

Surface Transportation Board

Budget Request

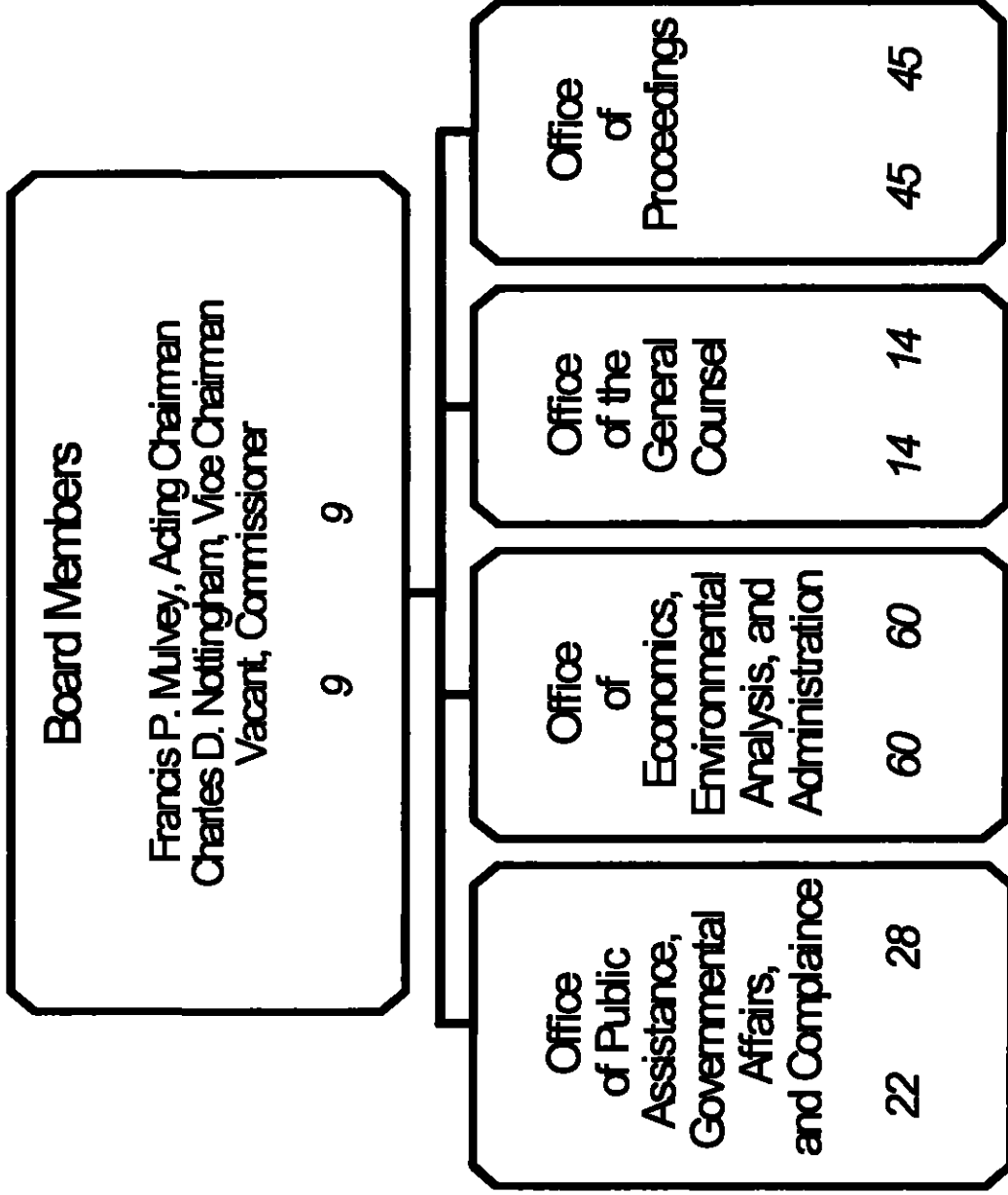
FY 2010



May 2009

Surface Transportation Board

FTEs for FY 2010 Budget



The above numbers to the left represent FY 2009 FTEs, numbers to the right represent FY 2010 FTEs. The number of Full-Time Permanent positions and FTEs are the same. The total number of FTEs for the Surface Transportation Board is 150 for FY 2009 and 156 for FY 2010.

SURFACE TRANSPORTATION BOARD

OVERVIEW OF BOARD AND BUDGET REQUEST

Introduction

The budget request submitted by the Surface Transportation Board (Board) for fiscal year (FY) 2010 reflects its FY 2009 budget, with an increase in funding for salary increases due to the FY 2009/2010 mandated pay increases. The Board is requesting \$500,000 to begin the multi-year periodic review of the Uniform Railroad Costing System (URCS), the Board's general purpose costing system. URCS is used to set the threshold for the Board's rate jurisdiction and provides the basis for many of the Board's other decisions. The Board uses URCS in determining railroad revenue adequacy, and it is an important tool the Board uses to carry out its regulatory mission. The regression analyses that underlie URCS have not been updated since 1987, and some of the underlying studies on which URCS relies were conducted over 50 years ago. The Board is statutorily required to periodically review its cost accounting rules, which are used to generate URCS costs, and make such changes in those rules as required to achieve the regulatory requirements of ICCTA. The Railroad Accounting Principles Board also has specifically recommended that the Board periodically update the analyses, principles, and studies contained in URCS. The Board also is requesting 6 additional FTEs 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. No. 110-432. Operationally, the Board requests budget resources of \$29,800,000 and authority to continue to operate at 156 full time equivalents (FTEs).

Background on the Board

The Board is a three-member, bipartisan, decisionally independent adjudicatory body organizationally housed within the Department of Transportation (DOT). The Board has jurisdiction over certain economic regulatory matters relating to surface transportation.

The rail oversight of the Board encompasses rate reasonableness, car service and interchange, mergers, line acquisitions, line constructions, abandonments, and certain matters involving rail passenger carriers. The jurisdiction of the Board also includes certain oversight of the intercity bus industry; pipeline carriers; and rate regulation involving noncontiguous domestic water transportation, household goods

carriers, and collectively determined motor carrier rates. The Board is statutorily empowered, through its exemption authority, to promote deregulation administratively.

The Board has kept up with its steady workload, and issued 1,280 decisions and court-related matters in FY 2008, with new cases being filed even as pending cases are resolved. In recent years, the Board experienced an increase in the number of rail rate disputes and work related to these disputes. At the close of FY 2008, it had two large rail rate cases pending; it also issued decisions in three small rail rate cases which were filed late in the fiscal year FY 2007 under the agency's new small rate-dispute resolution process. The Board concluded its only pending water carrier rate dispute during FY 2008. The Board also defended its decisions in court in a number of rate cases. These cases remain costly and time consuming for the Board and its staff despite recent successful efforts to streamline these cases.

The Board has taken a number of actions in the past year that have promoted, where appropriate, substantive and procedural regulatory reform in the economic regulation of surface transportation to provide an efficient and effective forum for the resolution of disputes. In this regard, during FY 2008, the Board held public meetings, hearings, and oral arguments; processed rulemakings streamlining or otherwise improving the regulatory process; handled several pending rail rate reasonableness complaints; processed rail restructuring cases; handled proposed rail construction cases; and took action on a number of non-rail matters.

The Board's Section of Environmental Analysis also has performed environmental reviews on the Board's construction, abandonment, and merger matters as required by the National Environmental Policy Act. As these reviews have become more controversial and complex, they have consumed an increasing amount of Board resources.

