



Budget Request for FY 2016

Surface Transportation Board



Daniel R. Elliott III, *Chairman**

Debra L. Miller, *Vice Chairman***

Ann D. Begeman, *Member*

**Chairman Elliott, whose tenure with the Board ended 12/31/14, participated in the Fiscal Year (FY) 2016 Budget Request vote in September 2014. The FY 2016 budget request document has been updated to reflect action on the FY 2015 appropriations measure and to reflect progress in the Board's workload.*

***The Board unanimously approved Vice Chairman Miller to serve as the Board's Acting Chairman and Board Member Begeman to serve as Vice Chairman upon Chairman Elliott's departure from the Board.*

Table of Contents

1 OVERVIEW_____	1
2 FY 2016 BUDGET REQUEST_____	2
3 ACCOMPLISHMENTS IN FY 2014_____	10
4 EXHIBITS_____	24
5 STB BOARD MEMBERS' STATEMENTS_____	42



Overview



The Surface Transportation Board (STB) is charged with the economic oversight of the nation's freight rail system. The three-member, bipartisan Board was formed in 1996 as the successor agency to the Interstate Commerce Commission. The Board has regulatory jurisdiction over railroad rate reasonableness, mergers, line acquisitions, new rail-line construction, abandonments of existing rail lines, and the conversion of rail rights-of-way into hiking and biking trails. While the majority of the Board's work involves freight railroads, the STB also performs certain oversight of passenger rail operations and the intercity bus industry, non-energy pipelines, and household goods carriers' tariffs, and rate regulation of non-contiguous domestic water transportation (freight shipping involving United States and Hawaii, Alaska, and Puerto Rico and other U.S. territories). The Board's involvement with Amtrak, particularly Amtrak's relationships with the freight railroads, has grown in recent years.

The Board is decisionally independent, although it is administratively housed within the U.S. Department of Transportation (DOT). Because the economics of freight rail regulation are so important to our national economy and involve a national network, Congress gave the STB sole jurisdiction over rail mergers and consolidations, exempting such transactions from federal antitrust laws and state and municipal laws.

The STB also has exclusive authority to determine whether railroad rates and services are reasonable.

To carry out Congress' charge, the STB has assembled a small but highly experienced staff of economists, lawyers, and experts in rail, shipping, and environmental matters. While the Board participates in more than 1,300 decisions and court-related matters each year, significant resources are consumed by complex rate cases. Much of the Board's staff time is devoted to analyzing the economic and environmental impacts of its decisions, ensuring that its decisions are fair, and defending those decisions in court.

The majority of the Board's budget consists of salaries and benefits, rent, security, travel expenses, and costs associated with congressionally mandated activities largely driven by the number and types of cases filed. In the past year, the agency continued to work on a number of large, complex rate and passenger rail matters, but the Board's ability to process these cases has been impacted by limited staffing and resources. The agency anticipates an increase in workload in Fiscal Year (FY) 2016 due to the strong market for freight rail and the continued expansion of the U.S. economy.

FY 2016 Budget Request



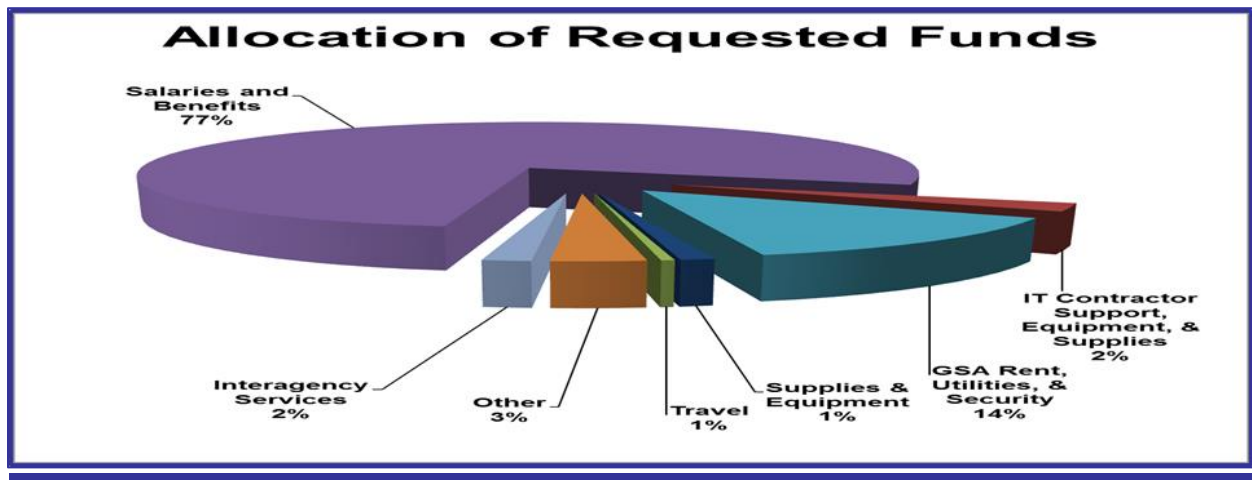
The Board is requesting \$34,797,000 for 170 Full Time Equivalents (FTEs), an increase of \$3,422,000 over the Board's FY 2015 Appropriation. A significant portion of this increase includes funding for additional FTEs over the FY 2015-funded FTEs. The remainder of the request reflects an increase in the agency's share of employee benefits contributions.

Our request is motivated in part by the need to add staff to address the growing workload related to the newly expanded oversight role over passenger rail matters, as directed by the Passenger Rail Investment and Improvement Act of 2008 (PRIIA). Although Section 207 of PRIIA, directing the Federal Railroad Administration (FRA) and Amtrak to jointly develop performance metrics and standards, was recently found unconstitutional by a court of appeals, the Supreme Court has accepted the case for review in its 2014-15 term. Regardless of whether Section 207 is upheld, the rest of

the PRIIA statute remains intact, and the Board's involvement with PRIIA-related issues will continue to grow.

In the passenger rail oversight area, the Board has seen an increase in workload related to monitoring the on-time performance of Amtrak trains and resolving disputes with host railroads over service on routes jointly shared with passenger trains. The Board is also involved in determining cost methodologies for funding certain Amtrak routes, and in licensing new passenger rail projects. While the Board's staff is already engaged in examining Amtrak's operations and record-keeping systems and is working on addressing Amtrak delay issues, additional FTEs are needed to fully address the growing workload in this area.

The Board also requests funding for additional FTEs to bolster staff to process rate reasonableness cases, which have grown



Budget Request for FY 2016

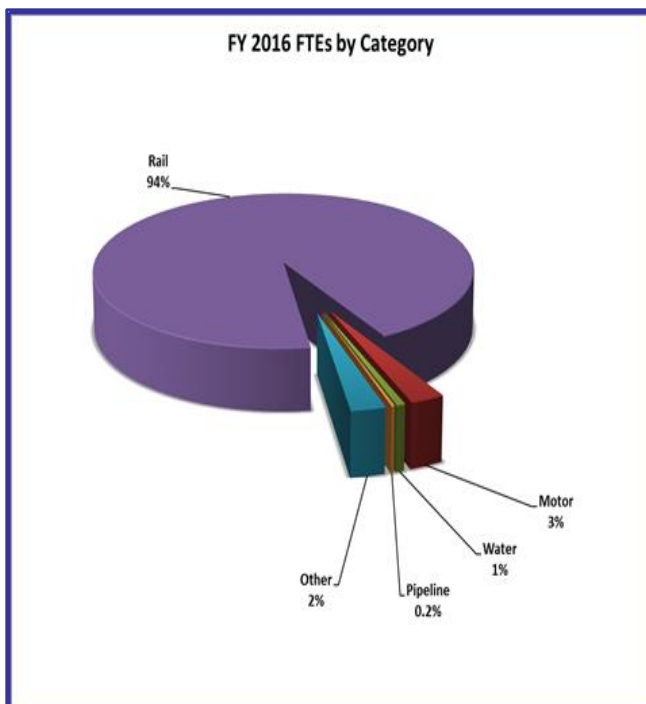
in size and complexity and are consuming an increasing amount of the Board's resources. The Board would also like to add staff to help address newly implemented programs that encourage informal resolution of rail rate and service disputes before the agency, and to enhance the Board's auditing of industry financial filings.

The recent deterioration of freight rail service, which emerged during the winter of 2013-2014 and continues today, has added significantly to the STB's workload. The Board held two hearings on service issues; the first in April 2014 in Washington, D.C., and a second in Fargo, ND, in September 2014. The Board has issued several orders designed to improve rail service and the agency has devoted additional resources to handling stakeholder concerns about rail service issues. The Office of Public Assistance, Governmental Affairs and Compliance (OPAGAC) has been the STB's primary informal resource in addressing

service-related complaints and requests from stakeholders. OPAGAC's efforts have included informal mediation with shippers and railroads; monitoring rail performance through regular conference calls with railroads; hosting numerous meetings at STB headquarters; and holding outreach meetings for stakeholders in Fargo, ND; Sioux Falls, SD; Malta, MT; and Bloomington, MN. Service issues across the U.S. freight rail network are likely to persist for an extended period of time, as the industry adjusts to new demands.

Unlike agencies that are program-based, the STB's responsibilities are driven largely by the number of cases filed by affected parties in a given year. While some matters are relatively simple, such as a routine rail line acquisition license or the recordation of a lien, others, such as rate cases, unreasonable practices complaints, line constructions, some abandonments, and declaratory orders, are more complex and require significant staff time and other resources to adjudicate.

In addition to these time- and labor-intensive matters, the Board undertakes extensive environmental reviews of proposed new rail line construction, mergers and acquisitions, rail line abandonments, and other actions that require review under the National Environmental Policy Act (NEPA). The STB also administers the "rail banking" program of the National Trails System Act. This program allows railroad rights-of-way approved for abandonment to be used as recreational trails on an interim basis (until rail service is restored).



Cases

The Board issues hundreds of decisions each year in the licensing and complaint cases brought before it and in the rulemaking proceedings that the Board initiates either on petition or on its own initiative. The Board has issued rules reforming its larger rate case process, modifying and clarifying its simplified rate case processes, and changing the interest rate applied to reparations.

As noted, the STB has experienced an increase in workload in the rate area. Additional staff would allow the Board to process these complicated proceedings more quickly.

