

SURFACE TRANSPORTATION BOARD

DECISION

STB Ex Parte No. 563

COMMUTER RAIL SERVICE CONTINUATION SUBSIDIES AND DISCONTINUANCE
NOTICES

AGENCY: Surface Transportation Board.

ACTION: Final rule.

SUMMARY: The Surface Transportation Board (Board) is removing from the Code of Federal Regulations regulations concerning subsidies for the continuation of commuter rail service and notices of the discontinuance of commuter rail service.

EFFECTIVE DATE: September 26, 1997.

FOR FURTHER INFORMATION CONTACT: Beryl Gordon, (202) 565-1600. [TDD for the hearing impaired: (202) 565-1695.]

SUPPLEMENTARY INFORMATION: Effective January 1, 1996, the ICC Termination Act of 1995, Pub. L. No. 104-88, 109 Stat. 803 (ICCTA), abolished the Interstate Commerce Commission (ICC) and established the Board within the Department of Transportation. Section 204(a) of the ICCTA provides that "[t]he Board shall promptly rescind all regulations established by the [ICC] that are based on provisions of law repealed and not substantively reenacted by this Act."

In a notice of proposed rulemaking served and published in the Federal Register on June 12, 1997 (62 FR 32068), the Board proposed to remove the two sets of regulations at 49 CFR part 1157, because some of these regulations were based, at least in part, on repealed statutes. We noted, however, that statutes outside the ICCTA refer to, and hence may require the maintenance in substance of, part 1157. We instituted this proceeding to determine whether these regulations could be eliminated, or whether they had continuing validity and had to be retained.

BACKGROUND

Subpart A. Subpart A of part 1157 deals with the determination of commuter rail continuation subsidies for Consolidated Rail Corporation (Conrail). As described in our June NPR,¹ under the Regional Rail Reorganization Act of 1973 (3R Act) and the Railroad Revitalization and Regulatory Reform Act of 1976 (4R Act), Conrail was to continue providing rail passenger service if a state or local transportation authority offered a subsidy to pay for the unprofitable service. 45 U.S.C. 744(e).

The 3R Act also created the Rail Services Planning Office (RSPO) of the former ICC, eventually codified at former 49 U.S.C. 10361-64. Pursuant to the 4R Act, RSPO was required to develop standards for the computation of subsidies for the continuation of Conrail commuter services (49 U.S.C. 10362).² RSPO issued the regulations originally codified at 49 CFR part 1127 and now found at 49 CFR part 1157, subpart A, on August 3, 1976, 41 FR 32546, in Ex Parte No.

¹ See that document for a more detailed description of the statutory setting for the part 1157 regulations.

² The RSPO subsidy regulations were also referenced in the Conrail statute at 45 U.S.C. 744(e).

293 (Sub-No. 8), Standards for Determining Commuter Rail Service Continuation Subsidies and Emergency Operating Payments.³

Under the Northeast Rail Service Act of 1981 (NERSA), Conrail was relieved, on January 1, 1983, of any legal obligation to provide commuter service. Section 1137 of NERSA chartered the Amtrak Commuter Services Corporation (Amtrak Commuter), a wholly owned subsidiary of the National Railroad Passenger Corporation (Amtrak).⁴ 49 U.S.C. 24501-06. Under section 24505(a)(1), Amtrak Commuter is required to provide the commuter rail passenger service that Conrail was obligated to provide. Moreover, under section 24505(a)(2), Amtrak Commuter may provide passenger service if a commuter authority pays the avoidable costs plus a reasonable return on value less the revenues from the transportation. RSPO was to issue the regulations for such payments. Section 24505(b)(1).⁵ (The post-NERSA regulatory response will be discussed in connection with subpart B, infra.)

The RSPO statutes, 49 U.S.C. 10361-64, were repealed by the ICCTA. Moreover, the ICCTA removed the requirement in 45 U.S.C. 744(e) that RSPO issue regulations for rail passenger subsidies for Conrail. See section 327(3) of the ICCTA. Finally, under 49 U.S.C. 10501(c)(2), as amended by the ICCTA, with certain exceptions not relevant here, “the Board does not have jurisdiction under this part over mass transportation provided by a local governmental authority.”⁶ Nevertheless, the subpart A regulations are referred to in the Amtrak Commuter statute (45 U.S.C. 24505(b)(1)). Accordingly, we sought comment in the June NPR on whether subpart A could be eliminated.

