



Budget Request for FY 2017

Surface Transportation Board



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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) 2017 due to the strong market for freight rail and the continued expansion of the U.S. economy.

FY 2017 Budget Request



The Board is requesting \$40,105,000 for 175 Full Time Equivalents (FTEs), an increase of \$8,729,551 over the Board's FY 2015 Appropriation. A significant portion of this increase includes funds for an anticipated move to new office space, funding for additional FTEs over the FY 2015-funded FTEs, and the Board's need 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. The remainder of the request reflects an increase in the agency's share of employee benefits.

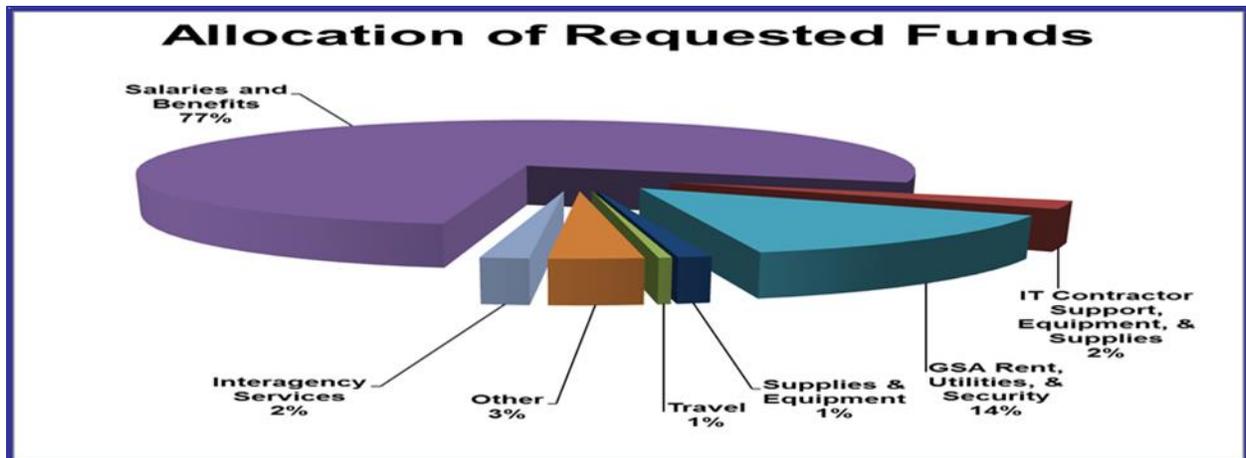
Increase Staffing Requirement

Rail Rate and Preemption Cases

Rate cases have become increasingly complex with more commodities and movements translating into significantly

larger evidentiary records. In regard to the technical evidence, what used to be modeled in a few spreadsheets now requires several databases. This requires new skill sets, more analysts and more rigorous quality control procedures. The Board requests funding for additional FTEs to bolster staff to process rate reasonableness cases which are consuming an increasing amount of the Board's resources. In fact, in FY 2017, we envision adding staff to every office that has a role in adjudicating these cases.

The Board's Office of Proceedings currently needs additional attorneys in order to keep up with its rate docket, while still continuing to process the high volume of non-rate cases. While filling attorney positions is always important to ensure the flow of work and the transfer of knowledge, it is particularly so now in light of our desire to improve the rate case process. In order to more efficiently and effectively adjudicate



rail rate disputes, it will be necessary to increase staffing on individual cases so that there are attorneys serving as mentors as other attorneys are learning the subject matter. As a result, the Board will need to fill current and future attorney positions in order to have adequate staffing on rate cases and to adhere to deadlines for completion of work product in other cases.

Improvements in the handling of rate cases also affect the Board's General Counsel's office, which advises the Board on legal matters and defends the Board's decisions in court. GC currently devotes about two to three employees to rate cases, and we project that we will need to increase the number of GC staff dedicated to rate cases. Additionally, the agency has received increasingly large numbers of preemption-related cases, in which the Board is asked to resolve disputes between rail carriers and local bodies or residents near rail facilities over whether and how state or local government can regulate railroads. Indeed, four of our current court cases arise out of Board determinations on preemption. To address these rate and preemption cases, along with the other cases that come before the agency, the Office of the General Counsel will likely require additional positions.

In the Office of Economics, we also propose adding positions to assist in the analysis of growing databases which are at the heart of rate complaints. As mentioned above, more staff is needed to assess the evidence submitted by the parties and to ensure a high

level of quality control in reviewing the evidence submitted by the parties.

Our staffing request is further motivated by the need to add staff to address the growing workload related to several new or enhanced substantive areas, including: the newly expanded oversight role over passenger rail matters, as directed by the Passenger Rail Investment and Improvement Act of 2008 (PRIIA); increased monitoring of rail service issues and supply chain disruptions; and enhancements to the Board's audit program.

PRIIA

Upon receipt of an eligible complaint regarding deficient on-time performance (OTP) of an intercity passenger rail service, Section 213 of PRIIA requires the STB to investigate the causes of poor punctuality and authorizes further remedial action under certain circumstances. Two complaints under Section 213 are presently before the Board, and it seems likely that additional cases will follow. The investigation of each of these cases will impose new, unprecedented, and increasing workloads upon the Board.

More generally in the passenger rail area under both PRIIA and preexisting statutes, the Board has seen an increase in workload in resolving disputes with host railroads over service on routes jointly shared with passenger trains; in facilitating disputes between Amtrak and the States over the funding of certain short-distance corridor

routes under State sponsorship; and in licensing new passenger rail projects. Three additional FTEs are needed to fully address the growing workload in the passenger rail arena. This request amounts to only one-fifth of the 15 additional positions authorized under PRIIA (but not yet funded) for the STB to satisfy its responsibilities under the PRIIA statute alone, of which Section 213 is clearly the most labor-intensive.

Monitoring Rail Service Issues and Supply Chain Disruptions

Although the reliability of the Nation's freight rail network has improved measurably since the service downturn during 2013-2014, the STB's workload related to service issues remains elevated. The Board's Office of Public Assistance, Governmental Affairs and Compliance (OPAGAC) continues to actively monitor the progress of the service recovery, which involves significant interaction with rail and shipper stakeholders. The office continues to field a high volume of requests related to rail service and supply-chain disruption. And, because the recovery has been somewhat uneven across the network, we expect that additional travel may be necessary, albeit not on the level of FY 2014, which included meetings in Fargo, ND, Malta, MT, Bloomington, MN, and Sioux Falls, SD. As an outgrowth of the Board's oversight of the service downturn, which included formal hearings in Washington, DC, and Fargo, ND, the agency implemented weekly service data reporting requirements for the Class I industry.

Additional IT resources will be required to ensure that the data are being effectively utilized to track and monitor the status of the industry, and to forecast emerging trends.

Improved Auditing Program

The Board requires more staff to enhance the Board's auditing of financial filings and data submitted by large railroad companies and/or their holding companies. Additional staff knowledgeable in auditing and accounting for planning and conducting compliance audits would perform intensive reviews of certified financial audits of railroad systems and intercompany transactions with their holding companies and affiliates, special audits involving railroad financial viability, jurisdictional threshold determinations as required by the Staggers Act and other special investigations.

Additional audit staff would enhance the quality assurance program as well as the annual review of increasingly more complex intercompany audits. Further, additional FTEs would assist in conducting a periodic review of accounting standards, ensuring that the Board's accounting and reporting requirements reflect, to the extent practicable, current GAAP principles.

Information Technology Initiatives

In FY 2015, the Board began pursuing extensive upgrades to its IT infrastructure and capabilities. The upgrades are necessary in order to ensure continued availability, reliability and security of the STB network

(hardware, software and operating systems) and IT systems. These upgrades were also required to meet the Information Security requirements mandated by OMB. While the network infrastructure updates are expected to be completed in FY 2015 and early FY 2016, the replacement of the Board's outdated mail and case management capabilities will continue into FY 2016 as resource availability allows. The Board's website and the majority of its applications were built many years ago and now require significant maintenance to keep them operational and available to all internal and external STB stakeholders. The applications, though adequate when originally created, now need to be replaced by more secure, effective systems that will assist the Board in meeting its strategic goals.