In FY 2014, a federal court of appeals substantially affirmed the Board's decision in *Rate Regulation Reforms*, Docket No. EP 715, in which the Board finalized new rules to improve the Board's rate regulation

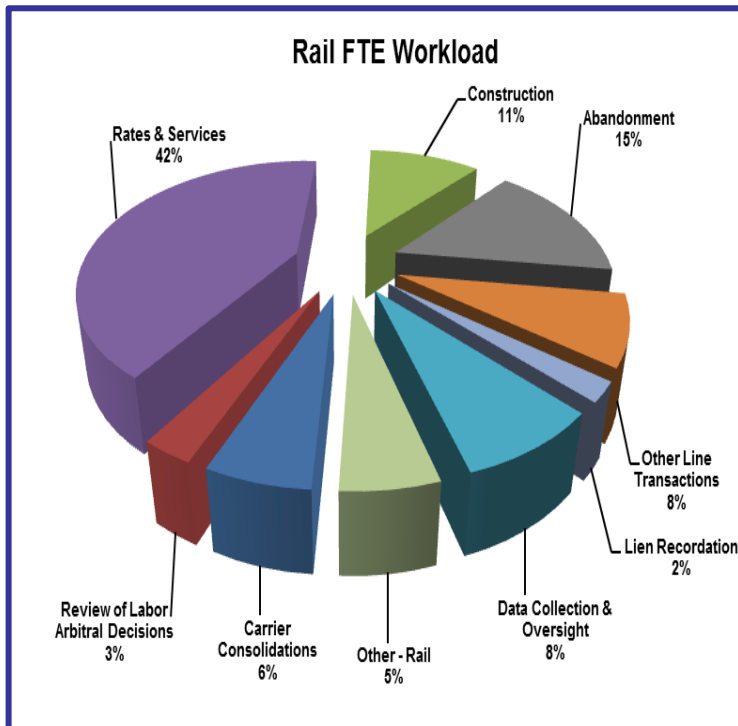
processes, particularly the procedures governing the resolution of smaller rate disputes. In that regard, the Board removed limitations on relief brought under the Board's Simplified Stand-Alone Cost (SAC) methodology, a less costly and complex alternative to the Board's full SAC cases. The Board also increased the relief limit available under an even more simplified rate case methodology (the Three-Benchmark methodology).

Continuing with work extending from FY 2013, the Board is conducting a review of a number of key policy issues in light of changing industry conditions. The Board is reviewing its rate case procedures to ensure they are accessible to grain shippers. In FY 2014, the Board invited written comments from the public to explore both its methodology for determining railroad revenue adequacy and the revenue adequacy component used by the Board in judging the

reasonableness of rail freight rates. The Board is also evaluating competitive issues such as reciprocal switching and commodity exemptions.

Alternative Dispute Resolution Efforts

To carry out the Board's regulatory mission at a time of an increased caseload, the Board encourages use of alternative dispute resolution (ADR). These efforts have facilitated the settlement of cases and have satisfactorily addressed other problems before they turned into formal complaints.



Budget Request for FY 2016

Specifically, since the start of FY 2008, the STB has conducted mediation in 26 proceedings. Eight cases were settled through Board-sponsored mediation: two large rate cases, one small rate case, and five other railroad-related disputes. These settlements resulted in significant savings of litigation expenses to the parties, allowed both sides to reach mutually satisfactory agreements, and freed up the Board's limited staff resources to work on other matters.

In 2013, the Board adopted new arbitration and mediation rules. These rules build on the Board's efforts over recent years to facilitate alternative dispute resolution. Under the new rules, the Board may order parties into mediation or grant mediation upon request. The arbitration rules allow parties to "opt in" to the program to handle certain kinds of disputes, or to pursue arbitration on a case-by-case basis. Relief available under arbitration is capped at \$200,000 unless the parties agree to cap relief at a different amount.

The Board has a team of employees that serve as "collateral duty" mediators, meaning employees that can temporarily serve as mediators in addition to performing their normal duties. These "collateral duty" mediators have received extensive mediation training, which combined with their substantive knowledge on matters regulated by the Board, allows them to provide stakeholders with a viable method of resolving disputes without the need for formal adjudication. During FY 2014, the first mediation under the regulations adopted

by the Board in May 2013 was conducted by using these collateral duty mediators. The mediators held a series of meetings over a 30-day period in an effort to reach settlement of a complex proceeding pending before the Board, involving three major railroads and one large shipper. Although the mediation did not resolve the dispute in this particular instance, the parties to the mediation provided positive feedback in the post-mediation evaluation process and this exercise demonstrated the benefits of the Board's new rules allowing it to refer specific cases to mediation.

The Board hopes to employ mediation in more proceedings in the future. An increase in funding for the mediation program would allow the Board to provide more training for its collateral-duty mediators and even send mediators into the field to mediate, rather than having the parties travel to Washington. If the Board can mediate a settlement in even an additional two or three significant cases per year, it could save the parties thousands of dollars in litigation costs and free up Board staff to work on other proceedings.

In addition to mediation and arbitration, the Board continues to employ informal facilitation to help resolve disputes among stakeholders. The Rail Customer and Public Assistance (RCPA) program continues to work informally with all stakeholders to ameliorate a broad spectrum of disputes related to the rail industry. This resource is particularly popular with small shippers and public entities that typically lack resources for litigation before the Board. RCPA also

responds to inquiries concerning the Board's procedures and regulatory requirements, as well as requests for information about the Board's operations. In FY 2014, RCPA handled approximately 1,300 public inquiries and informal complaints. The Board expects this level of activity to continue.

Oversight

The Board needs additional personnel to strengthen its oversight of the railroad industry, particularly in light of the widespread disruptions in rail service since the winter of 2013-2014. A variety of factors, including major changes in traffic patterns, resulted in severe and ongoing service deterioration across several areas of the rail network. Service challenges in certain areas may continue until the railroads can acquire and deploy sufficient infrastructure, equipment and manpower resources. The Board closely monitors service issues, works informally with rail carriers and shippers, and issues service related orders as appropriate. In 2014, the Board held two service hearings, conducted four Board staffed field meetings, and held numerous meetings/calls with carriers and impacted shippers.

The Board obtains information from the railroads such as interim financial updates and employment statistics, none of which are audited by the STB due to limited resources. Additional FTEs and resources would facilitate the agency's ability to provide oversight in these areas. The Board continues to evaluate the changes in the accounting and reporting area to make information timely and relevant for the users

of railroad financial data and in the proceedings before the Board.

Other Priorities

The Board completed a report in May 2010 directed by the House and Senate Appropriations Committees on different options to update the Uniform Rail Costing System (URCS).

The Board continues its work to update URCS, including migrating from legacy software programs like FORTRAN, which was the first recommended improvement in its May 2010 report. This modernization will also make URCS more adaptable to future modification. For example, in *Revision of the General Purpose Costing System*, Docket No. EP 431 (Sub-No. 4), the Board has proposed rules to address concerns with the "make-whole adjustment" used in URCS to reflect operating efficiencies as shipments increase — which was the second recommended improvement in the May 2010 report.

Budget Details

For personnel compensation and benefits, \$26.897 million is requested to support the Board's 170 requested FTEs. Included in this amount is \$180,000 for lump-sum leave payments for retiring employees. Until recently, Board employees were predominantly CSRS retirement system participants. As many of those employees have recently retired and been replaced by FERS participants, the agency's retirement and employee benefits costs have increased.

Because many of the Board's decisions affect the economies and environments of

Budget Request for FY 2016

regions across the nation, sometimes Board Members and staff need to travel. Therefore, a travel budget of \$162,000 is requested. The requested travel is consistent with the FY 2015 budget request and is designed in part to permit the Board to continue its close monitoring of rail service issues, facilitate the investigation of Amtrak performance matters and expand the Board's mediation and informal dispute resolution programs. The need for a robust travel budget is particularly important given the service issues that developed across the rail network in the winter of 2013-2014 and have continued. The shippers affected by these service issues often cannot afford to travel to Washington, D.C., to meet with Board Members and staff and participate in Board hearings. In addition, it is generally more informative for the Board Members and staff when they are able view the causes of the service problem at the location on the network where the problem is occurring.

In addition, the enhancements to the Board's rail audit program will require more frequent visits to major railroads' corporate headquarters to audit and review the railroads' financial filings and transactional activity relevant to the Board's regulatory requirements. Also, several staff trips will be required in the Board's preparation of the Environmental Impact Statement for the Tongue River Railroad construction project. Related activity includes consultations and meetings with the public, stakeholders, organizations, government entities, and tribes. Staff travel also will be required for the environmental review of various other major rail construction projects.

It is important to the agency's mission that the Board physically inspect proposed rail line construction and complex abandonment sites to document and assess environmental data related to the transaction. The Board must also conduct operational reviews, defend the Board's decisions in courts across the country, and make presentations and hold public meetings on issues within the Board's jurisdiction and of intense local interest.

Funding to cover other costs is requested at \$7.9 million. This includes rent payments to the General Services Administration, building security payments to the Department of Homeland Security (DHS), and payments for employee training, telephone service, postage, IT systems support and software licenses, services and supplies, and reimbursable services acquired from other Federal agencies. Additionally, the Board's GSA Lease is expiring in February 2017. Therefore, the Board is requesting an additional \$240,000 in the FY 2016 budget request for lease and space planning. The Board is at an early stage of its leasing process with GSA. The lease and space planning request is a conservative estimate, based on design and renovation costs per square foot from a widely accepted reference in the construction planning industry; it also includes a conservative contingency factor. In addition, the Board needs funding to update its IT infrastructure, which has been a barrier not only to the completion of the Board's new website and case management system, but also to the day-to-day operations of the agency.

Budget Request for FY 2016

These costs also include the STB's share of e-Gov initiatives and funding for the Chief Information Officers Council and the Chief Financial Officers Council. A payment to the DOT Working Capital Fund of \$288,200 is included in these costs.

The Board continues to evaluate its level of physical security in light of the building's security committee and DHS guidelines. The Board's security costs reached \$672,000 in FY 2014, or two percent of the Board's total appropriation for the year.

The Board is revising our business continuity plan which includes the transition from government owned/maintained IT networks to cloud-based IT platforms operated by private industry partners, along with sheltering-in-place procedures, to provide for the physical security of its employees and the continuity planning and continuance of its statutory mission.

Surface Transportation Board Organization Chart



The above numbers to the left represent actual FY 2014 FTEs; the numbers to the right represent requested FY 2016 FTEs. The number of Full-Time Permanent positions and FTEs is the same. The total number of requested FTEs for the Surface Transportation Board is 170 for FY 2015 and 170 for FY 2016.

