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SERVICE DATE - MAY 19, 1998

SURFACE TRANSPORTATION BOARD

STB Finance Docket No. 33556¹

CANADIAN NATIONAL RAILWAY COMPANY, GRAND TRUNK CORPORATION, AND
GRAND TRUNK WESTERN RAILROAD INCORPORATED—CONTROL—ILLINOIS
CENTRAL CORPORATION, ILLINOIS CENTRAL RAILROAD COMPANY, CHICAGO,
CENTRAL AND PACIFIC RAILROAD COMPANY, AND CEDAR RIVER RAILROAD
COMPANY

(Decision No. 3)

STB Finance Docket No. 32760 (Sub-No. 26)

UNION PACIFIC CORPORATION, UNION PACIFIC RAILROAD COMPANY
AND MISSOURI PACIFIC RAILROAD COMPANY -- CONTROL AND MERGER --
SOUTHERN PACIFIC RAIL CORPORATION, SOUTHERN PACIFIC
TRANSPORTATION COMPANY, ST. LOUIS SOUTHWESTERN RAILWAY
COMPANY, SPCSL CORP., AND THE DENVER AND RIO GRANDE
WESTERN RAILWAY COMPANY

[HOUSTON/GULF COAST OVERSIGHT]

(Decision No. 3)

AGENCY: Surface Transportation Board.

ACTION: Decision No. 3 in STB Finance Docket No. 32760 (Sub-No. 26) and Decision No. 3 in
STB Finance Docket No. 33556; Denial of general waiver.

SUMMARY: The Surface Transportation Board (Board) is denying petitions for reconsideration in
these proceedings of the requirement that parties submit copies of all textual materials on diskettes
(disks) or compact discs (CDs). Parties may, however, seek individual waivers of the disk filing
requirement.

¹ These proceedings are not consolidated. A single decision is being issued for
administrative convenience only. In addition, this oversight matter was recently assigned the Sub-
No. 26 docket number and a new case title.

FOR FURTHER INFORMATION CONTACT: Julia M. Farr, (202) 565-1613. [TDD for the hearing impaired: (202) 565-1695.]

SUPPLEMENTARY INFORMATION: On March 26, 1998, Joseph C. Szabo, for and on behalf of the United Transportation Union - Illinois Legislative Board (UTU-IL), filed a petition for reconsideration of Decision No. 2 in the STB Finance Docket No. 33556 proceeding served and published in the Federal Register on March 13, 1998 (63 FR 12574).² On April 20, 1998, UTU Committees³ filed a petition for reconsideration of Decision No. 1 in the STB Finance Docket No. 32760 (Sub-No. 26) proceeding (formerly Decision No. 12 in STB Finance Docket No. 32760 (Sub-No. 21)), which was served on March 31, 1998, and published in the Federal Register on April 3, 1998 (63 FR 16628).⁴ The petitions are nearly identical and will be considered together. UTU Committees seek reconsideration of the requirement in these proceedings that all parties submit

² In that decision the Board announced, inter alia, that, pursuant to 49 CFR 1180.4(b), Canadian National Railway Company (CNR), Grand Trunk Corporation, and Grand Trunk Western Railroad Incorporated (GTW), Illinois Central Corporation (IC Corp.), Illinois Central Railroad Company (ICR), Chicago, Central and Pacific Railroad Company, and Cedar River Railroad Company (collectively, applicants) had notified us of their intent to file an application seeking authority under 49 U.S.C. 11323-25 for the acquisition of control, by CNR, through its indirect wholly owned subsidiary Blackhawk Merger Sub, Inc., of IC Corp., and through it of ICR and its railroad affiliates, and for the resulting common control by CNR of GTW and its railroad affiliates and ICR and its railroad affiliates. The Board found this to be a major transaction as defined in 49 CFR part 1180.

³ In what is now STB Finance Docket No. 32760 (Sub-No. 26), the petition for reconsideration was filed by UTU-IL, and by United Transportation Union-General Committee of Adjustment (GO-386), United Transportation Union-General Committee of Adjustment (GO-401), and United Transportation Union-General Committee of Adjustment (ALS). We will refer to the petitioners in both proceedings collectively as UTU Committees.

⁴ In that decision, the Board instituted a proceeding as part of the 5-year oversight condition that it imposed in Union Pacific Corporation, Union Pacific Railroad Company, and Missouri Pacific Railroad Company—Control and Merger—Southern Pacific Rail Corporation, Southern Pacific Transportation Company, St. Louis Southwestern Railway Company, SPCSL Corp., and The Denver and Rio Grande Western Railroad Company, Finance Docket No. 32760 (UP/SP Merger), Decision No. 44 (STB served Aug. 12, 1996), to examine additional remedial conditions to the UP/SP merger as they pertain to rail service in the Houston, Texas/Gulf Coast region.

copies of their textual materials on 3.5 inch IBM-compatible disks or CDs.⁵ Applicants in STB Finance Docket No. 33556 filed a reply opposing the relief sought by UTU Committees.

