

Federal Railroad Administration, DOT

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provided as well as their estimated value. When in-kind benefits are to be provided by a third party, a copy of the executed agreement between the State and the third party; and

(iii) Certification by the State that the contribution will be used solely for the purposes documented.

§ 266.11 Allowable costs.

Allowable costs include only the following costs which are properly allocable to the work performed: Planning and program operation costs which are allowed under Federal Management Circular 74-4; and costs of projects eligible under § 266.7 of this part. All allowable costs shall be authorized by a fully executed grant agreement. A State may incur costs prior to the execution of a grant agreement only if the Administrator, based on the State's demonstration of a compelling need to incur costs prior to the execution of a grant agreement, has authorized the costs in writing prior to their incurrence by the State.

§ 266.13 Distribution of funds.

(a) *Formula.* Funds appropriated for or reallocated in any fiscal year (in this section referred to jointly as "funds") are to be distributed to each State as follows:

(1) Two-thirds of the funds will be allocated in the ratio which a State's rail mileage that, in accordance with 49 U.S.C. 10904(d), is either potentially subject to abandonment or is to become the subject of an application for a certificate of abandonment or discontinuance which a carrier plans to submit, but has not yet submitted, bears to the total such rail mileage in all the States;

(2) One-third of the funds will be allocated in the ratio which a State's rail mileage for which the Commission has found within three years prior to the first day of the fiscal year for which the funds are being allocated that the public convenience and necessity permits the abandonment, or the discontinuance, of rail service on such rail mileage, bears to the total such rail mileage in all the States. Until September 30, 1981, such rail mileage includes the rail mileage which was eligible under the Rail Service Assistance

Program pursuant to section 402 of the Rail Act, and all rail mileage which, prior to October 1, 1978, had been included for formula allocation purposes. The Administrator will calculate rail mileage under this paragraph as of October 1 of each year; and

(3) The above calculations will be adjusted if necessary so that no State receives less than 1 percent of the funds appropriated for a fiscal year.

(b) *Reallocation.* The Administrator will reallocate among the States funds which have not been granted under an executed grant agreement by the end of the fiscal year for which the funds were appropriated and funds determined by a Federal audit to be in excess of allowable costs when they have not been granted under an executed grant agreement by the end of the fiscal year in which the Federal audit is made. Reallocated funds are distributed in accordance with the allocation formula described in paragraph (a) of this section.

(c) *Interstate sharing of allocated funds.* Where not in violation of State law, two or more States, which are eligible to receive assistance under the Rail Service Assistance Program pursuant to § 266.5 of this part may combine any portion of their entitlements for purposes of conducting any eligible project of mutual benefit provided that they enter into an agreement for this purpose.

§ 266.15 Requirements for State Rail Plan.

(a) *State planning process.* The State Rail Plan shall be based on a comprehensive, coordinated and continuing planning process for all transportation services within the State and shall be developed with an opportunity for participation by persons interested in rail activity in the State and adjacent States where appropriate. At a minimum, the State shall hold a public hearing if, on the basis of reasonable public notice appearing in the press, there is sufficient public interest to justify a hearing. Public notice shall be given, in accordance with applicable State law and practice concerning comparable matters, that a draft of the State Rail Plan is available for public

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inspection at a reasonable time in advance of the hearing. The State shall enable local and regional governmental bodies to review and comment on appropriate elements of the State Rail Plan. Provisions shall also be made for updating, revising, and amending the State Rail Plan.

(b) *Format of the State Rail Plan.* Each item submitted in response to a requirement of this section shall reference that requirement by subsection, paragraph, and subparagraph.

(c) *Contents of the State Rail Plan.* Each State Rail Plan shall:

(1) Specify the objectives of the State's Rail Service Assistance Program and explain how the implementation of the State Rail Plan will accomplish these objectives and explain relevant data sources, assumptions, analytical methodology, other legal constraints and special problems or conditions which will aid the public in understanding the State Rail Plan;

(2) Contain an illustration of the State's entire rail system on suitable scale maps of the State highway system (such as a reduction of the County Highway Planning Series of maps), designating with respect to each line listed under subparagraph (3) of this subsection, including all lines connecting to them:

- (i) The operating carrier or carriers;
- (ii) Freight traffic density, and
- (iii) Location of passenger service.