*Term ended December 31, 2014
 **Acting Chairman as of January 1, 2015

Accomplishments in FY 2014



Rate Cases

The Board has jurisdiction over complaints challenging the reasonableness of common carrier rates only if the railroad has market dominance over the traffic involved. Market dominance refers to an absence of effective competition from other railroads or transportation modes for the movement to which a rate applies. To assess whether a challenged rate is reasonable, the Board uses “constrained market pricing,” which limits a railroad’s rates to levels necessary for an efficient carrier to make a reasonable return on investment.

The Board had two rate cases pending as of September 2014: *Total Petrochemicals & Refining USA, Inc. vs. CSX Transportation*, Docket No. NOR 42121; and *Intermountain Power Agency v. Union Pacific Railroad Company*, Docket No. NOR 42136.

While *Intermountain Power* is currently being held in abeyance because of settlement negotiations, *Total Petrochemicals* will require significant staff attention and resources. In a May 2013 decision, the Board concluded that the defendant possessed market dominance with respect to 51 challenged rates, but not with respect to the other 12. Board Member Begeman dissented with a separate expression. The defendant did not contest its market dominance in 21 of the 84

challenged rates. As to the other 63 rates, the railroad has sought review of the Board’s market dominance findings in court. Because the court did not stay the proceeding, the Board is now considering the reasonableness of the 72 rates as to which the railroad has market dominance.

In *Intermountain Power*, the Board held an oral argument on November 14, 2013. The argument addressed the complaint of Intermountain Power Agency (IPA) challenging the reasonableness of rates established by Union Pacific Railroad Company for unit train coal transportation service from a point of interchange with the Utah Railway Company at Provo, Utah, to IPA’s electric generating facilities at Lynndyl, Utah.

In FY 2014, the Board issued decisions in two rate cases, *E.I. DuPont de Nemours and Company v. Norfolk Southern Railway Company*, Docket No. NOR 42125; and *Sunbelt Chlor Alkali Partnership v. Norfolk Southern Railway Company*, Docket No. NOR 42130 (Board Member Begeman dissenting).

In *DuPont*, the Board found that the complaining shipper did not have a feasible shipping alternative to the defendant railroad for much of the transportation at issue, but

that the complainant failed to demonstrate that the challenged rates are unreasonably high. This case was the largest maximum rate case in terms of size, dollar amount, and complexity ever adjudicated by the Board. The Board is currently working on the parties' petition for technical corrections, and anticipates the filing of petitions for reconsideration of the Board's decision on the merits will also be filed.

In *Sunbelt*, the Board found that the complaining shipper does not have a feasible shipping alternative to defendant railroad for the transportation at issue, but that the challenged rates had not been shown to be unreasonably high until the year 2021. After considering the circumstances of the case, the Board declined to prescribe a rate for these future movements. Board Member Begeman dissented with a separate expression. The parties recently filed a joint petition for technical corrections, and each party separately filed a petition for reconsideration.

The Board also has two other rate cases on its docket. In *Arizona Electric Power Cooperative, Inc. v. BNSF Railway Company and Union Pacific Railroad Company*, Docket No. NOR 42113, while the Board prevailed on an appeal of the Board's decision on the merits, the issue of reinstating the rate prescription in light of a Board decision in *Western Coal Traffic League—Petition for Declaratory Order*, Docket No. FD 35506, is currently pending before the Board. *Western Fuels Association, Inc. and Basin Electric Power Cooperative v. BNSF Railway Company*,

Docket No. NOR 42088, is also before the Board on remand.

In total, of the last 20 rate cases to have reached a conclusion, 13 have ended in settlements. A number of these settlements, such as *U.S. Magnesium, L.L.C. v. Union Pacific Railroad Company*, Docket Nos. NOR 42115 and NOR 42116; and *NRG Power Marketing LLC v. CSX Transportation, Inc.*, Docket No. NOR 42122, were a direct result of STB-led mediation. The Board also held mediation in other cases in which the parties ultimately negotiated settlements: *Canexus Chemicals Canada, L.P. v. BNSF Railway Company*, Docket No. NOR 42132; and *AEP Texas North Company v. BNSF Railway Company*, Docket No. NOR 41191. In four of the seven cases that were not settled, the Board found the rates to be unreasonably high; in two, the rates were not shown to be unreasonable; and in one case the Complainant withdrew the complaint.

Unreasonable Practice, Rulemaking, Abandonment, Declaratory Order, and Other Proceedings

In FY 2014, the Board issued multiple decisions on topics of importance to shippers and railroads.

Rulemakings

In *Information Required in Notices and Petitions for Exemption Containing Interchange Commitments*, Docket No. EP 714, the Board made clarifications at the request of the American Short Line and Regional Railroad Association. Previously,

the Board had increased the amount of information available on interchange commitments, which are contractual clauses that limit the incentive or the ability of the purchaser or lessee of a rail line to interchange traffic with carriers other than the seller or lessor. The Board clarified that under the new rules, parties will be required to provide specific details about the impact the interchange commitments would have on shippers and the purchaser or lessee railroad. The Board's goal is to ensure that both the agency and other interested parties have sufficient information to judge whether particular transactions should be permitted to proceed under the expedited exemption process.

In *Railroad Revenue Adequacy*, Docket No. EP 552 (Sub-No.17), the Board found that three Class I railroads (BNSF Railway Company, Norfolk Southern Combined Railroad Subsidiaries, and Union Pacific Railroad Company) were revenue adequate for the year 2012, meaning that those three Class I railroads achieved a rate of return equal to or greater than the Board's calculation of the average cost of capital to the freight rail industry. In *Railroad Revenue Adequacy*, Docket No. EP 552 (Sub-No.18), the Board found that five Class I railroads (BNSF Railway Company, Grand Trunk Corporation, Norfolk Southern Combined Railroad Subsidiaries, Soo Line Corporation, and Union Pacific Railroad Company) were found to be revenue adequate for the year 2013, meaning that those five Class I railroads achieved a rate of return equal to or greater than the Board's calculation of the average cost of capital to

the freight rail industry. (The Board issues the annual revenue adequacy determinations for the prior calendar year in late September or early October. The Board issued the 2012 determination in October of FY 2014 and the 2013 determination in September of FY 2014, leading to the unusual result that two annual determinations of revenue adequacy were made in the same Fiscal Year.)

In *Petition of the Western Coal Traffic League to Institute a Rulemaking Proceeding to Abolish the Use of the Multi-Stage Discounted Cash Flow Model in Determining the Railroad Industry's Cost of Equity Capital*, Docket No. EP 664 (Sub-No.2), the Board opened a rulemaking proceeding in response to a request that the agency abolish the use of the multi-stage discounted cash flow model in determining the railroad industry's cost of equity capital. In *Demurrage Liability*, Docket No. EP 707, the Board adopted final rules pertaining to who may charge demurrage and who is subject to demurrage. Demurrage is a charge for detaining rail cars for loading or unloading beyond a specified amount of time. The Board also clarified that it construes the provisions of 49 U.S.C. § 10743 as governing liability for payment of rates applying to carriers' line-haul rates, but not to carriers' charges for demurrage.

Declaratory Orders

In *Brazos River Bottom Alliance – Petition for Declaratory Order*, Docket No. FD 35781, the Board denied a petition by Brazos River Bottom Alliance asking the Board to open a declaratory order

proceeding and find that Union Pacific Railroad Company requires Board approval for a rail project in Robertson County, Tex.

In Boston and Maine Corporation and Springfield Terminal Railway Company – Petition for Declaratory Order, Docket No. FD 35749, the Board denied a request by the Town of Winchester, Mass., to reconsider the Board’s decision declaring that certain zoning decisions issued by the Town, which would ban freight rail transportation to a warehouse in the Town, are preempted by federal law.

In Grafton & Upton Railroad Company – Petition for Declaratory Order, Docket No. FD 35779, the Board declared that preclearance regulations and other requirements of the Town of Grafton, Mass., which would prohibit or unreasonably interfere with the proposed construction and operation of an additional rail yard and storage tracks in the Town, are preempted by federal law.

In Rail-Term Corp. – Petition for Declaratory Order, Docket No. FD 35582, the Board responded to a referred question from the United States Court of Appeals for the District of Columbia Circuit, asking whether Rail-Term Corporation is a rail carrier within the definition at 49 U.S.C. § 10102(5). That question was relevant to the court’s review of decisions of the Railroad Retirement Board (RRB) finding that Rail-Term is a covered employer under rail employee-benefits acts that the RRB administers, entitling its employees to those benefits. The record there showed that several short line railroads have outsourced to Rail-Term the dispatch function of their

freight rail service. The Board determined that Rail-Term is a rail carrier under 49 U.S.C. § 10102(5), and that its dispatching services are subject to the Board’s jurisdiction. Board Member Begeman dissented with a separate expression. Rail-Term’s request for reconsideration remained pending at the end of FY 2014.

In V&S Railway, LLC – Petition for Declaratory Order – Railroad Operations in Hutchison, Kan., Docket No. FD 35459, the Board denied the request to reconsider an earlier decision regarding a dispute between a rail carrier and two shippers in a matter referred to the Board by the United States District Court for the District of Kansas. The case before the district court largely involved state property and contract law. The questions before the Board involved the practical implications of those state law decisions on who may legally conduct rail operations over different segments of the rail line.

In United States Environmental Protection Agency – Petition for Declaratory Order, Docket No. FD 35803, the Board initiated a proceeding to consider whether rules regarding railroad locomotive idling would be preempted by 49 U.S.C. § 10501(b) if the United States Environmental Protection Agency approves the rules as part of California’s air quality management plan under the Clean Air Act.

In Norfolk Southern Railway Company – Petition for Declaratory Order, Docket No. FD 35701, the Board declared that the claims against Norfolk Southern Railway in

certain Virginia state court lawsuits are preempted by federal law.

In *Grafton & Upton Railroad Company—Petition for Declaratory Order*, Docket No. FD 35752, the Board found that federal law preempts state and local preclearance regulations and other requirements that would prohibit or unreasonably interfere with the Grafton & Upton Railroad Company’s construction and operation of a liquefied petroleum gas transload facility in Grafton, Mass.

Abandonment/Acquisition

In *Stewartstown Railroad Company – Adverse Abandonment – In York Country, PA*, Docket No. AB 1071, the Board granted a request by the Estate of George M. Hart (joined by Stewartstown Railroad Company) to dismiss the estate’s adverse abandonment application and to vacate the November 16, 2012 decision granting the application. As a result, Stewartstown Railroad Company’s petition to reopen and stay the November 16 decision was denied as moot, and the offer of financial assistance process was terminated.