Board's Budget Request

In FY 2010, the Board requests budget resources totaling \$29,800,000. This budget level reflects the current resources provided by Congress in recent years with additional funds for the Board's higher rental payments and the salary increases due to the FY 2009/2010 mandated pay increases. The Board also seeks resources and authority to operate at 156 FTEs, the current staffing level authorized by Congress.

The Board is requesting \$500,000 to begin the multi-year periodic review of URCS, which sets the threshold for the Board's rate jurisdiction, feeder line decisions,

etc. The Board uses URCS in determining railroad revenue adequacy and it is an important tool the Board uses to carry out its regulatory mission. The regression analyses that underlie URCS have not been updated since 1987, and some of the underlying studies on which URCS relies were conducted over 50 years ago. Furthermore, econometric techniques have advanced since URCS was adopted in 1989. The Board is statutorily required to periodically review its cost accounting rules, which are contained in URCS, and make such changes in those rules as required to achieve the regulatory requirements of ICCTA. Reviewing and potentially updating URCS would be a substantial process; major revisions to URCS are estimated to take 3-4 years to complete. Preliminary estimates indicate that a comprehensive update to URCS would cost approximately \$4.0 million. Accordingly, the Board anticipates requesting additional appropriations for this project in each of the next few years.

The Board also is requesting additional FTEs and funds 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. The Act authorizes the Board to investigate failure to meet on-time passenger train performance standards or service quality standards. Based on the investigation, the Board may award damages against the host rail carrier or provide other relief. A section of the Act provides access to Amtrak equipment and services by a State when a State selects an entity other than Amtrak for operation of intercity passenger train routes. The Act also authorizes the Board to direct Amtrak to make its facilities and equipment available to the State entity, and provides for the Board to determine the reasonable compensation, liability, and services for use of the equipment and facilities and the provision of service. Additional staff and funds will be required to carry out these new Board responsibilities.

The Board's request includes additional resources to address an increase in rental payments to GSA due to the annual lease escalators for the Board's leased space. Additional funds also are requested to cover salary and employee benefit costs associated with the FY 2009 and FY 2010 pay increases and increases in the agency's share of employee benefits associated with retirement, Thrift Savings Plan, and health benefits contributions. As more of the Board's staff who are covered by the old Civil Service Retirement System (CSRS) retire, new hires with higher employee benefits costs fill their vacancies. Unlike many agencies, there is little room in the Board's budget to absorb a pay increase and an increase in employee benefit contributions without additional resources, because fixed costs, including salary, rent, and other mandatory Governmental interagency payments, comprise about 95% of the agency's

expenses. Absorbing even a small amount of the pay increase could impair the Board's ability to perform its statutory mission.

The requested authorization for 156 FTEs also will provide the Board with the discretion to hire staff to replace retirement-eligible staff prior to their anticipated retirement date. Currently, 53 employees, or 39% of the Board staff, are retirement-eligible. Several retirements are expected in FY 2010, and having the flexibility to hire qualified people when they are available is particularly important for an agency that must obtain highly skilled economic, legal, and technical expertise.

Consistent with appropriation acts for past fiscal years, the Board requests a provision allowing user fee collections to be credited to the appropriation as offsetting collections and used for necessary and authorized expenses to the extent that they are collected. The overall budget request reflects the workload that is expected and the statutory and regulatory deadlines associated with the resolution of the cases filed.

PERFORMANCE GOALS

In the performance of its functions, the Board's objective is to ensure that, where regulatory oversight is necessary, it is exercised efficiently and effectively, integrating market forces and private-sector resolutions, where possible, into the overall regulatory framework.

In particular, the Board seeks to resolve matters brought before it fairly and expeditiously. Through use of its regulatory exemption authority, streamlining of its decisional process and the regulations applicable thereto, and consistent application of legal and equitable principles, the Board seeks to facilitate commerce by providing an effective forum for efficient dispute resolution and facilitation of appropriate business transactions. The Board continues to strive to develop, through rulemakings and case disposition, new and better ways to analyze unique and complex problems, to reach fully justified decisions more quickly, and to reduce the costs associated with regulatory oversight. The resources that the Board requests would be used to further these initiatives.

ACHIEVEMENT OF THE BOARD'S GOALS

To be more responsive to the surface transportation community by fostering governmental efficiency, innovation in dispute resolution, and private-sector solutions to problems where appropriate, the Board will continue to:

- strive for a more streamlined process for the expeditious handling of rail rate reasonableness and other complaint cases in an effort to provide additional regulatory predictability to shippers and carriers;**
- diligently process cases before the Board and ensure that appropriate market-based activities in the public interest are facilitated;**
- adhere to all statutory deadlines for the resolution of matters pending before the Board;**
- encourage new opportunities for the various sectors of the transportation community to work cooperatively with the Board and with one another to find**

creative solutions to industry and/or regulatory problems involving carriers, shippers, employees, and local communities;

- **work to ensure the provision of rail service that is responsive to the needs of customers; and**
- **ensure that the Board's processes are open and transparent to the public.**

ACCOMPLISHMENTS AND WORKLOAD

Attached is a table showing workload trends and accomplishments, which provides the basis for the Board's budget request for FY 2010. As the table indicates, the Board believes that the number of decisions it issues and court-related matters it handles are the best measure of workload and performance. In accordance with its continued commitment to resolving matters before it expeditiously, the Board anticipates a relatively constant or slightly increased overall output in each year through the end of FY 2010. If, however, Congress were to make changes in the statute that the Board administers or vest the Board with additional responsibilities, then such actions could have an impact on the Board's resources.

Fiscal Year 2008

During FY 2008, the Board's workload included 1,280 decisions and court-related matters that involved adjudications and rulemakings dealing with rail and non-rail transportation issues. This work pertained to rail carrier consolidations, review of rail labor arbitral decisions, rail rates and service, rail line sales, rail line constructions, terms and conditions for continued rail service, and abandonments. It also involved intercity bus merger and pooling matters, and other non-rail matters such as water carrier rate cases.

Regarding rate complaint cases, the Board issued decisions in STB Docket No. 41191 (Sub-No. 1), *AEP Texas North Company v. The Burlington Northern and Santa Fe Railway Company*; and STB Docket No. 42088, *Western Fuels Association, Inc., and Basin Electric Power Cooperative, Inc. v. The Burlington Northern and Santa Fe Railway Company*, addressing (1) petitions for reconsideration of the Board's decisions on the merits that had been issued in these cases in FY 2007; and (2) supplemental evidence filed in the proceedings. The Board also issued a decision in STB Docket No. 42095, *Kansas City Power & Light Company v. Union Pacific Railroad Company*, finding that the railroad's rates for challenged shipment of goods exceeded 180 percent of the variable cost of providing the transportation, ordering the railroad to pay approximately \$30 million in total reparations, with interest, and prescribing lower rates through 2015. Additionally, in STB Docket No. 42088, the Board considered supplemental evidence and in STB Docket No. 41191 (Sub-No. 1), the Board considered additional cost of capital evidence.

The Board also issued decisions in three small rate cases, STB Docket Nos. 42099, 42100, 42101, *E.I du Pont de Nemours and Company v. CSX Transportation, Inc.*, that found that the rates charged were unreasonable pursuant to the three-benchmark methodology established in STB Ex Parte No. 646 (Sub-No. 1). These decisions were challenged in court but were subsequently brought back to the agency for further administrative proceedings.