As a first step, the Board is procuring Cloud Services from a provider in FY 2015 for email and collaboration tools. Under this procurement, the Board's email and collaboration tools will be provided "as a service" by an outside contractor, as opposed to being provided by the Board in-house. Changing to an "as a service" model will provide many benefits, including: moving the Board closer to complying with the GSA's "Cloud First" mandate; supporting the Board's IT requirements for Contingency of Operations Planning (COOP); and reducing the cost to the Board in the long term of having to provide these services in-house. Although the migration to a cloud-based environment will produce long-term savings, there will be near-term costs to make the conversion.

Additionally, the Board began an analysis of our case management capabilities in FY 2015, with a view to complete the migration to a new system in FY 2016. The new case management solution will be expected not only to provide basic case management capabilities but is also expected to support the automation of manual processes, reducing duplicative efforts and data entry and supporting a new website that is easy to navigate and search. However, as is the case with all effective IT capabilities, support and maintenance will be required in FY 2017 and beyond.

Similarly, the Board has been working to implement a new design for the website to upgrade the look and feel to provide a better user experience. These changes are based on a design developed in 2010. While this design is a significant improvement on the original site design, many improvements continue to be made in the user experience arena for website design that could further enhance the web experience of the Board's stakeholders. This too is a maintenance cost that will be required in FY 2017 and onwards.

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.

Alternative Dispute Resolution Efforts

To carry out the Board's regulatory mission at a time of an increased caseload and fewer resources, the Board actively encourages parties to make use of alternative dispute resolution (ADR). These efforts have facilitated the settlement of cases and have satisfactorily addressed other problems, thereby removing matters from the agency's crowded docket.

Specifically, since the start of FY 2008, the STB has conducted mediation in 29 proceedings (mediation is still pending in one proceeding). 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.

A number of STB employees have received formal mediation training. These employees serve as mediators for cases that the Board assigns to mediation. They are able to leverage their substantive work experience and their specialized training to provide stakeholders with an effective pathway for resolving disputes outside of litigation. During FY 2015, the Board conducted four mediations under the new ADR framework. The first matter involved a dispute between a major railroad and a large shipper, related to service issues. The second case involved a large railroad and an electric utility, concerning reasonable rates for transporting coal. The third concerned a dispute between two shortline railroads over trackage rights. The final matter involved a dispute between Amtrak and freight rail host carriers. Mediation efforts were not successful in three of the four cases.

In FY 2015, the Board also conducted a number of discovery and technical conferences. These are similar to mediations, only instead of seeking to resolve the entirety of the matter at dispute in the proceeding, focus on a narrower issue, such as key facts or whether a party should be entitled to certain evidence. The Board resolved three discovery disputes in the most recent rate case through these discovery conferences and in another case held a technical conference to resolve a

factual discrepancy that ultimately led to a settlement.

In all of these matters, the STB's mediation teams demonstrated their competence and credibility, and their efforts were well-received by the parties. It is anticipated that parties before the Board will increasingly request mediation as a means of resolving cases.

An increase in funding for continued mediation training for STB staff would allow the Board to help settle more cases, thereby reducing the number of formal complaints, providing a more expeditious process for handling rate disputes, and resulting in savings to both the Board and parties.

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 2015, RCPA was on pace to handle approximately 1,200 public inquiries and informal complaints. The Board expects this level of activity to continue.

Budget Details

For personnel compensation and benefits, \$28.085 million is requested to support the Board's 175 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 regions across the nation, Board Members and staff need to travel. Therefore, a travel budget of \$161,000 is requested. The requested travel is consistent with the FY 2016 budget request and is designed in part to permit the Board to continue its close monitoring of rail service, facilitate the investigation of Amtrak performance matters, and expand the Board's informal dispute resolution programs

The need for a travel budget is particularly important given the severe service issues that persisted across the rail network in late 2013 and into 2015. 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.

Budget Request for FY 2017

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. 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 Board staff 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 \$12.02 million. This includes rent payments to the General Services Administration (GSA), 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 expires in February 2017. Therefore, the Board is requesting an additional \$200,000 in the FY 2017 budget

request for space planning. In addition to space planning, the Board anticipates incurring construction and relocation costs in FY 2017, estimated to be about \$3.22 million. The Board is at an early stage of its lease renewal process with GSA, so there are many unknowns at this time.

The Board does not know if it will occupy a smaller footprint in its current location, or move to a new location. 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. Construction/renovation costs will be amortized over the term of the lease which is yet to be determined by GSA. Moving costs will be paid by the Board and will depend significantly on whether the Board moves to a new facility or relocates offices in our current location.

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 \$308,116 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 are expected to reach \$670,000 in FY 2015, or two percent of the Board's total appropriation for the year.

Surface Transportation Board Organization Chart



The above numbers to the left represent FY 2016 requested FTEs; the numbers to the right represent requested FY 2017 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 2016 and 175 for FY 2017.

Accomplishments in FY 2015



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 four rate cases pending as of July 2015: *Total Petrochemicals & Refining USA, Inc. vs. CSX Transportation, Inc.*, Docket No. NOR 42121; *Sunbelt Chlor Alkali Partnership v. Norfolk Southern Railway Company*, Docket No. NOR 42130; *E.I. du Pont Nemours & Co. v. Norfolk Southern Railway Company*, Docket No. NOR 42125; and *Consumers Energy Company v. CSX Transportation, Inc.*, Docket No. NOR 42142.

Consumers Energy Company will require significant staff attention and resources. In June 2015, the Board denied a motion to dismiss Consumer Energy Company’s revenue adequacy claim.

Although the record has yet to close, *Total Petrochemicals* has already begun consuming

significant staff resources. In May 2015, the Board held a technical conference where the parties met with Board staff to discuss the operating plan and Rail Traffic Controller model evidence submitted.

In *Sunbelt*, the Board found that the challenged rates had not been shown to be unreasonably high until the year 2021 (Board Member Begeman dissented with a separate expression). The parties filed a joint petition for technical corrections, and each party separately filed a petition for reconsideration. The Board is in the process of resolving those petitions.

In *DuPont*, the Board found that the challenged rates had not been shown to be unreasonably high. The Board subsequently granted a joint petition for technical corrections of that decision. The parties then filed separate petitions for reconsideration, which the Board is in the process of addressing. This case is the largest maximum rate case in terms of size, dollar amount, and complexity ever adjudicated by the Board.

The Board also issued decisions in two other rate cases in FY 2015:

Western Fuels Association, Inc. v. BNSF Railway, Docket No. NOR 42088, was before the Board on remand; however, the Board granted a joint petition to vacate the rate

prescription, dismiss the complaint with prejudice, and discontinue the proceeding.

In *Arizona Electric Power Cooperative, Inc. v. BNSF Railway*, Docket No. NOR 42113, the Board reinstated the rate prescription in this proceeding for the years 2009-2013. The Board continues to hold this case in abeyance for 2014-2018, to allow the asset markup resulting from the Berkshire Hathaway acquisition of BNSF to be fully reflected in BNSF's variable costs and the rate prescription. For 2014-2016, when each year's financial data becomes available, the Board will prescribe the rate for that year. Once the asset markup is fully incorporated, the Board will reinstate the rate prescription for 2017-2018.

Unreasonable Practice, Rulemaking, Declaratory Order, Licensing, and Abandonment

In FY 2015, the Board issued multiple decisions on topics of importance to shippers and railroads.

Unreasonable Practice

In *Colorado Wheat Administrative Committee v. V & S Railway*, Docket No. NOR 42140, the Board required V & S Railway, LLC, to keep in place the track on one of its line segments in Colorado while the Board considers a complaint claiming violation of the common carrier obligation as it pertains to that line segment.

In *North American Freight Car Association v. Union Pacific Railroad*, Docket No. NOR 42119, the Board found that three

portions of Union Pacific Railroad Company's tariff, which involved a surcharge for a shipper's failure to remove lading residue from railcars, had not been shown to be unreasonable practices. The Board, however, found that one portion of the tariff, which assessed a surcharge for lading residue found after a car had left the customer's facility and begun moving in line-haul service, had been shown to be unreasonable.

Rulemakings

In *On-Time Performance Under Section 213 of the Passenger Rail Investment and Improvement Act of 2008*, Docket No. EP 726, the Board instituted a rulemaking to define on-time performance of Amtrak for purposes of PRIIA. Determining what constitutes on-time performance is significant because, under PRIIA, a finding that on-time performance has averaged less than 80 percent over two consecutive calendar quarters triggers the Board's authority to investigate the cause of such performance and award damages and other relief.