In *BNSF Railway Company – Terminal Trackage Rights – Kansas City Southern Railway Company and Union Pacific Railroad Company*, Docket No. FD 32760 (Sub-No. 46), the Board directed the parties to engage in mandatory mediation to resolve the issues regarding BNSF Railway Company’s access over approximately 9 miles of track formerly operated by Southern Pacific Transportation Company and now jointly owned and operated by

Kansas City Southern Railway Company and Union Pacific Railroad Company. Mediation was not successful, and the matter is back before the Board.

In *Union Pacific Railroad Company – Acquisition and Operation Exemption – Brownsville and Matamoros Bridge Company*, Docket No. 35791, the Board allowed the Union Pacific Railroad Company to acquire and operate a 0.8-mile rail line owned by Brownsville and Matamoros Bridge Company beginning at the connection to UP’s Brownsville Subdivision and extending to the international border with Mexico, subject to standard employee protective conditions.

Other Proceedings

In *United States Rail Services Issues*, Docket No. EP 724, the Board held a public hearing on April 10, 2014, in Washington, DC, to provide interested parties the opportunity to report on recent service problems in the United States rail network (including the effect of the severe winter weather on rail transportation); to hear from rail industry executives on plans to address their service problems; and to discuss additional options to improve service. As a result of the public hearing, the Board, pursuant to 49 U.S.C. § 721(b), directed Canadian Pacific Railway Company and BNSF Railway Company to each report their plans to ensure delivery of fertilizer shipments for spring planting of U.S. crops. In addition, the Board required Canadian Pacific Railway Company and BNSF Railway Company to publicly file their plans to timely resolve their backlogs of

grain car orders, as well as weekly status reports pertaining to grain car service. The Board also held a public hearing on September 4, 2014, in Fargo, ND, as part of its ongoing effort to address service issues.

In *Railroad Revenue Adequacy*, Docket No. EP 722, the Board initiated a proceeding to explore its methodology for determining railroad revenue adequacy, as well as the revenue adequacy component used in judging the reasonableness of rail freight rates. The Board is seeking public comments on these matters and will hold a hearing to address the issues.

In *Rail Transportation of Grain, Rate Regulation Review*, Docket No. EP 665 (Sub-No.1), the Board is conducting a review to ensure its rate complaint procedures are accessible to grain shippers and to provide effective protection against unreasonable freight rail transportation rates. The Board sought public comment on ways of improving the Board's procedures.

In *Reasonableness of BNSF Railway Company Coal Dust Mitigation Tariff Provisions*, Docket No. FD 35557, coal shippers challenged the "safe harbor" provision of a tariff issued by BNSF Railway Company, which requires coal shippers to reduce the amount of coal dust lost from railcars during transit from mines in the Powder River Basin. The "safe harbor" permits shippers to comply with the tariff by applying a coating over coal loaded into open-top coal cars. The Board found the coal shippers challenging the safe harbor have not shown that the coal dust suppression methods set forth in the tariff are unreasonable. However, the Board

found unenforceable one provision regarding shipper liability for adverse impacts from approved suppression methods because the language is overly broad and ambiguous.

Construction Cases and Environmental Studies

In *California High-Speed Rail Authority — Construction Exemption — in Fresno, Kings, Tulare and Kern Counties, Cal.*, Docket No. FD 35724 (Sub-No. 1), the Board authorized the California High-Speed Rail Authority (Authority) to construct a 114-mile high-speed passenger rail line between Fresno and Bakersfield, Cal., subject to environmental conditions. The Board's decision was preceded by environmental reviews under NEPA. In April 2014, the lead and cooperating agencies issued the Final Environmental Impact Statement (EIS) for the Fresno to Bakersfield HST Section. FRA issued its Record of Decision (ROD) approving a preferred build alternative and adopting extensive environmental mitigation measures on June 27, 2014. After weighing the various transportation-related and environmental concerns raised before the Board, the Board authorized the construction project in a decision issued in August 2014. The Board's decision adopted the Final EIS and authorized the Authority to build the route designated by FRA as the preferred build alternative, subject to compliance with the mitigation imposed by FRA in its ROD, as well as additional environmental conditions imposed by the Board. Board Member Begeman dissented with a separate expression.

The STB worked on eight EISs as well as six major Environmental Assessments (EAs) during FY 2014. These EISs and EAs involved a number of complex and controversial environmental issues, including wetlands impacts; historic preservation compliance, including tribal consultations; hazardous materials; and endangered species. Several of these environmental reviews require ongoing monitoring and oversight for purposes of implementing environmental and historic preservation conditions imposed by the Board. We describe several of the more challenging and complex transactions below:

The Board staff held a number of tribal consultation and coordination meetings with tribal officials related to Tongue River Railroad's revised application to construct and operate a rail line in southeast Montana (*Tongue River Railroad Company, Inc. — Rail Construction and Operation—in Custer, Powder River and Rosebud Counties, Mont.*, Docket No. FD 30186). The Board has completed surveys for all resource areas (wetlands, biological resources, cultural resources, noise and vibration). The Board continues to evaluate and analyze the information collected and prepare the draft EIS.

The Board is also conducting a supplemental environmental review of a proposal for the joint use of 106.5 miles of track between Louisville, Kentucky, and Indianapolis, Indiana (*CSX Transportation, Inc. — Joint Use—Louisville & Indiana Railroad Company*, Docket No. FD 35523). The track, which is owned by Louisville &

Indiana Railroad Company, would be shared with CSX Transportation. The Supplemental Environmental Assessment will address issues raised in comments on the Draft Environmental Assessment.

In *Six County Association of Governments, Construction and Operation Exemption of Rail Line between Levan and Salina Utah*, Docket No. FD 34075, the Board issued a Supplemental Draft EIS for this 43-mile proposed rail line construction to evaluate wetland impacts associated with several new alternatives. The primary focus of the Supplemental Draft EIS was to develop new alternatives and reevaluate existing alternatives that would avoid or reduce wetland impacts in the central Utah project area. The comment period on the Supplemental Draft EIS has ended, and the Board is now preparing a Final EIS.

The Board has implemented a construction monitoring and oversight program over the Alaska Railroad Corporation's project to build and operate about 35 miles of new rail line connecting Port MacKenzie in south-central Alaska to a point on ARRC's existing main line between Wasilla and an area north of Willow, Alaska (*Alaska Railroad Corporation, Construction and Operation of a Rail Line Extension to Port Mackenzie, Alaska*, Docket No. FD 35095). The Board is reviewing quarterly construction reports submitted by the railroad for compliance with the environmental conditions imposed as a condition of the Board's approval of the project.

Revision of Environmental Rules

The Board is making steady progress on updating and streamlining the Board's environmental rules. The new rules would allow some projects to potentially undergo a less intensive NEPA evaluation, while still providing for a thorough review of projects that have the potential for significant environmental impacts. The new rules also recognize new technology, particularly in the area of digital mapping and the use of environmental resource websites.

Merger Cases and Oversight

In FY 2014, RCPA continued its analysis of monthly operating reports filed by Canadian National Railway Company (CN) as a condition of STB approval of CN's acquisition of Elgin, Joliet and Eastern Railway Company, *Canadian National Railway Company and Grand Trunk Corporation—Control—EJ&E West Company*, Docket No. FD 35087. These reports allow RCPA to monitor and assess the effects of CN's post-acquisition operations on communities in the greater Chicago area, in particular, the frequency and duration of blocked roadway crossings. RCPA also coordinated outreach efforts with elected officials at the local and national level, and facilitated interaction between CN and affected communities. It is presently anticipated that active engagement will continue until the close of the monitoring period. The Board continues to review the quarterly environmental reports issued by CN to the Board each quarter during the 6-year oversight period.

In *Union Pacific Corporation, Union Pacific Railroad Company, and Missouri Pacific Railroad Company – Control and Merger – Southern Pacific Rail Corporation, Southern Pacific Transportation Company, St. Louis Southwestern Railway Company, SPCSL CORP., and the Denver and Rio Grande Western Railroad Company*, Docket No. FD 32760, the Board denied a request from BNSF Railway Company and G3 Enterprises (G3) that the Board order access to the G3 facility in Modesto, Cal., by reinstating reciprocal switching via the shortline railroad Modesto and Empire Traction Company, which had such access when the facility was owned by Proctor & Gamble. The decision concluded that the facility was not a "2-to-1" location before the UP/SP merger, and therefore UP had not acted inconsistently with its representations as a part of the UP/SP merger that it allows BNSF continued access to 2-to-1 facilities.

Oral Arguments and Public Hearings

The Board holds public hearings and oral arguments on issues and cases of particular interest. The Board's oral arguments give parties in individual cases an opportunity to address the Board directly and allow Board members an opportunity to ask questions before making a decision.

In FY 2014, as previously mentioned, the Board held an oral argument that addressed the complaint of Intermountain Power Agency (IPA) challenging the reasonableness of rates established by Union Pacific Railroad Company (UP) for unit train coal transportation service from a point of interchange with the Utah Railway

Company at Provo, Utah, to IPA's electric generating facilities at Lynndyl, Utah. (*Intermountain Power Agency v. Union Pacific Railroad Company*, Docket No. NOR 42136).

As noted earlier, in *United States Rail Services Issues*, Docket No. EP 724, the Board held a public hearing on April 10, 2014, to address rail service issues.

Additionally, the Board held another public hearing in Fargo, ND, on September 4, 2014, to further address ongoing rail service issues in the upper Midwest region of the United States.

Public Outreach

Through RCPA, the Board continues to provide shippers and members of the public with an accessible and effective resource for resolving disputes with rail carriers on an informal basis. In many instances, RCPA ameliorates conflicts that would otherwise be submitted to the Board for adjudication, thereby conserving agency resources.

For FY 2014, RCPA handled approximately 1,300 inquiries and informal requests for dispute resolution. RCPA worked with stakeholders to successfully resolve matters related to timely fulfillment of car orders; availability of rail resources; track maintenance; interchange operations and inter-carrier disputes; switching services; car storage; billing of rates and charges; and railroad management decisions. RCPA also regularly provided informal guidance to stakeholders and/or their counsel on railroad laws and regulations.

