



Office of the Chairman

Surface Transportation Board
Washington, D.C. 20423-0001

February 13, 2012

The Honorable Harold Rogers
Chairman
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Rogers:

The fiscal year (FY) 2013 budget estimates for the Surface Transportation Board are enclosed.

Specifically, the Board is requesting \$34.592 million, which is an increase of \$5.282 million from the Board's FY 2012 Appropriation. This request includes funding for 22 additional FTEs to carry out the Board's statutory responsibilities set forth in the Passenger Rail Investment and Improvement Act of 2008 (PRIIA); to expand the Board's mediation and informal dispute resolution efforts; and to enhance the Board's rail audit program of industry financial filings and transactional activity relevant to the Board's regulatory requirements. PRIIA authorized the Board to hire 15 people to handle STB's PRIIA responsibilities, but the FY 2012 Appropriation eliminated the funding for the PRIIA staff.

The overall budget request reflects the agency-wide workload that is expected, together with the statutory and regulatory deadlines associated with the resolution of the cases filed, and highlights the staffing and funding resources needed to accomplish these goals.

The Board is sending an identical letter to the Senate Appropriations Committee.

Sincerely

Daniel R. Elliott III
Chairman

Enclosure

cc: Chairman Tom Latham



Budget Request for FY 2013

Surface Transportation Board



February 2012

Daniel R. Elliott III, Chairman
Francis P. Mulvey, Vice Chairman
Ann D. Begeman, Member

Table of Contents

1 OVERVIEW_____	1
2 FY 2013 BUDGET REQUEST_____	2
3 ACCOMPLISHMENTS IN FY 2011_____	7
4 EXHIBITS_____	13
5 STB BOARD MEMBERS' STATEMENTS_____	30





Overview

The Surface Transportation Board is charged with the economic oversight of the nation's freight rail system. The Board has regulatory jurisdiction over the reasonableness of rates that railroads charge shippers, 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.

The three-member, bipartisan Board was formed in 1996 after the Interstate Commerce Commission was eliminated and its duties were divided among other agencies. While the majority of the Board's work involves freight railroads, the STB also performs certain oversight of the intercity bus industry, Amtrak's relationships with freight railroads and states, non-energy pipelines, household goods carriers, and rate regulation of non-contiguous domestic water transportation, such as freight shipping from the continental United States to Hawaii, Alaska, or Puerto Rico.

The Board is decisionally independent, although it is administratively affiliated with the U.S. Department of Transportation. Because the economics of freight rail regulation is so important to our national economy and involves a national network, Congress has given 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's 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 issues more than 1,200 decisions and court-related matters each year, many resources are consumed by large rate cases. Much of the Board's staff time is devoted to analyzing the economic, legal, and environmental repercussions of its decisions, issuing fair decisions, and defending those decisions in court.

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 has seen an increase in the number of large, complex rate cases. And with the continued expansion of the U.S. economy and freight rail use, the Board expects a continued increase in its caseload.

FY 2013 Budget Request

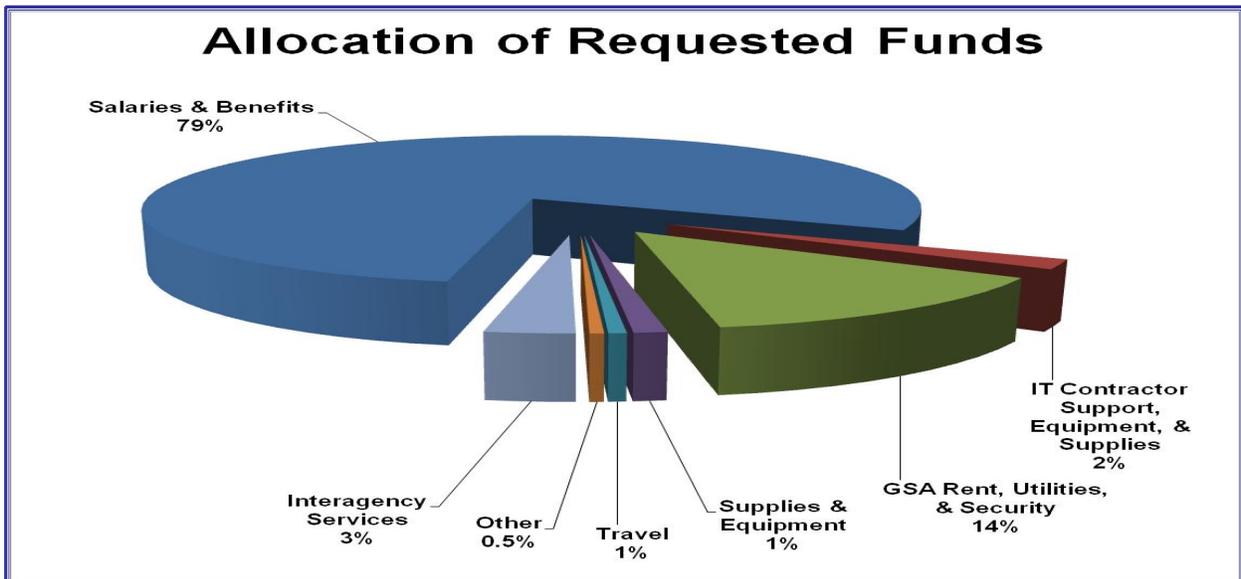


The Board is requesting \$34,592,000 for 170 FTEs, an increase of \$5,282,000 over the Board's FY 2012 Appropriation. A significant portion of this increase includes funding for 22 additional FTEs over the 148 FTEs funded in the FY 2012 Appropriation. The remainder of the request reflects an increase in the agency's share of employee benefits contributions.

The increased funding for the additional 22 FTEs is required to carry out the statutory responsibilities of the Passenger Rail Investment and Improvement Act of 2008 (PRIIA) and other responsibilities. PRIIA authorized the STB to hire 15 people to handle our PRIIA responsibilities, but the agency received appropriated funds for only 6 FTEs in FY 2010. The FY 2011 Continuing Resolution eliminated the funding for these 6 FTEs. Two cases have

now been filed under PRIIA: *Amtrak's Petition for Determination of PRIIA Section 209 Cost Methodology*, FD 35571, and *National Railroad Passenger Corporation: Section 213 Investigation of Substandard Performance on Canadian National Railway Company Rail Lines*, Docket No. NOR 42134. There may be additional cases filed in the future.