Declaratory Order

In *Peninsula Corridor Joint Powers Board—Petition for Declaratory Order*, Docket No. FD 35929, the Board denied a petition for declaratory order, concluding that Federal preemption did not bar the application of the California Environmental Quality Act to the electrification of the Peninsula Corridor Joint Powers Board's rail line between San Jose and San Francisco, Cal.

In *Wichita Terminal Association, BNSF Railway, & Union Pacific Railroad—Petition*

for *Declaratory Order*, Docket No. FD 35765, the Board found that the Kansas courts' orders requiring a railroad crossing in Wichita, Kan., are preempted by federal law. The Board explained that it generally would be reasonable for a state court, applying state or local law, to determine whether a permanent crossing at a different location would unreasonably interfere with interstate rail operations and be preempted by federal law.

In *Fillmore & Western Freight Service, LLC—Emergency Pet. for Declaratory Order*, Docket No. FD 35813, the Board deferred to the state courts concerning the interpretation of the leases at issue between a rail operator and the owner of the rail line. Nonetheless, the Board also reaffirmed the general principle that any party seeking abandonment of a rail line or discontinuance of rail service must first obtain the appropriate Board authority, regardless of the status of any contractual arrangements.

In *California High-Speed Rail Authority—Petition for Declaratory Order*, Docket No. FD 35861, the Board concluded that Federal preemption precludes application of the California Environmental Quality Act, to the extent that applying the act would have the effect of unreasonably burdening or interfering with rail transportation, to the construction of a high-speed passenger rail line between Fresno and Bakersfield, Cal. (Board Member Begeman dissented with a separate expression).

In *Soo Line Railroad—Petition for Declaratory Order*, Docket No. FD 35850, the Board found that Federal law preempts state and local permitting and preclearance requirements and other state and local laws

that would prohibit or unreasonably burden or interfere with Canadian Pacific Railway Company's track extension project.

In *JGB Properties, LLC—Petition for Declaratory Order*, Docket No. FD 35817, the Board found that a state court is not preempted from finding that a landowner unlawfully interfered with a permanent rail easement by removing track from its property.

In *SEA-3, Inc.—Pet. for Declaratory Order*, Docket No. FD 35853, the Board found that the City of Portsmouth's participation in zoning litigation over the expansion of a non-carrier facility was not preempted by federal law. The Board provided guidance on the issue but denied the petition for declaratory order because the law about preemption as applied to transload facilities is clear.

In *United States EPA—Petition for Declaratory Order*, Docket No. FD 35803, the Board declined to issue a declaratory order because of the many unresolved issues outside the scope of this proceeding, but provided guidance on issues of preemption as it applies to the proposed rules.

In *Thomas Tubbs—Petition for Declaratory Order*, Docket No. FD 35792, the Board found that claims under Missouri state law seeking compensation from BNSF Railway Company and its contractor, Massman Construction Co., for flooding and property damage allegedly caused by the improper design, construction, and maintenance of BNSF's rail line are preempted by federal law.

In *Diana Del Grosso—Petition for Declaratory Order*, Docket No. FD 35652, the Board found that certain operations conducted

at a bulk transloading facility in the Town of Upton, Mass., constitute “transportation by rail carrier” and that, therefore, federal preemption applies to those operations.

In Pinelawn Cemetery—Petition for Declaratory Order, Docket No. FD 35468, the Board held that, even if the owner claims that the lease under which the rail property is operated has terminated, a portion of a rail yard remains part of the national rail system unless the Board authorizes removal from its jurisdiction.

Licensing

In Norfolk Southern Railway—Acquisition & Operation—Certain Rail Lines of the Delaware & Hudson Railway, Docket No. FD 35873, the Board authorized, subject to conditions, the acquisition by Norfolk Southern Railway Company of 282.55 miles of rail line, in New York and Pennsylvania, owned by the Delaware & Hudson Railway Company.

In CSX Transportation, Inc.—Joint Use—Louisville & Indiana Railroad, Docket No. FD 35523, the Board approved the proposed joint use agreement between CSX Transportation, Inc., and Louisville & Indiana Railroad Company, Inc., subject to environmental conditions and standard employee protection conditions.

In New England Central Railroad, Inc.—Trackage Rights Terms & Conditions—Pan Am Southern LLC, Docket No. FD 31250, the Board found that conditions a railroad had placed on a second railroad’s use of its line violated the terms for such use established by the Interstate Commerce Commission, the

Board’s predecessor, and directed the parties to propose a procedural schedule to establish new terms and conditions.

In Pullman Sleeping Car Company—Petition for Exemption from 49 U.S.C. Subtitle IV, Docket No. FD 35738, the Board found that it had jurisdiction over a company providing sleeping car service, and dining and lounge facilities on passenger trains, but exempted that company from most of the Board’s regulations.

In Great Canadian Railtour Company Limited d/b/a Rocky Mountaineer—Petition for Exemption from 49 U.S.C. Subtitle IV, Docket No. FD 35851, the Board found that it has jurisdiction over a passenger rail company that contracts with Amtrak to offer service between points in Canada and Washington State, but exempted that company from most of the Board’s regulations.

Abandonment/Acquisition

Cincinnati, New Orleans and Texas Pacific Railway Company—Discontinuance of Service Exemption, AB 290 (Sub-No. 354X) involves a discontinuance tantamount to abandonment in Scott County, Tennessee. Cincinnati, New Orleans and Texas Pacific Railway Company (CNOTP), a subsidiary of Norfolk Southern Railway Company, discontinued service over 3.09 miles near Helenwood, Tennessee. The underlying rail and right-of-way is owned by Cincinnati Southern Railway (CSR), an instrumentality of the City of Cincinnati, Ohio. Following discontinuance, CSR intends to sell the right-of-way to a third party for salvage. CSR is not a railroad and is therefore not

subject to Board jurisdiction. Because CSR is not required to seek abandonment authority from the Board, the Board conducted an Environmental Assessment (EA) of CNOTP's notice of discontinuance in order to assess and document the potential environmental impacts of salvage activity that could occur following discontinuance. No significant environmental impacts were identified. Because the Board cannot impose conditions on the future salvage activities conducted by CSR or other non-railroad entities, no environmental conditions were recommended in the EA.

In Norfolk Southern Railway Company LLC—Abandonment Exemption—in the City of Hopewell, Virginia., AB 290 (Sub-No. 364X), in 2014, the Norfolk Southern Railway Company (NSR) filed a petition to abandon approximately 0.46 miles of rail line on its City Point Branch in the City of Hopewell, Virginia. NSR sought to transfer ownership of the Line to a sole shipper on the Line for use as private track. The Virginia State Historic Preservation Office (SHPO) found five potential historic resources in the general area and noted that two of the resources – the Petersburg Battlefield Sites I and II – were located within close proximity to the abandonment. The National Park Service (NPS) became involved as well due to the presence of NPS property within the area. Both entities believed that the abandonment could adversely affect these potentially eligible National Register of Historic Places resources. The Board met with the SHPO, NPS and NSR at the site to resolve the issues, and the SHPO subsequently

concluded that the potentially historic properties would not be adversely affected.

In Chicago Central & Pacific Railroad Company—Abandonment Exemption—in Pottawattamie County, Iowa and Douglas County, Neb., AB 314 (Sub-No. 7X), the Chicago, Central & Pacific Railroad Company (CC&P) filed a petition in 2015 to abandon approximately 2.56 miles of track across and adjacent to the Missouri River in Iowa and Nebraska. The Line includes the Missouri River Bridge (the Bridge), a substantial two-span swing or draw bridge that crosses the Missouri River. The U.S. Coast Guard (USCG) has determined that the bridge needs to be removed because it is a navigational hazard to marine traffic. The Board is now working with EPA, the United States Fish and Wildlife Service, the Iowa Department of Natural Resources, the National Geodetic Survey, the Iowa and Nebraska State Historic Preservation Offices, and the USCG to ensure that bridge removal will occur in conformity with the five environmental conditions.

Environment Impact Statements (EIS)

In FY 2015, the Board worked on eight EISs and six major EAs in construction and acquisition transactions. These cases are either in (1) various stages of review or (2) subject to Board oversight on the environmental mitigation imposed on the grant of Board authority, thus requiring ongoing work by OEA staff during the oversight period.