The agency defended in court its decision in STB Ex Parte No. 646 (Sub-No. 1), *Simplified Standards for Rail Rate Cases*, which is intended to make the Board's rate case process more accessible to all shippers by setting new standards and procedures for medium and small rate cases. In this rulemaking, the Board modified its rules for small cases; adopted a new methodology for deciding medium sized rate cases called "simplified stand-alone cost"; and imposed limits on relief for medium and small rate cases based on the cost of bringing the next most precise type of complaint. A decision from the court is pending.

The Board successfully defended in court its decision in STB Ex Parte No. 657 (Sub-No. 1), *Major Issues in Rail Rate Cases*, which addressed major issues regarding the proper application of the stand-alone cost (SAC) test in rail rate cases and the proper calculation of the floor for any rail rate relief. The Board's general standards for judging reasonableness of rail freight rates are set forth in the "Coal Rate Guidelines," which adopted a set of pricing principles known as constrained market pricing (CMP). Most captive rail shippers seek relief under CMP's SAC test. Under the SAC constraint, the rate at issue cannot be higher than what a hypothetical, highly efficient railroad would need to charge to serve the complaining shipper while fully covering all of its costs, including a reasonable return on investment.

The Board issued a decision in STB Ex Parte No. 575, *Review of Rail Access and Competition Issues—Renewed Petition of the Western Coal Traffic League*, in which it determined that the propriety of "interchange agreements" (so-called "paper barriers") should be evaluated on a case-by-case basis. In a subsequent decision, in STB Ex Parte No. 575 (Sub-No. 1), *Disclosure of Rail Interchange Commitments*, the Board amended its regulations to require that parties seeking to obtain an individual exemption for, or to invoke a class exemption covering, a transaction involving the sale or lease of a railroad line identify any provisions in their agreements that would restrict the ability or incentive of the purchaser or tenant railroad to interchange traffic with a rail carrier other than the seller or landlord railroad. The new rules also

provided procedures whereby a shipper or affected party may obtain expedited access to such provisions in Board proceedings.

In the Board's decision in Ex Parte No. 558 (Sub-No. 10), *Railroad Cost of Capital—2006*, the Board found that the 2006 rail industry cost of capital was 9.94 percent, and that 3 Class I railroads (BNSF Railway Company, Norfolk Southern Railway Company, and Soo Lines Railroad Company) met that return for 2006.

During FY 2008, the Board issued a final decision in STB Ex Parte No. 664, *Methodology To Be Employed in Determining the Railroad Industry's Cost of Capital*, regarding the appropriate methodology to be used in determining the railroad industry's cost of capital, which is part of the annual evaluation of the adequacy of railroad revenues. The cost-of-capital determination may also be utilized in other Board proceedings, including, but not necessarily limited to, those involving the prescription of maximum reasonable rate levels. The Board continued to refine its cost-of-capital calculation through rulemaking that focuses on how to calculate the railroads' cost of equity capital, which is an important part of the cost of capital.

The Board issued a statement of policy in its decision in STB Ex Parte No. 678, *Consummation of Rail Line Abandonments That Are Subject to Historic Preservation and Other Environmental Conditions*, to clarify when a rail carrier may consummate abandonment of a rail line in those cases where the Board has imposed conditions on the abandonment authorization in order to satisfy sections in the National Historic Preservation Act or the National Environmental Policy Act.

The Board instituted a proceeding and held public hearings in STB Ex Parte No. 677, *Common Carrier Obligation of Railroads*, concerning the statutory duty of railroads to provide transportation or service on reasonable request. Parties to this proceeding have raised issues such as: service limitations resulting from the current capacity-constrained environment; cost and safety considerations related to transportation of hazardous materials; carrier-imposed requirements for infrastructure investments by shippers; the impact of carrier-driven volume requirements or incentives; economically motivated service reductions and demands for service; the proper use of rail embargoes; and when rail abandonments are appropriate. The Board also instituted an ancillary proceeding and held a public hearing in STB Ex Parte No. 677 (Sub-No. 1), *Common Carrier Obligation of Railroads—Transportation of Hazardous Materials*, concerning the obligation of railroads to haul hazardous materials. In this proceeding, the Board is exploring whether and how carriers can

manage their liability for personal injury and property damage in the event of a catastrophic accident.

With respect to rail carrier consolidations, the Board considered several merger or control applications. An application was filed for Board approval of the proposed acquisition of control in STB Finance Docket No. 35081, *Canadian Pacific Railway Company, et al.—Control—Dakota, Minnesota & Eastern Railroad Corporation, et al.* DM&E is a Class II rail carrier operating over 2,500 miles of rail lines in eight mid-western states and interchanges rail traffic with all seven Class I railroads. The Board also had an application filed for the acquisition of control in STB Finance Docket No. 35087, *Canadian National Railway Corp and Grand Trunk Corp —Control—EJ&E West Company*. In this proceeding, the Board performed extensive environmental review to address issues relating to diverting traffic from congested Canadian National rail lines in Chicago to less congested lines of the Elgin, Joliet and Eastern Railway Company (EJ&E), a Class II railroad that operates over 198 miles of track in Illinois and Indiana over a belt around Chicago. The Board conducted 14 scoping meetings, issued a Draft EIS to over 5,000 parties, and scheduled 8 public meetings to receive comments on the Draft EIS. Public participation was unprecedented and petitions for reconsideration will continue to consume substantial staff resources in FY 2009. The Board also had an application filed in STB Docket No. 35147, *Norfolk Southern Railway Company, Pan Am Railways, Inc., et al.—Joint Control and Operating/Pooling Agreements—Pan Am Southern LLC*, in which Norfolk Southern and Pan Am Railways and its subsidiaries would acquire the joint control and operation of Pan Am Southern (PAS) railroad lines, enter into operating and pooling agreements for the operation and the establishment of rates for the lines of PAS, and enter into related trackage rights arrangements.

The Board has devoted significant resources to a proceeding filed in STB Finance Docket No. 42104, *Entergy Arkansas, Inc. and Entergy Services, Inc v. Union Pacific Railroad Company and Missouri & Northern Arkansas Railroad Company, Inc.*, which challenged limitations on the Missouri & Northern Arkansas Railroad's interchange of Entergy's traffic with rail carriers other than Union Pacific. Entergy requests that the Board take remedial action to prevent the continued enforcement of certain provisions of the lease between the carriers. In the alternative, Entergy maintains that these provisions constitute a pooling and/or traffic division agreement for which agency authority was not properly obtained.

Rail abandonments continued at a heavy volume in FY 2008 as the major railroads continue to shed their unprofitable lines. Sometimes abandonment

proceedings result in line sales to shortlines and non-rail entities through offers of financial assistance or to public or non-profit entities for interim trail use under the National Trails System Act. Other line transactions, which have been chiefly acquisitions by purchase or lease, continue to be voluminous, typically involving small lines of carriers acquired by other small or mid-sized carriers or by noncarriers.

Regarding other rail matters, the Board handled a small number of labor arbitration appeals associated with previously approved major rail mergers; issued 499 rail abandonment decisions; 62 rail line construction decisions; and 118 shortline and noncarrier acquisition decisions.