In addition to the 6 previously funded FTEs, the Board also requests funding for additional FTEs to bolster staff to process rate reasonableness cases, increase the Board's mediation efforts, and enhance the Board's auditing of industry financial filings. The requested funding for the 170 FTEs restores the Board's funded 156 FTEs as authorized in the previous Appropriations Act and provides funding for the new requested functions.



Budget Request for FY 2013

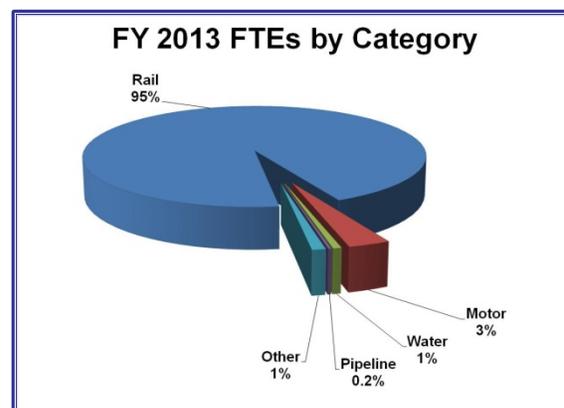
Unlike agencies that are program-based, the STB's responsibilities are driven largely by the number of cases filed by affected parties in a given year. While some cases are relatively simple, such as the granting of a routine rail line acquisition or the recordation of a lien, others, such as rate cases, complaints of unreasonable practices, line constructions, and declaratory orders, can take years and much of the Board's staff time and other resources to adjudicate.

In addition to time- and labor-intensive matters such as preparing decisions in major cases, the Board undertakes large environmental reviews of proposed new rail lines, mergers and acquisitions, rail line abandonments, and other actions that require review under the National Environmental Policy Act. The STB also administers the "rail banking" program of the National Trails System Act. This program allows railroad rights-of-way approved for abandonment to be used for interim use as recreational trails.

The Board also has responsibility for certain trucking company, moving van, and non-contiguous ocean shipping company rate matters; certain intercity passenger bus company structure, financial, and operational matters; and rates and services of certain pipelines not regulated by the Federal Energy Regulatory Commission. While the workload in these areas represents a smaller percentage of the Board's efforts compared to rail, it does consume agency resources.

The Board also expects an increase in its responsibilities as it implements its

passenger rail duties as directed by PRIIA. The two cases previously mentioned are the first to be received under this legislation, but we anticipate additional cases in the future.



Rate Cases

Adjudicating rate reasonableness complaints is the most technical and staff-intensive responsibility under the Board's jurisdiction. In recent years, the Board has undertaken a number of steps to make its rate case process more accessible and efficient. It has issued rules reforming its larger rate case process, modifying and clarifying its simplified rate case process, and reducing filing fees for all complaints. As a result of these changes and other factors, the STB has seen an increased case load in the rate area, which is likely to continue into the future. Additional staff will allow the Board to process these complicated proceedings in a timely manner.

Mediation Efforts

To carry out our regulatory mission at a time of increased demand and fewer resources, the Board emphasizes alternative dispute resolution efforts such as mediation, arbitration, and encouraging informal

discussions between railroads and their customers. The results have reduced the number of potential formal complaints filed, saving both shippers and railroads millions of dollars in legal fees and allowing both sides to reach mutually satisfying agreements.

The Board continues to bolster its successful Rail Customer and Public Assistance program, which provides free informal dispute resolution services. This program is particularly popular with small shippers, who may lack the resources for litigation before the Board to address service and rate issues with railroads. In FY 2011, the program handled 1,383 public inquiries. Of that total, 545 were requests for informal railroad service dispute facilitation. The remaining 838 inquiries involved requests for general assistance.

STB-led mediation also resulted in the settlement of several large rate cases filed by shippers against the nation's largest

railroads, saving millions of dollars in litigation expenses to the parties and freeing up the Board's limited staff resources to work on other matters. The STB mediation program was successful in prompting a settlement between a shortline railroad and an electric utility company that was satisfactory to both parties. An increase in funding for the mediation program would allow the Board to help settle more cases, thereby reducing the number of formal complaints.

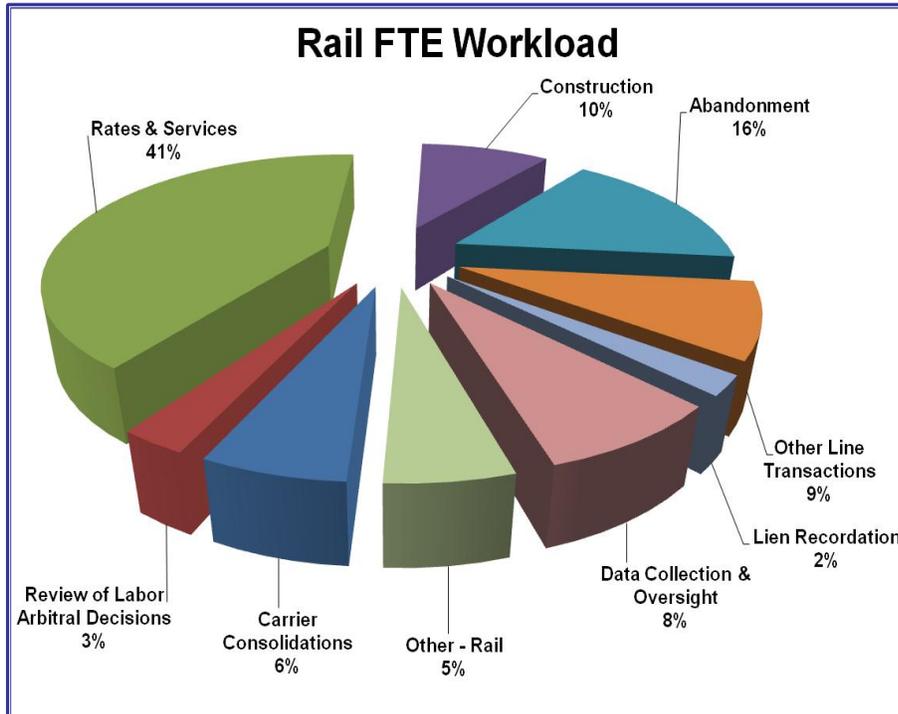
Oversight

The Board needs to increase its oversight of the railroad industry in light of changes in corporate structure and accounting rules and new congressional mandates regarding the reporting of corporate financial information.