The EISs involve a number of unique and complex environmental issues, including alternatives analysis, avoiding or minimizing wetlands impacts, assessing greenhouse gas emissions, and developing agreement documents with other agencies and stakeholders to reduce impacts to historic sites and structures. The eight EIS cases are detailed below:

In Tongue River Railroad Company, Inc.—Rail Construction and Operation—In Custer, Powder River and Rosebud Counties, Mont., Docket No. FD 30186, TRRC now proposes to construct and operate a 42-mile line, known as the Colstrip Alternative that would run from the proposed Otter Creek coal mine and a site near the previously planned Montco Mine, both near Ashland, MT, to the main BN rail line near Colstrip, MT. The purpose of the proposed rail line would be to move coal to Michigan, Minnesota, and to the Pacific Rim via proposed ports in the Pacific Northwest. The Board is working closely with more than 18 federally recognized tribes, the Advisory Council on Historic Preservation, and other consulting parties to develop a new Programmatic Agreement under NHPA. The Final Scope was issued on March 19, 2013. The Draft EIS was issued April 17, 2015. Public meetings on the Draft EIS were held June 8-12, 2015 in the project area and online meetings were held June 17, 2015. The comment period ends August 24, 2015.

In California High-Speed Rail Authority—Construction Exemption—In Fresno, Kings, Tulare, and Kern Counties, Cal., Docket

No. FD 35724-1, on April 18, 2014, the lead and cooperating agencies issued the Final EIS for the Fresno to Bakersfield Section. In a decision served August 12, 2014, the Board authorized construction and operation of the Fresno to Bakersfield Section of the CA High Speed Train (HST) System (Board Member Begeman dissented with a separate expression). The California High-Speed Rail Authority and Federal Railroad Administration are currently evaluating a City of Bakersfield proposed alternative route into Bakersfield. Any decision to move forward with the Bakersfield-proposed route would likely require the preparation of a Supplemental EIS.

In California High-Speed Rail Authority—Construction Exemption—In Los Angeles County, Cal., Docket No. FD 35724-2 and FD 35724-3, supporting the Board’s role as a cooperating agency for the preparation of the EISs for the CA HST System, the Board staff attended EIS scoping meetings for the Palmdale to Burbank and Burbank to Los Angeles sections of the CA HST System and received a tour of the potential alternatives for both sections in August 2014.

In Canadian National Railway Company and Grand Trunk Corporation—Control EJ&E West Company.,_Docket No. FD 35087, acquisition of 198-mile EJ&E line around Chicago for the purpose of diverting CN trains from congested rail lines running into Chicago to less congested EJ&E line in the western suburbs of Chicago. The Board continues to monitor the implementation and effectiveness of the overall environmental mitigation. On March 15, 2011, the DC

Circuit Court issued a decision upholding the agency's environmental review and final decision. The Board extended the oversight until January 23, 2017 (Board Member Begeman dissented with a separate expression).

In Six County Association of Governments—Construction and Operation Exemption—Rail Line between Levan and Salina, Utah., FD 34075, rail construction in UT (43-mile new rail line to provide rail service to existing coal mine in Utah currently moving coal by truck). The Board issued a Draft EIS on June 29, 2007 and a Supplemental Draft EIS on May 2, 2014. The Final EIS was issued on May 29, 2015 and the review period ended on June 28, 2015. The Board is currently coordinating execution of a Programmatic Agreement in accordance with Section 106 of the NHPA.

In Canaveral Port Authority—Petition for Exemption to Construct and Operate a Rail Line Extension to Port Canaveral, Florida., FD 35852, the Board issued a Notice of Intent to prepare an EIS in October 2014 and held scoping meetings in November 2014 for a rail line extension proposed by the Canaveral Port Authority (CPA) in Brevard County, Florida. Alternatives to be addressed in the Draft EIS are currently being finalized by the Board and the five Federal cooperating agencies.

In Alaska Railroad Corporation—Construction and Operation Exemption—a Rail Line Extension to Port Mackenzie, Alaska., FD 35095, authority to construct and operate was granted in a November 17,

2011 Board Decision. In its decision, the Board imposed 100 environmental mitigation measures, which include an oversight and monitoring period. Construction of the project is underway. The Board's ongoing activities include the review of quarterly monitoring reports submitted by Alaska Railroad and implementation activities associated with the Section 106 Programmatic Agreement.

Environmental Assessments (EAs)

The six EAs span a wide geographic area and a range of environmental impacts, such as increased rail traffic over existing rail lines, prime farmland, and a number of unique and complex environmental issues, including alternatives analysis, avoiding or minimizing wetlands impacts, assessing greenhouse gas emissions, and developing agreement documents with other agencies and stakeholders to reduce impacts to historic sites and structures. The six EA construction and joint use cases are detailed below:

In CSX Transportation, Inc.—Joint Use—Louisville & Indiana Railroad Company, Inc., FD 35523, this project would provide for joint use of an existing Louisville & Indiana Railroad Company (L&I) rail line by CSX Transportation, Inc. (CSX) and L&I. To improve operating efficiencies, CSX would reroute between 13 and 15 CSX trains per day from its own lines to the 106.5-mile L&I rail line between Indianapolis and Louisville. The Board received comments from EPA on November 1, 2013 indicating that additional analysis

needs to be done, thus delaying issuance of the Final EA and requiring preparation of a Supplemental EA. The Supplemental EA was issued in October 2014, and the Final EA was issued in December 2014.

Hartwell Railroad Company, Construction and Operation Exemption – In Elbert County, GA., FD 35756, proposed 1,360-foot rail construction and operation to connect Hartwell’s existing Toccoa-Elberton Line with an existing rail line (CSXT’s existing Abbeville Subdivision) in Elbert County, Georgia. The purpose of the project is to re-establish a prior rail connection formerly owned by the Norfolk Southern Railway Company (NSR) that was abandoned in 1995. Since then, Hartwell has had to interchange traffic with NSR at the other end of its line (some 40-miles northwest of the Proposed Action) to access the mainlines of CSXT many miles to the northeast and southwest. The Draft EA was issued on July 1, 2014 and preliminarily concluded that the Proposed Action would adversely affect historic resources associated with the former granite industry. The Georgia Historic Preservation Office (SHPO) identified the former Century Granite Company site, which included several buildings, as eligible for listing on the National Register of Historic Places. The Board, in consultation with the SHPO and Hartwell, developed a Memorandum of Agreement (MOA) to mitigate the adverse effect. The MOA was executed on September 26, 2014 and the Final EA issued on October 3, 2014. The Board issued a decision on October 24, 2014, approving the

proposed construction and operation subject to 11 environmental conditions.

In Northwest Tennessee Regional Port Authority—Construction and Operation Exemption—In Lake County, Tenn., FD 35802, proposed 5.5-mile rail line between a connection with the Tennken Railroad and applicant’s existing port facility at Cates Landing on the Mississippi River in Lake County, TN. The purpose of this project is to provide rail access to the port, thus making the port more competitive with other in-land river ports. The new rail line would also serve a new industrial park adjacent to the port facility. Traffic on the rail line would be approximately 1000 carloads per year. The Board is currently preparing a Draft Environmental Assessment.

In Lone Star Railroad, Inc. And Southern Switching Company—Track Construction and Operation Exemption—In Howard County, Tex., FD 35874, construction and operation of approximately 3.18 miles of track near Big Spring in Howard County, Texas. Newly constructed track would connect with an existing main line track of Union Pacific. The track would serve a new industrial park. Principal shippers and receivers would initially be related to crude-oil production in the Permian Basin. A site visit was conducted on March 3, 2015. An EIS waiver was granted on March 25, 2015.

In High Desert Corridor Project, Not Yet Docketed, multipurpose 63-mile rail corridor in Los Angeles County and San Bernardino County, California, that will ultimately connect with California HSR.

Caltrans with Los Angeles County Metro has prepared a Draft EIS and in June of 2015 invited the STB to be a cooperating agency. The Board will conduct preliminary review and accept the invitation to be a cooperating agency.

