

SURFACE TRANSPORTATION BOARD¹

DECISION

Finance Docket No. 32760

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

[Decision No. 71]

Decided: April 15, 1997

In Decision No. 44 (served August 12, 1996), we approved the common control and merger of the rail carriers controlled by Union Pacific Corporation (Union Pacific Railroad Company and Missouri Pacific Railroad Company) and the rail carriers controlled by Southern Pacific Rail Corporation (Southern Pacific Transportation Company, St. Louis Southwestern Railway Company, SPCSL Corp., and the Denver and Rio Grande Western Railroad Company)(collectively UP/SP), subject to various conditions, including numerous environmental mitigating conditions. As pertinent here, the environmental conditions imposed in Decision No. 44 call for further, more focused, mitigation studies to arrive at specifically tailored mitigation plans for Wichita, KS and Reno, NV, in addition to the environmental mitigation that already has been imposed, to assure that localized environmental issues unique to those two communities are effectively addressed.

After Decision No. 44 was issued, the City of Wichita and the Board of County Commissioners of Sedgwick County, KS (Wichita/Sedgwick) filed an environmental court challenge in the United States Court of Appeals for the District of Columbia Circuit. No. 96-1293, City of Wichita v. Surface Transportation Board (pet. for review filed Aug. 21, 1996) (Wichita).² From

¹ Proceedings pending before the Interstate Commerce Commission (ICC) on January 1, 1996, must be decided under the law in effect prior to that date if they involve functions retained by the ICC Termination Act of 1995, Pub. L. 104-88, 109 Stat. 803. This proceeding was pending with the ICC prior to January 1, 1996, and to functions retained under Surface Transportation Board (Board) jurisdiction pursuant to new 49 U.S.C. 11323-27. Citations are to the former sections of the statute, unless otherwise indicated.

² Another environmental court challenge is pending in the D.C. Circuit in No. 96-1418, City of Reno v. Surface Transportation Board (Reno). The D.C. Circuit, on its own motion, ordered the Reno and Wichita appeals consolidated with the petitions for review raising issues other than environmental issues that were filed in that court. The Board and the United States have moved to sever the Reno and Wichita appeals from the other cases seeking review of Decision No. 44 and to hold briefing in abeyance in these two cases because, unlike the other
(continued...)

pleadings filed in that litigation, it became apparent that the Wichita appeal is addressed solely to the sentence in Decision No. 44 (at p. 223) stating, "The [mitigation] studies [that are now underway for Wichita and Reno] will carefully examine private and public funding options, as we believe that the cost of mitigation for Reno and Wichita should be shared." Then, following an inquiry looking toward settlement of the Wichita litigation, petitioners' counsel in the Wichita case advised our General Counsel, by letter dated April 7, 1997,³ that if the Board issues a decision clarifying that UP/SP will be required to pay 100% of the cost of mandated environmental mitigation, Wichita/Sedgwick will withdraw their appeal.

Petitioners' counsel states that Wichita/Sedgwick understands that, consistent with Decision No. 44, the Board is considering both "base line" mitigation, *i.e.*, mitigation including, but not limited to, the type discussed in Decision No. 44, that UP/SP would be required to implement and fund in order to increase the number of through trains operating through Wichita/Sedgwick, and alternative mitigation, *i.e.*, more expensive options. As to the latter, Wichita/Sedgwick understands that the Board may suggest funding alternatives, but such suggestions would be in no way binding. See Addendum A.

Having ascertained that UP/SP has no objection to the issuance of a decision clarifying the intent of the sentence at page 223 of Decision No. 44, quoted above, in the manner requested by Wichita/Sedgwick, it appears to us appropriate to clarify our intent with respect to developing final mitigation for Wichita and Reno. Specifically, the final environmental mitigation that will be developed for Wichita and Reno following the completion of the ongoing mitigation studies will include (in addition to the mitigation that has already been imposed) both (1) mandated or base line mitigation, which the Board will require UP/SP to implement and entirely fund, and (2) alternative mitigation that might be a more far reaching solution for all concerned, but which will not be binding absent a voluntary agreement by the parties to share costs or expend greater resources.

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

It is ordered:

1. The discussion of environmental mitigation in Decision No. 44 is clarified as set forth in this decision.
2. This decision is effective on the date of service.

By the Board, Chairman Morgan and Vice Chairman Owen.

²(...continued)
petitions seeking review of Decision No. 44, the Reno and Wichita petitions are environmental court challenges that are not ripe or final for judicial review at this time. That motion remains pending in the court.

³ A copy of that letter is attached as Addendum A.

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Vernon A. Williams
Secretary