

2140-0009
November 2019
Expires: 12/31/19

**SUPPORTING STATEMENT
FOR REQUEST OF OMB APPROVAL
UNDER THE PAPERWORK REDUCTION ACT AND 5 C.F.R. § 1320**

The Surface Transportation Board (STB or Board) requests a three-year extension of approval of the regulations governing the filing by parties before the Board of Annual R-1 reports.

A. Justification:

1. Need for Information in Collection. 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 (large) 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. §§ 11161-64); rail revenue adequacy proceedings (49 U.S.C. § 10704(a)(2)); Rail Cost Adjustment Factor (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. Use of Data Collected. 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 URCS Costing System, 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. Reduction through Improved Technology. The railroads submit this report electronically in Excel spreadsheet format. In addition, as required by statute, carriers submit a signed and notarized hard copy of this report to the Board.

4. Identification of Duplication. No other Federal agency has economic regulatory authority over freight rail transportation. Therefore, no other Federal agency collects the majority of the information in this report, nor is such information available from any other source. (To the extent that a small portion of this information is also collected by the U.S. Securities and Exchange Commission, it is not collected in a format that is useful to the Board.) Therefore, there is no duplication of information. In most instances, the information sought is unique to each carrier.

5. Minimizing Burden for Small Business. No small entities will be affected by the collection of this information. This reporting requirement applies only to Class I railroads, which, under the Board's regulations, have annual carrier operating revenues of \$250 million or more in 1991 dollars (adjusted for inflation using 2015 data, the revenue threshold for a Class I rail carrier is \$457,913,998). The Board has adopted an indexing methodology to ensure that regulated carriers are classified based on real business expansion, rather than the effects of inflation.

6. Consequences if Collection not Conducted or Conducted Less Frequently. Under 49 U.S.C. § 11145, Class I railroads must file Annual Reports. Without this annual collection, the Board's ability to accurately and efficiently fulfill its statutory responsibilities would be diminished.

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

8. Consultation with Outside Agency. The Board published a 60-day notice requesting comments on this collection at 84 Fed. Reg. 48205 (September 12, 2019). No comments were received. The Board has also published a 30-day notice that comments about this collection be sent to OMB. See 84 Fed. Reg. 65881 (November 29, 2019).

9. Payments or Gifts. The Board does not provide any payment or gifts for this collection.

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

11. Sensitive Information. This collection contains no information of a sensitive nature.

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

Number of respondents: Seven

Frequency of response: Annual

Annual hour burden per respondent and total for all respondents. No more than 250 hours per respondent carrier. This 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, which ensures that the information will be presented in a consistent format across all reporting railroads. Many of these functions have become automated and more routine through the respondents' software programming. The total estimated annual burden hours for all seven carriers is therefore no more than 1,750 hours (seven respondents X 250 hours).

13. Estimated Total Annual Cost to Respondents: The respondent carriers are required by statute to submit a copy of the annual report, signed under oath. See 49 U.S.C. § 11145. A hard copy of the report is mailed to the agency at an estimated cost of \$4.00 per respondent, resulting in a total annual non-burden-hour cost of \$28.00 for all seven respondents. No other non-hour costs for operation, maintenance, or purchase of services associated with this collection have been identified, as: (a) this collection will not impose start-up costs on respondents; and (b) an additional copy of the report in Excel format is submitted to the agency electronically.

14. Annualized Cost to the Federal Government: There will be no cost beyond the normal labor costs for Board staff.

15. Explanation of Program Changes or Adjustments. Recently, Board staff reviewed its estimates of the burdens for this collection. Staff found that, as noted above, many of these functions have become automated and more routine through the respondents' software programming. This has led to reductions in our estimated hourly burdens for this collection.

16. Plans for tabulation and publication: The individual R-1 reports are posted in their entirety on the Board's website at https://www.stb.gov/stb/industry/econ_reports.html (select "Complete Class I Railroad Annual Reports" 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.