The STB collects and distributes numerous monthly and quarterly reports based on

information from the railroads. This information includes interim financial updates and employment statistics. Currently these data are not audited by the STB due to limited audit resources. Additional resources would allow us to strengthen our oversight in this area.

Accounting rules continue to evolve. As the Securities and Exchange Commission evaluates a transition to



international accounting standards, the Financial Accounting Standards Board continues to review current accounting standards. Potential changes to accounting rules could significantly affect the Board's current accounting and reporting requirements. The agency will need to expand our compliance and financial auditing of the railroad industry.

Other Priorities

The Board completed a study in May 2010 directed by the House and Senate Appropriations Committees on different options to update the Uniform Rail Costing System (URCS). That study showed it would cost approximately \$650,000 for a moderate update of URCS. The Board has utilized funds from its FY 2011 budget to begin work modernizing the information technology underlying URCS, and the Board received \$310,000 in FY 2012 to complete our update of URCS. As a result, the Board has not requested additional funding for that project here. An update of the costing system to make it efficient and accurate remains a key priority for the Board, and we continue to make progress toward that goal.

For personnel compensation and benefits, slightly more than \$27 million is requested to support the STB's 170 requested FTEs. This is an increase of \$3.847 million for personnel compensation and benefits for the 22 additional FTEs plus \$1.057 million for the agency's share of increases in employee benefits compensation. Also included is \$180,000 for lump-sum leave payments for retiring employees. For many of the past years, Board employees were predominately CSRS retirement system

participants. With their recent retirements and the hiring of their FERS participant replacements, the STB's retirement costs have escalated and increased employee benefits costs.

Because many of the Board's decisions affect the regional economies and environments throughout the nation, a travel budget of \$210,000 is requested. The requested travel increase is due in part to facilitate the investigation of PRIIA substandard performance matters involving rail lines on which Amtrak provides service and the expansion of the Board's mediation and informal dispute resolution programs. Also, the enhancements to the Board's rail audit program will require increased visits to major railroads' corporate headquarters to audit and review the railroads' financial filings and transactional activity relevant to the Board's regulatory requirements.

Board members and staff travel to 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, meet with railroads concerning compliance matters, 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.

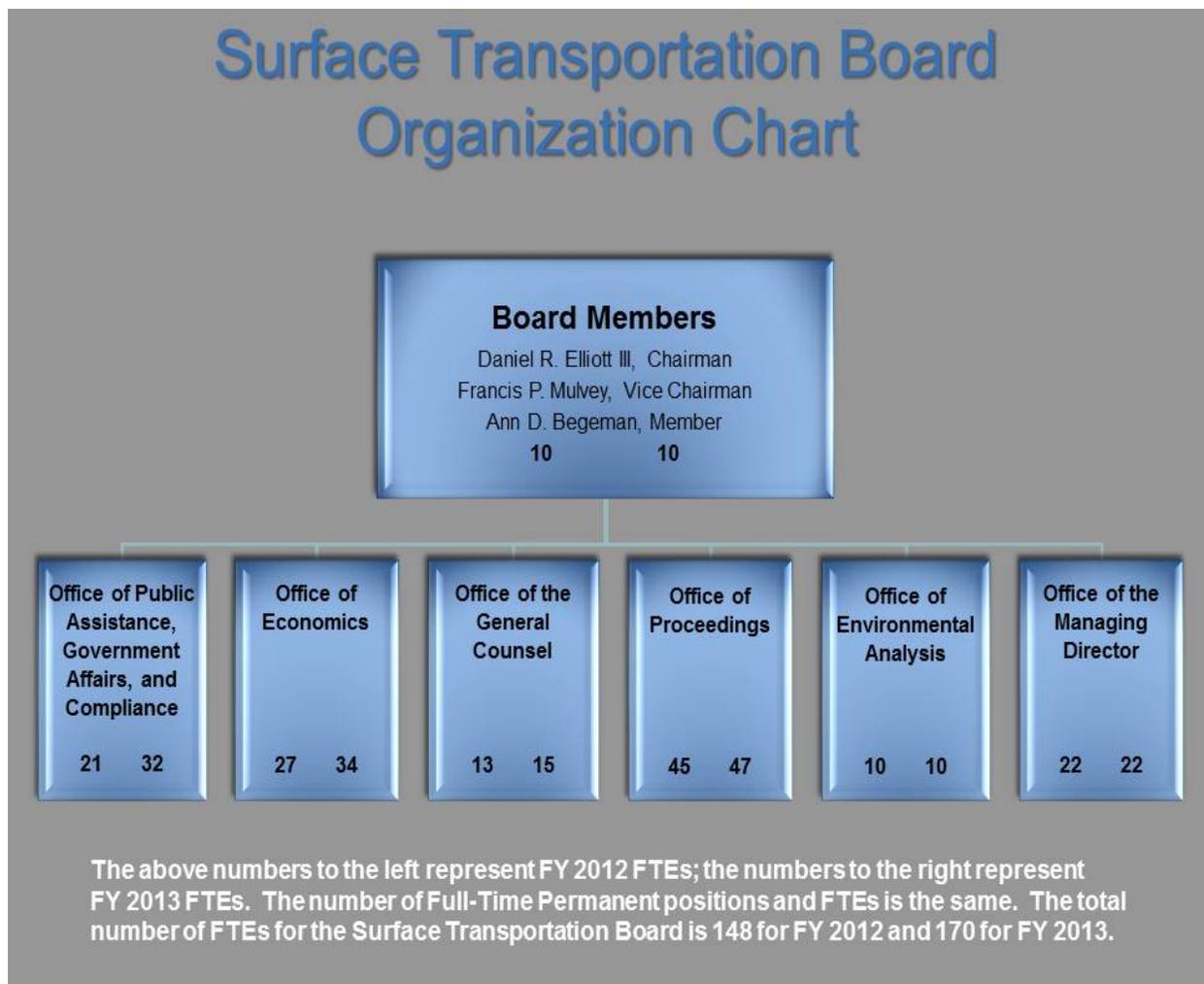
The Board has used its travel budget to hold public hearings over the years in various locales, such as Maine, Oregon, Nevada, and Indiana, allowing Board members and staff to listen to the concerns of local stakeholders and state and federal officials across the nation. The STB's Office of Environmental Analysis travels to

Budget Request for FY 2013

environmentally sensitive areas in states and tribal lands to survey conditions and visit sites of historic or cultural importance that may need to be protected.