In *US Rail Corporation—Construction and Operation Exemption—Brookhaven Rail Terminal*, FD 35141, the Board granted an exemption in 2010 for US Rail Corporation (US Rail) to construct and operate an 18,000-foot rail line on a 28-acre parcel in Brookhaven, Suffolk County, N.Y., subject to three environmental conditions. In 2014, the Town of Brookhaven filed a letter with the Board asking whether US Rail had complied with the environmental conditions, which required US Rail to use best management practices; develop and implement a SPCC Plan to ensure protection of the Nassau-Suffolk Sole Source Aquifer; and consult with the United States Department of Agriculture. The Board subsequently directed US Rail to file proof of compliance with these conditions. The Board has determined that US Rail has complied with two of the three environmental conditions recommended, and that it has substantially complied with the SPCC Plan condition pending further consultation with Suffolk County.

Merger Cases and Oversight

In FY 2015, OPAGAC 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. OPAGAC also continued to coordinate 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 in January 2017. The Board continues to review the quarterly environmental reports issued by CN.

“State of Maine” Proceedings

Each year, the Board issues decisions following the agency's “State of Maine” precedent. *See Me. Dep't of Transp.—Acquis. & Operation Exemption—Me. Cent. R.R.*, 8 I.C.C. 2d 835 (1991). In most instances, when an entity acquires a line of railroad (by sale, lease, etc.), the purchaser becomes a common carrier subject to the Board's jurisdiction. Under the “State of Maine” line of cases, however, when the carrier selling a rail line retains an exclusive, permanent easement to provide common carrier freight service and has sufficient control over the line to carry out its common carrier obligations without undue interference by the purchaser of the rail assets, the Board typically has found that authorization is not required. In FY 2015,

the Board issued “State of Maine” decisions in the following dockets:

Mass. Dep’t of Transp.—Acquis. Exemption—Certain Assets of Housatonic R.R., Docket No. FD 35866.

Mass. Dep’t of Transp.—Acquis. Exemption—Certain Assets of CSX Transp., Inc., Docket No. FD 35892.

Snohomish Cnty., Wa.—Pet. for Declaratory Order, Docket No. FD 35830.

Mass. Dep’t of Transp.—Acquis. Exemption—Pan Am S. LLC, Docket No. FD 35863.

Wis. River Rail Transit Comm’n—Pet. for Declaratory Order—in Dane, Green & Rock Cntys., Wis., Docket No. FD 35843.

Wis. Dep’t of Transp.—Pet. for Declaratory Order, Docket No. FD 35854.

Cent. Puget Sound Reg’l Transit Auth.—Acquis. Exemption—Certain Assets of City of Tacoma in Pierce Cnty., Wash., Docket No. FD 35812.

Fla. Dep’t of Transp.—Pet. for Declaratory Order—Rail Line of CSX Transp., Inc., between Riviera Beach & Miami, Fla., Docket No. FD 35783.

Petitions for Reconsideration or Reopening

A party may file a discretionary appeal to the Board to reconsider or reopen a decision

if (1) new evidence or changed circumstances are presented that have a material impact on the Board’s action, or (2) if material error occurred. In FY 2015, the Board issued decisions in response to petitions for reconsideration or reopening in the following dockets:

Reasonableness of BNSF Ry. Coal Dust Mitigation Tariff Provisions, Docket No. FD 35557.

212 Marin Blvd., LLC—Pet. for Declaratory Order, Docket No. FD 35825.

Rail-Term Corp.—Pet. for Declaratory Order, Docket No. FD 35582 (Board Member Begeman dissented with a separate expression).

Union Pac. Corp.—Control & Merger—S. Pac. Rail Corp., Docket No. FD 32760.

Denver & Rio Grande Ry. Historical Found.—Pet. for Declaratory Order, Docket No. FD 35496.

U S Rail Corp.—Constr. & Operation Exemption—Brookhaven Rail Terminal, Docket No. FD 35141.

Canadian Nat. Ry.—Control—EJ&E W. Co., Docket No. FD 35087 (Sub-No. 8).

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 *United States Rail Services Issues*, Docket No. EP 724, the Board held a public hearing in Fargo, ND, on September 4, 2014, to give interested parties the opportunity to report on rail service issues and to hear from the railroad industry about recovery efforts. In the wake of that hearing, the Board issued an interim order, requiring all Class I railroads to submit weekly performance data for their operations in the United States. In December 2014, the Board proposed a rulemaking to make the reporting permanent.

In FY 2015, the Board held a hearing in June 2015 on *Rail Transportation of Grain, Rate Regulation Review*, Docket No. EP 665 (Sub-No. 1), to explore the issue of making the Board's rate case process more accessible to grain shippers.

The Board also held a hearing in July 2015, which encompassed two proceedings: *Railroad Revenue Adequacy*, Docket No. EP 722, and *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). There, the Board explored what it means for a railroad to be revenue adequate and how such a finding should impact regulation of the railroads' rates, among other issues.

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 2015, RCPA was on pace to handle approximately 1,200 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; rates and charges; and responsibility for spur track. 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 response to the 2014 service deterioration. RCPA supported the Board developing a formal order requiring the Class I railroad industry to report performance data on a weekly basis. RCPA also is providing guidance to the Board in responding to a petition from a coal shipper trade association, which asked the Board to impose a service recovery plan on a specific carrier. Following up these efforts, RCPA supported the Board in preparing the annual "peak season" letters, requiring detailed input from the railroad industry on handling peak traffic in the fall.

RCPA continued to informally assist customers of household goods (HHG) 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

In FY 2015, the Board re-engaged in efforts to redesign and upgrade the functionality of its website. During the previous fiscal year, these efforts were postponed to conserve resources. 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. Since the acquisition, the Board has designed and launched a new, interactive mapping tool called the Railroad Map Depot (RMD). This tool simplifies public searches for rail maps, makes more information about rail lines available to STB stakeholders, and supports the STB's environmental review process. The RMD features maps of more than 3,500 miles of rail lines abandoned, discontinued, or converted into recreational trails since 2005. Users can also conduct searches for rail lines by location, and customize maps of the current national rail network to their unique specifications. In addition, there is a feature that displays maps of rail line construction proposals currently before the Board, with links to information about the corresponding environmental review process and procedures.

The Board hopes to complete its website redesign soon.

Uniform Rail Costing System Update

The Board continued its efforts to recode the Board's Uniform Railroad Costing System (URCS) in order to modernize our general

purpose costing system. The new processes are currently in the testing phase of that development. This effort has consumed substantial staff resources in FY 2015 and will continue to do so in FY 2016. This modernization will also make URCS more adaptable to future modifications. 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 better reflect operating efficiencies as shipment size increases. The Board is considering revisions to its proposal based on parties’ comments.

Court Actions

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

In a rail rate case, after denying a request to enjoin the Board’s rate proceeding, and upon concluding that market dominance decisions are not appealable final orders, the court dismissed a rail carrier’s appeal challenging the Board’s findings as to market dominance. *CSX Transp., Inc. v. STB*, 774 F.3d 25 (D.C. Cir. 2014).

In a rail labor case, the court granted the Board’s motion to dismiss a petition for review challenging a Board order denying reconsideration of an earlier decision finding that a business providing dispatching services is a rail carrier subject to the railroad tax laws. The court agreed with the Board that the case had to be dismissed

because petitioner had challenged only the order denying reconsideration, and not the underlying order, as required by clear judicial precedent. *Rail-Term Corp. v. STB*, No. 15-1033 (D.C. Cir. July 8, 2015). In an adverse abandonment case, the General Counsel’s Office successfully defended against an ousted carrier’s motion to stay a Board decision granting an adverse abandonment application brought to permit an oil refinery to terminate the carrier’s service. After the court denied the request for stay, the parties settled their dispute and agreed that the court appeal should be dismissed. *SMS Railroad Corp. v. STB*, No. 15-1022 (D.C. Cir.).

In a trilogy of related cases, the General Counsel’s Office prevailed in moving to dismiss for lack of jurisdiction three petitions for review of interlocutory decisions in a pending rail line sale proceeding. *See Riffin v. STB*, No. 14-4839 (3d Cir. May 11, 2015); *Riffin v. STB*, No. 15-1302 (3d Cir. May 11, 2015); and *In re: James Riffin*, No. 15-1615 (3d Cir. May 11, 2015).

During the year, the General Counsel’s Office assisted the Solicitor General in briefing two cases before the Supreme Court. One supported the constitutionality of metrics and standards for Amtrak service under the Passenger Rail Investment and Improvement Act of 2008. *U.S. Dept. of Transp. v. Ass’n of Am. Railroads*, Docket No. 13-1080. The other involved alleged discriminatory taxation of railroads by a state. *Alabama Dept. of Revenue v. CSX Transportation, Inc.*, Docket No. 13-533.

