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SERVICE DATE - NOVEMBER 23, 1998

SURFACE TRANSPORTATION BOARD

STB Finance Docket No. 32760 (Sub-No. 26)¹

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. 7

Decided: November 20, 1998

In a petition filed October 23, 1998, The Chemical Manufacturers Association, The Society of Plastics, The Texas Chemical Council, The Railroad Commission of Texas, The Texas Mexican Railway Company, and The Kansas City Southern Railway Company (collectively, the “Consensus Parties”) have asked us to conduct oral argument in the Sub-No. 26 proceeding. The Consensus Parties state that oral argument is appropriate because the proceeding, which involves requests for permanent railroad restructuring in the Houston/Gulf Coast region, raises issues that are important and complex. In support of their request, the Consensus Parties note that oral argument is typically held in merger proceedings, and they point out that this proceeding was initiated in connection with

¹ This decision embraces: (1) Finance Docket No. 32760 (Sub-No. 27), Texas Mexican Railway Company & Kansas City Southern Railway--Construction Exemption--Rail Line Between Rosenberg and Victoria, TX; (2) Finance Docket No. 32760 (Sub-No. 28), Burlington Northern and Santa Fe Railway Company--Terminal Trackage Rights--Texas Mexican Railway Company; (3) Finance Docket No. 32760 (Sub-No. 29), Burlington Northern and Santa Fe Railway Company--Application for Additional Remedial Conditions Regarding Houston/Gulf Coast Area; Finance Docket No. 32760 (Sub-No. 30), Texas Mexican Railway Company, et al.--Request For Adoption of Consensus Plan; Finance Docket No. 32760 (Sub-No. 31), Houston & Gulf Coast Railroad--Application for Trackage Rights and Forced Line Sales; Finance Docket No. 32760 (Sub-No. 32), Capital Metropolitan Transportation Authority--Responsive Application--Interchange Rights.

our oversight of the merger of the Union Pacific and Southern Pacific rail systems (referred to as “UP”).

In its reply to the petition, UP questions the timing of the request for oral argument, which was not filed until many months after the proceeding was initiated and the procedural schedule established, and indeed was not even filed until after the record was closed. UP indicates that it is eager to have the matters at issue resolved, and it expresses concern that oral argument not delay a decision. However, UP states that it does not object to oral argument, should the Board find it useful.

We recognize the complexity and importance of the issues in this proceeding. However, we do not believe that oral argument is necessary to decide this proceeding. We have received thousands of pages of written evidence and argument in this proceeding and in the related proceedings. We have carefully reviewed the record, and we believe that we can resolve the issues based on it.

Nevertheless, in order to give the Consensus Parties and the other parties seeking new conditions in these related proceedings every opportunity to distill the record or to address particular issues in more detail, we will grant the request for oral argument. Oral argument will be held on December 15, 1998. The Consensus Parties will have 30 minutes to present their argument. If it chooses to participate, the Burlington Northern/Santa Fe Railway Company (BNSF) will have 15 minutes to present its argument. Other parties that have affirmatively sought specific conditions for themselves, should they choose to participate, will have 5 minutes each to present their arguments. UP will have 30 minutes to respond to the arguments of all of the parties. We will not accept pre-argument briefs, but summaries of the arguments, not exceeding 10 typewritten pages, may be filed

by 2:00 p.m. Friday, December 11, 1998, by all parties that are given argument time.

Parties that have affirmatively sought specific conditions for themselves and that wish to participate in the oral argument should notify us in writing by December 2, 1998, of their intent. Immediately thereafter, we will issue a further order setting out the specifics of the oral argument.

It is ordered:

1. The request for oral argument is granted, as described above.
2. Parties that have sought specific conditions and that wish to participate in the oral argument should notify us in writing by December 2, 1998, of their intent.
3. This order is effective on its date of service.

By the Board, Chairman Morgan and Vice Chairman Owen.

Vernon A. Williams

Secretary