In particular, RCPA was instrumental in assisting the Board in its evaluation of the scope and magnitude of the service crisis emerging during the 2013-2014 winter, and in its assessment of proposals for remedial action. RCPA supported the Board in the preparation and development of formal orders requiring that certain Class I railroads report on the status of their operations during critical time frames. Following up these efforts, RCPA assisted the Board in preparing the annual "peak season" letters, requiring detailed input from the railroad industry on handling peak traffic in the fall.

In connection with the response to the rail service issues described above, RCPA organized and staffed four stakeholder outreach meetings, which were held in South Dakota, North Dakota, Minnesota and Montana. These events allowed affected shippers to meet in confidence with RCPA staff to discuss their respective challenges in moving freight, and to learn about formal and informal pathways to resolve problems.

RCPA continued to informally assist customers of household goods moving companies to resolve service and rate disputes. The Federal Motor Carrier Safety Administration has primary regulatory jurisdiction in this area.

In addition to its dispute resolution function, RCPA also serves as a liaison between the public and the Board. In particular, RCPA fields inquiries from Board practitioners as well as from members of the general public, to provide those parties with a better understanding of Board regulations, rules, and procedures. Through these efforts,

RCPA provides agency stakeholders with helpful information and reduces the agency workload by ensuring that filings are made correctly. In addition, the three Board members play an important role in the agency's public outreach through their speeches and presentations to stakeholder groups and conferences.

Website Redesign

Because of the need to conserve resources in FY 2014, the Board had to postpone some work related to the redesign of its website. The project is a major effort to make the work of the STB more accessible and transparent through an improved, intuitive user experience and comprehensive search function. The redesign will make it possible to file cases electronically and pay for fees by credit card through pay.gov. The redesign also includes a powerful search engine to permit keyword searches in all documents filed with the Board and to allow members of the public to more easily comment on Board activities.

The website redesign also provides the Board an opportunity to develop new ways to interact with the public and to share its extensive knowledge about the surface transportation sector. The recent acquisition of desktop ARC GIS now allows the Board to independently create maps, identify resources in project areas, and validate environmental resource data received from applicants and contractors. The acquisition of ARC GIS allows STB staff to independently prepare detailed maps of rail lines from STB transactions and allow the public to see the existing or proposed rail

line projects in relationship to homes and businesses.

The Board hopes to complete its website redesign soon.

Uniform Rail Costing System Update

Responding to a request from Congress in 2010, the STB prepared a report outlining options for updating URCS, the methodology the STB uses to determine a railroad's variable costs of providing transportation service, for regulatory purposes. The Board uses URCS costs to determine whether it has jurisdiction in rate reasonableness cases and to establish the maximum reasonable rate. URCS is also used in other cases such as proposed abandonments and disputes over trackage rights.

STB continues to make steady progress towards modernizing its general purpose costing system. This effort has consumed substantial staff resources in FY 2014 and FY 2015 and will continue to do so in FY 2016. This modernization will also make URCS more transparent and adaptable to future modification. For example, in *Ex Parte 431 (Sub-No.4) – Revision of the General Purpose Costing System*, served February 3, 2013, the Board proposed modifications to the “Make-Whole Adjustment” used in URCS to reflect operating efficiencies as shipment size increases. The modifications that may result from this rulemaking would be made possible because of the modernization of URCS.

Court Actions

The Office of the General Counsel is responsible for defending the Board's decisions in the federal appellate courts.

In *BNSF Railway v. STB*, 748 F.3d 1295 (D.C. Cir. 2014), the Board successfully defended its decision in *Arizona Electric Power Co. v. BNSF Railway*, Docket No. NOR 42113, a decision that was challenged by two railroads and one shipper. The court affirmed the Board's finding that when challenging a joint rate under the stand-alone-cost test, a shipper need not design a hypothetical railroad that maintains the incumbent carriers' prior division of responsibilities for the challenged movement or that goes through the incumbent carriers' point of interchange. Additionally, the court affirmed the Board's determination that an estimate of the costs incurred by the real-world railroads providing the joint rate service should reflect the costs of all carriers involved in the movement, regardless of whether they appear on the tariff at issue. Finally, the court affirmed the Board's finding that the incumbent carriers could subsequently change their tariff from a joint rate to a proportional rate as long as the service remains the same and the total amount charged is no higher than the total rate prescribed.

In *CSX Transportation, Inc., v. STB*, 754 F.3d 1230 (D.C. Cir. 2014), the court substantially affirmed the Board's decision in *Rate Regulation Reforms*, Docket No. EP 715. The court upheld the Board's decision to eliminate the limitation on relief

for rate reasonableness complaints brought by a shipper against a carrier under one of the agency's simplified procedures. The court also affirmed a technical change the Board made to the rate complaint procedures involving how revenues from so-called "cross-over traffic" are allocated. Finally, the court upheld the change the Board made to the interest rate that railroads must pay on reparations if they are found to have charged unreasonable rates. The court remanded one issue in the case so that the Board could address CSX's claim that the Board's accounting methodology double-counted costs in producing the estimate for the Three Benchmark relief cap.

In *BNSF Railway v. STB*, 741 F.3d 163 (D.C. Cir. 2014), the court set aside a Board decision in *Western Fuels Ass'n v. BNSF Railway*, Docket No. NOR 42088 (Board Member Begeman dissenting). In its decision, the Board addressed a double-count issue, as the court had directed it to do when the court remanded an earlier decision in the proceeding. A majority of the court, however, found that the Board should also have considered other arguments newly raised by the railroad.

In *Village of Barrington v. STB*, 758 F.3d 326 (D.C. Cir. 2014), the Board successfully defended its decision in *Canadian National Railway & Grand Trunk Corp.—Control—E.J. & E West Co.*, Docket No. FD 35087 (Sub-No. 8), denying the Village of Barrington's request that that Board re-open its merger docket and—based on allegedly new evidence—impose an additional mitigation condition requiring the merging

railroads to fund the construction of an additional grade separation. The court found that Board did not abuse its discretion in denying reopening based on Barrington's newly performed traffic study, which produced results that were not materially different from those in Barrington's earlier traffic study. The court also found that Barrington's claims that the earlier decision contained material error were not reviewable.

In four cases, *Strohmeyer v. STB*, Docket No. 13-1064; *Lowe v. STB*, Docket No. 10-1130; *Riffin v. STB*, Docket No. 11-1480; and *Riffin v. STB*, Docket No. 12-1487, the Board's actions were upheld in cases in which the Board denied certain requests for entry into the rail business.

The Board entered its appearance, monitored proceedings, and filed notice of its regulatory approval of the debtor's asset sale in *In re Montreal, Maine & Atlantic Railway*, U.S. Bankruptcy Court, District of Maine, Docket No. 10670.

The Board's decision in *Allied Erecting & Dismantling, Inc.*, Docket No. FD 35316, was challenged in court. The Board previously ruled that certain easements provided members of the Ohio Central Railroad System with the authority to operate over the petitioning property owners' land. The Board also found that the easement agreements did not prohibit the railroads from stopping, staging, or storing rail cars along the easement. At the petitioners' request, the court is currently holding the case in abeyance as petitioners

seek to reopen and supplement the record before the Board.

In *CSX Transportation, Inc. v. STB*, No. 13-1313 (D.C. Cir.), a railroad has sought review of two Board orders that found that CSX has market dominance over certain transportation routes and, therefore, that the Board has jurisdiction to determine the reasonableness of certain rates that CSX charges Total Petrochemicals & Refining USA, Inc. (TPI). Board Member Begeman dissented with a separate expression. As an initial matter, the D.C. Circuit denied CSX's request for a stay of the Board's decisions, which the Board had opposed. As a result, TPI's challenge to CSX's rates continues to proceed at the Board. The parties have briefed the court on CSX's challenge to the Board's market dominance decisions and whether CSX's appeal should be dismissed because the Board's decisions are not appealable "final orders" under the Hobbs Act. The court held an oral argument on September 22, 2014, and the matter was still pending at the end of FY 2014.

The Board also assisted the Department of Justice in preparing filings in three proceedings. In *Alabama Department of Revenue v. CSX Transportation, Inc.*, S.Ct. Docket No. 13-533, the Board suggested a response to the request for *certiorari* in a matter involving alleged discriminatory taxation of a railroad by a state.

In *Ass'n of American Railroads v. DOT*, 721 F.3d 666 (D.C. Cir. 2013), the Board worked with the Justice Department, in pleadings filed both before the court of appeals and the Supreme Court, on a

railroad challenge to the constitutionality of Section 207 of the Passenger Railroad Investment and Improvement Act of 2008 (PRIIA).

Finally, in *Brandt v. United States*, S.Ct. Docket No. 12-1173, the Board consulted with the Solicitor General's Office and reviewed drafts of the Government's brief in this takings case involving rail property converted to recreational use.

Amtrak and Passenger Rail

As noted earlier, during FY 2014, the Board continued work on implementing its passenger rail responsibilities. In particular, RCPA closely monitored the performance of Amtrak trains on Class I railroads experiencing severe service disruptions that emerged during the 2013-2014 winter period.

STB staff monitored Amtrak performance through publicly available information and responded to informal inquiries about Amtrak and PRIIA as needed. Board staff also met monthly with Amtrak staff to discuss Amtrak's publicly available monthly on-time performance operating statistics. Board staff also obtained improved access to Amtrak's on-time and delay data, enabling more nuanced analysis to inform future STB activities under PRIIA.

In FY 2014, the Board's OPAGAC staff continued to be a forum for advice on implementation of the cost allocation formula for Amtrak's state-sponsored routes, which the Board approved in FY 2012 (*Amtrak Petition for Determination of PRIIA Section 209 Cost Methodology*,

Docket No. FD 35571). One state agency and Amtrak have since brought a dispute to the Board, for resolution of one cost item under the approved methodology. (*Capital Corridor Joint Powers Authority & National Railroad Passenger Corp.--Petitions For Declaratory Order--PRIIA Section 209 Cost Allocation Methodology Implementation*, Docket No. FD 35790). The Board arranged to provide for informal, neutral facilitation of other, long-term issues between the States and Amtrak in the implementation of cost allocation under PRIIA Section 209.

The Board utilized its existing staffing to address its intercity passenger rail responsibilities, but it has had to restrict its oversight because of limited financial resources. In that regard, PRIIA authorized the STB to hire 15 employees to handle the agency's PRIIA responsibilities, but the Board has received no annualized appropriated funds for this program since it was enacted in 2008.