The Board devoted significant resources to a proceeding filed in STB Docket No. AB-515 (Sub-No. 2), *Central Oregon & Pacific Railroad, Inc.—Abandonment and Discontinuance of Service—in Coos, Douglas, and Lane Counties*, and the related application in STB Docket No. 35160, *Oregon International Port of Coos Bay—Feeder Line Application—Coos Bay Line of the Central Oregon & Pacific Railroad, Inc*. The Board held a public field hearing in these proceedings that focused on the options that shippers may pursue to have rail service continued or taken over by another railroad.

The Board had a large number of railroad line construction proposals pending during FY 2008, which entailed considerable environmental review work. The 19 rail construction cases that were pending during FY 2008 varied in size and scope, ranging from less than a mile to 319 miles of new rail line. The Board was involved in assuring compliance with the extensive cultural resources mitigation that the Board has required DM&E to complete prior to constructing and operating its new 280-mile line into Wyoming's Powder River Basin, in STB Finance Docket No. 33407, *Dakota, Minnesota & Eastern Railroad Corporation Construction Into The Powder River Basin*. The Board also worked on wetlands issues raised in comments to the Draft EIS in STB Finance Docket No. 34075, *Six County Association of Governments—Construction and Operation Exemption—Rail Line Between Levan and Salina, Utah*, involving the construction and operation of a 43-mile line to provide rail service to local industries and coal mines in Utah that currently must rely on truck transportation of goods. The Board issued a decision in STB Finance Docket No. 30186 (Sub No. 3), *Tongue River Railroad Company, Inc —Construction and Operation—Western Alignment*, granting final approval for the construction of a new 17.3-mile line to access coal mines in Montana that the railroad wishes to use to reduce environmental impacts, reduce operating and maintenance costs, and address safety concerns resulting from steep grades that would be associated with a longer line that the Board had

previously authorized. The Board is involved in the environmental review of a case involving the construction and operation of an 80-mile rail line near Eielson Air Force Base, Alaska, to support both military and civilian activities along the proposed rail corridor, in STB Finance Docket No. 34658, *Alaska Railroad Corporation—Construction and Operations Exemption*. The Board also worked on the environmental review of a proceeding providing for the construction and operation of a 45-mile rail line in STB Finance Docket No. 35095, *Alaska Railroad Corporation—Petition for Exemption to Construct and Operate a Rail Line Extension to Port MacKenzie, Alaska*. This proposal would allow rail transport of bulk materials, intermodal containers, and other freight from a port facility to the Alaskan interior.

As part of its continuing emphasis on ensuring that rail service is responsive to the needs of customers and that related disputes are resolved effectively and expeditiously, the Board continued a number of actions to foster informal resolution of service-related issues and provide public informational assistance. During FY 2008, through its Rail Customer and Public Assistance Program, the Board continued to provide an informal venue for the private-sector resolution of shipper-railroad disputes, and to assist Board stakeholders seeking guidance in complying with Board decisions and regulations. During FY 2008, the Board addressed more than 1,000 rail consumer issues and inquiries for information through the program. In these matters, Board staff receives requests for assistance with rail transportation complaints through a special toll-free telephone number or a fill-in form on the Board's website. All matters are then expeditiously handled on an informal basis, with issues involving rates and other charges; car supply; claims for damages; labor concerns; safety; land disputes; and service-related problems.

During FY 2008, the Board participated in numerous public outreach activities with Board stakeholders to explain and address concerns about Board policies and programs. These activities namely took the form of public meetings and workshops, including the Chicago-area mayors meeting on the proposed Canadian National-EJ&E acquisition, the Caliente Line workshop in Las Vegas, NV, and the Coos Bay workshop before the Board field hearing in Eugene, Oregon.

The Board hosted meetings for many of the transportation groups of which it is a member. The Rail Energy Transportation Advisory Committee provides advice and guidance to the agency and serves as a forum for discussion of emerging issues regarding the railroad transportation of energy resources including coal, ethanol, and other biofuels. The National Grain Car Council is comprised of a balanced representation of executives knowledgeable in the transportation of grain, and includes

members from the Class I railroads, representatives from the Class II and Class III railroads, members representing grain shippers and receivers, and members representing private rail car owners and rail car manufacturers. The Council meets to allow the members to discuss openly the issues affecting the grain transport industry.

The Railroad-Shipper Transportation Advisory Council was established by the ICCTA as a council of rail advocates on a common goal to strengthen the national rail industry, improve service levels, and foster mutually beneficial relations between large and small railroads and shippers across all commodity groups. This Council advises the Board, the Secretary of Transportation, and the Congressional Committees on Transportation with respect to significant rail transportation policy issues, including issues of capacity constraints and the evolution of merchandise carload network and elements that impact them, and report recommendations for improvements and policy statements affecting the rail industry.

On other non-rail matters, in FY 2008, the Board issued decisions dealing with intercity bus merger cases and issued a decision in a motor carrier rate bureau case. The Board worked on its remaining water carrier rate case involving the non-contiguous domestic water trade, STB Docket No. WCC-101, *Government of the Territory of Guam v. Sea-Land Service, Inc., American President Lines, Ltd. and Matson Navigation Company, Inc.*, which was ultimately dismissed at the request of the parties. The Board issued a decision in STB Finance Docket No. 35039, *Horizon Lines LLC—Petition for Declaratory Order*, which involved a claim that certain shippers were using foreign water carriers and Canadian rail and truck companies to transport goods between U.S. ports as a means of circumventing the “Jones Act.”

In September 2007, in response to a recommendation by the Government Accountability Office, the Board contracted with Christensen Associates to conduct an independent study that assessed the current state of competition in the freight railroad industry in the U.S. Christensen’s study provided a comprehensive analysis of a wide range of issues including competition, capacity, and the interplay between the two, and it examined the various regulatory policy alternatives in a report issued and made public in the Fall of 2008. The Board also contracted with Christensen for a follow-up study on capacity and infrastructure investment. This study examined different measures of railroad capacity and analyzed how that capacity is affected by anticipated changes in demand for rail services and the productivity of rail assets.

Fiscal Years 2009 and 2010

During FY 2009 and 2010, the Board will continue to look for ways to streamline or otherwise improve applicable regulations and the regulatory process and to promote private-sector resolution of disputes. The Board is continuing to look independently for ways to shorten and streamline its procedures for bringing and prosecuting both large and small rate cases, and to make the environmental review process for new rail line construction cases more streamlined as well. And it will continue to use its processes to encourage private-sector dispute resolution. The Board may have to request additional resources if given significant additional mandates in FY 2009.

The Board is requesting \$500,000 to begin the multi-year periodic review, which will take 3-4 years and \$4 million in supplemental funds to complete, of the Uniform Railroad Costing System (URCS), which estimates costs used in rate cases, abandonments, feeder line applications, trackage rights compensation, etc. URCS is therefore an important tool the Board uses to carry out its regulatory mission. URCS' main function is to relate the total costs of railroading to specific railroad activities. URCS generates its cost estimates using three different approaches: the direct costing approach, the statistical approach, and the engineering approach. Where costs can be related to a specific rail movement, the Board prefers to use the direct costing approach. For example, in its recently initiated Class I Railroad Accounting and Financial Reporting—Transportation of Hazardous Materials, Ex Parte No. 681, the Board is exploring whether the direct costing approach can be used to identify the costs associated with hazmat movements and allocate those costs to the shippers of those goods. Where costs cannot be related to a specific rail movement, the Board relies on the statistical and engineering approaches to generate unit costs. URCS employs regression analyses to establish variability factors. These regression analyses have not been updated since 1987. The Board relied on academic experts in developing these regressions in 1987 and would likely require similar assistance in updating these regressions today. When URCS was originally estimated there were approximately 40 Class I carriers; today there are only seven. The small number of remaining carriers poses some econometric challenges to the robustness of any estimates generated. To address these problems and assure stakeholders of the appropriateness and integrity of our results, the Board should engage outside academic experts with experience in modern econometric (or statistical) analysis to assist the Board in this task.