Funding to cover other costs is requested at \$7.069 million. This includes rent payments to the General Services Administration, 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.

These costs 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 \$180,000 is included in these costs. The Board continues to evaluate its level of physical security in light of the building's security committee and DHS guidelines. The STB 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.



Accomplishments in FY 2011



Rate Cases

The number of cases challenging rail rates continues to increase. Despite the Board's often successful efforts to encourage settlement between the parties, the Board had 6 major rate cases pending as of August 2011 (and has 6 cases pending now). These proceedings will require significant staff attention and resources, given the substantial efforts required for matters such as motions and discovery resolution in the adjudications and the complex nature of these coal and chemical cases. For example, *E.I. du Pont de Nemours and Company v. Norfolk Southern Railway Company*, Docket No. NOR 42125, consists of the movement of 27 commodities between 139 origin and destination pairs.

As of the end of FY 2011, the Board was working on the following rate cases: *Arizona Electric Power Cooperative, Inc. v. BNSF Railway Company and Union Pacific Railroad Company*, Docket No. NOR 42113; *Total Petrochemicals USA, Inc. v. CSX Transportation, Inc.*, Docket No. NOR 42121; *M&G Polymers USA, LLC v. CSX Transportation, Inc.*, Docket No. NOR 42123; *E.I. du Pont de Nemours and Company v. Norfolk Southern Railway Company*, Docket No. NOR 42125; *Intermountain Power Agency v. Union Pacific Railroad Company*, Docket No. NOR 42127; and *Sunbelt Chlor Alkali Partnership v. Norfolk Southern Railway Company and*

Union Pacific Railroad Company, Docket No. NOR 42130.

In FY 2011, the Board either issued a decision in or contributed to the settlement of several important rate or rate related cases.

In *Seminole Electric Cooperative, Inc. v. CSX Transportation, Inc.*, Docket No. NOR 42110, the parties reached a contract settlement to their dispute subsequent to the Board conducting a public hearing of the relevant issues.

STB mediation has been successful in ending nine rate cases since 2009, including *NRG Power Marketing LLC v. CSX Transportation, Inc.*, Docket No. NOR 42122, and *South Mississippi Electric Power Association v. Norfolk Southern Railway Company*, Docket No. NOR 42128, both major cases. Board mediation also helped settle three rate cases involving *E.I. du Pont de Nemours and Company v. CSX Transportation, Inc.*, Docket Nos. NOR 42099, NOR 42100 and NOR 42101, and two rate cases involving *U.S. Magnesium, L.L.C. v. Union Pacific Railroad Company*, Docket Nos. NOR 42115 and NOR 42116.

Rail Practice Cases

In *Arkansas Electric Cooperative Corporation-Petition for Declaratory Order*,

Docket No. FD 35305, the Board found that a rail carrier cannot enforce its rule as currently written requiring a rail shipper to limit the loss of coal dust from the top of coal cars during transit. The Board concluded that coal dust poses a serious problem for railroad operational integrity and that rail carriers may take reasonable measures to address the problem. However, the challenged tariff created too much uncertainty to be deemed a reasonable practice.

In *Entergy Arkansas, Inc. & Entergy Services, Inc. v. Union Pacific Railway Company, Missouri & Northern Arkansas Railroad Company Inc., and BNSF Railway Company*, Docket No. NOR 42104, the Board found that Entergy's plant has a statutory right to service by BNSF from the northern Powder River Basin mines, giving the plant a competitive BNSF/M&NA transportation alternative. The Board declined to order an alternative through route because the shipper did not establish that it was receiving poor service or that a more efficient route was being foreclosed.

Reform of Environmental Rules

The Board is working on updating and simplifying its environmental rules, which were last revised in 1991. The goal of revising the Environmental Rules is to improve the efficiency and quality of our environmental analyses, particularly in rail abandonment cases, where the agency relies on information initially supplied by the applicant in its environmental and historic reports. By clarifying the information required under the National Environmental Policy Act, the Board hopes to reduce delays by limiting the need to impose

environmental mitigation conditions that prevent railroads from salvaging their rail lines.

Merger Oversight

As part of the STB's ongoing monitoring of Canadian National Railway Company's 2008 acquisition of the Elgin, Joliet and Eastern (EJ&E) Railway Company, the Board directed an audit of Canadian National's compliance with STB reporting requirements included in its merger decision in *Canadian National Railway Company and Grand Trunk Corporation--Control--EJ&E West Company*, Docket No. FD 35087. Members of the Illinois congressional delegation and local leaders had complained that Canadian National was underreporting street-crossing blockages, among other complaints.

The Board requires Canadian National to report every street-crossing blockage of 10 minutes or more as a condition of the Board's approval of its 2008 acquisition of the EJ&E Railway Company. In its November and December 2009 monthly reports, the railroad reported a total of 14 blockages caused solely by stopped trains. But an independent audit conducted on behalf of the Board by its third-party consultant, HDR Inc., found, during that same period, 1,457 instances of crossings blocked for 10 minutes or more by stopped or slowly moving trains. The Board held a hearing on April 28, 2011, to hear from both CN and the consultant.

In FY 2011, the Board fined Canadian National \$250,000 for "knowingly violating Board orders" regarding the reporting of street-crossing blockages in the Chicago

area. The Board also extended its oversight regarding the CN-EJ&E merger for an additional year.

