



Office of the Chairman

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

April 1, 2016

Chairman Mario Diaz-Balart
Committee on Appropriations
Subcommittee on Transportation, Housing
and Urban Development
U.S. House of Representatives
2358-A Rayburn House Office Building
Washington, DC 20515

The Honorable David Price
Ranking Member
Committee on Appropriations
Subcommittee on Transportation, Housing
and Urban Development
U.S. House of Representatives
1015 Longworth House Office Building
Washington, DC 20515

Dear Representatives Diaz-Balart and Price,

We are writing to transmit a series of reports pertaining to the implementation of the Surface Transportation Board Reauthorization Act of 2015, Public Law 114-110 (“Reauthorization Act” or “Act”). The Board has prepared these reports with the goal of not just meeting the requirements of the law but also improving our transparency. Besides keeping Congress informed of our activities and our progress, we recognized that these reports are also important to our stakeholders.

The enclosed implementation status report for the month of March describes the progress made on the key initiatives of the Reauthorization Act. We also include the first quarterly reports on rate case review metrics, and formal 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 second quarterly report on unfinished regulatory proceedings pursuant to Section 15 of the Act, reformatted to provide additional information on the status of these open matters.

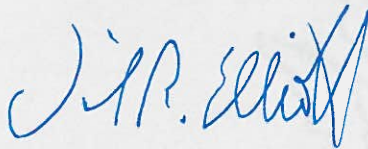
Investigative Authority. The Board is working to implement its new investigative authority in accordance with the objectives of the Reauthorization Act. This ongoing work will culminate in the issuance of a notice of proposed rulemaking and subsequent final rules, which we intend to complete by the end of this year.

Rate Cases. The Board continues implementation of the Act’s provisions related to improving the processing of rate reasonableness cases. The Board began this implementation with rules issued on March 9, 2016, regarding rate case procedural schedules. Pursuant to Section 11 of the Act, the Board announced on March 15, 2016, that it will hold a series of informal meetings with practitioners, consultants, and stakeholders who have significant experience in litigation matters, including stand-alone cost rate cases, to share their views and ideas for expediting rate cases.

Those meetings are scheduled to be held in April, and we will initiate a proceeding by June 15, 2016, in accordance with the Act.

Board Member Communications. In March, we held another productive meeting pursuant to the Board's new collaborative discussion authority established by the Act, at which the Board and staff members discussed modifying our existing arbitration rules consistent with the requirements of the Reauthorization Act. A summary of this meeting is posted in the Reauthorization Act section of the Board's website.

Thank you for your ongoing interest in our work implementing the Reauthorization Act. We hope this information is helpful to you. Please do not hesitate to contact us with questions or concerns about this or any other matter before the Board.

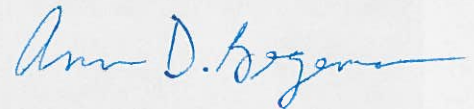


Daniel R. Elliott III
Chairman

Sincerely,



Deb Miller
Vice Chairman



Ann D. Begeman
Commissioner

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

| Section of Law - Action Required | Description | Deadline | Status |
|---|--|----------------------|--|
| 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 2016 | Quarterly report completed 4/1/2016; posted to website; next report underway |
| Sec. 6(b) - Formal Service Complaints | 1. Establish & maintain formal complaint database | First Qtr 2016 | Quarterly report completed 4/1/2016; 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 2016 | Quarterly report completed 4/1/2016; 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 | Announced series of informal meetings to take place in April 2016 to discuss ideas and proposals; will initiate proceeding by June 15, 2016 |
| 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; ongoing railroad rate regulation study and EP 665 may result in additional ideas/approaches |
| Sec. 11 - Rate Review Timelines | Implement new rate review timelines for SAC cases | Board deadline: ASAP | Final Rules issued March 9, 2016 |
| Sec. 12 - Investigative Authority Rulemaking | Issue rules on STB-initiated investigations after public notice and comment | 12/18/2016 | Team formed to develop proposals for implementing investigative authority; deliberating ideas and proposal for investigations regulations; intend to issue final rules by 12/18/2016 |
| Sec. 13 - Arbitration Rulemaking | Promulgate regs to establish voluntary and binding arbitration process for rate and practice complaints | 12/18/2016 | Proposed rules to amend existing voluntary arbitration process under development; Section 5 meeting conducted to discuss ideas; intend to issue final rules within the third quarter of 2016 |
| Sec. 15 - Rate Case Methodology Report | Report to Congress on sufficiency of STB rate case methodologies and alternatives | 12/18/2016 | A railroad rate regulation study is ongoing and a final report is anticipated in advance of 12/18/2016 |
| 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 2016 | Quarterly report completed and submitted to Congress 4/1/2016; posted to website; next report underway |