The Board is currently defending in court its decisions in several cases, including: *Del Grosso v. STB*, No. 15-1069 (1st Cir.); *Padgett et al. v. STB*, No. 14-2067 (1st Cir.); *Thomas Tubbs, et al. v. STB*, No. 14-3898 (8th Cir.); *Kings County v. STB*, No. 15-70386 (9th Cir.) (all involving preemption); *G3 Enterprises, Inc. v. STB*, No. 15-70597 (9th Cir.) (merger proceeding); *Pinelawn Cemetery v. STB*, No. 15-1919 (2d Cir.) (property case); and *Denver & Rio Grande Railway Historical Foundation v. STB*, No. 15-1153 (D.C. Cir.) (licensing).

Amtrak and Passenger Rail

As noted earlier, during FY 2015, the Board continued work on implementing its passenger rail responsibilities. In addition to the activities described above, in the winter of 2014-2015, Board staff closely monitored the performance of Amtrak trains on Class I railroads that experienced severe service disruptions.

STB staff monitored Amtrak performance through publicly available information and responded to informal inquiries about Amtrak and PRIIA as needed. Board staff also met regularly 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 2015, 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 brought a dispute to the Board for resolution of one cost item under the approved methodology, and jointly settled their dispute in October 2014. (*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 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, the petroleum production 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 2017 OMB Budget Justification
Workload Summary¹**

Workload Category	Estimated FY 2015 Board Decisions and Court-related Work	Estimated FY 2016 Board Decisions and Court-related Work	Estimated FY 2017 Board Decisions and Court-related Work
Rail Carrier Control Cases	45	41	41
Rail Rates and Service	54	101	102
Rail Abandonments and Constructions	350	367	368
Other Line Transactions	175	179	179
Other Rail Activities	90	96	96
Non-Rail Activities	67	71	71
Activities Under Non- Transportation Statutes ²	533	533	533
Total	1,331	1,388	1,390

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 2015 ENACTED	FY 2016 ESTIMATE	FY 2017 REQUEST
PERSONNEL COMPENSATION			
11.10 FULL TIME PERMANENT APPT.	15,940	18,931	19,259
11.30 OTHER THAN FULL-TIME PERMANENT	750	753	753
11.50 OTHER PERSONNEL COMPENSATION	202	659	719
11.90 TOTAL PERSONNEL COMPENSATION	16,892	20,343	20,731
12.10 CIVILIAN PERSONNEL BENEFITS	4,680	5,303	6,104
13.00 BENEFITS FOR FORMER PERSONNEL	0	0	0
21.00 TRAVEL AND TRANSPORTATION OF PERSONS	92	162	161
22.00 TRANSPORTATION OF THINGS	5	11	11
23.10 RENTAL PAYMENTS TO GSA	3,696	3,894	4,327
23.30 COMMUNICATIONS, UTILITIES, MISCELLANEOUS CHARGES	182	242	242
24.00 PRINTING AND PRODUCTION	6	8	8
25.20 OTHER SERVICES	2,134	830	4,525
25.30 PURCHASES OF GOODS FROM GOVERNMENT ACCOUNTS	1,804	1,774	1,799
26.00 SUPPLIES AND MATERIALS	377	395	437
31.00 EQUIPMENT	257	585	510
42.00 INDEMNITIES-OTHER PAYMENTS	0	0	0
99.00 SUBTOTAL, DIRECT OBLIGATIONS:	30,125	33,547	38,855
REIMBURSABLE OBLIGATIONS:			
11.10 REIMBURSABLE FULL TIME PERMANENT APPT.	975	975	944
12.10 REIMBURSABLE PERSONNEL BENEFITS	275	275	306
99.00 SUBTOTAL, REIMBURSABLE OBLIGATIONS	1,250	1,250	1,250
99.90 TOTAL OBLIGATIONS	31,375	34,797	40,105

SURFACE TRANSPORTATION BOARD

SALARIES AND EXPENSES

PERSONNEL SUMMARY

Object Class	FY 2015 ENACTED	FY 2016 REQUEST	FY 2017 REQUEST
1001 FULL-TIME EQUIVALENT-DIRECT	148	161	166
2001 FULL-TIME EQUIVALENT-REIMBURSABLE	8	9	9
FULL-TIME EQUIVALENT (FTE) TOTAL	156	170	175

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

Strategic Goal	Performance Goal	Performance Measure	2015 Estimated	2016 Target	2017 Target
Protect Public Interest	Ensure that Board decisions comport with statutes, precedents, and policies and are fair and reasonable.	1. Court challenges to Board decisions do not raise unanticipated issues that the Board should have addressed;	0%	<5%	<5%
		2. Court rulings do not reverse Board decisions as unfair or unreasonable.	100%	>75%	>75%
Foster Economic Efficiencies	Economic Oversight: Provide timely, accurate, and useful financial and operational data and decisions.	3. Cost of capital, rail revenue adjustments, and revenue adequacy decisions are released according to schedule, and	100%	100%	100%
		4. Requests for waybill data are handled within 7 days of requests.	100%	100%	100%
Provide Timely, Efficient, and Decisive Regulatory Process	Ensure that Board decisions meet applicable deadlines	5. 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%
		6. Congressional and public e-mail and telephone inquiries are fully answered within 14 days.	99%	90%	90%
		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 ~~\$34,797,000~~ \$40,105,000: *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 ~~2016~~ 2017, to result in a final appropriation from the general fund estimated at no more than ~~\$33,547,000~~ \$38,855,000.

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

ESTIMATES		APPROPRIATIONS	
2008.....	¹ 26,495,000	2006.....	² 26,198,000
2009.....	¹ 26,847,000	2007.....	¹ 26,324,501
2010.....	³ 29,800,000	2008.....	¹ 26,324,500
2011.....	⁴ 33,749,000	2009.....	¹ 26,847,000
2012.....	⁶ 34,708,000	2010.....	¹ 29,066,000
2013.....	⁷ 34,592,000	2011.....	⁵ 29,010,368
2014.....	⁸ 34,284,000	2012.....	¹ 29,310,000
2015.....	⁸ 34,411,000	2013.....	⁹ 27,779,794
2016.....	¹⁰ 34,797,000	2014.....	¹ 31,000,000
2017.....	¹¹ 40,105,000	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), as supplemented by OMB BDR 13-19, Attachment J). Also reflects permanent reduction of funds in accordance with Presidential Sequestration Order dated March 1, 2013. The FY 2013 sequestration resulted in reduction of \$1,411,586 in spending authority and additional reduction from offsetting 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.

¹¹ Includes funding to fully address the growing workload in rate reasonableness cases, passenger rail arena, rail service monitoring, and industry financial filings auditing. Includes \$200,000 for STB relocation planning and management and an estimate of \$3,219,931 for the relocation, should the Board be required to move to a new location after its current lease expires in February 2017.

**SURFACE TRANSPORTATION BOARD
FY 2017 COMPARATIVE STATEMENT OF NEW BUDGET AUTHORITY**

(in thousands of dollars)

ACCOUNT NAME	FY 2015 ENACTED	FY 2016 PRESIDENTIAL BUDGET	FY 2017 TARGET	FY 2017 REQUEST
SALARIES & EXPENSES	\$30,125	\$31,249	\$32,000	\$38,855
OFFSETTING COLLECTIONS	\$1,250	\$1,250	\$1,000	\$1,250
TOTAL - APPROPRIATIONS	\$31,375	\$32,499	\$33,000	\$40,105
RESCISSIONS	\$0	\$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.

In fiscal year 2017, the Board needs funding to fulfill its two most significant priorities, which are 1) filling a number of key vacancies that will help improve the Board's workflow, and 2) modernizing its aging IT infrastructure. The Board's IT needs in particular will require significant investments, as there are many substantial hardware and software upgrades that need to be made, which will require the purchasing of new equipment and consulting services.

The Board needs additional staff to process rate reasonableness cases which are consuming an increasing amount of the Board's resources. The Board also requests additional staff to carry out its statutory obligations under the Passenger Rail Investment and Improvement Act of 2008, to monitor rail service performance, and to improve and enhance auditing of financial filings and data.