Environmental Studies

The Board worked on eight Environmental Impact Statements (EISs) as well as eight major Environmental Assessments (EAs) during FY 2011. These EISs and EAs involved a number of complex and controversial environmental issues, including wetland impacts; historic preservation compliances, including tribal consultations; hazardous materials; and endangered species. Several of the EISs and EAs require ongoing monitoring and oversight for purposes of completing and implementing environmental and National Historic Preservation Act conditions imposed by the Board.

Public Hearings and Oral Arguments

In an effort to make the Board's activities more transparent, the STB holds public hearings and oral arguments on issues and cases of particular interest.

In February 2011, the Board held a hearing to review exemptions from railroad-transportation regulations for certain commodities and for boxcar and intermodal freight. Some shippers who originally supported the exemptions years ago now say they should be revoked in response to changing conditions in the railroad industry. Railroads argued that they continue to face competition from other modes.

In June 2011, the Board held a hearing exploring the current state of competition in the railroad industry and possible policy initiatives to promote more rail-to-rail competition. Over the course of two days, the Board heard testimony from members of Congress, railroads, shippers, and other stakeholders.

The Board's oral arguments give parties in individual adjudications an opportunity to address the Board directly and allow Board members a chance to ask questions before making a decision. The format is similar to oral arguments held in federal appellate courts.

Oral arguments held in FY 2011 included a challenge by Canadian National Railway Company to an arbitration award that the company says would block a planned consolidation of its Troy, MI, and Homewood, IL, dispatching facilities. Another involved a proposal by GNP Rly, Inc., to acquire the right to restore rail service over two segments of railroad right-of-way in the state of Washington that are currently reserved for a recreational trail.

The Board also heard arguments in *Entergy Arkansas, Inc. and Entergy Services, Inc. v. Union Pacific Railroad and Missouri & Northern Arkansas Railroad and BNSF Railway*, NOR 42104.

Field Meetings

In February 2011, Board staff held a public meeting in Conejos, CO, on a proposal by the San Luis and Rio Grande Railroad to transfer onto railcars containers of

contaminated dirt and debris from trucks originating at Los Alamos National Laboratory in New Mexico.

filed with the Board and allows the public to more easily comment on Board activities.

Public Outreach

The Board began including a plain-language digest in every decision in an effort to make the Board's actions more accessible to the general public.

The Board continued its extensive outreach effort for its successful Rail Customer and Public Assistance Program, which provides a venue to resolve disputes informally between shippers and railroads, thus preventing such disputes from becoming expensive and lengthy formal cases. The free program is especially popular among small shippers. The Board reached out to shipper organizations and trade groups and asked them to let their members know of the program and add links on their websites to the program. The Board has also sent informational brochures about the program to Members of Congress and to their district office staff to let them know that the program can be of assistance to local shippers and communities.

Website Redesign

The Board is near the end of a complete redesign of its website www.stb.dot.gov, a major effort to make the work of the STB more transparent, inclusive, and efficient. 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 allow for keyword searches in all documents

Uniform Rail Costing System Update

Responding to a request from Congress in 2010, the Surface Transportation Board prepared a report outlining options for updating its Uniform Rail Costing System (URCS), the methodology the STB uses to determine a railroad's variable costs of providing rail transportation service for regulatory purposes. The Board uses URCS costs to determine whether it has jurisdiction in rate reasonableness cases and to establish the maximum rate. URCS is also used in other cases such as proposed abandonments and disputes over trackage rights. The improvements in the 2010 report would make URCS more accurate and more reflective of today's railroad industry.

The report laid out three alternatives ranging from updating the outdated computer programs to a complete revamping of the current system that could cost \$10 million or more. The Board has recommended a middle option that would upgrade the legacy computer programs used in URCS, modify the existing system to account for some of the changes in the railroad industry since URCS was first adopted in 1989, and make URCS more accurate. The STB recently released an improved version of the URCS user interface that provides increased functionality. The Board continues to modernize URCS using FY 2011 funds to begin the work and the \$310,000 in its FY 2012 Appropriation.

Court Actions

The Office of the General Counsel successfully defended several of the Board's decisions in federal court.

The Board successfully defended an application of the Board's State of Maine doctrine. This doctrine holds that a state agency's acquisition of an ownership interest in track, right-of-way, and related physical assets does not constitute the acquisition of a railroad line and does not result in the state agency becoming a rail carrier, provided that the arrangement guarantees that the selling freight carrier retains a perpetual freight rail easement giving it the exclusive right, ability, and obligation to conduct common carrier freight operations on the line, and that the purchaser cannot unduly interfere with the provision of freight rail service. Numerous states and public transit authorities have used the State of Maine doctrine to obtain control of existing freight railroad rights-of-way to expand existing commuter rail transit systems and develop new systems.

In *Village of Barrington v. STB*, 636 F.3d 650 (D.C. Cir. 2011), the court rejected environmental challenges brought by the railroad and local communities to *Canadian National Railway Company and Grand Trunk Corporation--Control--EJ&E West Company*, Docket No. FD 35087. (STB served Dec. 24, 2008). The court upheld the Board's authority to attach environmental conditions to its approvals of smaller rail carrier consolidations (consolidations that do not involve the consolidation of two or more large "Class I"

railroads). The court also rejected the railroad's challenge to the Board's decision to require grade-separations at two highway crossings and to assign to the railroad a majority of the cost. Finally, it rejected the communities' claims that the Board's environmental review and conditions were inadequate.

In *US Magnesium, L.L.C. v. Union Pacific Railroad Company*, NOR 42114 (STB served Jan. 28, 2010), *aff'd sub nom. Union Pacific Railroad Co. v. STB*, 628 F.3d 597 (D.C. Cir. 2010), the Board successfully defended its determination under its "Three Benchmark" methodology that UP's rate for the shipment of chlorine was unreasonably high.

Amtrak and Commuter Rail

During FY 2011, the Board has continued work on implementing its passenger rail responsibilities as directed by the Passenger Rail Investment and Improvement Act of 2008 (PRIIA). Board staff has monitored Amtrak performance through publicly available information and responded to informal inquiries about Amtrak and PRIIA. Board staff has also spoken to industry trade associations to raise awareness of the Board's new commuter rail access dispute mediation authority.