Subpart B. The subpart B regulations of part 1157 concern notices of the discontinuance of commuter rail service by Amtrak Commuter. Under section 24505(e)(2) RSPO was directed to prescribe regulations for “the necessary contents of the notice required under this subsection.” RSPO issued rules in Ex Parte No. 293 (Sub-No. 8), which were published in the Federal Register on January 5, 1983 (48 FR 413). RSPO divided the regulations at 49 CFR part 1127 (which then contained the subsidy standards) into two sections: subpart A, consisting of the existing subsidy standards,⁷ and subpart B, comprising the new discontinuance notice procedures.

³ The subsidy standards prescribe various responsibilities for RSPO. Under section 1157.3(d)(4), upon request of either party, RSPO will mediate disputes about the subsidy agreement, the subsidy standards, and certain plans. Under section 1157.4, parties desiring an interpretation of the standards can file a written petition; RSPO will issue an interpretation unless it determines that the subsidy standards need to be amended, in which case it will institute a rulemaking proceeding. Under section 1157.7(d), in an impasse over joint special studies, either party may submit the dispute to RSPO for resolution. Finally, under section 1157.3(f), the subsidized carrier is to submit financial status reports to RSPO.

⁴ Amtrak was created by the Rail Passenger Service Act of 1970, Pub. L. No. 91-518, 84 Stat. 1327 (1970).

⁵ Under 49 U.S.C. 24505(b)(1)(B):

A commuter authority making an offer . . . shall . . . make the offer according to the regulations the Rail Services Planning Office prescribes under section 10362(b)(5)(A) and (6) of this title.

⁶ Under former 49 U.S.C. 10504(b)(2), the ICC did not have jurisdiction over mass transportation provided by a local governmental authority if the fares, or the authority to apply to the ICC for changes in those fares, were subject to the approval of the governor of the state in which the transportation was provided. The ICCTA broadened this exemption, and the Board does not have jurisdiction whether or not the governor can approve a fare.

⁷ As discussed infra, while RSPO issued in response to NERSA new regulations under subpart B for discontinuance notices, it did not make any substantive changes to the subsidy standards; references to Conrail were retained. However, the NPR published September 9, 1982 (47 (continued...))

The regulations repeat the statutory criteria that Amtrak Commuter may discontinue service on 60 days' notice if it is not offered a subsidy or a subsidy is not paid when due. The regulations prescribe the form and content of the notice and method of posting and also require that the notice be served on the subsidizer, governor, designated state agency, RSPO, and Amtrak.

While section 24505(e)(2) still refers to RSPO prescribing regulations for Amtrak Commuter discontinuance notices, the ICCTA eliminated RSPO and removed references in the Conrail statute at 45 U.S.C. 744(e) to regulations issued by RSPO. Moreover, under section 10501(c)(2), the Board does not have jurisdiction over local governmental authorities providing mass transportation. Thus, we also sought comment in the June NPR on whether the subpart B regulations should be eliminated.

POSITION OF THE PARTIES

Amtrak filed comments stating that it did not object to the removal of the part 1157 regulations. Amtrak submits that the subpart A regulations did affect it when Conrail was operating commuter services because many of these services occurred over rail lines owned by Amtrak, but that, because Conrail has not provided the continued commuter services since 1983, the subpart A regulations no longer control the compensation Amtrak receives for services provided by others over lines Amtrak owns.

Amtrak also submits that the subpart A regulations were to have been used to determine the subsidies for Amtrak Commuter when it took over the continued commuter services from Conrail on January 1, 1983. It notes, however, that Amtrak Commuter has never conducted any operations because all the commuter authorities chose to operate the continued commuter services themselves or to contract with an entity other than Amtrak Commuter to do so. For the same reason, Amtrak also maintains that it is unnecessary to retain the subpart B regulations.⁸

The American Public Transit Association (APTA) supports the removal of the part 1157 regulations. APTA states that it is a private, nonprofit trade association representing the North American transit industry. Included in its membership are about 400 American public and private mass transit systems that, according to APTA, carry over 95 percent of those using public transit in this country.