Advisory Committees

The Board hosted meetings for three transportation advisory councils, of which the three Board members are ex-officio members. Established in 1996 by Congress, the Railroad-Shipper Transportation Advisory Council (RSTAC) comprises rail stakeholders with the common goal of strengthening the national rail industry, improving service levels, and fostering mutually beneficial relations between large and small railroads and shippers across all commodity groups. The RSTAC advises the STB, the Secretary of Transportation, and congressional committees on rail

Budget Request for FY 2016

transportation policy and also makes recommendations for improvements in the transportation system.

The RSTAC comprises 14 private-sector senior executives representing large and small railroads and rail customers. In addition, one member-at-large sits on the council.

The Board created the Rail Energy Transportation Advisory Committee (RETAC) in 2007 to provide advice and guidance to the agency. RETAC serves as a forum for discussing emerging issues concerning the rail transportation of energy resources such as coal, crude oil, ethanol,

and other biofuels. The 25 voting members of RETAC represent a balance of stakeholders, including large and small railroads, coal producers, electric utilities, the biofuels industry, and the private railcar industry.

The National Grain Car Council (NGCC) assists the Board in addressing problems concerning grain transportation by fostering communication among railroads, shippers, rail-car manufacturers, and government. The NGCC consists of 14 representatives from Class I railroads, seven from Class II and Class III railroads, 14 from grain shippers and receivers, and five from private rail car owners and manufacturers.

Exhibits



**FY 2016 OMB Budget Justification
Workload Summary¹**

Workload Category	Actual FY 2014 Board Decisions and Court-related Work	Estimated FY 2015 Board Decisions and Court-related Work	Estimated FY 2016 Board Decisions and Court-related Work
Rail Carrier Control Cases	40	61	61
Rail Rates and Service	128	155	155
Rail Abandonments and Constructions	378	427	427
Other Line Transactions	144	198	198
Other Rail Activities	97	102	102
Non-Rail Activities	30	22	22
Activities Under Non-Transportation Statutes ²	514	514	514
Total	1,331	1,479	1,479

¹ The Table reports the number of decisions, court-related work, and activities to comply with non-transportation-related statutes as the measure of workload at the Board. Certain activities performed at the Board that provide direct and indirect support for rulemakings and decisions in specific cases are not reflected in these workload numbers. Such activities not reflected include: enforcement activities; rail audits and rail carrier reporting oversight; administration of the rail waybill sample and development of the Uniform Railroad Costing System; and case-related correspondence and informal public assistance.

² In recent years, these activities, involving statutes such as the Freedom of Information Act and the laws governing ethical conduct of Federal employees, were included in this Summary as Non-Rail Activities.

SURFACE TRANSPORTATION BOARD

SALARIES AND EXPENSES

OBJECT CLASSIFICATIONS
(in thousands of dollars)

OBJECT CLASS	FY 2014 ACTUAL	FY 2015 APPROPRIATION	FY 2016 REQUEST
PERSONNEL COMPENSATION			
11.10 FULL TIME PERMANENT APPT.	15,006.0	17,674.0	18,930.0
11.30 OTHER THAN FULL-TIME PERMANENT	630.0	750.0	753.0
11.50 OTHER PERSONNEL COMPENSATION	385.0	360.0	660.0
11.90 TOTAL PERSONNEL COMPENSATION	16,021.0	18,784.0	20,343.0
12.10 CIVILIAN PERSONNEL BENEFITS	4,748.0	4,842.0	5,303.0
13.00 BENEFITS FOR FORMER PERSONNEL	0.0	0.0	0.0
21.00 TRAVEL AND TRANSPORTATION OF PERSONS	93.0	92.0	162.0
22.00 TRANSPORTATION OF THINGS	7.0	5.0	11.0
23.10 RENTAL PAYMENTS TO GSA	3,663.0	3,696.0	3,894.0
23.30 COMMUNICATIONS, UTILITIES, MISCELLANEOUS CHARGES	176.0	178.0	242.0
24.00 PRINTING AND PRODUCTION	1.0	6.0	8.0
25.20 OTHER SERVICES	2,090.0	173.0	830.0
25.30 PURCHASES OF GOODS FROM GOVERNMENT ACCOUNTS	2,340.0	1,725.0	1,774.0
26.00 SUPPLIES AND MATERIALS	363.0	367.0	395.0
31.00 EQUIPMENT	707.0	257.0	585.0
42.00 INDEMNITIES-OTHER PAYMENTS	0.0	0.0	0.0
99.00 SUBTOTAL, DIRECT OBLIGATIONS:	30,209.0	30,125.0	33,547.0
REIMBURSABLE OBLIGATIONS:			
11.10 REIMBURSABLE FULL TIME PERMANENT APPT.	480.0	974.0	975.0
12.10 REIMBURSABLE PERSONNEL BENEFITS	165.0	276.0	275.0
99.00 SUBTOTAL, REIMBURSABLE OBLIGATIONS	645.0	1,250.0	1,250.0
99.90 TOTAL OBLIGATIONS	30,854.0	31,375.0	34,797.0

SURFACE TRANSPORTATION BOARD

SALARIES AND EXPENSES

PERSONNEL SUMMARY

Object Class	FY 2014 ACTUAL	FY 2015 APPROPRIATION	FY 2016 REQUEST
1001 FULL-TIME EQUIVALENT-DIRECT	129	147	161
2001 FULL-TIME EQUIVALENT-REIMBURSABLE	7	9	9
FULL-TIME EQUIVALENT (FTE) TOTAL	136	156	170

**Surface Transportation Board
Strategic Goals and Annual Performance Measures**

Strategic Goal	Performance Goal	Performance Measure	2014 Actual	2015 Target	2016 Target
Protect Public Interest	Ensure that all alternatives to formal litigation are pursued and ensure that Board decisions are fair and reasonable.	1. 5% or less of Board's decisions are challenged in court;	3.1%	<5%	<5%
		2. 75% or more of Board's decisions are upheld when subjected to court challenge;	86%	>75%	>75%
		3. All decisions, notices, and other documents are published and served promptly and copies made available to the public the same day; and	100%	90%	90%
		4. Congressional and public e-mail and telephone inquiries are fully answered within 14 days.	99%	90%	90%
Foster Economic Efficiencies	Economic Oversight: Provide timely, accurate, and useful financial and operational data and decisions.	5. Cost of capital, rail revenue adjustments, and revenue adequacy decisions are released according to schedule, and	100%	100%	100%
		6. Requests for waybill data are handled within 7 days of requests.	100%	100%	100%
Provide Timely, Efficient, and Decisive Regulatory Process	Ensure Board decisions comport with statutes, precedents, and policies.	7. Board's decisions on railroad abandonments are issued within 110 days of initial filing;	100%	90%	90%
		8. Statutory deadlines imposed on all cases are met at least 90% of the time; and	100%	90%	90%
		9. Met dispute resolution deadlines 90% of time.	100%	90%	90%
Ensure Necessary Organization/ Management Structure is Available to Carry Out First Three Goals	Operation Oversight/Enforcement: Monitoring rail operations, resolving complaints, and contracts.	10. 90% of informal complaints are handled within 30 days of receipt;	99%	90%	90%
		11. Data is collected and processed within 24 hours;	98%	90%	90%
		12. 90% of requestors are given correct information and complaint resolved; and	99%	90%	90%
		13. Requests for certified copies of documents are handled within 5 business days.	2.5 days	5 days	5 days

SURFACE TRANSPORTATION BOARD

SALARIES AND EXPENSES

For necessary expenses of the Surface Transportation Board, including services authorized by 5 U.S.C. 3109 ~~\$34,411,000~~ \$34,797,000: *Provided*, That notwithstanding any other provision of law, not to exceed \$1,250,000 from fees established by the Chairman of the Surface Transportation Board shall be credited to this appropriation as offsetting collections and used for necessary and authorized expenses under this heading: *Provided further*, That the sum herein appropriated from the general fund shall be reduced on a dollar-for-dollar basis as such offsetting collections are received during fiscal year ~~2015~~ 2016, to result in a final appropriation from the general fund estimated at no more than ~~\$33,161,000~~ \$33,547,000.

**SURFACE TRANSPORTATION BOARD
SALARIES AND EXPENSES
10-YEAR TABLE**

ESTIMATES		APPROPRIATIONS	
2007.....	¹ 25,618,000	2006.....	² 26,198,000
2008.....	¹ 26,495,000	2007.....	¹ 26,324,501
2009.....	¹ 26,847,000	2008.....	¹ 26,324,500
2010.....	³ 29,800,000	2009.....	¹ 26,847,000
2011.....	⁴ 33,749,000	2010.....	¹ 29,066,000
2012.....	⁶ 34,708,000	2011.....	⁵ 29,010,368
2013.....	⁷ 34,592,000	2012.....	¹ 29,310,000
2014.....	⁸ 34,284,000	2013.....	⁹ 27,779,794
2015.....	⁸ 34,411,000	2014.....	¹ 31,000,000
2016.....	¹⁰ 34,797,000	2015.....	¹ 31,375,000

¹ Includes \$1,250,000 from offsetting collections as a credit to the appropriation.

² Reflects reduction of \$252,000 for across-the-board rescission (P.L. 109-148, Title III, Chap. 8, sec. 3801). Includes \$1,250,000 from offsetting collections as a credit to the appropriation.

³ Includes \$500,000 for the update of URCS and \$746,000 to implement the Board's expanded jurisdiction with respect to regulation of passenger rail service under the Passenger Rail Investment and Improvement Act of 2008, P.L. 110-432. Includes \$1,250,000 from offsetting collections as a credit to the appropriation.

⁴ Includes \$1,000,000 to continue the multi-year review of URCS, \$500,000 to overhaul the Board's information technology and decade-old docket management systems, and \$2,000,000 for an additional 10 FTEs to staff the Board's Rail Consumer and Public Assistance Program. Includes \$1,250,000 from offsetting collections as a credit to the appropriation.

⁵ Reflects reduction of \$55,632 for across-the-board rescission (P.L. 112-10, Div. B, Title I, 1119 (a)). Includes \$1,250,000 from offsetting collections as a credit to the appropriation.

⁶ Includes funding for 15 FTEs to carry out the statutory responsibilities of PRIIA, funding for 6 FTEs to increase mediation efforts and enhance the auditing of industry financial filings, and \$743,000 to overhaul the Board's information technology system and upgrade outdated equipment. Includes \$1,250,000 from offsetting collections as a credit to the appropriation.