PRIIA authorized the STB to hire 15 FTEs to handle our PRIIA responsibilities, but the agency received no appropriated funds for this program in FY 2011 or FY 2012.

Advisory Committees

The Board hosted meetings for the transportation advisory councils of which the three Board members are ex-officio members.

Established by Congress in 1996, the Railroad-Shipper Transportation Advisory Council (RSTAC) is comprised of rail advocates 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 reports recommendations for improvements. The

RSTAC is comprised of 14 private-sector senior executives from the railroad and rail shipping industries and one public member-at-large.

The Board created the Rail Energy Transportation Advisory Committee (RETAC) in 2007 to provide advice and guidance to the agency and serve as a forum for discussion of emerging issues concerning the rail transportation of energy resources such as coal, ethanol, and other biofuels. The 23 voting members of RETAC represent a balance of stakeholders, including large and small railroads, coal producers, electric utilities, the biofuels 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, 7 from Class II and Class III railroads, 14 from grain shippers and receivers, and 5 from private rail car owners and manufacturers.

Exhibits



**FY 2013 Congressional Budget Justification
Workload Summary¹**

Workload Category	Actual¹ FY 2011 Board Decisions and Court-related Work	Estimated² FY 2012 Board Decisions and Court- related Work	Estimated² FY 2013 Board Decisions and Court- related Work
Rail Carrier Control Cases	56	55	60
Rail Rates and Service	113	94	102
Rail Abandonments and Constructions	340	424	450
Other Line Transactions	163	161	173
Other Rail Activities	62	73	74
Non-Rail Activities	28	28	30
Activities Under Non-Transportation Statutes ¹	413	413	413
Total	1,175	1,248	1,302

¹ This exhibit 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 Rail 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 2011 ACTUAL	FY 2012 APPROPRIATION	FY 2013 REQUEST
PERSONNEL COMPENSATION			
11.10 FULL TIME PERMANENT APPT.	15,630	15,490	19,378
11.30 OTHER THAN FULL-TIME PERMANENT	732	700	720
11.50 OTHER PERSONNEL COMPENSATION	474	46	573
11.90 TOTAL PERSONNEL COMPENSATION	16,836	16,235	20,671
12.10 CIVILIAN PERSONNEL BENEFITS	4,243	4,475	5,392
13.00 BENEFITS FOR FORMER PERSONNEL	0	0	0
21.00 TRAVEL AND TRANSPORTATION OF PERSONS	106	108	210
22.00 TRANSPORTATION OF THINGS	7	7	12
23.10 RENTAL PAYMENTS TO GSA	3,645	3,794	3,867
23.30 COMMUNICATIONS, UTILITIES, MISCELLANEOUS CHARGES	165	167	217
24.00 PRINTING AND PRODUCTION	2	0	8
25.20 OTHER SERVICES	570	1,170	573
25.30 PURCHASES OF GOODS FROM GOVERNMENT ACCOUNTS	1,919	1,567	1,585
26.00 SUPPLIES AND MATERIALS	346	341	387
31.00 EQUIPMENT	384	196	420
42.00 INDEMNITIES-OTHER PAYMENTS	0	0	0
99.00 SUBTOTAL, DIRECT OBLIGATIONS:	28,224	28,060	33,342
REIMBURSABLE OBLIGATIONS:			
11.10 REIMBURSABLE FULL TIME PERMANENT APPT.	606	1,004	1,005
12.10 REIMBURSABLE PERSONNEL BENEFITS	157	246	245
99.00 SUBTOTAL, REIMBURSABLE OBLIGATIONS	763	1,250	1,250
99.90 TOTAL OBLIGATIONS	28,987	29,310	34,592

SURFACE TRANSPORTATION BOARD**SALARIES AND EXPENSES
PERSONNEL SUMMARY**

Object Class	FY 2011 ACTUAL	FY 2012 APPROPRIATION	FY 2013 REQUEST
1001 FULL-TIME EQUIVALENT-DIRECT	134	139	161
2001 FULL-TIME EQUIVALENT-REIMBURSABLE	6	9	9
FULL-TIME EQUIVALENT (FTE) TOTAL	140	148	170

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

Strategic Goal	Performance Goal	Performance Measure	2011 Actual	2012 Target	2013 Target
Protect Public Interest	Ensure all alternatives to formal litigation and that Board decisions are fair and reasonable.	1. 5% or less of Board's decisions are challenged in court;	1.7%	<5%	<5%
		2. 75% or more of Board's decisions are upheld when subjected to court challenge;	100%	>75%	>75%
		3. 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%
		4. Congressional and public e-mail and telephone inquiries are fully answered within 14 days.	98%	90%	90%
Foster Economic Efficiencies	Economic Oversight: Provide timely, accurate, and useful financial and operational data.	5. Dispute resolution deadlines are met 90% of the time;	100%	90%	90%
		6. Cost of capital, rail revenue adjustments, and revenue adequacy decisions are released according to schedule; and	100%	100%	100%
		7. Requests for waybill data are handled within 7 days of requests.	100%	100%	100%
Provide Timely, Efficient, and Decisive Regulatory Process	Ensure Board decisions comport with statutes, precedents, and policies.	8. Board's decisions on railroad abandonments are issued within 110 days of initial filing;	100%	90%	90%
		9. Statutory deadlines imposed on all cases are met at least 90% of the time; and	100%	90%	90%
		10. Docket management – percentage of cases completed relative to number of cases filed the prior year.	93%	100%	100%
Ensure Necessary Organization/ Management Structure is Available to Carry Out First Three Goals	Operation Oversight/Enforcement: Monitoring rail operations, resolving complaints, and contracts.	11. 90% of informal complaints are handled within 30 days of receipt;	100%	90%	90%
		12. Data is collected and processed within 24 hours;	100%	90%	90%
		13. 90% of requestors are given correct information and complaint resolved; and	100%	90%	90%
		14. Requests for certified copies of documents are handled within 5 business days.	1 day	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 ~~\$31,250,000~~ \$34,592,000: *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 ~~2012~~ 2013, to result in a final appropriation from the general fund estimated at no more than ~~\$30,000,000~~ \$33,342,000.

