a final rule in EP 431 (Sub-No. 4). There should, however, be no change in burden hours as a result of the proposed modification here, which merely advances the due date of the report.

13. Other costs to respondents: There are no non-hour start up costs associated with the proposed modification to this collection. This report is sent to the agency electronically; so no non-hour costs for operation, maintenance, or purchase of services associated with this collection have been identified.

14. Estimated costs to the Board: We estimate that it takes two hours annually (GS 13/1 at \$55.49 per hour, including benefits) to review these seven filings; five minutes (0.08 hours) (GS 14/9 at \$83.05 per hour, including benefits) to enter the annual QCS report data (which is provided in spreadsheet form by the Association of American Railroads) into URCS; and four hours annually (Expert/Consultant at \$68.37 per hour, including benefits) to post on the website, resulting in a total annual cost of \$391.

15. Changes in burden hours. No change in burden hours is requested. The proposed modification is not expected to affect the number of burden hours associated with this collection.

16. Plans for tabulation and publication: These reports are submitted in the form of Excel spreadsheets and are posted on the Board's website at <
http://www.stb.dot.gov/stb/industry/econ_reports.html>.

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

18. Exceptions to Certification Statement. Not applicable

B. Collections of Information Employing Statistical Methods:

Not applicable