The Passenger Rail Investment and Improvement Act of 2008 (P.L. 110-432) authorizes the Board to investigate substandard on-time intercity passenger train performance standards or service quality standards. If, after investigation, the Board determines that delays or failures to achieve minimum standards are attributable to a rail carrier's failure to provide preference to Amtrak over freight transportation, the Board may award damages to Amtrak or an entity for which Amtrak operates intercity passenger service. Another section of the Act allows the Board to provide non-binding mediation for access disputes between commuter rail providers and rail carriers regarding access to railroad-owned track, rights-of-way, or facilities. The Act also provides access to Amtrak equipment and services by a State when a State selects an entity other than Amtrak for operation of intercity passenger train routes. The Act also authorizes the Board to direct Amtrak to make its facilities and equipment available to the State entity and for the Board to determine the reasonable compensation, liability, and services for use of the equipment and facilities and the provision of service. This section also requires Amtrak and the States to establish a methodology that allocates to each route the costs incurred only for the benefit of that route and a proportionate share of costs incurred for the common benefit of more than one route and requires that the Board determine and implement an appropriate methodology if Amtrak and the States do not develop and implement the required methodology within 2 years of enactment. The Act provided the Board with up to 15 additional FTEs to implement the Board's expanded jurisdiction with respect this regulation of passenger rail service. The budget request for FY 2010 includes a request for \$746,000 to fund the 6 additional FTEs.

The workload involving rail rates and services is expected to remain somewhat stable through FY 2010, although an increase in the number of smaller rate cases under the Board's new procedures is possible, given the Board's first adjudications in STB Docket Nos. 42099, 42100, 42101, *E.I. du Pont de Nemours and Company v. CSX Transportation, Inc* Rate case resolutions continue to strive for a balance between the railroads' need to earn adequate returns and shippers' need for fair and reasonable rates.

The Board will continue to resolve its pending rate complaints and to work on new rail rate cases that come before it. The Board currently has six large rate complaint cases at various states of adjudication. These proceedings will require significant staff attention and resources, given the complex nature of the cases and the substantial efforts that will need to be devoted to matters such as motions and discovery resolution in the adjudications. In the most recent decision in STB Docket No. 42088, *Western Fuels Association, Inc., and Basin Electric Power Cooperative, Inc. v. The Burlington Northern and Santa Fe Railway Company*, issued in February

2009, the Board found the transportation rates that BNSF charged the shipper utilities, which were roughly six times the variable cost of providing service, to be unlawfully high and granted the utilities an estimated \$345 million in reparations and rate reductions. The Board has received four new large rate cases to date in FY 2009: STB Docket No. 42110, *Seminole Electric Cooperative, Inc. v. CSX Transportation, Inc.*; STB Docket No. 42111, *Oklahoma Gas & Electric Company v Union Pacific Railroad Company*; STB Docket No. 42112, *E I. du Pont de Nemours & Company v CSX Transportation, Inc.*; and STB Docket No. 42113, *Arizona Electric Power Cooperative, Inc. v. BNSF Railway Company and Union Pacific Railroad Company.*

The Board has a number of new rulemakings that will be before it during FY 2009. The Board instituted a proceeding in STB Ex Parte No. 676, *Rail Transportation Contracts Under 49 U.S.C. 10709*, to amend its rules to provide a clear demarcation between rail tariffs and contracts that are outside of the Board's jurisdiction. The Board also instituted a proceeding in STB Ex Parte No. 684, *Solid Waste Rail Transfer Facilities*, to address the provisions in the Clean Railroad Act of 2008, which removed solid waste rail transfer facilities from the Board's jurisdiction except as to siting. The Board will continue to work on these new proceedings as well as other rulemaking proceedings that are currently in various stages of decisionmaking. Other rail cases that will continue to require considerable resources involve the extent to which federal preemption applies to particular activities connected to rail transportation.

In addition to the rulemakings already underway, the Board has announced several public hearings on important topics. The Board intends to hold more public hearings in the future to explore in greater depth the economic, legal, and regulatory forces that shape this industry and affect its conduct and performance. The first such hearing may itself lead to additional rulemaking proceedings. The Board held a hearing on April 30, 2009 on the Board's Uniform Railroad Costing System. The Board is actively reviewing its Uniform Railroad Costing System and believes that URCS can be improved as a regulatory costing tool.

With respect to rail carrier consolidations, no "major" (as defined by statute and regulation) rail mergers are currently pending. Nevertheless, the workload in this category is expected to remain stable through FY 2010 because the Board is seeing a shift to, or an increase in, the number of smaller rail mergers and control filings. Of course, it is impossible to know whether a major merger may be proposed during FY 2009 or FY 2010. The Board continues to resolve issues related to past Class I rail

mergers, including issues involved with the interpretation of conditions imposed or rulings issued in approving those prior mergers.

The Board will continue to devote resources to the control and acquisition cases filed in FY 2008 in STB Finance Docket No. 35081, *Canadian Pacific Railway Company, et al.—Control—Dakota, Minnesota & Eastern Railroad Corporation, et al.*; STB Docket No. 35147, *Norfolk Southern Railway Company, Pan Am Railways, Inc., et al.—Joint Control and Operating/Pooling Agreements—Pan Am Southern LLC.*; and STB Finance Docket No. 35087, *Canadian National Railway Corp. and Grand Trunk Corp.—Control—EJ&E West Company.* The Board also will be involved in the 5-year oversight and monitoring contained in its decision in STB Finance Docket No. 35087 involving the diversion of the CN trains on congested CN rail lines around Chicago to the less congested EJ&E lines in the Chicago suburbs. Each of these cases involves complicated environmental and economic issues requiring significant resources.

Concerning other rail restructuring matters, rail abandonment decisions are expected to remain stable through FY 2010. The Board continues to see a high volume of “post abandonment” activity relating to (1) trail use, as proponents avail themselves of opportunities under the National Trails System Act, and (2) offers of financial assistance, whereby shippers and others seek to acquire rail lines approved for abandonment at a price negotiated with the abandoning railroad or set by the Board to continue rail freight service.

The Board projects an increase in the number of line construction decisions involving the 19 rail line construction proposals and additional applications that are anticipated during FY 2009 and 2010, all of which can implicate significant environmental review issues. The complexity of the environmental reviews the Board must conduct continues to grow, and the environmental matters require an increasing amount of resources. With respect to construction matters in FY 2009, the Board expects to be issuing a number of EIS’s and environmental assessments in pending and new construction cases. The Board will continue work on a number of construction proceedings, including: the construction of an 8-mile rail extension to a new copper mine in Arizona (STB Finance Docket No. 34836, *Arizona Eastern Railway, Inc. – Construction Exemption – In Graham County, AZ*); the proposed construction of a 190-mile high-speed rail line from Victorville, CA, to Las Vegas, NV (DesertXpress); a 31-mile rail line construction to the proposed Toquop Energy Project in Nevada; and a 20-mile rail line construction and operation project in Pennsylvania to provide rail service to a landfill, quarry, and industrial park. Additionally, as noted, the Board’s

environmental staff will continue its environmental review of the two Alaska Railroad proposals to construct and operate rail line extensions in Alaska.

