

Supporting Statement for Paperwork Reduction Act Submission

OMB Control No. 2140-0009
Expires July 31, 2026

Modification in Docket No. EP 787 of Class I Railroad Annual Report

The Surface Transportation Board (STB or Board) requests a modification and three-year extension of the existing approval of the regulations governing the filing by parties of their Class I Railroad Annual Report (OMB Control Number 2140-0009). In a notice of proposed rulemaking, the Board proposed to modify this information collection to eliminate supplemental reporting of certain Positive Train Control (PTC) expenditures.

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). Under 49 U.S.C. § 11145, the annual R-1 reports are required to be filed by all Class I (large) railroads and are 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. Why modification is necessary. This modification request stems from the Board's proposed rule to terminate Class I carriers' supplemental reporting of certain PTC expenditures in their Class I Railroad Annual Reports. PTC is a federally mandated safety 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. 49 U.S.C. 20157(i)(5). Since Congress first enacted PTC requirements, Class I railroads have incurred substantial PTC-related development and installation costs, which have been reflected in R-1 reports. Additionally, since 2013, railroads have been required to provide supplemental PTC expenses and other information as part of their R-1 reports.

According to the Association of American Railroads, this separate reporting requires the separation of costs that are already integrated into other assets and maintenance costs, and so carving out PTC-related assets and expenses is challenging and requires allocations and estimates. As a result, this reporting of already-implemented expenditures is significantly time-consuming and expensive. Consistent with EO 14219 and in light of FRA's determination that PTC implementation is complete, the benefits of the PTC Supplement cost reporting no longer justify the burden and cost requiring that detailed information.

Because PTC is now fully implemented, the new rule would be considered a deregulatory action to end the supplemental PTC reporting. In its notice of proposed rulemaking, Updating Class I Rail Carrier Reporting Requirements, STB Docket EP 787 (served Sept. 30, 2025) (NPRM), the Board found that the benefits from the supplemental PTC reporting no longer justify the burden of generating and reporting of detailed information required by 49 CFR 1241.11(b). The Board also found that “[e]nding these requirements would simplify annual R-1 reporting, . . .” Moreover, PTC-related expenditures would still be reflected in the R-1 “capital investments and expenses” totals, but they would not be separately identifiable from non-PTC expenditures or reported separately. Therefore, in the NPRM, the Board proposes to discontinue the supplemental PTC reporting.

Overall, the R-1 Annual Reports show operating expenses and operating statistics of the nation’s six largest rail carriers. Operating expenses include costs for right-of-way and structures, equipment, train and yard operations, and general and administrative expenses. Operating statistics include such items as car-miles, revenue-ton-miles, and gross ton-miles. These reports are used by the Board, other federal agencies, and industry groups to monitor and assess railroad industry growth, financial stability, traffic, and operations, and to identify industry changes that may affect national transportation policy. Information from these reports is also entered into the Uniform Railroad Costing System (URCS), which is the Board’s general purpose costing methodology. URCS, which was developed by the Board pursuant to 49 U.S.C. 11161, is used as a tool in rail rate proceedings (in accordance with 49 U.S.C. 10707(d)) to calculate the variable costs associated with providing a particular service. The Board also uses information from this collection to more effectively carry out other regulatory responsibilities, including: acting on railroad requests for authority to engage in Board-regulated financial transactions such as mergers, acquisitions of control, and consolidations, see 49 U.S.C. 11323-11324; analyzing the information that the Board obtains through the annual railroad industry waybill sample, see 49 CFR part 1244; measuring off-branch costs in railroad abandonment proceedings, in accordance with 49 CFR 1152.32(n); developing the “rail cost adjustment factors,” in accordance with 49 U.S.C. 10708; and conducting investigations and rulemakings.

In sum, the Class I Railroad Annual 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. Information from certain schedules contained in these reports is compiled and published on the Board’s website, <https://www.stb.gov/reports-data/economic-data/>. Information in these reports is not available from any other source.

3. Extent of automated information collection. At this time, the railroads submit their R-1 Annual Reports 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.