⁷ Includes funding for 15 FTEs to carry out the statutory responsibilities of PRIIA and funding for 6 FTEs to increase mediation efforts and enhance the auditing of industry financial filings. Includes \$1,250,000 from offsetting collections as a credit to the appropriation.

⁸ Includes funding for 15 FTEs to carry out the statutory responsibilities of PRIIA and funding for 6 FTEs to increase mediation efforts, enhance the auditing of industry financial filings, and help process rate reasonableness cases. Includes \$1,250,000 from offsetting collections as a credit to the appropriation.

⁹ Reflects reduction of \$56,120 for across-the-board rescission (P.L. 113-6, Division G, Sec. 304 (c) (1), accordance with Presidential Sequestration Order dated March 1, 2013. The FY 2013 sequestration collections of \$62,500. Includes \$1,187,500 from offsetting collections as a credit to the appropriation.

¹⁰ Includes funding for 15 FTEs to carry out the statutory responsibilities of PRIIA and funding for 6 FTEs to increase mediation efforts, enhance the auditing of industry financial filings, and help process rate reasonableness cases. Includes \$240,000 for GSA lease renewal planning and also includes \$1,250,000 from offsetting collections as a credit to the appropriation.

**SURFACE TRANSPORTATION BOARD
FY 2016 COMPARATIVE STATEMENT OF NEW BUDGET AUTHORITY**

(in thousands of dollars)

ACCOUNT NAME	FY 2014 ACTUAL	FY 2015 APPROPRIATION	FY 2016 REQUEST
SALARIES & EXPENSES	\$30,209	\$30,125	\$33,547
OFFSETTING COLLECTIONS	\$645	\$1,250	\$1,250
TOTAL - APPROPRIATIONS	\$30,854	\$31,375	\$34,797
RESCISSIONS	\$0	\$0	\$0

EXPLANATION

Past fiscal years' appropriation acts have included a provision allowing user fee collections to be credited to the appropriation as offsetting collections thereby reducing the amount appropriated and the budget authority.

The Board seeks to bolster its staff to process its rate case docket, which has grown in volume and complexity in recent years. The Board needs additional staff to carry out its statutory obligations under the Passenger Rail Investment and Improvement Act of 2008 (PRIIA), including PRIIA cases that come to the agency, as well as monitoring related to passenger rail issues. The Board also needs additional staff to more closely review the data that are submitted by the railroads, particularly given the increasingly complex corporate structure of railroads. The Board needs to be able to scrutinize and verify the data it collects from all railroads, given that these data form the basis of several important regulatory determinations. In addition, the Board is increasing its mediation efforts as a lower-cost way of dealing with the increasing number and complexity of cases filed each year. Settling disputes through mediation saves stakeholders time and money and allows Board staff to focus on the most difficult cases. Due to an increase in freight rail service issues, the Board expects to devote additional resources to dealing with those issues. The Board also needs funding to modernize its aging IT infrastructure.

The FY 2016 request does not include any future legislative changes that could vest the Board with additional statutory responsibilities.

**SURFACE TRANSPORTATION BOARD
FY 2016 TOTAL BUDGETARY RESOURCES BY APPROPRIATION ACCOUNT**

**Appropriations, Obligation Limitations, and Exempt Obligations
(in thousands of dollars)**

	FY 2014 ACTUAL	FY 2015 APPROPRIATION	FY 2016 PROGRAM CHANGES	TOTAL REQUEST
SALARIES & EXPENSES	\$30,209	\$30,125	\$3,422	\$33,547
OFFSETTING COLLECTIONS				
Users Fees Credited to Appropriation	\$645	\$1,250	\$0	\$1,250
TOTAL	\$30,854	\$31,375	\$3,422	\$34,797

EXPLANATION

Past fiscal years' appropriation acts have included a provision allowing user fee collections to be credited to the appropriation as offsetting collections thereby reducing the amount appropriated and the budget authority.

The Board seeks to bolster its staff to process its rate case docket, which has grown in volume and complexity in recent years. The Board needs additional staff to carry out its statutory obligations under the Passenger Rail Investment and Improvement Act of 2008 (PRIIA), including PRIIA cases that come to the agency, as well as monitoring related to passenger rail issues. The Board also needs additional staff to more closely review the data that are submitted by the railroads, particularly given the increasingly complex corporate structure of railroads. The Board needs to be able to scrutinize and verify the data it collects from all railroads, given that these data form the basis of several important regulatory determinations. In addition, the Board is increasing its mediation efforts as a lower-cost way of dealing with the increasing number and complexity of cases filed each year. Settling disputes through mediation saves stakeholders time and money and allows Board staff to focus on the most difficult cases. Due to an increase in freight rail service issues, the Board expects to devote additional resources to dealing with those issues. The Board also needs funding to modernize its aging IT infrastructure.

The FY 2016 request does not include any future legislative changes that could vest the Board with additional statutory responsibilities.

SURFACE TRANSPORTATION BOARD
FY 2016 BUDGET REQUEST BY STRATEGIC GOAL AND PERFORMANCE GOAL
Appropriations, Obligations Limitations, and Exempt Obligations
(in thousands of dollars)

DOT Outcome-Strategic & Performance Goals by Performance Measure	FY 2014 ACTUAL	FY 2015 APPROPRIATION	TOTAL FY 2016 REQUEST
1. SAFETY STRATEGIC GOAL A.			
Total - Safety Strategic Goal	\$0	\$0	\$0
2. STATE OF GOOD REPAIR A.			
Total - State of Good Repair	\$0	\$0	\$0
3. ECONOMIC COMPETITIVENESS Salaries and Expenses	\$30,209	\$30,125	\$33,547
Offsetting Collections	\$645	\$1,250	\$1,250
Total - Economic Competitiveness	\$30,854	\$31,375	\$34,797
4. LIVABLE COMMUNITIES A.			
Total - Livable Communities	\$0	\$0	\$0
5. ENVIRONMENTAL SUSTAINABILITY A.			
Total - Environmental Sustainability	\$0	\$0	\$0
6. ORGANIZATIONAL EXCELLENCE A.	\$0	\$0	\$0
Total - Organizational Excellence	\$0	\$0	\$0
GRAND TOTAL	\$30,854	\$31,375	\$34,797

**SURFACE TRANSPORTATION BOARD
FY 2016 BUDGET AUTHORITY**

(in thousands of dollars)

ACCOUNT NAME	FY 2014 ACTUAL	FY 2015 APPROPRIATION	FY 2016 PROGRAM CHANGES	FY 2016 TOTAL REQUEST
SALARIES & EXPENSES	\$30,209	\$30,125	\$3,422	\$33,547
OFFSETTING COLLECTIONS				
Users Fees Credited to Appropriation	\$645	\$1,250	\$0	\$1,250
TOTAL	\$30,854	\$31,375	\$3,422	\$34,797

EXPLANATION

Past fiscal years' appropriation acts have included a provision allowing user fee collections to be credited to the appropriation as offsetting collections thereby reducing the amount appropriated and the budget authority.

The Board seeks to bolster its staff to process its rate case docket, which has grown in volume and complexity in recent years. The Board needs additional staff to carry out its statutory obligations under the Passenger Rail Investment and Improvement Act of 2008 (PRIIA), including PRIIA cases that come to the agency, as well as monitoring related to passenger rail issues. The Board also needs additional staff to more closely review the data that are submitted by the railroads, particularly given the increasingly complex corporate structure of railroads. The Board needs to be able to scrutinize and verify the data it collects from all railroads, given that these data form the basis of several important regulatory determinations. In addition, the Board is increasing its mediation efforts as a lower-cost way of dealing with the increasing number and complexity of cases filed each year. Settling disputes through mediation saves stakeholders time and money and allows Board staff to focus on the most difficult cases. Due to an increase in freight rail service issues, the Board expects to devote additional resources to dealing with those issues. The Board also needs funding to modernize its aging IT infrastructure.

The FY 2016 request does not include any future legislative changes that could vest the Board with additional statutory responsibilities.

**SURFACE TRANSPORTATION BOARD
FY 2016 OUTLAYS**

(in thousands of dollars)

ACCOUNT NAME	FY 2014 ACTUAL	FY 2015 APPROPRIATION	FY 2016 REQUEST
SALARIES & EXPENSES	\$29,883	\$30,133	\$33,205
OFFSETTING COLLECTIONS			
Users Fees Credited to Appropriation	\$645	\$1,250	\$1,250
TOTALS	\$30,528	\$31,383	\$34,455

EXPLANATION

Past fiscal years' appropriation acts have included a provision allowing user fee collections to be credited to the appropriation as offsetting collections thereby reducing the amount appropriated and the budget authority.

The Board seeks to bolster its staff to process its rate case docket, which has grown in volume and complexity in recent years. The Board needs additional staff to carry out its statutory obligations under the Passenger Rail Investment and Improvement Act of 2008 (PRIIA), including PRIIA cases that come to the agency, as well as monitoring related to passenger rail issues. The Board also needs additional staff to more closely review the data that are submitted by the railroads, particularly given the increasingly complex corporate structure of railroads. The Board needs to be able to scrutinize and verify the data it collects from all railroads, given that these data form the basis of several important regulatory determinations. In addition, the Board is increasing its mediation efforts as a lower-cost way of dealing with the increasing number and complexity of cases filed each year. Settling disputes through mediation saves stakeholders time and money and allows Board staff to focus on the most difficult cases. Due to an increase in freight rail service issues, the Board expects to devote additional resources to dealing with those issues. The Board also needs funding to modernize its aging IT infrastructure.

The FY 2016 request does not include any future legislative changes that could vest the Board with additional statutory responsibilities.