SURFACE TRANSPORTATION BOARD
FY 2013 COMPARATIVE STATEMENT OF NEW BUDGET AUTHORITY
(in thousands of dollars)

ACCOUNT NAME	FY 2011 ACTUAL	FY 2012 APPROPRIATION	FY 2013 TOTAL REQUEST
SALARIES & EXPENSES	\$28,224	\$28,060	\$33,342
OFFSETTING COLLECTIONS	\$763	\$1,250	\$1,250
TOTAL - APPROPRIATIONS RESCISSIONS	\$28,987 \$0	\$29,310 \$0	\$34,592 \$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.

The Board seeks to bolster its staff to process its rate case docket, which has grown in recent years. The Board also needs additional staff to more closely review the data that are submitted by the railroads, particularly given the increasingly complex corporate structure of railroads. For example, recently, BNSF, one of the nation's largest railroads was acquired and taken private. The Board needs to be able to scrutinize and verify the data it collects from all railroads, given that these data form the basis of several important regulatory determinations. In addition, the Board sees increasing its mediation efforts as a lower-cost way of dealing with the increasing number and complexity of cases filed each year. Settling disputes through mediation saves stakeholders time and money and allows Board staff to focus on the most difficult cases.

The FY 2012 and FY 2013 request does not include any future legislative changes that could vest the Board with additional statutory responsibilities.

SURFACE TRANSPORTATION BOARD
FY 2013 TOTAL BUDGETARY RESOURCES BY APPROPRIATION ACCOUNT
Appropriations, Obligation Limitations, and Exempt Obligations
(in thousands of dollars)

	FY 2011 ACTUAL	FY 2012 APPROPRIATION	FY 2013 PROGRAM CHANGES	TOTAL REQUEST
SALARIES & EXPENSES	\$28,224	\$28,060	\$5,282	\$33,342
OFFSETTING COLLECTIONS				
Users Fees Credited to Appropriation	\$763	\$1,250	\$0	\$1,250
TOTAL	\$28,987	\$29,310	\$5,282	\$34,592

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.

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SURFACE TRANSPORTATION BOARD
FY 2013 BUDGET REQUEST BY DOT STRATEGIC AND ORGANIZATIONAL GOALS
Appropriations, Obligations Limitations, and Exempt Obligations
(in thousands of dollars)

	SAFETY	ENVIRONMENTAL SUSTAINABILITY	STATE OF GOOD REPAIR/ INFRASTRUCTURE	LIVABLE COMMUNITIES	ECONOMIC COMPETITIVENESS	ORGANIZATIONAL EXCELLENCE	TOTAL
ACCOUNT TITLE							
Salaries and Expenses	\$0	\$0	\$0	\$0	\$0	\$33,342	\$33,342
OFFSETTING COLLECTIONS							
Users Fees Credited to Appropriation	\$0	\$0	\$0	\$0	\$0	\$1,250	\$1,250
TOTAL	\$0	\$0	\$0	\$0	\$0	\$34,592	\$34,592

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 Board seeks to bolster its staff to process its rate case docket, which has grown in recent years. The Board also needs additional staff to more closely review the data that are submitted by the railroads, particularly given the increasingly complex corporate structure of railroads. For example, recently, BNSF, one of the nation's largest railroads was acquired and taken private. The Board needs to be able to scrutinize and verify the data it collects from all railroads, given that these data form the basis of several important regulatory determinations. In addition, the Board sees increasing its mediation efforts as a lower-cost way of dealing with the increasing number and complexity of cases filed each year. Settling disputes through mediation saves stakeholders time and money and allows Board staff to focus on the most difficult cases.

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SURFACE TRANSPORTATION BOARD
FY 2013 BUDGET AUTHORITY
(in thousands of dollars)

ACCOUNT NAME	FY 2011 ACTUAL	FY 2012 APPROPRIATION	FY 2013 PROGRAM CHANGES	FY 2013 TOTAL REQUEST
SALARIES & EXPENSES	\$27,737	\$28,060	\$5,282	\$33,342
OFFSETTING COLLECTIONS Users Fees Credited to Appropriation	\$1,250	\$1,250	\$0	\$1,250
TOTAL	\$28,987	\$29,310	\$5,282	\$34,592

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 Board seeks to bolster its staff to process its rate case docket, which has grown in recent years. The Board also needs additional staff to more closely review the data that are submitted by the railroads, particularly given the increasingly complex corporate structure of railroads. For example, recently, BNSF, one of the nation's largest railroads was acquired and taken private. The Board needs to be able to scrutinize and verify the data it collects from all railroads, given that these data form the basis of several important regulatory determinations. In addition, the Board sees increasing its mediation efforts as a lower-cost way of dealing with the increasing number and complexity of cases filed each year. Settling disputes through mediation saves stakeholders time and money and allows Board staff to focus on the most difficult cases.

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SURFACE TRANSPORTATION BOARD
FY 2013 OUTLAYS
(in thousands of dollars)

ACCOUNT NAME	FY 2011 ACTUAL	FY 2012 APPROPRIATION	FY 2013 REQUEST
SALARIES & EXPENSES	\$27,853	\$28,408	\$32,814
OFFSETTING COLLECTIONS			
Users Fees Credited to Appropriation	\$764	\$1,250	\$1,250
TOTALS	\$28,617	\$29,658	\$34,064