Recently, the Board has evaluated whether it could improve its electronic submission process for the Class I railroads’ annual R-1 reports. We reviewed options for the processing of this collection from six Class I railroads and are providing a summary of our review.

Currently, the nation's six Class I railroads compile their R-1s in Microsoft Excel and email them to Board staff directly. Staff in the Board's Office of Economics then evaluates the reports for completion and posts them. The railroads also mail hardcopies. This is required in the statute and has historically been a check on mistakes or bugs in the electronic versions (because the spreadsheets are very large). This process currently works well and is efficient, particularly given that there are now only six Class I railroads (with over \$900,000,000 in annual revenues) that submit these annual reports, and each is many, many times larger than the Board (by employee and annual budget) and each has their own complex computer and software systems.

We have evaluated the effectiveness of our current process and believe it is the most cost-effective and reasonable option. As noted, the Class I's all have different systems and seem satisfied with how they generate their spreadsheets. Further, in discussing alternatives, it appears that creating a new computer submission system could cost a significant portion of our entire budget. We would then have to make this new system compatible with the Class I's diverse systems, which we anticipate would be challenging. Thus, the simplicity and comfort by all involved with Excel spreadsheets appears to remain a reasonable and effective plan.

The Board is always open to ways to reduce the burden hours for both the railroads and the Board. However, the Board did not believe there was a viable and more efficient way to create a new electronic system for submitting the statutorily required reports without additional cost burdens to both the Board and respondents. The burden hours and costs might well increase exponentially.

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 \$900 million or more in 2019 dollars (adjusted for inflation using 2021 data, the revenue threshold for a class I rail carrier is \$943,898,958). 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. The threshold value for Class I railroads is based on the new thresholds established in Docket No. EP 763, which also provided for a deflator factor referenced to the new base year of 2019.

6. Consequences if Collection not Conducted or Conducted Less Frequently. Under 49 U.S.C. § 11145, Class I railroads must file a Class I Railroad Annual Report. 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 Outside Agency. The Board published its proposed rule change in the NPRM (90 Fed. Reg. 46779 (Sept. 30, 2025)). In a subsequent decision, the Board extended the due dates for comments, providing for a 69-day comment period (including a 14-day period for reply comments) regarding this collection, with specific reference to concerns detailed in the Paperwork Reduction Act, 44 U.S.C. §§ 3501-3521 and Office of Management and Budget (OMB) regulations at 5 C.F.R. § 1320.8(d)(3).

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: Six

Frequency of response: Annual

Annual hour burden per respondent and total for all respondents. No more than approximately 220 hours. 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 each 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. It also incorporates a reduction on burden hours for the changes in the NPRM, as well as the one-time burden, as shown in the Table below. The total estimated annual burden hours for all six Class I carriers are no more than 1,356 hours (six respondents X 220 hours and a one-time response of six hours).

Table – Total Estimated Annual Burden Hours for Respondents

Type of filing	Estimated Hours per Response	Number of Respondents	Estimated Frequency	Total burden hours
One-time burden hours to adjust removing PTC entries (amortized over three years until renewal)	6	6	1	36
Annual R-1 preparation	220	6	1	1,320
Total Burden Hours				1,356

13. Estimated Total Annual Cost to Respondents: The respondent carriers are required by statute to submit a copy of their Class I Railroad 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 \$12.00 per respondent, resulting in a total annual non-burden-hour cost of approximately \$72.00 for all six 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 is submitted to the agency electronically.

14. Annualized Cost to the Federal Government: We estimate that it takes 30 hours annually (GS-14 employee) to review the Annual R-1 Reports and two hours (GS-14 employee) to post the Annual R-1 Reports on our website.

15. Explanation of Program Changes or Adjustments. In preparing the NPRM, Board staff reviewed its estimates of the burdens for this collection and determined the reduction in the annual burden hours for this collection, decreasing the burdens for eliminating the separate PTC reporting, and adding one-time burden hours for respondents to eliminate those reporting items in their R-1 reports.

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/reports-data/economic-data/> (scroll down to "Data Submitted by Railroads").

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.