

to the Board of Actuaries, care of Nancy H. Kichak, Deputy Associate Director, Center for Workforce Planning and Policy Analysis, Office of Personnel Management, Room 4307, 1900 E Street NW., Washington, DC 20415.

Send requests for actuarial assumptions and data to the Actuaries Group, Office of Personnel Management, Room 4307, 1900 E Street NW., Washington, DC 20415.

FOR FURTHER INFORMATION CONTACT:

Patrick Jennings, (202) 606-0299.

SUPPLEMENTARY INFORMATION: The FERS Act of 1986, Pub. L. 99-335, created a new retirement system intended to cover most Federal employees hired after 1983. Most Federal employees hired before 1984 are under the older Civil Service Retirement System (CSRS). Section 8423 of title 5, United States Code, as added by the FERS Act of 1986, provides for the payment of the Government's share of the cost of the retirement system under FERS. Employees' contributions are established by law and constitute only a small fraction of the cost of funding the retirement system; employing agencies are required to pay the remaining costs. The amount of funding required, known as "normal cost," is the entry age normal cost of the provisions of FERS that relate to the Civil Service Retirement and Disability Fund (Fund). The normal cost must be computed by OPM in accordance with generally accepted actuarial practices and standards (using dynamic assumptions). Subpart D of part 841 of title 5, Code of Federal Regulations, regulates how normal costs are determined.

Recently, the Board of Actuaries of the Civil Service Retirement System approved a revised set of economic assumptions for use in the dynamic actuarial valuations of FERS. These assumptions were adopted after the Board reviewed statistical data prepared by the OPM actuaries and considered trends that may affect future experience under the System.

Based on its analysis, the Board concluded that it would be appropriate to assume a rate of investment return of 6.25 percent, a reduction of .50 percent from the current rate of 6.75 percent. The Board reduced the anticipated inflation rate from 3.75 percent to 3.25 percent, and reduced the projected rate of General Schedule salary increases from 4.25 percent to 4.00 percent. These salary increases are in addition to assumed in-grade increases that reflect past experience.

The new assumptions anticipate that over the long term the annual rate of investment return will exceed inflation

by 3 percent and General Schedule salary increases will exceed inflation by .75 percent a year, as compared to 3 percent and .50 percent, respectively, under the previous assumptions. In addition, due to a considerable decline in the rate of early retirements, the Board reduced its demographic assumption of the anticipated rate of early retirements.

The normal cost calculations depend on both the economic and demographic assumptions. The demographic assumptions are determined separately for each of a number of special groups, in cases where separate experience data is available. Based on the new economic assumptions and the change in the demographic assumption concerning the rate of early retirements, OPM has determined the normal cost percentage for each category of employees under § 841.403 of Title 5, Code of Federal Regulations. The Governmentwide normal cost percentages, including the employee contributions, are as follows:

	Percent
Members	17.7
Congressional employees	17.9
Law enforcement officers, members of the Supreme Court Police, firefighters, nuclear materials couriers and employees under section 302 of the Central Intelligence Agency Act of 1964 for Certain Employees	25.1
Air traffic controllers	24.4
Military reserve technicians	14.7
Employees under section 303 of the Central Intelligence Agency Act of 1964 for Certain Employees (when serving abroad)	17.2
All other employees	12.0

Under §841.408 of title 5, Code of Federal Regulations, these normal cost percentages are effective at the beginning of the first pay period commencing on or after October 1, 2004.

The time limit and address for filing agency appeals under § 841.409 through 841.412 of title 5, Code of Federal Regulations, are stated in the **DATES** and **ADDRESSES** sections of this notice.

Office of Personnel Management.

Kay Coles James,

Director.

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DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Docket No. AB-290 (Sub-No. 222X)]

Norfolk Southern Railway Company—Abandonment Exemption—in Mercer County, WV, and Tazewell County, VA

Norfolk Southern Railway Company (NSR) has filed a notice of exemption under 49 CFR 1152 Subpart F—*Exempt Abandonments* to abandon a 1.9-mile line of railroad between milepost PO-0.0 at Bluestone, Mercer County, WV, and milepost PO-1.90 at Pocahontas, Tazewell County, VA.¹ The line traverses United States Postal Service Zip Codes 24740 and 24635.

NSR has certified that: (1) No local traffic has moved over the line for at least 2 years; (2) any overhead traffic can be rerouted over other lines; (3) no formal complaint filed by a user of rail service on the line (or by a state or local government entity acting on behalf of such user) regarding cessation of service over the line either is pending with the Surface Transportation Board (Board) or with any U.S. District Court or has been decided in favor of complainant within the 2-year period; and (4) the requirements at 49 CFR 1105.7 (environmental reports), 49 CFR 1105.8 (historic reports), 49 CFR 1105.11 (transmittal letter), 49 CFR 1105.12 (newspaper publication), and 49 CFR 1152.50(d)(1) (notice to governmental agencies) have been met.

As a condition to this exemption, any employee adversely affected by the abandonment shall be protected under *Oregon Short Line R. Co.—Abandonment—Goshen*, 360 I.C.C. 91 (1979). To address whether this condition adequately protects affected employees, a petition for partial revocation under U.S.C. 10502(d) must be filed. Provided no formal expression of intent to file an offer of financial assistance (OFA) has been received, this exemption will be effective on October 24, 2003, unless stayed pending reconsideration. Petitions to stay that do not involve environmental issues,²

¹ Authority to discontinue operations over this line was granted in *Norfolk and Western Railway Company—Discontinuance Exemption—In Mercer County, WV, and Tazewell County, VA*, Docket No. AB-290 (Sub-No. 107X) (ICC served May 10, 1990).

² The Board will grant a stay if an informed decision on environmental issues (whether raised by a party or by the Board's Section of Environmental Analysis (SEA) in its independent investigation) cannot be made before the exemption's effective date. See *Exemption of Out-of-Service Rail Lines*, 5 I.C.C.2d 377 (1989). Any request for a stay should be filed as soon as possible so that the Board may take appropriate action before the exemption's effective date.