



Office of the Chairman

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

January 3, 2017

The Honorable Susan Collins  
Chairman  
Senate Subcommittee on Appropriations -  
Transportation, Housing and Urban  
Development, and Related Agencies  
413 Dirksen Senate Office Building  
Washington, DC 20510

The Honorable Jack Reed  
Ranking Member  
Senate Subcommittee on Appropriations –  
Transportation, Housing and Urban  
Development, and Related Agencies  
728 Hart Senate Office Building  
Washington, DC 20510

Dear Chairman Collins and Ranking Member Reed,

I am writing to transmit a series of reports pertaining to the implementation of the *Surface Transportation Board Reauthorization Act of 2015*, Pub. L. No. 114-110 (“Reauthorization Act” or “Act”). With this letter, please find a status chart of the major actions that the Board is undertaking to execute these requirements. I also include the fourth quarter reports on rate case review metrics, formal service complaints, and informal service complaints, which have been prepared pursuant to Section 6(b) of the Act and posted on the Board’s website. Finally, enclosed is the fourth quarter report on unfinished regulatory proceedings pursuant to Section 15 of the Act.

Our first year of reauthorization has been a successful one with the Board meeting all deadlines and making significant progress in fulfilling all mandates of the Act. I will continue to send you monthly updates until all relevant provisions of the Reauthorization Act are completed.

Investigative Authority. The Board issued final rules implementing our new investigative authority on December 14, 2016. Rules Relating to Board-Initiated Investigations, Docket No. EP 731. The final rules become effective on January 13, 2017.

Rate Cases. As you will recall, in August the Board issued an advance notice of proposed rulemaking for small, streamlined rate reasonableness cases, intended for use by small shippers. We received reply comments in Expanding Access to Rate Relief, Docket No. EP 665 (Sub-No. 2), a few weeks ago. We will be working hard to meet our next action date of June 2017.

As a follow-up to the economic roundtable the Board held this past October to discuss the rate case methodology report conducted by independent consultants InterVISTAS Consulting LLC, the Board plans to hold a hearing in April 2017 to provide an opportunity for public comment and reaction to the issues raised at the roundtable and in the report.

Regulatory Proceedings. As I stated previously, given that our agency is in a time of transition as we await potential changes to our Board membership, I recognize that it may be appropriate to make some adjustments to our forecasted target dates for some of the items the Board has been working to address. For instance, the Board announced an extension of the time for ex parte meetings in Reciprocal Switching, Docket No. EP 711 (Sub-No. 1).

Similarly, the Board previously had forecasted target dates of January 2017 for Review of Commodity, Boxcar, and TOFC/COFC Exemptions, Docket No. EP 704 (Sub-No. 1), and for Rail Fuel Surcharges (Safe Harbor), Docket No. EP 661 (Sub-No. 2). In an effort to ensure a smooth transition, and as provided in the quarterly unfinished regulatory proceedings report, the Board has adjusted both of the target dates to “to be determined.” I am certain that once we are farther along in our transition efforts, we will be able to provide target dates once again.

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

Sincerely,

A handwritten signature in dark ink, appearing to read "D. R. Elliott III", written in a cursive style.

Daniel R. Elliott III  
Chairman

**STB Reauthorization Act of 2015, P.L. 114-110 / STB Action Items  
December 2016**

<b>Section of Law - Action Required</b>	<b>Description</b>	<b>Deadline</b>	<b>Status</b>
Sec. 6(a) - Annual Report	Report on each initiated investigation in Annual Report	Annually	To be included in FY2016 Annual Report and thereafter
Sec. 6(b) - Quarterly Rate Case Review Metrics Reports	Post quarterly reports of rate cases pending or completed during the previous quarter	First Qtr 2017	Fourth quarterly report completed 1/3/2017; posted to website; next report underway
Sec. 6(b) - Formal Service Complaints	1. Establish & maintain formal complaint database	First Qtr 2017	Database established, report format created, fourth quarterly report completed 1/3/2017; posted to website; next report underway
	2. Create report		
	3. Post quarterly reports on website		
Sec. 6(b) - Informal Service Complaints	1. Establish & maintain informal complaint database	First Qtr 2017	Database established, report format created, fourth quarterly report completed 1/3/2017; posted to website; next report underway
	2. Create report		
	3. Post to website		
Sec. 11 - Rate Case Expedition Proceeding	Assess procedures to expedite litigation in courts to potentially apply to expedition of STB rate cases	6/15/2016	A series of informal meetings with stakeholders and practitioners was held to discuss ideas and proposals; an advanced notice of proposed rulemaking (EP 733, Expediting Rate Cases) was issued on 6/15/2016; comments were due by 8/1/2016; reply comments were due by 8/29/2016; intend to issue a proposal by March 2017
Sec. 11 - Maintain Simplified Rate Case Processes	Maintain one or more simplified rate case methods for when SAC is too costly given value of the case	N/A	Maintain 3B, Simplified SAC; railroad rate regulation study may result in additional ideas/approaches; Board proposed a new streamlined rate reasonableness methodology in EP 665(2) Expanding Access to Rate Relief on 8/31/2016; comments were due by 11/14/2016; reply comments were due by 12/19/2016; intend to move to next stage by June 2017
Sec. 11 - Rate Review Timelines	Implement new rate review timelines for SAC cases	Completed	Final Rules issued 3/9/2016; Board is analyzing ideas to meet these timelines in EP 733, Expediting Rate Cases
Sec. 12 - Investigative Authority Rulemaking	Issue rules on STB-initiated investigations after public notice and comment	Completed	Section 5 meeting conducted to discuss proposals; NPRM issued 5/16/2016; comments were due by 7/15/2016; reply comments were due by 8/12/2016; final rules issued on 12/14/2016.

**STB Reauthorization Act of 2015, P.L. 114-110 / STB Action Items  
December 2016**

<b>Section of Law - Action Required</b>	<b>Description</b>	<b>Deadline</b>	<b>Status</b>
Sec. 13 - Arbitration Rulemaking	Promulgate regulations to establish voluntary and binding arbitration process for rate and practice complaints	Completed	Section 5 meeting conducted to discuss proposals; NPRM issued 5/12/2016; comments were due by 6/13/2016; reply comments were due by 7/1/2016; Board issued final rules on 9/30/2016
Sec. 15 - Rate Case Methodology Report	Report to Congress on sufficiency of STB rate case methodologies and alternatives	Completed	Railroad rate regulation study (InterVISTAS) delivered to Congress and made public on 9/22/2016; on 10/25/2016 the Board held an economic roundtable to discuss the issues and conclusions raised in the report; hearing will be scheduled for April 2017 to provide an opportunity for public comment
Sec. 15 - Unfinished Regulatory Proceedings Quarterly Reports	Provide quarterly progress report to Congress on pending proceedings; first report due 60 days after enactment	First Qtr 2017	Fourth quarterly report completed and submitted to Congress 1/3/2017; posted to website; next report underway