Other line transaction activity is expected to increase in FY 2009 and FY 2010 as carriers announce intentions to continue to sell unprofitable or marginally profitable lines as an alternative to service abandonment. These line sales can be beneficial in light of the desirability of preserving rail service for shippers. In the past few years, the Board has seen a fairly steady number of line acquisitions by both small carriers and noncarriers as rail carriers restructure their rail systems.

Regarding non-rail matters, we are projecting that pipeline work will remain minimal absent an unforeseen filing. The intercity bus merger and bus or motor carrier of property pooling workload are projected to remain constant through FY 2010. The noncontiguous domestic water trade rate case activity and workload will likely be minimal through FY 2010, although the Board cannot predict whether any new water carrier rate cases could be filed during FY 2009/2010.

**FY 2010 Congressional Budget Justification
Workload Summary¹**

Workload Category	Actual² FY 2008 Board Decisions and Court-related Work	Estimated² FY 2009 Board Decisions and Court-related Work	Estimated² FY 2010 Board Decisions and Court-related Work
Rail Carrier Control Cases	68	61	61
Rail Rates and Service	90	95	95
Rail Abandonments and Constructions	561	581	581
Other Line Transactions	118	167	167
Other Rail Activities	93	101	107
Non-Rail Activities	22	25	25
Activities Under Non- Transportation Statutes ³	328	328	328
Total	1,280	1,358	1,364

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 Estimated workloads for FY 2009 and 2010 are based on historical information regarding actual filings and best estimates of probable future filings by parties. Because the Board is principally an adjudicatory body, it does not directly control the level or timing of actual case filings.

³ 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.

SALARIES AND EXPENSES
(Dollars in thousands)

	<u>FY 2008</u> <u>Actual</u>	<u>FY 2009</u> <u>Estimate</u>	<u>FY 2010</u> <u>Request</u>	<u>Difference</u> <u>from Estimate</u>
Permanent Positions	132	150	156	6
Full-time Equivalents	138	150	156	6
Personnel Compensation and Benefits	\$19,292	\$20,787	\$22,909	\$2,122
Travel	180	148	148	0
Other Costs	<u>6,848</u>	<u>5,912</u>	<u>6,743</u>	<u>831</u>
TOTAL BUDGET RESOURCES	\$26,320	\$26,847	\$29,800	\$2,953

Changes in Resources:

The Board seeks a budget increase of \$2,953,000 for FY 2010 for the 156 FTEs that Congress has authorized in past years and in new authorizing legislation. A significant portion of this increase includes \$500,000 to begin the multi-year periodic review of URCS and \$746,000 for the 6 FTEs 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. No. 110-432. The remainder of the increase includes higher rental payments to GSA, salary increases due to the FY 2009/2010 pay increases, and an increase in the agency's share of employee benefits contributions.

For personnel compensation and benefits, \$22,909,000 is requested to support the Board's 156 authorized FTEs. Included in this request is \$225,000 to fund the annual cost of the January 2009 general schedule pay raise and \$318,000 for the January 2010 pay raise. For many of the past years, Board employees were predominately CSRS retirement system participants and with the recent retirements and the hiring of their FERS participants replacements, the agency retirement costs have escalated and increased the employee benefit costs. The request also includes \$150,000 for lump-sum leave payments to retiring employees, since the Board anticipates that more employees will retire in FY 2010 than in the previous year.

A travel budget of \$148,000 is requested primarily for on-site visits to railroads to finalize audits and review public accountants' workpapers, physically inspect proposed rail abandonment and construction sites, gather and verify environmental data provided by parties to proceedings, conduct operational reviews, meet with shippers regarding rail service issues and compliance, defend the Board's decisions in courts across the country, and generally provide presentations, upon request, on issues within the Board's jurisdiction. Due to the increased number of environmental reviews associated with new rail construction cases and attendance at field hearings on high-profiled cases as well as a Board policy of being open and accessible to stakeholders, agency travel has increased and is expected to increase through FY 2010. A significant portion of the environmental travel increase is associated with the Board's environmental review associated with an 80-mile rail line construction near Eielson Air Force Base, Alaska; the 45-mile rail line construction to Port MacKenzie, Alaska; and other environmental reviews in the western U.S. The FY 2008 travel costs were unusually high due to the field hearing on the Coos Bay abandonment case (STB Docket No. AB-515 (Sub-No. 2)), the Caliente Line hearing and workshop in Las Vegas, NV, and the numerous field meetings with local community groups concerning the Canadian National-EJ&E acquisition.

Funding to cover other costs is requested at \$6,743,000. The Board is requesting \$500,000 to begin the multi-year periodic review of URCS, which sets the threshold for the Board's rate jurisdiction, feeder line decisions, etc. The Board uses URCS in determining railroad revenue adequacy and is an important tool the Board uses to carry out its regulatory mission. The Board does not employ any industrial or cost engineers who could develop and oversee the implementation of these studies; therefore it must rely on contractual services to provide this subject matter expertise. Also included in this number are rental payments to GSA and payments for employee training, telephone service, postage, information technology systems support and equipment, miscellaneous services and supplies, and reimbursable services acquired from other DOT agencies and other Federal agencies. These costs also include the Board's share of e-Gov initiatives and CIO/CFO Council funding. A payment to the DOT Working Capital Fund of \$152,000 is included in these costs. The Board continues to evaluate its level of physical security in light of the building's Security Committee and the Department of Homeland Security and has implemented a Business Continuity Plan along with sheltering-in-place procedures to provide for the physical security of its employees and the continuity planning and continuance of its statutory mission.

SURFACE TRANSPORTATION BOARD**SALARIES AND EXPENSES****OBJECT CLASSIFICATIONS**

(in thousands of dollars)

OBJECT CLASS	FY 2008 ACTUAL	FY 2009 ESTIMATE	FY 2010 REQUEST
PERSONNEL COMPENSATION			
11.10 FULL TIME PERMANENT APPT.	13,255 0	14,671 0	16,080.0
11.30 OTHER THAN FULL-TIME PERMANENT	836 0	861 0	756 0
11 50 OTHER PERSONNEL COMPENSATION	766 0	548 0	631 0
11 90 TOTAL PERSONNEL COMPENSATION	<u>14,857 0</u>	<u>16,080 0</u>	<u>17,467 0</u>
12 10 CIVILIAN PERSONNEL BENEFITS	3,185 0	3,459 0	4,192 0
13 00 BENEFITS FOR FORMER PERSONNEL	0 0	0 0	0.0
21 00 TRAVEL AND TRANSPORTATION OF PERSONS	180 0	148.0	148 0
22 00 TRANSPORTATION OF THINGS	11 0	10 0	12 0
23 10 RENTAL PAYMENTS TO GSA	3,403 0	3,670 0	3,780 0
23 30 COMMUNICATIONS, UTILITIES, MISCELLANEOUS CHARGES	184 0	189 0	202 0
24 00 PRINTING AND PRODUCTION	5 0	5 0	5.0
25 20 OTHER SERVICES	879 0	306 0	834 0
25 30 PURCHASES OF GOODS FROM GOVERNMENT ACCOUNTS	1,819.0	1,307 0	1,389 0
26.00 SUPPLIES AND MATERIALS	379.0	348 0	359 0
31 00 EQUIPMENT	166 0	75 0	162 0
42 00 INDEMNITIES-OTHER PAYMENTS	2 0	0 0	0 0
99 00 SUBTOTAL, DIRECT OBLIGATIONS	<u>25,070 0</u>	<u>25,597 0</u>	<u>28,550 0</u>
REIMBURSABLE OBLIGATIONS			
11 10 REIMBURSABLE FULL TIME PERMANENT APPT	1,006.0	1,006 0	1,004 0
12 10 REIMBURSABLE PERSONNEL BENEFITS	244 0	244 0	246.0
99 00 SUBTOTAL, REIMBURSABLE OBLIGATIONS	<u>1,250 0</u>	<u>1,250 0</u>	<u>1,250 0</u>
99 90 TOTAL OBLIGATIONS	<u>26,320 0</u>	<u>26,847 0</u>	<u>29,800 0</u>

