

**SURFACE TRANSPORTATION BOARD**  
*Washington, DC 20423-0001*

*Office of Economics*

**NOTICE TO ACCOUNTING OFFICERS OF ALL CLASS I RAILROADS**

**August 5, 2024**

This notice is in response to the Accounting and Financial Reporting Section (AFR) review of non-U.S. operations reported in the R-1 Annual Report and Schedule 250. The purpose of this notice is to remind reporting railroads of proper reporting of U.S. and non-U.S. operations. As discussed below, all railroads that included non-U.S. operations in the 2023 Schedule 250 should resubmit the schedule within 15 days.

The Board's decision in Proposal to Require Consolidated Reporting by Commonly Controlled Railroad, STB Ex Parte No. 634 (STB served Nov. 7, 2001), provides instructions for how Class I railroads should file consolidated financial reports. The decision directs Class I rail systems to file consolidated reports that combine the operations of all their commonly controlled railroads or railroad-related affiliates functioning as an integrated rail system within the U.S. The decision explains that, "[s]o as not to distort the results of those United States rail operations that we regulate, we will continue to require reporting only on rail operations within the United States." *Id.*, slip op. at 4.

Based on AFR's Intercompany Audits, we found 2 Class I railroads included non-U.S. rail operations data in the R-1 Annual Reports. Therefore, the AFR requested all Class I railroads to confirm whether any non-U.S. rail operations data had been included in the R-1 reports for the past five years and the impact of this reporting. This inquiry revealed that 2 other railroads had also included non-U.S. rail operations data in their R-1s during that period.

The Office of Economics has reviewed the non-U.S. operations data that was included in recent R-1s and has determined that there is not a significant impact on the 2018-2022 R-1 Annual Reports and no impact on the Revenue Adequacy determinations. Accordingly, railroads will not be required to submit revised submissions for those years. However, since the 2023 Revenue Adequacy determination has not yet been issued, all railroads that included any non-U.S. operations in the 2023 Schedule 250 should submit a revised schedule excluding non-U.S. operations within the next 15 days.

Should you have any questions, please contact Pedro Ramirez, Section Chief, Section of Accounting and Financial Reporting at [Pedro.Ramirez@stb.gov](mailto:Pedro.Ramirez@stb.gov).

Sincerely,

Pedro Ramirez  
Section Chief  
Office of Economics