The request also includes \$200,000 for the Board's relocation planning and management and an estimate of \$3,219,931 for the relocation, should the Board be required to move to a new location after its current lease expires in February 2017.

The FY 2016 and FY 2017 requests do not include any future legislative changes that could vest the Board with additional statutory responsibilities.

**SURFACE TRANSPORTATION BOARD
FY 2017 TOTAL BUDGETARY RESOURCES BY APPROPRIATION ACCOUNT**

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

	FY 2015 ENACTED	FY 2016 PRESIDENTIAL BUDGET	FY 2017 TARGET	FY 2017 BASELINE ESTIMATES	FY 2017 PROGRAM CHANGES	TOTAL REQUEST
SALARIES & EXPENSES	\$30,125	\$31,249	\$32,000	\$33,965	\$4,890	\$38,855
OFFSETTING COLLECTIONS Users Fees Credited to Appropriation	\$1,250	\$1,250	\$1,000	\$1,250	\$0	\$1,250
TOTAL	\$31,375	\$32,499	\$33,000	\$35,215	\$4,890	\$40,105

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.

In fiscal year 2017, the Board needs funding to fulfill its two most significant priorities, which are 1) filling a number of key vacancies that will help improve the Board's workflow, and 2) modernizing its aging IT infrastructure. The Board's IT needs in particular will require significant investments, as there are many substantial hardware and software upgrades that need to be made, which will require the purchasing of new equipment and consulting services.

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The FY 2016 and FY 2017 requests do not include any future legislative changes that could vest the Board with additional statutory responsibilities.

**SURFACE TRANSPORTATION BOARD
FY 2017 BUDGET AUTHORITY**

(in thousands of dollars)

ACCOUNT NAME	FY 2015 ENACTED	FY 2016 PRESIDENTIAL BUDGET	FY 2017 TARGET	FY 2017 BASELINE ESTIMATES	FY 2017 PROGRAM CHANGES	FY 2017 TOTAL REQUEST	VARIANCE FROM TARGET
SALARIES & EXPENSES	\$30,125	\$31,249	\$32,000	\$33,965	\$4,890	\$38,855	\$6,855
OFFSETTING COLLECTIONS							
Users Fees Credited to Appropriation	\$1,250	\$1,250	\$1,000	\$1,250	\$0	\$1,250	\$250
TOTAL	\$31,375	\$32,499	\$33,000	\$35,215	\$4,890	\$40,105	\$7,105

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.

In fiscal year 2017, the Board needs funding to fulfill its two most significant priorities, which are 1) filling a number of key vacancies that will help improve the Board's workflow, and 2) modernizing its aging IT infrastructure. The Board's IT needs in particular will require significant investments, as there are many substantial hardware and software upgrades that need to be made, which will require the purchasing of new equipment and consulting services.

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The request also includes \$200,000 for the Board's relocation planning and management and an estimate of \$3,219,931 for the relocation, should the Board be required to move to a new location after its current lease expires in February 2017.

The FY 2016 and FY 2017 requests do not include any future legislative changes that could vest the Board with additional statutory responsibilities.

**SURFACE TRANSPORTATION BOARD
FY 2017 OUTLAYS**

(in thousands of dollars)

ACCOUNT NAME	FY 2015 ENACTED	FY 2016 PRESIDENTIAL BUDGET	FY 2017 REQUEST
SALARIES & EXPENSES	\$31,273	\$31,249	\$38,324
OFFSETTING COLLECTIONS			
Users Fees Credited to Appropriation	\$1,250	\$1,250	\$1,250
TOTALS	\$32,523	\$32,499	\$39,574

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.

In fiscal year 2017, the Board needs funding to fulfill its two most significant priorities, which are 1) filling a number of key vacancies that will help improve the Board's workflow, and 2) modernizing its aging IT infrastructure. The Board's IT needs in particular will require significant investments, as there are many substantial hardware and software upgrades that need to be made, which will require the purchasing of new equipment and consulting services.

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The request also includes \$200,000 for the Board's relocation planning and management and an estimate of \$3,219,931 for the relocation, should the Board be required to move to a new location after its current lease expires in February 2017.

The FY 2016 and FY 2017 requests do 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 Enacted	FY 2016 Request	Baseline Changes							FY 2017 Baseline Estimate	Program Increases/ Decreases	FY 2017 Request
			Annualization of 2016 Pay Raises	Annualization of 2016 FTE	2017 Pay Raises	Compensable Day (260 days)	GSA Rent	WCF Increase/ Decrease	Inflation			
DIRECT												
<u>Personnel Resources</u>												
Direct FTE	148	161								161	5	166
<u>Financial Resources</u>												
Salaries and Benefits	\$21,573	\$25,647	\$179		\$238	\$0				\$26,064	\$771	\$26,835
Travel	\$92	\$162								\$162	-\$1	\$161
Transportation	\$5	\$11								\$11		\$11
GSA Rent	\$3,696	\$3,894					\$170			\$4,064	\$263	\$4,327
Communications & Utilities	\$182	\$242								\$242		\$242
Printing	\$6	\$8								\$8		\$8
Other Services:												
WCF	\$277	\$288						\$20		\$308		\$308
Relocation and Other Costs	\$3,660	\$2,315								\$2,315	\$3,701	\$6,016
Supplies	\$377	\$395								\$395	\$42	\$437
Equipment	\$257	\$585								\$585	-\$75	\$510
Total	\$30,125	\$33,547	\$179		\$238	\$0	\$170	\$20		\$34,154	\$4,701	\$38,855
REIMBURSABLE												
<u>Personnel Resources</u>												
Reimbursable FTE	8	9								9	0	9
	8	9								9	0	9
<u>Financial Resources</u>												
Salaries and Benefits	\$1,250	\$1,250								\$1,250	\$0	\$1,250
TOTALS												
FTE	156	170								170	5	175
Budgetary Resources	\$31,375	\$34,797	\$179		\$238	\$0	\$170	\$20		\$35,404	\$4,701	\$40,105

**SURFACE TRANSPORTATION BOARD
WORKING CAPITAL FUND**

(in thousands of dollars)

ACCOUNT NAME	FY 2015 ENACTED	FY 2016 PRESIDENTIAL BUDGET	FY 2017 REQUEST	CHANGE
DIRECT				
SALARIES & EXPENSES	\$277	\$288	\$308	\$20
TOTALS	\$277	\$288	\$308	\$20

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

	FY 2015 ENACTED	FY 2016 PRESIDENTIAL BUDGET	FY 2017 REQUEST
<u>DIRECT FUNDED BY APPROPRIATION</u>			
SALARIES & EXPENSES Civilian	148	152	166
SUBTOTAL, DIRECT FUNDED	148	152	166
<u>REIMBURSEMENTS/ALLOCATIONS/OTHER</u>			
OFFSETTING COLLECTIONS Civilian	8	9	9
SUBTOTAL, REIMBURSEMENTS/OFFSETTING COLLECTIONS	8	9	9
TOTAL FTEs	156	161	175

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.

In fiscal year 2017, the Board needs funding to fulfill its two most significant priorities, which are 1) filling a number of key vacancies that will help improve the Board's workflow, and 2) modernizing its aging IT infrastructure. The Board's IT needs in particular will require significant investments, as there are many substantial hardware and software upgrades that need to be made, which will require the purchasing of new equipment and consulting services.

The Board needs additional staff to process rate reasonableness cases which are consuming an increasing amount of the Board's resources. The Board also requests additional staff to carry out its statutory obligations under the Passenger Rail Investment and Improvement Act of 2008, to monitor rail service performance, and to improve and enhance auditing of financial filings and data.

The request also includes \$200,000 for the Board's relocation planning and management and an estimate of \$3,219,931 for the relocation, should the Board be required to move to a new location after its current lease expires in February 2017.

The FY 2016 and FY 2017 requests do 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 2015 ENACTED	FY 2016 PRESIDENTIAL BUDGET	FY 2017 REQUEST
<u>DIRECT FUNDED BY APPROPRIATION</u>			
SALARIES & EXPENSES			
Civilian	148	152	166
SUBTOTAL, DIRECT FUNDED	148	152	166
<u>REIMBURSEMENTS/ALLOCATIONS/OTHER</u>			
OFFSETTING COLLECTIONS			
Civilian	8	9	9
SUBTOTAL, REIMBURSEMENTS/OFFSETTING COLLECTIONS	8	9	9
TOTAL POSITIONS	156	161	175

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.