SURFACE TRANSPORTATION BOARD

SALARIES AND EXPENSES

PERSONNEL SUMMARY

	FY 2008 ACTUAL	FY 2009 ESTIMATE	FY 2010 REQUEST
1001 FULL-TIME EQUIVALENT-DIRECT	129	141	147
2001 FULL-TIME EQUIVALENT-REIMBURSABLE	9	9	9
FULL-TIME EQUIVALENT (FTE) TOTAL	138	150	156

**SURFACE TRANSPORTATION BOARD
COMPARATIVE STATEMENT OF NEW BUDGET AUTHORITY
(in thousands of dollars)**

BUDGET AUTHORITY

<u>ACCOUNT NAME</u>	<u>FY 2008 ACTUAL</u>	<u>FY 2009 ENACTED</u>	<u>FY 2010 BOARD'S REQUEST</u>
SALARIES & EXPENSES	25,075	25,597	28,550
TOTALS	<u>25,075</u>	<u>25,597</u>	<u>28,550</u>
OFFSETTING COLLECTIONS	1,250	1,250	1,250

EXPLANATION:

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

The FY 2010 request includes \$0.5 million to begin the multi-year process of updating the Uniform Railroad Costing System (URCS), a tool that underlies many of the Board's regulatory functions, and \$0.746 million 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 No 110-432

SURFACE TRANSPORTATION BOARD
FY 2010 BUDGET REQUEST BY APPROPRIATION ACCOUNT
(in thousands of dollars)

APPROPRIATIONS, OBLIGATION LIMITATIONS, AND EXEMPT OBLIGATIONS

<u>ACCOUNT TITLE</u>	<u>FY 2008 ACTUAL</u>	<u>FY 2009 ENACTED</u>	<u>FY 2010 BOARD'S REQUEST</u>
SALARIES & EXPENSES	25,075	25,597	28,550
OFFSETTING COLLECTIONS:			
Users Fees Credited to Appropriation	1,250	1,250	1,250
TOTALS	<u>26,325</u>	<u>26,847</u>	<u>29,800</u>

EXPLANATION:

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

The FY 2010 request includes \$0.5 million to begin the multi-year process of updating the Uniform Railroad Costing System (URCS), a tool that underlies many of the Board's regulatory functions, and \$0.746 million 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 No 110-432

**SURFACE TRANSPORTATION BOARD
FY 2010 BUDGET REQUEST BY ACCOUNT**
(in thousands of dollars)

BUDGET AUTHORITY

<u>ACCOUNT TITLE</u>	<u>Mandatory/ Discretionary</u>	<u>FY 2008 ACTUAL</u>	<u>FY 2009 ENACTED</u>	<u>FY 2010 BOARD'S REQUEST</u>
SALARIES & EXPENSES	D	25,075	25,597	28,550
OFFSETTING COLLECTIONS Users Fees Credited to Appropriation		1,250	1,250	1,250
TOTALS		<u>26,325</u>	<u>26,847</u>	<u>29,800</u>

EXPLANATION

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

The FY 2010 request includes \$0.5 million to begin the multi-year process of updating the Uniform Railroad Costing System (URCS), a tool that underlies many of the Board's regulatory functions, and \$0.746 million 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 No. 110-432

SURFACE TRANSPORTATION BOARD
FY 2010 BUDGET REQUEST BY APPROPRIATION ACCOUNT
(in thousands of dollars)

OUTLAYS

<u>ACCOUNT TITLE</u>	<u>FY 2008 ACTUAL</u>	<u>FY 2009 ENACTED</u>	<u>FY 2010 BOARD'S REQUEST</u>
SALARIES & EXPENSES	29,008	28,536	28,255
OFFSETTING COLLECTIONS:			
Users Fees Credited to Appropriation	1,250	1,250	1,250
TOTALS	<u><u>30,258</u></u>	<u><u>29,786</u></u>	<u><u>29,505</u></u>

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.

**SUMMARY OF REQUESTED FUNDING CHANGES FROM BASE.
SURFACE TRANSPORTATION BOARD
Appropriations, Obligation Limitations, and Exempt Obligations
(in thousands of dollars)**

	Baseline Changes										
	2009 Enacted	2009 PC&B By Program	2009 # FTE Per Program	Annualization of 2009 Pay Raises	2010 Pay Raises	GSA Rent	WCF Increase/Decrease	Inflation/Deflation	FY 2010 Adjusted Base	Program Increases/Decreases	FY 2010 Request
DIRECT:											
PERSONNEL RESOURCES											
Direct FTE	141	141							141	15	156
	141								141	15	156
FINANCIAL RESOURCES											
Salaries and Benefits	\$19,397		141	\$225	\$318				\$19,940	\$1,719	\$21,659
Travel	\$115								\$115	\$33	\$148
Transportation	\$19								\$19	(57)	\$12
GSA Rent	\$3,670					\$110			\$3,780		\$3,780
Communications, Rent & Utilities	\$189								\$189	\$13	\$202
Printing	\$7								\$7	(52)	\$5
Other Services											
-WCT	\$133						\$19		\$152		\$152
-Other	\$1,579							\$25	\$1,604	\$467	\$2,071
Supplies	\$343							\$16	\$359		\$359
Equipment	\$145								\$145	\$17	\$162
Subtotal	\$25,597		141	\$225	\$318	\$110	\$19	\$41	\$26,310	\$2,240	\$28,550
REIMBURSABLE:											
PERSONNEL RESOURCES											
Direct FTE	2								9	0	9
	9								9	0	9
FINANCIAL RESOURCES											
Salaries and Benefits	\$1,250		9	\$0	\$0				\$1,250	\$0	\$1,250
Programs Subtotal	\$1,250		9	\$0	\$0	\$0	\$0	\$0	\$1,250	\$0	\$1,250
TOTAL	\$26,847		150	\$225	\$318	\$110	\$19	\$41	\$27,560	\$2,240	\$29,800

EXPLANATION:

The FY 2010 request includes \$0.5 million for the multi-year review of URCS and \$0.746 million and 6 FTEs 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. No. 110-432

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

**APPROPRIATIONS, OBLIGATION LIMITATIONS, EXEMPT OBLIGATIONS
AND REIMBURSABLE OBLIGATIONS**

<u>ACCOUNT NAME</u>	<u>FY 2009 ENACTED</u>	<u>FY 2010 BOARD'S REQUEST</u>	<u>CHANGE</u>
DIRECT.			
SALARIES & EXPENSES	133	152	19
TOTALS	<u>133</u>	<u>152</u>	<u>19</u>