These maps shall be accompanied by a written description of the service provided on each line;

(3) Identify the following classes of rail service within the State:

(i) Lines in the State which are eligible for assistance under §266.7 of this part other than those included in paragraph (c)(3)(ii) of this section;

(ii) Lines in the State which a common carrier has identified on its system diagram map submitted under 49 CFR 1121.20(b) (1) and (2) as potentially subject to abandonment and lines which are anticipated to be the subject of an abandonment or discontinuance application within three years following the date of submission;

(iii) [Reserved]

(iv) Lines in the State for which abandonment or discontinuance applications are pending;

(v) Lines in the State which are involved in the following kinds of proposals that have been submitted to the Commission for approval or are in the process of negotiation, to the extent that this information is publicly available:

- (A) Mergers;
- (B) Consolidations;
- (C) Reorganizations;
- (D) Purchases by other common carriers; or
- (E) Other unification and coordination projects.

(vi) Rail projects for which the State plans to request Federal assistance or approval as in-kind benefits; and

(vii) Rail projects for which a State provides or plans to provide assistance from sources other than the Rail Service Assistance Program, including the estimated cost of the projects;

(4) Establish and describe screening criteria to be used in selecting the eligible lines which the State analyzes in detail, identify these lines, and explain how the application of the screening criteria resulted in their selection;

(5) Describe the State's methodology for determining the ratio of benefits to the costs of proposed projects eligible under §266.7 of this part (except projects to be funded with rail service continuation assistance);

(6) Include, to the extent that the information is available to the State, the following data for each line the State has selected to analyze in detail:

(i) Annual freight tonnage and carloads segregated by commodity type and indicating any seasonal traffic fluctuations and the number of shippers and receivers on the line aggregated by type (e.g., grain elevator, power plant, heavy manufacturing), including identification of information which a shipper wishes the Administrator to consider confidential to the extent permitted by law;

(ii) Revenues and costs of providing rail freight service on the line;

(iii) Condition of the related rail facilities and equipment, and for a line eligible under §266.7(b) of this part, a description of the particular rail facilities involved in any project a State may be considering on the line;

(iv) When the State is considering a line for rail service continuation assistance, projections of freight traffic needs on the line for at least the three succeeding calendar years and estimates of the amount and type of equipment, the condition of the rail facilities, and the level of service necessary to satisfy the projected traffic needs as well as estimates of the revenue and costs of providing this service; and

(v) When the State is considering a project eligible under §266.7(b) of this part, the amount of funds expended for the maintenance of the line and the kinds of work performed during the five year period preceding its eligibility.

(vi) When the State is considering a line for rail banking, a description of the line's future economic potential, such as the existence of fossil fuel reserves or agricultural production likely to be served;

(7) Describe the alternatives which the State will analyze in applying the methodology described in paragraph (c)(5) of this section, such as: Rail service continuation payments, rehabilitation or improvement, acquisition, rail facility construction, potential for moving freight by alternate modes, or abandonment or discontinuance of rail freight service;

(8) Apply the methodology described in paragraph (c)(5) of this section to each line the State has selected to analyze in detail;

(9) Specify the State's decision regarding the alternative selected for each line the State has analyzed in detail and include the following:

(i) An indication of whether Federal assistance will be requested or other funds will be used to implement the alternative selected;

(ii) An identification of lines which may be affected by the alternative selected;

(iii) An explanation of how the alternative selected contributes to the accomplishment of the State's objectives as stated in paragraph (c)(1) of this section; and

(iv) A statement of the projected future of the line after the alternative selected is implemented and the line is no longer eligible for rail service continuation assistance under §266.7(a) of

this part or after the payback period used in the State's benefit-cost analysis, whichever is appropriate;

(10) Describe the planning process participation of local and regional governmental bodies, the railroads, railroad labor, rail service users, and the public in general;

(11) Describe the overall planning process for all transportation services in the State; and

(11A) Indicate how the overall planning process in the State addresses the need to improve national energy efficiency, reduce the national use of petroleum and natural gas, and increase the national use of coal.

