June 1, 2016

The Honorable Bill Shuster  
Chairman  
Committee on Transportation and Infrastructure  
U.S. House of Representatives  
2251 Rayburn House Office Building  
Washington, DC  20515

The Honorable Peter DeFazio  
Ranking Member  
Committee on Transportation and Infrastructure  
U.S. House of Representatives  
2251 Rayburn House Office Building  
Washington, DC  20515

The Honorable Jeff Denham  
Chairman  
Subcommittee for Railroads, Pipelines, and Hazardous Materials  
Committee on Transportation and Infrastructure  
U.S. House of Representatives  
B-329 Rayburn House Office Building  
Washington, DC  20515

The Honorable Michael E. Capuano  
Ranking Member  
Subcommittee for Railroads, Pipelines, and Hazardous Materials  
Committee on Transportation and Infrastructure  
U.S. House of Representatives  
B-329 Rayburn House Office Building  
Washington, DC  20515

Dear Representatives Shuster, DeFazio, Denham, and Capuano,

I am writing to provide information pertaining to the Surface Transportation Board’s implementation of Public Law 114-110, Surface Transportation Board Reauthorization Act of 2015 (“Reauthorization Act” or “Act”). With this letter, please find a status chart of the major actions that the Board is undertaking to execute these requirements. I will continue to send you monthly updates until all relevant provisions of the Reauthorization Act are completed.

Arbitration. I am pleased to report that on May 12, 2016, the Board issued a notice of proposed rulemaking amending our existing procedures for the arbitration of disputes before the Board, to make those procedures conform to the statutory requirements in Section 13 of the Reauthorization Act. Comments on the proposed rulemaking are due by June 13, 2016, and replies are due by July 1, 2016.

Investigative Authority. On May 16, 2016, the Board issued a notice of proposed rulemaking to establish procedures for Board-initiated investigations pursuant to Section 12 of the
Reauthorization Act. Comments on the proposed rulemaking are due by June 15, 2016, and replies are due by July 15, 2016.

Rate Cases. I previously reported that the Board held a series of informal meetings with practitioners, consultants, and stakeholders to share their views and ideas for expediting large rate cases. Those meetings were productive and led to a number of promising ideas to help the Board process large rate cases more quickly. My intention is to initiate a proceeding by June 15, 2016, in accordance with Section 11 of the Act, and report further on that in my next update.

Thank you for your thoughtful oversight and ongoing interest in the Board. Please do not hesitate to contact me with any questions about this or any other matter before the Board.

Sincerely,

Daniel R. Elliott III
Chairman
<table>
<thead>
<tr>
<th>Section of Law - Action Required</th>
<th>Description</th>
<th>Deadline</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sec. 6(a) - Annual Report</strong></td>
<td>Report on each initiated investigation in Annual Report</td>
<td>Annually</td>
<td>To be included in FY2016 Annual Report and thereafter</td>
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<tr>
<td><strong>Sec. 6(b) - Quarterly Rate Case Review Metrics Reports</strong></td>
<td>Post quarterly reports of rate cases pending or completed during the previous quarter</td>
<td>Second Qtr 2016</td>
<td>First quarterly report completed 4/1/2016; posted to website; next report underway</td>
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<tr>
<td><strong>Sec. 6(b) - Formal Service Complaints</strong></td>
<td>1. Establish &amp; maintain formal complaint database 2. Create report 3. Post quarterly reports on website</td>
<td>Second Qtr 2016</td>
<td>Database established, report format created, first quarterly report completed 4/1/2016; posted to website; next report underway</td>
</tr>
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<td><strong>Sec. 6(b) - Informal Service Complaints</strong></td>
<td>1. Establish &amp; maintain informal complaint database 2. Create report 3. Post to website</td>
<td>Second Qtr 2016</td>
<td>Database established, report format created, first quarterly report completed 4/1/2016; posted to website; next report underway</td>
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<tr>
<td><strong>Sec. 11 - Rate Case Expedition Proceeding</strong></td>
<td>Assess procedures to expedite litigation in courts to potentially apply to expedition of STB rate cases</td>
<td>6/15/2016</td>
<td>A series of informal meetings with stakeholders and practitioners was held to discuss ideas and proposals; proposals being considered; proceeding will be initiated by June 15, 2016</td>
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<tr>
<td><strong>Sec. 11 - Maintain Simplified Rate Case Processes</strong></td>
<td>Maintain one or more simplified rate case methods for when SAC is too costly given value of the case</td>
<td>N/A</td>
<td>Maintain 38, Simplified SAC; ongoing railroad rate regulation study and EP665 may result in additional ideas/approaches</td>
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<td><strong>Sec. 11 - Rate Review Timelines</strong></td>
<td>Implement new rate review timelines for SAC cases</td>
<td>Board deadline: ASAP</td>
<td>Final Rules Issued March 9, 2016</td>
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<tr>
<td><strong>Sec. 12 - Investigative Authority Rulemaking</strong></td>
<td>Issue rules on STB-initiated investigations after public notice and comment</td>
<td>12/18/2016</td>
<td>Section 5 meeting conducted to discuss proposals; NPRM issued 5/16/16; intend to issue final rules by 12/18/2016</td>
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<tr>
<td><strong>Sec. 13 - Arbitration Rulemaking</strong></td>
<td>Promulgate regulations to establish voluntary and binding arbitration process for rate and practice complaints</td>
<td>12/18/2016</td>
<td>Section 5 meeting conducted to discuss proposals; NPRM issued 5/12/2016; intend to issue final rules within the third quarter of 2016</td>
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<td>Sec. 15 - Rate Case Methodology Report</td>
<td>Report to Congress on sufficiency of STB rate case methodologies and alternatives</td>
<td>12/18/2016</td>
<td>A railroad rate regulation study is ongoing and a final report is anticipated in advance of 12/18/2016</td>
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<tr>
<td>Sec. 15 - Unfinished Regulatory Proceedings Quarterly Reports</td>
<td>Provide quarterly progress report to Congress on pending proceedings; first report due 60 days after enactment</td>
<td>Second Qtr 2016</td>
<td>First quarterly report completed and submitted to Congress 4/1/2016; posted to website; next report underway</td>
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