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

<u>DIRECT FUNDED BY APPROPRIATION</u>	<u>FY 2008 ACTUAL</u>	<u>FY 2009 ENACTED</u>	<u>FY 2010 BOARD'S REQUEST</u>
SALARIES & EXPENSES			
Civilian	<u>129</u>	<u>141</u>	<u>147</u>
SUBTOTAL, DIRECT FUNDED	129	141	147
<u>REIMBURSEMENTS/ALLOCATIONS/OTHER</u>			
OFFSETTING COLLECTIONS			
Civilian	<u>9</u>	<u>9</u>	<u>9</u>
SUBTOTAL, REIMBURSEMENTS/ OFFSETTING COLLECTIONS	9	9	9
TOTAL FTE	<u>138</u>	<u>150</u>	<u>156</u>

EXPLANATION

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

The FY 2010 request includes \$0.5 million to begin the multi-year process of updating the Uniform Railroad Costing System (URCS), a tool that underlies many of the Board's regulatory functions, and \$0.746 million 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 No 110-432

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

<u>DIRECT FUNDED BY APPROPRIATION</u>	<u>FY 2008 ACTUAL</u>	<u>FY 2009 ENACTED</u>	<u>FY 2010 BOARD'S REQUEST</u>
SALARIES & EXPENSES			
Civilian	<u>129</u>	<u>141</u>	<u>147</u>
SUBTOTAL, DIRECT FUNDED	129	141	147
<u>REIMBURSEMENTS/ALLOCATIONS/OTHER</u>			
OFFSETTING COLLECTIONS			
Civilian	<u>9</u>	<u>9</u>	<u>9</u>
SUBTOTAL, REIMBURSEMENTS/ OFFSETTING COLLECTIONS	9	9	9
TOTAL FTE	<u>138</u>	<u>150</u>	<u>156</u>

EXPLANATION:

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

The FY 2010 request includes \$0.5 million to begin the multi-year process of updating the Uniform Railroad Costing System (URCS), a tool that underlies many of the Board's regulatory functions, and \$0.746 million 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 No 110-432

**SURFACE TRANSPORTATION BOARD
SUMMARY BY PROGRAM ACTIVITY
(in thousands of dollars)**

APPROPRIATIONS, OBLIGATION LIMITATIONS, AND EXEMPT OBLIGATIONS

<u>PROGRAM ACTIVITIES</u>	<u>FY 2008 ACTUAL</u>	<u>FY 2009 ENACTED</u>	<u>FY 2010 BOARD'S REQUEST</u>	<u>CHANGE FY 2009-2010</u>
SALARIES & EXPENSES	25,075	25,597	28,550	2,953
OFFSETTING COLLECTIONS	1,250	1,250	1,250	0
TOTALS	<u>26,325</u>	<u>26,847</u>	<u>29,800</u>	<u>2,953</u>
FTEs				
FTE (direct funded)	129	141	147	6
FTE (reimbursable funded)	9	9	9	0
TOTALS	138	150	156	6

EXPLANATION.

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

The FY 2010 request includes \$0.5 million to begin the multi-year process of updating the Uniform Railroad Costing System (URCS), a tool that underlies many of the Board's regulatory functions, and \$0.746 million 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. No. 110-432.

SURFACE TRANSPORTATION BOARD
SUMMARY ANALYSIS OF CHANGE FROM FY 2009 TO FY 2010
APPROPRIATIONS, OBLIGATION LIMITATIONS, AND EXEMPT OBLIGATIONS
(in thousands of dollars)

	Change from FY 2009 to FY 2010
FY 2009 Base (Enacted)	\$25,597
Salaries and Expenses	
Adjustment to Base:	
Annualization of FY 2009 Pay Raise	\$225
FY 2010 Pay Raise	\$318
Inflation	\$41
GSA Rent Increase	\$110
WCF Increase	\$19
Subtotal, Adjustments to Base	\$713
New or Expanded Programs	
Program Increases/Decreases:	
Update of URCS	\$500
Regulation of passenger rail service	\$746
Program Cost Increases	\$994
Subtotal, New or Expanded Programs	\$2,240
Program Increases/Decreases	
Reimbursable-Offset Collections	\$1,250
TOTAL FY 2010 REQUEST	\$29,800

EXPLANATION:

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

The FY 2010 request includes \$0.5 million to begin the multi-year process of updating the Uniform Railroad Costing System (URCS), a tool that underlies many of the Board's regulatory functions, and \$0.746 million 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. No. 110-432

SURFACE TRANSPORTATION BOARD

SALARIES AND EXPENSES

10-YEAR TABLE

<u>ESTIMATES</u>			<u>APPROPRIATIONS</u>		
2000	1	(17,000,000)	2000.	2	16,930,000
2001	1	(17,954,000)	2001	3	17,916,481
2002 .	4	18,457,000	2002..	5	18,435,000
2003. . .	6	20,651,300	2003 . .	7	19,320,075
2004 . .	8	20,516,000	2004 ..	9	19,395,599
2005.	10	21,283,000	2005. .	11	21,069,400
2006 .	10	26,622,000	2006.	12	26,198,000
2007.	10	25,618,000	2007	10	26,324,501
2008..	10	26,495,000	2008 .	10	26,324,500
2009	10	26,847,000	2009	10	26,847,000
2010	13	29,800,000			

¹ To be derived from offsetting collections

² Reflects reduction of \$12,000 for TASC (P L 106-69, sec. 319) Reflects reduction of \$58,000 (0.38 percent) (Sec. 301, title III, Appendix E-HR 3425, P L. 106-113). Includes \$1,600,000 from offsetting collections as a credit to the appropriation

³ Reflects reduction of \$37,519 (0.22 percent) (Sec 1403 of Chapter 14, Division A, Appendix D of P L 106-554) Includes \$900,000 from offsetting collections as a credit to the appropriation.

⁴ Includes \$950,000 from offsetting collections as a credit to the appropriation

⁵ Reflects reduction of \$5,000 for TASC (P L 107-87, sec 349), an additional reduction of \$4,000 for TASC (P L. 107-117, sec. 1106), and reduction of \$13,000 for across-the-board rescission (P L 107-206). Includes \$950,000 from offsetting collections as a credit to the appropriation

⁶ Includes \$1,180,200 for CSRS/FEHB accrual. Includes \$1,000,000 from offsetting collections as a credit to the appropriation.

⁷ Reflects reduction of \$10,000 for TASC (P.L 108-7, sec 362) and reduction of \$119,925 for across-the-board rescission (P.L. 108-7, sec 601) Includes \$1,000,000 from offsetting collections as a credit to the appropriation

⁸ Includes \$1,050,000 from offsetting collections as a credit to the appropriation

⁹ Reflects reduction of \$16,422 for TASC (P.L 108-199, Div. F, Title V, sec 317) and reduction of \$108,979 for across-the-board rescission (P L. 108-199, Div H, sec. 168(b). Includes \$1,050,000 from offsetting collections as a credit to the appropriation

¹⁰ Includes \$1,250,000 from offsetting collections as a credit to the appropriation

¹¹ Reflects reduction of \$19,000 for TASC (P L 108-447, Div H, Title I, sec 197) and reduction of \$161,600 for across-the-board rescission (P L 108-447, Div J, Title I, sec 122 Includes \$1,050,000 from offsetting collections as a credit to the appropriation.

¹² 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.

¹³ 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