

Surface Transportation Board Requires Class I Railroads to File Consolidated Financial Reports

Surface Transportation Board (Board) Chairman Linda J. Morgan announced today that the Board has issued a decision requiring that affiliated railroads with integrated operations in the United States be combined for purposes of determining whether railroad systems are Class I (large railroads), Class II (medium-sized railroads) or Class III (smaller railroads). The principal objective of the new rule, which is focused on financial reporting, is to gather more meaningful and accurate information on the largest rail systems operating in the United States. The Board also declined to institute a proceeding to consider increasing the annual revenue threshold for Class I status (large-railroad status that triggers the requirement that railroads file quarterly and annual reports) from \$250 million to \$500 million.

In changing its railroad-reporting regulations, the Board pointed out that it does not intend to reimpose reporting requirements on smaller, non-Class I railroads that had been relieved of reporting obligations in the 1980s, and that Class II and III railroads would not be reclassified simply because they have corporate relationships with other railroads. However, the agency noted that when a group of commonly controlled railroads is operated as a single, integrated rail system, that integration should be recognized for railroad-classification purposes. The Board's new regulation reflects this fact by requiring that all components of an integrated system be combined to determine whether the Class I threshold is met for reporting purposes.

The Board's decision was issued today in the case entitled *Proposal to Require Consolidated Reporting by Commonly Controlled Railroads*, STB Ex Parte No. 634 and *Wisconsin Central Ltd.--Petition for Rulemaking--Classification of Carriers*, STB Ex Parte No. 584. A printed copy of the decision is available for a fee by contacting **D~2-D~ Legal, Room 405, 1925 K Street, N.W., Washington, DC 20006, telephone (202) 293-7776**, or via [http://Da_To_Da@Hotmail.com](mailto:Da_To_Da@Hotmail.com). The decision also is available for viewing and downloading via the Board's website at <http://www.stb.dot.gov>.

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