**SURFACE TRANSPORTATION BOARD
SUMMARY OF REQUESTED FUNDING CHANGES FROM BASE**

Appropriations, Obligation Limitations, and Exempt Obligations
(in thousands of dollars)

SALARIES AND EXPENSES

	FY 2015 Appropriation	Baseline Changes							FY 2016 Baseline Estimate	Program Increases	FY 2016 Request
		Annualization of 2015 Pay Raises	Annualization of 2015 FTE	2016 Pay Raises	Two Additional Compensable Day	GSA Rent	WCF Increase/Decrease	Inflation/Deflation			
DIRECT											
<u>Personnel Resources</u>											
Direct FTE	147										
<u>Financial Resources</u>											
Salaries and Benefits	\$23,626	\$172		\$228	\$182			\$24,208	\$1,438	\$25,646	
Travel	\$92							\$92	\$70	\$162	
Transportation	\$5							\$5	\$6	\$11	
GSA Rent	\$3,696					\$198		\$3,894	\$0	\$3,894	
Communications & Utilities	\$178							\$178	\$64	\$242	
Printing	\$6							\$6	\$2	\$8	
Other Services:											
WCF	\$256						\$32	\$288	\$0	\$288	
Other	\$1,642							\$1,642	\$674	\$2,316	
Supplies	\$367							\$367	\$28	\$395	
Equipment	\$257							\$257	\$328	\$585	
Total	\$30,125	\$172	\$0	\$228	\$182	\$198	\$32	\$0	\$30,937	\$2,610	\$33,547
REIMBURSABLE											
<u>Personnel Resources</u>	9							9		9	
Reimbursable FTE	9							9		9	
<u>Financial Resources</u>											
Salaries and Benefits	\$1,250							\$1,250	\$0	\$1,250	
TOTALS											
FTE	156							156	14	170	
Budgetary Resources	\$31,375	\$172	0	\$228	\$182	\$198	\$32	\$0	\$32,187	\$2,610	\$34,797

**SURFACE TRANSPORTATION BOARD
WORKING CAPITAL FUND***(in thousands of dollars)*

ACCOUNT NAME	FY 2014 ACTUAL	FY 2015 APPROPRIATION	FY 2016 REQUEST	CHANGE
DIRECT				
SALARIES & EXPENSES	\$259	\$256	\$288	\$32
TOTALS	\$259	\$256	\$288	\$32

**SURFACE TRANSPORTATION BOARD
PERSONNEL RESOURCE - SUMMARY
TOTAL FULL-TIME EQUIVALENTS**

	FY 2014 ACTUAL	FY 2015 APPROPRIATION	FY 2016 REQUEST
<u>DIRECT FUNDED BY APPROPRIATION</u>			
SALARIES & EXPENSES			
Civilian	129	147	161
SUBTOTAL, DIRECT FUNDED	129	147	161
<u>REIMBURSEMENTS/ALLOCATIONS/OTHER</u>			
OFFSETTING COLLECTIONS			
Civilian	7	9	9
SUBTOTAL, REIMBURSEMENTS/OFFSETTING COLLECTIONS	7	9	9
TOTAL FTEs	136	156	170

EXPLANATION

Past fiscal years' appropriation acts have included a provision allowing user fee collections to be credited to the appropriation as offsetting collections thereby reducing the amount appropriated and the budget authority.

The Board seeks to bolster its staff to process its rate case docket, which has grown in volume and complexity in recent years. The Board needs additional staff to carry out its statutory obligations under the Passenger Rail Investment and Improvement Act of 2008 (PRIIA), including PRIIA cases that come to the agency, as well as monitoring related to passenger rail issues. The Board also needs additional staff to more closely review the data that are submitted by the railroads, particularly given the increasingly complex corporate structure of railroads. The Board needs to be able to scrutinize and verify the data it collects from all railroads, given that these data form the basis of several important regulatory determinations. In addition, the Board is increasing its mediation efforts as a lower-cost way of dealing with the increasing number and complexity of cases filed each year. Settling disputes through mediation saves stakeholders time and money and allows Board staff to focus on the most difficult cases. Due to an increase in freight rail service issues, the Board expects to devote additional resources to dealing with those issues. The Board also needs funding to modernize its aging IT infrastructure.

The FY 2016 request does not include any future legislative changes that could vest the Board with additional statutory responsibilities.

**SURFACE TRANSPORTATION BOARD
RESOURCE SUMMARY - STAFFING
FULL-TIME PERMANENT POSITIONS**

	FY 2014 ACTUAL	FY 2015 APPROPRIATION	FY 2016 REQUEST
<u>DIRECT FUNDED BY APPROPRIATION</u>			
SALARIES & EXPENSES Civilian	129	147	161
SUBTOTAL, DIRECT FUNDED	129	147	161
<u>REIMBURSEMENTS/ALLOCATIONS/OTHER</u>			
OFFSETTING COLLECTIONS Civilian	7	9	9
SUBTOTAL, REIMBURSEMENTS/OFFSETTING COLLECTIONS	7	9	9
TOTAL POSITIONS	136	156	170

EXPLANATION

Past fiscal years' appropriation acts have included a provision allowing user fee collections to be credited to the appropriation as offsetting collections thereby reducing the amount appropriated and the budget authority.

The Board seeks to bolster its staff to process its rate case docket, which has grown in volume and complexity in recent years. The Board needs additional staff to carry out its statutory obligations under the Passenger Rail Investment and Improvement Act of 2008 (PRIIA), including PRIIA cases that come to the agency, as well as monitoring related to passenger rail issues. The Board also needs additional staff to more closely review the data that are submitted by the railroads, particularly given the increasingly complex corporate structure of railroads. The Board needs to be able to scrutinize and verify the data it collects from all railroads, given that these data form the basis of several important regulatory determinations. In addition, the Board is increasing its mediation efforts as a lower-cost way of dealing with the increasing number and complexity of cases filed each year. Settling disputes through mediation saves stakeholders time and money and allows Board staff to focus on the most difficult cases. Due to an increase in freight rail service issues, the Board expects to devote additional resources to dealing with those issues. The Board also needs funding to modernize its aging IT infrastructure.

The FY 2016 request does not include any future legislative changes that could vest the Board with additional statutory responsibilities.

**SURFACE TRANSPORTATION BOARD
SUMMARY BY PROGRAM ACTIVITY**

Appropriations, Obligation Limitations, and Exempt Obligations
(in thousands of dollars)

PROGRAM ACTIVITIES	FY 2014 ACTUAL	FY 2015 APPROPRIATION	FY 2016 REQUEST	CHANGES FY 2015-2016
SALARIES & EXPENSES	\$30,209	\$30,125	\$33,547	\$3,422
OFFSETTING COLLECTIONS	\$645	\$1,250	\$1,250	\$0
TOTAL	\$30,854	\$31,375	\$34,797	\$3,422
FTE (direct funded only)	129	147	161	14
FTE (reimbursable funded only)	7	9	9	0
TOTAL	136	156	170	14

EXPLANATION

Past fiscal years' appropriation acts have included a provision allowing user fee collections to be credited to the appropriation as offsetting collections thereby reducing the amount appropriated and the budget authority.

The Board seeks to bolster its staff to process its rate case docket, which has grown in volume and complexity in recent years. The Board needs additional staff to carry out its statutory obligations under the Passenger Rail Investment and Improvement Act of 2008 (PRIIA), including PRIIA cases that come to the agency, as well as monitoring related to passenger rail issues. The Board also needs additional staff to more closely review the data that are submitted by the railroads, particularly given the increasingly complex corporate structure of railroads. The Board needs to be able to scrutinize and verify the data it collects from all railroads, given that these data form the basis of several important regulatory determinations. In addition, the Board is increasing its mediation efforts as a lower-cost way of dealing with the increasing number and complexity of cases filed each year. Settling disputes through mediation saves stakeholders time and money and allows Board staff to focus on the most difficult cases. Due to an increase in freight rail service issues, the Board expects to devote additional resources to dealing with those issues. The Board also needs funding to modernize its aging IT infrastructure.

The FY 2016 request does not include any future legislative changes that could vest the Board with additional statutory responsibilities.

**SURFACE TRANSPORTATION BOARD
SUMMARY ANALYSIS OF CHANGE FROM FY 2015 TO FY 2016**

Appropriations, Obligation Limitations, and Exempt Obligations

(in thousands of dollars)

	Change from FY 2015 to FY 2016 DOLLARS	Change from FY 2015 to FY 2016 FTE
FY 2015 BUDGET	\$30,125	161
Administrative Adjustments to Base:		
Annualization of FY 2015 FTE	\$0	
Annualization of FY 2015 Pay Raise	\$172	
FY 2016 Pay Raise	\$228	
GSA Rent	\$198	
Working Capital Fund	\$32	
Compensable Days	\$182	
Subtotal, Adjustments to Base	\$812	161
Program Increases	\$2,610	0
Subtotal, Program Increases	\$2,610	0
Reimbursable-Offset Collections	\$1,250	9
TOTAL FY 2016 REQUEST	\$34,797	170

EXPLANATION

Past fiscal years' appropriation acts have included a provision allowing user fee collections to be credited to the appropriation as offsetting collections thereby reducing the amount appropriated and the budget authority.

The Board seeks to bolster its staff to process its rate case docket, which has grown in volume and complexity in recent years. The Board needs additional staff to carry out its statutory obligations under the Passenger Rail Investment and Improvement Act of 2008 (PRIIA), including PRIIA cases that come to the agency, as well as monitoring related to passenger rail issues. The Board also needs additional staff to more closely review the data that are submitted by the railroads, particularly given the increasingly complex corporate structure of railroads. The Board needs to be able to scrutinize and verify the data it collects from all railroads, given that these data form the basis of several important regulatory determinations. In addition, the Board is increasing its mediation efforts as a lower-cost way of dealing with the increasing number and complexity of cases filed each year. Settling disputes through mediation saves stakeholders time and money and allows Board staff to focus on the most difficult cases. Due to an increase in freight rail service issues, the Board expects to devote additional resources to dealing with those issues. The Board also needs funding to modernize its aging IT infrastructure.

The FY 2016 request does not include any future legislative changes that could vest the Board with additional statutory responsibilities.

STB Board Members' Statements



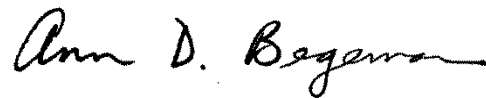
**DISSENT OF BOARD MEMBER BEGEMAN
ON PROPOSED STB BUDGET
FOR FISCAL YEAR 2016**

I dissent from the Board's Fiscal Year 2016 Budget Request.

During my service on the Board, I have continually stated my strong belief that the Board must dedicate more attention and resources to improve the timeliness of its adjudication processes. Unfortunately, instead of proposing to allocate additional resources to the agency's most pressing needs, the majority is simply repeating its same requests for staffing and travel increases as the Board has sought in the past several years.

While I do not dispute the need to fulfill the Board's obligations under PRIIA, we must recognize that the extent of those duties has been called into question by ongoing litigation. Yet, here we are repeating the same request for 15 additional FTEs for PRIIA alone, when we have so many other responsibilities in need of greater attention, including processing our rate docket and resolving pending cases and rulemakings in a more timely manner.

I remain willing and ready to work with my colleagues in reordering the Board's funding priorities.



Board Member
September 2, 2014