We stated in Decision No. 2 and Decision No. 1 that the submission of computer data on disks and CDs was needed for the efficient review of filings by the Board and our staff. We found that the disk/CD requirement superseded for these proceedings the otherwise applicable electronic filing requirements in Expedited Procedures for Processing Rail Rate Reasonableness, Exemption and Revocation Proceedings, STB Ex Parte No. 527 (STB served Oct. 1, 1996 and Nov. 15, 1996), aff'd sub nom. United Transp. Union - Ill. Legis. Bd. v. STB et al., 132 F.3d 71 (D.C. Cir. 1998) (Ex Parte No. 527) and codified at 49 CFR 1104.3(a). Those rules require parties to submit computer disks for pleadings of 20 or more pages and for spreadsheets.⁶

UTU Committees contend that mandating that all textual material be filed on disks constitutes material error. They argue that, by superseding the applicable disk rule at 49 CFR 1104.3(a), our disk/CD requirement in STB Finance Docket Nos. 32760 (Sub-No. 26) and 33556 precludes meaningful participation in those cases by railroad employees as well as the general public. They allege that many railway employees do not have access to computers, and they would

⁵ In Decision No. 2 at 3 and Decision No. 1 at 3, we directed that:

[i]n addition to submitting an original and 25 copies of all paper documents filed with the Board, the parties shall also submit, on diskettes or compact discs, copies of all textual materials. . . . Data must be submitted on 3.5 inch IBM-compatible floppy diskettes or compact discs.

Parties were also directed to submit "electronic workpapers, data bases, and spreadsheets" on disks or CDs. We also stated that a copy of each disk or CD should be given to any other party upon request.

⁶ Section 1104.3 reads in relevant part:

(a) * * * In addition to the paper copies required to be filed with the Board, 3 copies of:

(1) Textual submissions of 20 or more pages; and

(2) All electronic spreadsheets should be submitted on 3.5 inch, IBM compatible formatted diskettes or QIC-80 tapes. Textual materials must be in WordPerfect 5.1 format, and electronic spreadsheets must be in LOTUS 1-2-3 release 5 or earlier format. One copy of each such computer diskette or tape submitted to the Board should, if possible, be provided to any other party requesting a copy.

not be able to provide copies of disks to the many parties likely to participate in the proceeding.⁷ They argue, moreover, that the burdens on local labor units will prevent them from actively participating, which, they assert, would be a denial of due process.

UTU Committees also claim that the requirements of Decision No. 2 and Decision No. 1 are inconsistent with the Ex Parte No. 527 procedures because disks will contain more rather than less information than the paper filings, and they are required for all filings, not just lengthy ones. They also contend that there is no waiver provision for the Decision No. 2 and Decision No. 1 disk/CD requirement. UTU Committees ask that we reconsider the mandatory disk requirement and restore application of the section 1104.3 rule.⁸

Finally, UTU Committees argue that the Board may have always intended that there be an absolute disk requirement, and “the 20-page rule may have been merely an interim scheme to promote such a result.” It also claims that the real reason for the rule is to inhibit participation by employees and “to curry favor with carriers. . . .”

In response to UTU Committee’s petition, applicants in STB Finance Docket No. 33556 assert that the effort and expense needed to create a disk is minimal whether the submission is lengthy or less than 20 pages. Further, they assert that where a party does not have access to a word processor, it should file an individual request for a waiver.

DISCUSSION AND CONCLUSIONS

We will deny the petitions for reconsideration, but we will permit individual parties to seek a waiver of the disk/CD requirement. With this safeguard, we believe that the need to efficiently and expeditiously analyze the anticipated large number of filings outweighs the burden on parties of filing disks.

While the disk/CD requirement in these proceedings broadens the regulation issued in Ex Parte No. 527, we believe that its purpose and its procedures are compatible with the 20-page rule. The Board issued the 20-page rule to assist the agency in its “task of reviewing and analyzing voluminous records.” October 1 decision at 2-3. In the context of that rule, “voluminous” referred to the length of the filing. Nevertheless, in situations such as merger proceedings where the number of pleadings can also be described as voluminous and where decisions must be issued promptly, we believe that imposing the disk requirement for all paper filings will enable the Board and our staff to

⁷ We note that, under our Decision No. 2 and Decision No. 1 procedures, electronic copies are provided only upon request of another party, and under 49 CFR 1104.3, the requested disks are only provided to other parties “if possible.”