The Brotherhood of Locomotive Engineers (BLE) argues that the regulations should not be modified or removed unless there is a need shown for the change, and that such a need was not shown in the June NPR. BLE states that it has not participated in subsidy matters, but indicates that it could become involved in the future. It asserts that "it is important that [subpart] B of the regulations, governing notice to the public, be maintained."

DISCUSSION AND CONCLUSIONS

We will remove the regulations in part 1157, in light of the statutory changes made by the ICCTA, because the regulations have no applicability to current commuter transportation.

We have noted the changes in the ICCTA affecting the part 1157 regulations. The RSPO statutes, 49 U.S.C. 10361-64, were repealed. The ICCTA, moreover, eliminated from section 744(e) references to subsidy standards set by RSPO. Finally, under 49 U.S.C. 10501(c)(2), the

⁷(...continued)

FR 39700) implicitly proposed to apply the subsidy standards to Amtrak Commuter cases: "After January 1, 1983, [Amtrak Commuter] is required to take over the commuter operations currently provided by Conrail if a commuter authority offers a subsidy payment which complies with RSPO's Standards" (Emphasis supplied; citation omitted.)

⁸ Amtrak also states that the Senate Committee on Commerce, Science, and Transportation recently approved the Amtrak Reform and Accountability Act of 1997, which would repeal all the provisions of the Rail Passenger Service Act concerning Amtrak Commuter.

ICCTA broadened the exemption from jurisdiction of mass transportation provided by a local governmental authority.

The ICCTA, however, did not remove all statutory references to the RSPO. 49 U.S.C. 24505(b)(2) and 24505(e)(2) still allow RSPO to update the subsidy regulations and require it to prescribe the notice of discontinuance regulations, respectively. We do not know whether the retention of these references to an eliminated office was intentional or not. Therefore, in our June NPR, we asked whether the regulations had validity independent of the existence of RSPO and the jurisdiction of the Board. In response, Amtrak and APTA, commenters with a direct interest in the regulations, do not object to their removal. Amtrak states that Amtrak Commuter has never conducted operations. Thus, currently, and indeed since January 1, 1983, there have been no operations to be subsidized or to discontinue. Accordingly, a need for the rules would only arise if Amtrak Commuter were to begin operations, which it gives no indication of doing. Indeed, in its comments, Amtrak refers to the possible repeal of the Amtrak Commuter provisions of the Rail Passenger Service Act.

In such a situation, we believe that removing the regulations is appropriate. We do not believe that Congress intended that we should retain regulations whose statutory basis has in large measure been eliminated,⁹ and whose operational basis is currently nonexistent. Maintaining more than 20 pages of unneeded regulations incurs administrative expense and causes public confusion.

BLE has not given us a positive reason to maintain these regulations. It argues that the rules should not be eliminated “unless there is a demonstrated need for removal.” As we have indicated, the elimination of the statutes and the lack of operations by Amtrak Commuter are sufficient reason. Concerning the subpart B rules, BLE states, without further elaboration, that they “govern[] notice to the public.” This is true, but there are no operations to give discontinuance notice of, and nobody claiming to be a passenger or representing one has objected.

The Board concludes that the removal of part 1157 would not have a significant effect on a substantial number of small entities. Currently, there are no commuter operations to which the part 1157 rules apply. APTA was the only party commenting on this issue in response to the June NPR.¹⁰ It “concur[s] in the Board’s judgment that the removal of the regulations will not have any adverse consequences on small entities and will lessen burdens on passenger rail carriers.”

This action will not significantly affect either the quality of the human environment or the conservation of energy resources.

List of Subjects in 49 CFR Part 1157

Railroads, Reporting and recordkeeping requirements, Uniform System of Accounts

Decided: August 18, 1997.

By the Board, Chairman Morgan and Vice Chairman Owen.

Vernon A. Williams
Secretary

⁹ “When a statute has been repealed, the regulations based on that statute automatically lose their vitality. Regulations do not maintain an independent life, defeating the statutory change.” Aerolineas Argentinas v. U.S., 77 F.3d 1564, 1575 (Fed. Cir. 1996).

¹⁰ APTA states that it has over 1000 members, including local mass transit systems, suppliers and manufacturers, and transit industry consultants.

PART 1157 [REMOVED]

For the reasons set forth in the preamble and under the authority of 49 U.S.C. 721(a), title 49, chapter X of the Code of Federal Regulations is amended by removing part 1157.