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January 17, 2013

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Ms. Cynthia T. Brown, Chief
Section of Administration
Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, DC 20024

Re: Docket No. EP 714, *Information Required In Notices And Petitions Containing Interchange Commitments*

Dear Ms. Brown:

Hereby transmitted are Reply Comments of Progressive Rail Incorporated for filing with the Board in the above referenced matter.

Very truly yours,



Thomas F. McFarland
*Attorney for Progressive
Rail Incorporated*

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BEFORE THE
SURFACE TRANSPORTATION BOARD

INFORMATION REQUIRED IN)
NOTICES AND PETITIONS) DOCKET NO. EP 714
CONTAINING INTERCHANGE)
COMMITMENTS)

REPLY COMMENTS

PROGRESSIVE RAIL, INCORPORATED
21778 Highview Avenue
Lakeville, MN 55044

Commentor

THOMAS F. McFARLAND
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Attorney for Commentor

DUE DATE: January 17, 2013

BEFORE THE
SURFACE TRANSPORTATION BOARD

INFORMATION REQUIRED IN)
NOTICES AND PETITIONS) DOCKET NO. EP 714
CONTAINING INTERCHANGE)
COMMITMENTS)

REPLY COMMENTS

Pursuant to the procedural decision in this matter served November 1, 2012, as amended by decision served November 15, 2012, PROGRESSIVE RAIL, INCORPORATED (PGR) hereby files these Reply Comments.

BACKGROUND AND SCOPE OF REPLY COMMENTS

PGR did not file Initial Comments in this matter, instead endorsing and relying on Initial Comments filed by The American Short Line and Regional Railroad Association (ASLRRA) and Union Pacific Railroad Company (UP).

PGR's Reply Comments are directed at a factually incorrect allegation at page 6 of Initial Comments filed by Arkansas Electric Cooperative Corporation (AECC) that is directed at a recent Board decision that involved PGR, i.e., Finance Docket No. 35617, *Progressive Rail, Incorporated -- Lease and Operation Exemption -- Rail Line of Union Pacific Railroad Company in Barron and Chippewa Counties, WI*, decision served May 4, 2012 (*PGR-UP* case).

REPLY COMMENTS

Citing the *PGR-UP* case (and others), AECC has alleged that "the paper barrier appeared for the first time in a renewal or extension of an earlier lease that did not have such a

commitment” (AECC Initial Comments at 6). That allegation is not accurate. A prior PGR-UP lease in that matter contained an interchange commitment that was not required to be disclosed to the Board or the public because the lease was entered into before the Board adopted regulations that require such disclosure (i.e., 49 C.F.R. § 1150.33[h] and 49 C.F.R. § 1150.43[h]).

There is nothing anticompetitive about the interchange commitment in the *PGR-UP* case. There was one rail carrier on the line (UP) before the interchange commitment. There continues to be one rail carrier on the line (PGR) after the interchange commitment.

Moreover, UP provided options for PGR in regard to interchange. PGR freely chose the interchange option that would best enable it to make substantial investments, resulting in material improvements of the infrastructure of the rail line involved in the *PGR-UP* case.

PGR has completed those improvements. As a result, shippers and receivers on the rail line and both PGR and UP have materially benefitted from the interchange commitment involved in the *PGR-UP* case in the form of much more efficient rail service.

In summary, the interchange commitment in the *PGR-UP* case is very much in the overall public interest. As a Class III rail carrier whose interests the Board’s regulations on interchange commitments are designed to protect, PGR sees no need whatsoever for broadened informational requirements in regard to interchange commitments.

PGR continues to endorse the Initial Comments filed by ASLRRA and UP.

CONCLUSION AND REQUESTED RELIEF

WHEREFORE, The Board should take the foregoing Reply Comments into account in its decision in this matter.

Respectfully submitted,

PROGRESSIVE RAIL, INCORPORATED
21778 Highview Avenue
Lakeville, MN 55044

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CERTIFICATE OF SERVICE

I hereby certify that on January 17, 2013, a copy of the foregoing Reply Comments was served on all known parties of record by first-class, U.S. mail, postage prepaid.

Thomas F. McFarland

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