In fiscal year 2017, the Board needs funding to fulfill its two most significant priorities, which are 1) filling a number of key vacancies that will help improve the Board's workflow, and 2) modernizing its aging IT infrastructure. The Board's IT needs in particular will require significant investments, as there are many substantial hardware and software upgrades that need to be made, which will require the purchasing of new equipment and consulting services.

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The request also includes \$200,000 for the Board's relocation planning and management and an estimate of \$3,219,931 for the relocation, should the Board be required to move to a new location after its current lease expires in February 2017.

The FY 2016 and FY 2017 requests do 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 2015 ENACTED	FY 2016 PRESIDENTIAL BUDGET	FY 2017 TARGET	FY 2017 REQUEST	CHANGES FY 2016-2017
SALARIES & EXPENSES	\$30,125	\$31,249	\$32,000	\$38,855	\$7,606
OFFSETTING COLLECTIONS	\$1,250	\$1,250	\$1,000	\$1,250	\$0
TOTAL	\$31,375	\$32,499	\$33,000	\$40,105	\$7,606
FTE (direct funded only)	148	152	128	166	14
FTE (reimbursable funded only)	8	9	9	9	0
TOTAL	156	161	137	175	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.

In fiscal year 2017, the Board needs funding to fulfill its two most significant priorities, which are 1) filling a number of key vacancies that will help improve the Board's workflow, and 2) modernizing its aging IT infrastructure. The Board's IT needs in particular will require significant investments, as there are many substantial hardware and software upgrades that need to be made, which will require the purchasing of new equipment and consulting services.

The Board needs additional staff to process rate reasonableness cases which are consuming an increasing amount of the Board's resources. The Board also requests additional staff to carry out its statutory obligations under the Passenger Rail Investment and Improvement Act of 2008 (PRIIA), to monitor rail service performance, and to improve and enhance auditing of financial filings and data.

The request also includes \$200,000 for the Board's relocation planning and management and an estimate of \$3,219,931 for the relocation, should the Board be required to move to a new location after its current lease expires in February 2017.

The FY 2016 and FY 2017 requests do not include any future legislative changes that could vest the Board with additional statutory responsibilities.

**SURFACE TRANSPORTATION BOARD
SUMMARY ANALYSIS OF CHANGE FROM FY 2016 TO FY 2017**

Appropriations, Obligation Limitations, and Exempt Obligations

(in thousands of dollars)

	Change from FY 2016 to FY 2017 DOLLARS	Change from FY 2016 to FY 2017 FTE
FY 2016 BUDGET REQUEST	\$34,797	161
Administrative Adjustments to Base:		
Annualization of FY 2016 FTE	\$0	
Annualization of FY 2016 Pay Raise	\$179	
FY 2017 Pay Raise	\$238	
GSA Rent	\$170	
Working Capital Fund	\$20	
Non-Pay Inflation	\$0	
Compensable Days	\$0	
Subtotal, Adjustments to Base	\$607	161
Estimated STB Relocation and Other Costs	\$3,451	5
Subtotal, New or Expanded Programs	\$3,451	5
Reimbursable-Offset Collections	\$1,250	9
TOTAL FY 2017 REQUEST	\$40,105	175

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.

In fiscal year 2017, the Board needs funding to fulfill its two most significant priorities, which are 1) filling a number of key vacancies that will help improve the Board's workflow, and 2) modernizing its aging IT infrastructure. The Board's IT needs in particular will require significant investments, as there are many substantial hardware and software upgrades that need to be made, which will require the purchasing of new equipment and consulting services.

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The request also includes \$200,000 for the Board's relocation planning and management and an estimate of \$3,219,931 for the relocation, should the Board be required to move to a new location after its current lease expires in February 2017.

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Detailed Budget Analysis
by Object Class

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

Obj. Class	Account Name/ Program or Office Component	FY 2014 Actual Obligations	FY 2015 Enacted	FY 2016 President's Budget (Base)	Requested Increase	FY 2017 Request
	PC&B					
11	Salaries	\$16,021	\$16,893	\$18,045	\$2,686	\$20,731
12	Benefits	\$4,748	\$4,680	\$5,303	\$801	\$6,104
	<i>Total Salaries and Benefits</i>	\$20,769	\$21,573	\$23,348	\$3,487	\$26,835
	<i>Total FTE</i>	129	148	152	5	166
21	Travel	\$93	\$92	\$162	(1)	\$161
22	Transportation	\$7	\$5	\$11	-	\$11
23	GSA Rent, Communications, & Utilities	\$3,839	\$3,878	\$4,136	433	\$4,569
24	Printing	\$1	\$6	\$8	-	\$8
25	Other Services					
25.1	-Advisory and assistance services	\$1,938	\$1,956	\$434	(74)	\$360
25.2	-Other services from non-federal sources	\$151	\$35	\$215	8	\$223
25.3	-Other goods and services from Federal sources	\$1,525	\$1,110	\$960	49	\$1,009
25.4	-Operation and maintenance of facilities (includes STB relocation estimate)	\$689	\$684	\$672	3,222	\$3,894
25.6	-Medical care	\$21	\$28	\$34	1	\$35
25.7	-Operation and maintenance of equipment	\$24	\$18	\$241	(193)	\$48
	-Operation and maintenance of IT systems	\$83	\$107	\$48	707	\$755
26	Supplies	\$363	\$376	\$395	42	\$437
31	Equipment					
	--IT Development	\$686	\$245	\$560	(75)	\$485
	--Other Equipment	\$20	\$12	\$25	-	\$25
	Sub-Total	\$ 9,440	\$ 8,552	\$ 7,901	\$ 4,119	\$ 12,020
	Programs					
	Reimbursable Full Time Permanent Appt. and Personnel Benefits	\$645	\$1,250	\$1,250	\$0	\$1,250
	Reimbursable FTE	7	8	9	9	9
	Sub Total	\$ 645	\$ 1,250	\$ 1,250	\$ -	\$ 1,250
	Total	\$30,854	\$31,375	\$32,499	\$7,606	\$40,105
	Total FTE	136	156	161	14	175

STB Board Members' Statements



**DISSENT OF VICE CHAIRMAN BEGEMAN
ON PROPOSED STB BUDGET
FOR FISCAL YEAR 2017**

I dissent from the Board's Fiscal Year 2017 Budget Request.

During my service on the Board, I have repeatedly stated my strong belief that the Board must dedicate more attention and resources to processing our rate docket and resolving pending cases and rulemakings in a more timely manner. I appreciate that the majority has finally agreed to put a halt to the Board's recurring requests for 15 additional employees solely for our PRIIA responsibilities (despite the limited associated work to date), and instead appears to recognize the need to more appropriately allocate resources to better address our workload. However, requesting a 28 percent funding increase over today's levels, including a nearly 50 percent increase for travel and a 22 percent increase in staffing, is simply unrealistic.

This budget request also fails to recognize that we have already received a clear message from the Senate about the funding levels under which the Board should operate. That unanimously-approved bill, S. 808, which would expand the Board membership and require a number of reforms, would authorize appropriations of \$35 million for FY 2017. That allocation, which takes into account the bill's legislative changes, is in stark contrast to the Board's request of \$40.1 million (under a status quo legislative scheme).

While I cannot support the entirety of the Board's budget request, I do not dispute that the Board must address its antiquated IT system and website. But efforts to make needed IT improvements have been underway at the Board for years and with limited success. For example, the Board expended nearly three-quarters of a million dollars for a new case management system last year. At the eleventh hour, that new system couldn't be activated because it was incompatible with the Board's existing, outdated, computer system. A similar situation occurred two years earlier—also at considerable expense—when the planned launch of a new STB website had to be aborted due to related legacy IT problems. If Congress agrees to provide additional funding to address the Board's outdated IT system, it should conduct strong oversight to hold the agency accountable for the wise expenditure of those funds.

Less than two years ago, we were facing sequestration and endured a defining period on the importance of responsible agency budgeting. We should draw on those experiences to better fulfill our shared duties of fiscal responsibility by reordering the Board's funding priorities, proposing a more realistic budget, and demanding the successful use of any additional funding the Board may receive to improve its IT system.



Vice Chairman
September 2, 2015