



PACIFIC HARBOR LINE

July 10, 2006

Mr. Richard Timmons
President
American Shortline and Regional Railroad Association
50 F Street, NW, Suite 7020
Washington DC 20001-1564

Dear Mr. Timmons:

The following is Pacific Harbor Line's response to STB Chairman Buttrey's request for information relating to rail carrier preparedness for the 2006 peak season.

Pacific Harbor Line (PHL) serves the ports of Los Angeles and Long Beach, which together form the busiest port complex in North America. PHL operates exclusively on trackage that is owned by one port or the other or jointly owned. PHL provides basically two services: First, we provide the switching for all carload industries in the harbor; second, we provide intermodal traffic switching to and from the marine terminals with on-dock rail yards.

PHL essentially performs its services as agents for Union Pacific Railroad and BNSF Railway. Thus, to a large extent our plans are but a component of those carriers' much larger, comprehensive plans.

Our customers are telling us that the carload business in the second half of 2006 is projected to be very similar to the second half of 2005. On that basis, we have sufficient crews and motive power to meet the demand. In 2004, we were plagued with an overaccumulation of received traffic which exceeded certain customers' ability to process. In 2005, by working with BNSF and UP to aggressively enforce demurrage and storage rules, this problem was resolved and we do not anticipate recurrence.

Our intermodal operations, which form the preponderance of our activity, respond to the specific requests by UP and BNSF and certain marine terminals for PHL-provided crews. Responding to previous requests, PHL increased the number of intermodal switch crews in the second half of 2005 and first half of 2006. BNSF and UP have advised us they do not anticipate increasing the compliment of PHL crews required for the balance of 2006. It should be pointed out that PHL crews are a supplement to and work in conjunction with UP and BNSF crews to meet the international intermodal demand.

Among the tasks now performed by PHL crews are to assemble and air test outbound trains with Class 1 road power, and enable UP and BNSF road crews to board a ready-to-depart train and leave with a minimum amount of time on duty, thus reducing hours of service tie-ups further down the line.

Besides increasing the number of crews, a major PHL/BNSF/UP initiative in the first half of 2005 was to co-locate the on-dock intermodal operations planning of all three railroads into the PHL office building. Previously, that function was conducted in separate locations by each railroad. By co-locating, communication between all entities is enhanced, resulting in more efficient crew and infrastructure utilization, thus increasing capacity.

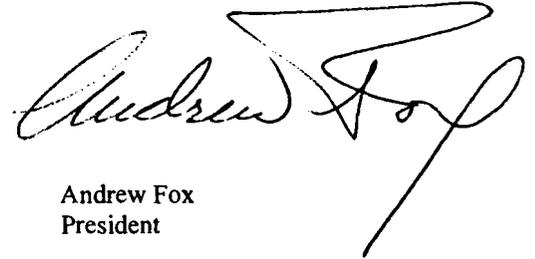
BNSF, with the assistance of PHL, established a road locomotive servicing operation on PHL trackage on Terminal Island, the hub of on-dock intermodal operations for both ports. UP also does this to a limited extent. By establishing the ability to "turn" locomotives closer to the origin and destination yards, locomotive utilization improves and the number of light engine moves decreases to and from other servicing facilities, which positively impacts PHL line capacity.

PHL, as well as BNSF and UP, are jointly participating on a task force with the Ports of Los Angeles and Long Beach and certain marine terminals and shipping lines to ascertain if there are short term possibilities to load additional traffic on-dock as opposed to drayage to off-dock intermodal ramps. The goal is to maximize utilization of on-dock yards. This effort is on-going, but it does not eliminate the need for more near-dock capacity, as well.

With respect to capital improvements, neither PHL nor the Class I carriers control capital expenditures in the harbor. The owners, the Ports of Los Angeles and Long Beach, make the capital improvements. In early 2006, the ports, acting through the Alameda Corridor Transportation Authority, extended Centralized Traffic Control (CTC) on PHL tracks an additional 3.2 miles. By extending the signaling, trains are able to operate at higher speeds, thus increasing line capacity, as well as enabling trains to transit certain highway grade crossings more quickly, which has the added benefit of reducing port truck congestion and pollution.

Please let me know if you have any questions.

Very Truly Yours,

A handwritten signature in black ink, appearing to read "Andrew Fox". The signature is fluid and cursive, with a large loop at the end of the last name.

Andrew Fox
President