EXPLANATION

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

	2012 Appropriation	Baseline Changes							FY 2013 Baseline Estimate	Program Increases/ Decreases	FY 2013 Request
		Annualization of 2012 Pay Raises	Annualization of 2012 FTE	2013 Pay Raises	One Additional Compensable Day	GSA Rent	WCF Increase/ Decrease	Inflation/ Deflation			
DIRECT											
Personnel Resources	139								139	22	161
Direct FTE	139								139	22	161
Financial Resources											
Salaries and Benefits	\$20,710	\$0	\$0	\$87	\$79				\$20,876	5,187	\$26,063
Travel	\$108								\$108	102	\$210
Transportation	\$7								\$7	5	\$12
GSA Rent	\$3,794					\$73			\$3,867	0	\$3,867
Communications & Utilities	\$167							\$10	\$177	40	\$217
Printing	\$0								\$0	8	\$8
Other Services:											
WCF	\$184							-\$4	\$180	0	\$180
Other	\$2,553							\$56	\$2,609	-631	\$1,978
Supplies	\$341							\$3	\$344	43	\$387
Equipment	\$196								\$196	224	\$420
Total	\$28,060	\$0	\$0	\$87	\$79	\$73	-\$4	\$69	\$28,364	\$4,978	\$33,342
REIMBURSABLE											
Personnel Resources	9								9		9
Reimbursable FTE	9								9		9
Financial Resources											
Salaries and Benefits	\$1,250								\$1,250		\$1,250
TOTALS											
FTE	148								148	22	170
Budgetary Resources	\$29,310	\$0	\$0	\$87	\$79	\$73	-\$4	\$69	\$29,614	\$4,978	\$34,592

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

ACCOUNT NAME	FY 2012 APPROPRIATION	FY 2013 REQUEST	CHANGE
DIRECT			
SALARIES & EXPENSES	\$184	\$180	-\$4
TOTALS	\$184	\$180	-\$4

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

	FY 2011 ACTUAL	FY 2012 APPROPRIATION	FY 2013 REQUEST
<u>DIRECT FUNDED BY APPROPRIATION</u>			
SALARIES & EXPENSES Civilian	134	139	161
SUBTOTAL, DIRECT FUNDED	134	139	161
<u>REIMBURSEMENTS/ALLOCATIONS/OTHER</u>			
OFFSETTING COLLECTIONS Civilian	6	9	9
SUBTOTAL, REIMBURSEMENTS/OFFSETTING COLLECTIONS	6	9	9
TOTAL FTEs	140	148	170

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 Board seeks to bolster its staff to process its rate case docket, which has grown in recent years. The Board also needs additional staff to more closely review the data that are submitted by the railroads, particularly given the increasingly complex corporate structure of railroads. For example, recently, BNSF, one of the nation's largest railroads was acquired and taken private. The Board needs to be able to scrutinize and verify the data it collects from all railroads, given that these data form the basis of several important regulatory determinations. In addition, the Board sees increasing its mediation efforts as a lower-cost way of dealing with the increasing number and complexity of cases filed each year. Settling disputes through mediation saves stakeholders time and money and allows Board staff to focus on the most difficult cases.

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

	FY 2011 ACTUAL	FY 2012 APPROPRIATION	FY 2013 REQUEST
<u>DIRECT FUNDED BY APPROPRIATION</u>			
SALARIES & EXPENSES			
Civilian	134	139	161
SUBTOTAL, DIRECT FUNDED	134	139	161
<u>REIMBURSEMENTS/ALLOCATIONS/OTHER</u>			
OFFSETTING COLLECTIONS			
Civilian	6	9	9
SUBTOTAL, REIMBURSEMENTS/OFFSETTING COLLECTIONS	6	9	9
TOTAL POSITIONS	140	148	170

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 Board seeks to bolster its staff to process its rate case docket, which has grown in recent years. The Board also needs additional staff to more closely review the data that are submitted by the railroads, particularly given the increasingly complex corporate structure of railroads. For example, recently, BNSF, one of the nation's largest railroads was acquired and taken private. The Board needs to be able to scrutinize and verify the data it collects from all railroads, given that these data form the basis of several important regulatory determinations. In addition, the Board sees increasing its mediation efforts as a lower-cost way of dealing with the increasing number and complexity of cases filed each year. Settling disputes through mediation saves stakeholders time and money and allows Board staff to focus on the most difficult cases.

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**SURFACE TRANSPORTATION BOARD
SUMMARY BY PROGRAM ACTIVITY**

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

PROGRAM ACTIVITIES	FY 2011 ACTUAL	FY 2012 APPROPRIATION	FY 2013 REQUEST	CHANGES FY 2012-2013
SALARIES & EXPENSES	\$28,224	\$28,060	\$33,342	\$5,282
OFFSETTING COLLECTIONS	\$763	\$1,250	\$1,250	\$0
TOTAL	\$28,987	\$29,310	\$34,592	\$5,282
FTE (direct funded only)	134	139	161	22
FTE (reimbursable funded only)	6	9	9	0
TOTAL	140	148	170	22

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.

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SURFACE TRANSPORTATION BOARD
SUMMARY ANALYSIS OF CHANGE FROM FY 2012 TO FY 2013
Appropriations, Obligation Limitations, and Exempt Obligations
(in thousands of dollars)

	Change from FY 2012 to FY 2013 DOLLARS	Change from FY 2012 to FY 2013 FTE
FY 2012 Base (Board's Appropriation)		
Salaries and Expenses	\$28,060	139
Adjustments to Base		
One Additional Compensable Day	\$79	
Pay Raise	\$87	
Inflation	\$69	
GSA Rent Increase	\$73	
Working Capital Fund	-\$4	
Subtotal, Adjustments to Base	\$304	0
New or Expanded Programs		
Program Increases/Decreases		
PRIIA, Rail Audit, Rail Mediation Program Increases	\$4,978	22
Subtotal, New or Expanded Programs Program Increases/Decreases	\$4,978	22
Reimbursable-Offset Collections	\$1,250	9
TOTAL FY 2013 REQUEST	\$34,592	170

EXPLANATION

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STB Board Members' Statements



**DISSENT OF BOARD MEMBER BEGEMAN
ON PROPOSED STB BUDGET
FOR FISCAL YEAR 2013**

I must respectfully dissent from the Board's Fiscal Year 2013 Budget Request.

I have followed the Surface Transportation Board since its inception in 1996 and fully recognize its many duties and obligations, particularly the need to issue sound and timely decisions. But given our nation's current fiscal crisis, I cannot support requesting such a significant budget increase in both staffing and travel. I would, however, support a more modest proposal that would help address our case load in general, and in particular, our rate docket, which has grown in size and complexity.



Member of the Board
February 10, 2012