(12) Include a program of projects which identifies the projects for which the State expects to submit applications and the anticipated submission date. The program shall group the proposed projects in the order they comply with the State's criteria and goals for assistance, and shall:

(i) Identify the type of project (i.e., rail service continuation payments, acquisition, rehabilitation or improvement, rail facility construction, or substitute service), its location, and duration; and

(ii) Include the anticipated amount of funds to be requested for each project:

(d) *Updates, revisions, and amendments of the State Rail Plan*—(1) *General*. As provided for in paragraph (e) of this section, State Rail Plans shall be updated at least on an annual basis but may be revised more frequently at the discretion of the State in accordance with its program needs. Such updates shall be subject to the same review, public participation and approval procedures by the State and FRA as the original State Rail Plan.

(2) *Contents*. Annual updates shall include the following:

(i) A response to unanswered FRA comments on previously submitted updates, revisions, amendments, or the original State Rail Plan;

(ii) An update of information in previous submittals which is no longer accurate as a result of plan implementation, action by a governmental entity or railroad, or changed conditions;

(iii) For lines receiving rail service continuation assistance, inclusion of

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revenue and cost information from the past year's operating experience and a reevaluation of service based on these new data;

(iv) Updating of the maps and descriptions required under paragraph (c)(2) of this section;

(v) Analysis of any new projects developed by the State in accordance with paragraphs (c)(4), (5) and (6) of this section;

(vi) Changes in agency responsibilities and authority including ability to provide the non-Federal share; and

(vii) Revisions in the State's policies, objectives or long-range expectations.

(e) *Adoption and submission of State Rail Plan and annual updates.* An original and five copies of the State Rail Plan, and any amendments, revisions, or updates shall be submitted to FRA for review and approval with a certification by the Governor, or by the Governor's delegate, that the submission constitutes the State Rail Plan established by the State as provided in section 5(j) of the Act. The State Rail plan, and all amendments, revisions, and updates shall be submitted to the FRA through the appropriate Federal Highway Division Office. A current list of mailing addresses of the above offices will be provided by FRA to each State.

(f) *Review of the State Rail Plan and Updates.* The State Rail Plan and all amendments, revisions, and updates shall analyze in accordance with this section all projects for which the State anticipates requesting rail service assistance, other than planning assistance, during the fiscal year. In accordance with §266.17(b) of this part, a project for which funds are requested must have been addressed in a previously approved State Rail Plan or update. If the Administrator determines that the State Rail Plan or update is not in accordance with this part, the Administrator will notify the State in writing setting forth the Administrator's reasons for such a determination.

[44 FR 51129, Aug. 30, 1979, as amended at 45 FR 58038, Aug. 29, 1980; 48 FR 29274, June 24, 1983]

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§266.17 Applications.

(a) *General.* (1) Applications for planning assistance shall comply with paragraphs (b), (c) and (e) of this section.

(2) Applications for rail service continuation assistance shall comply with paragraphs (b), (c), (d) and (f) of this section.

(3) Applications for acquisition assistance shall comply with paragraphs (b), (c), (d) and (g) of this section.

(4) Applications for rehabilitation or improvement assistance and rail facility construction assistance shall comply with paragraphs (b), (c), (d) and (h) of this section.

(5) Applications for substitute service assistance shall comply with paragraphs (b), (c), (d) and (i) of this section.

(b) *Submission.* (1) Applications shall be submitted by the designated State agency using the standard forms contained in Attachment M of Office of Management and Budget Circular No. A-102 ("OMB Circular A-102"). Each item submitted in response to a requirement of this section shall reference that requirement by subsection, paragraph, and subparagraph. Each application shall be consistent with the current State Rail Plan and analyzed in it.

(2) A State may apply for planning assistance to cover prospective costs at any time during the planning process.

(3) Exhibits previously filed with the Administrator need not be refiled unless the prior filing has been rendered obsolete by changed circumstances. Such prior filing shall be appropriately referenced by source, location of data and date of submittal.

(c) *Contents.* Each application shall include:

(1) Full name and principal business address of the applicant;

(2) Name, title, address and phone number of the person to whom correspondence regarding the application should be addressed;

(3) Budget estimates for the total amount of assistance required for projects or planning;

(4) Applicant's proposed means of furnishing its share of the total costs of the projects, as well as copies of executed agreements between the agency