⁸ UTU Committees also request that, if the waiver provision is available, that the Board waive the disk/CD requirement and reinstate the 20-page disk rule.

efficiently review case filings.⁹ The 20-page rule is not an “interim scheme,” but the STB Finance Docket No. 33556 merger and the UP/SP Houston/Gulf Coast Oversight by their natures have made us more dependent on electronic media.¹⁰ The use of disk/CDs in STB Finance Docket No. 33556 will help us reach a decision on the merits within the applicable statutory deadlines (see 49 U.S.C. 11325), and, in STB Finance Docket No. 32760 (Sub-No. 26), their use will assist us in issuing a decision as soon as possible after the record closes. Utilizing disks is consistent with the practice we have followed in other recent mergers where we “encouraged” or “requested” the filing of disks.¹¹

We also believe that submitting a disk does not constitute a hardship, unless the party does not have access to a word processor or there is some other reason why filing would be difficult.¹² In those situations, consistent with Ex Parte No. 527, such parties may seek a waiver of the disk filing requirement.¹³ UTU Committees contend that, while under 49 CFR 1110.9, any person may seek a

⁹ While STB Finance Docket No. 32760 (Sub-No. 26) is not a merger proceeding but a merger oversight case, we still anticipate a large number of filings, and we must issue a decision in as timely manner as possible.

¹⁰ For these reasons, the assertion that the disk requirement was intended to prevent participation by employees or to win the favor of railroads is baseless.

¹¹ See Union Pacific Corporation, Union Pacific Railroad Company, and Missouri Pacific Railroad Company--Control and Merger--Southern Pacific Rail Corporation, Southern Pacific Transportation Company, St. Louis Southwestern Railway Company, SPCSL Corp., and The Denver and Rio Grande Western Railroad Company, Finance Docket No. 32760 (STB served Sept. 1, 1995); CSX Corporation and CSX Transportation, Inc., Norfolk Southern Corporation and Norfolk Southern Railway Company--Control and Operating Leases/Agreements--Conrail Inc. and Consolidated Rail Corporation, STB Finance Docket No. 33388 (STB served May 30, 1997); and Burlington Northern Inc. and Burlington Northern Railroad Company--Control and Merger--Santa Fe Pacific Corporation and The Atchison, Topeka and Santa Fe Railway Company, Finance Docket No. 32549 (STB served Aug. 5, 1994).

¹² In STB Finance Docket No. 32760 (Sub-No. 26), UTU Committees claim that not only railroad employees, but “other public parties” would be harmed by requiring disks. They contend that a majority of such parties did not file disks in response to the decision in Review of Rail Access and Competition Issues, STB Ex Parte No. 575 (STB served Mar. 20, 1998). We believe that the disk filing requirement is reasonable. No other party has objected to it. Moreover, as discussed infra, the ability to file a waiver request should ameliorate any harm.

¹³ The Court in Ex Parte No. 527 stated that “UTU complains that the waiver rule denies due process to the union and to rail employees who do not have the necessary computer equipment or expertise to submit a disk We do not doubt, therefore, that the availability of the waiver provision adequately protects a party for whom compliance with the rule would be burdensome.”

(continued...)

waiver of a rule, the disk/CD requirement in this proceeding is not a “rule” and thus a waiver is not available. We note, however, that, under 49 CFR 1100.3, our rules are to be liberally construed “to secure just, speedy, and inexpensive determination of the issues presented.” Accordingly, any person may seek a waiver of the disk/CD requirement in these proceedings. Parties should file the waiver request with the paper version of its filing, and we can rule upon the waiver even after the filing date.¹⁴

Finally, we are not sure how UTU Committees’ argument that disks can contain more information than paper filings relates to the issue of the hardship of filing disks. In any event, in Decisions No. 1 and 2, we required that “copies of all textual materials” are to be submitted on disks. These disks are the electronic version or counterpart of the textual paper filing. The paper copy remains the official record. Thus, for the reasons discussed above, we are denying the petitions for reconsideration.

Board decisions and notices are available on our website at “WWW.STB.DOT.GOV.”

This action will not significantly affect either the quality of the human environment or the conservation of energy resources.

It is ordered:

1. UTU Committees’ petitions for reconsideration are denied. Parties may individually seek a waiver from the disk/CD requirement.

¹³(...continued)
132 F.3d at 75.

¹⁴ As noted, UTU Committees indicate that, if the waiver provision is available, it seeks to have us waive the disk/CD requirement. We are not sure whether this request is being made on behalf of UTU Committees, local units, or individual railroad employees, or some combination of the above. UTU Committees maintain that in many cases railway employees lack access to computers. In those instances where this is true, there would appear to be valid grounds for a waiver, but each situation is best addressed on its own merits.

STB Finance Docket No. 33556 et al.

2. This decision is effective on the service date.

Decided: May 14, 1998.

By the Board, Chairman Morgan and Vice Chairman Owen.

Vernon A. Williams
Secretary