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22/036

November 21, 2008



VIA HAND DELIVERY

The Honorable Anne K. Quinlan
Acting Secretary
Surface Transportation Board
395 E Street, SW
Washington, DC 20423

Re **STB Docket NOR 42111. *Oklahoma Gas & Electric Company v Union Pacific Railroad Company***

Dear Ms. Quinlan:

Enclosed for filing in the above-captioned docket please find the original and ten (10) copies of the Joint Stipulation and Report on the Parties' Conference Pursuant to 49 C.F.R. § 1111.10(b). The filing contains a joint stipulation, as well as a proposed procedural schedule and a proposed protective order that the parties request the Board to adopt.

Three compact disks with the text of the proposed protective order in MSWord format are also included. An extra paper copy is included for date-stamping and return to the undersigned.

Please feel free to contact me if you have any questions.

ENTERED
Office of Proceedings

NOV 21 2008

Part of
Public Record

Sincerely,

Handwritten signature of Thomas W. Wilcox in cursive.

Thomas W. Wilcox

Enclosure

cc Michael L. Rosenthal, Esq. (counsel for Defendant)
Patrick D. Shore, Esq.
Allen F. Gould

**BEFORE THE
SURFACE TRANSPORTATION BOARD**



OKLAHOMA GAS & ELECTRIC COMPANY)
)
Complainant,)
)
v)
)
UNION PACIFIC RAILROAD COMPANY)
)
Defendant)

Docket NOR 42111

**JOINT STIPULATION AND
REPORT ON THE PARTIES' CONFERENCE
PURSUANT TO 49 C.F.R. § 1111.10(b)**

Complainant Oklahoma Gas & Electric Company ("OG&E") and Defendant Union Pacific Railroad Company ("UP") have conducted a conference as required by 49 C F R § 1111 10(b) to discuss discovery and procedural matters. In addition, the parties have agreed on certain stipulated matters to govern the proceedings in this docket. The parties' agreement and a summary of the discussions are set forth below.

I. JOINT STIPULATION

1 For purposes of this case only and for no other purpose, UP waives its right to claim that a stand-alone cost ("SAC") analysis would justify rates greater than 180 percent of the variable costs of providing the subject transportation service as calculated pursuant to the Board's procedures ("Variable Costs"), and stipulates that the maximum reasonable rates for the subject transportation service are 180 percent of Variable Costs. UP also waives its right to contest whether there is qualitative evidence of effective competition from other carriers or

modes of transportation for the transportation to which the rates apply because UP could not prevail on that issue under the standards currently being applied by the Board

2 OG&E believes that the Revenue-to-Variable Cost ratios produced by the challenged rates exceed the Board's jurisdictional threshold of 180 percent OG&E also believes that the results of a proper SAC analysis would produce SAC rates for the issue movements lower than the Board's jurisdictional threshold Accordingly, OG&E joins in UP's stipulation as set forth in paragraph 1

3 The parties also stipulate that the proper time period for the traffic and operating characteristics used to initially calculate Variable Costs in this case is November 1, 2007 to October 31, 2008

4 The parties further stipulate that the only issues for the Board to decide in this case are whether the challenged rates exceed the Board's jurisdictional threshold of 180 percent and, if so, what is the maximum reasonable rate

II. REPORT ON PARTIES' CONFERENCE

The parties also met by conference call on November 14, 2008 and discussed procedural and discovery matters as required by 49 C F R § 1111.10(b) The results of the conference are set forth below

1 The parties have agreed upon a Protective Order to facilitate discovery by protecting confidential materials and information in the event that such materials are produced and/or included in evidentiary filings in this case The proposed Protective Order attached as Exhibit A is virtually identical to that adopted by the Board in recent stand-alone cost rate cases ¹

¹ See, e.g., *Seminole Electric Cooperative, Inc v CSX Transportation, Inc*, Docket 42110 (served October 22, 2008) The proposed Protective Order differs from other recently adopted orders by allowing in-house counsel for each party to retain a copy of pleadings containing the

The parties respectfully request that the Board enter the attached Protective Order for use in this case

2 In light of their Joint Stipulation to limit this case to issues involving jurisdictional costing and their efforts to accommodate the scheduling constraints of counsel, the parties request that the Board adopt the following procedural schedule for this case

<u>Due Date</u>	<u>Event</u>
December 1, 2008 ²	UP's Answer to Complaint
December 5, 2008	UP production of UP variable cost data covering the time period November 1, 2007 to October 31, 2008
December 19, 2008	OG&E production of OG&E variable cost data, if necessary
January 9, 2009	Joint submission of operating characteristics
January 16, 2009	Staff-supervised technical conference, if necessary
January 23, 2009	Simultaneous Filing of Opening Evidence
February 13, 2009	Simultaneous Filing of Reply Evidence

III. CONCLUSION

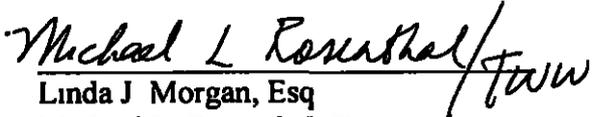
Given the parties' agreement on the Protective Order and procedural schedule, the parties respectfully request that the Board issue an appropriate order at its earliest convenience

other party's confidential and highly confidential information because such information will be limited to the data used to calculate variable costs

² The due date for UP's Answer was mutually extended beyond the 20 day period in 49 C F R § 1111.8 because of the intervening Thanksgiving Day holiday

Each party reserves the right to (i) request that the Board change the due dates referenced above, (ii) request that the Board order briefs to be filed after the completion of the evidentiary record, and (iii) oppose any requests referenced in (i) and (ii) above

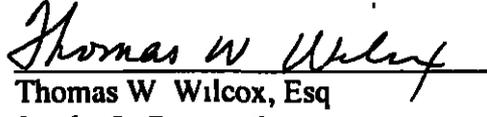
Respectfully submitted,



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November 21, 2008

EXHIBIT A

PROTECTIVE ORDER

STB Docket No 42111

- 1 Any party producing information, data, documents, or other material (hereinafter collectively referred to as "material") in discovery to another party to this proceeding, or submitting material in pleadings, that the party in good faith believes reflects proprietary or confidential information, may designate and stamp such material as "CONFIDENTIAL," and such material must be treated as confidential. Such material, any copies, and any data or notes derived therefrom
 - (a) Shall be used solely for the purpose of this proceeding and any judicial review proceeding arising herefrom, and not for any other business, commercial, or competitive purpose
 - (b) May be disclosed only to employees, counsel, or agents of the party requesting such material who have a need to know, handle, or review the material for purposes of this proceeding and any judicial review proceeding arising herefrom, and only where such employee, counsel, or agent has been given and has read a copy of this Protective Order, agrees to be bound by its terms, and executes the attached Undertaking for Confidential Material prior to receiving access to such materials
 - (c) Must be destroyed by the requesting party, its employees, counsel, and agents, at the completion of this proceeding and any judicial review proceeding arising herefrom. However, counsel and consultants for a party are permitted to retain file copies of all pleadings filed with the Board
 - (d) If contained in any pleading filed with the Board shall, in order to be kept confidential, be filed only in pleadings submitted in a package clearly marked on the outside "Confidential Materials Subject to Protective Order." See 49 CFR 1104.14

- 2 Any party producing material in discovery to another party to this proceeding, or submitting material in pleadings, may in good faith designate and stamp particular material, such as material containing shipper-specific rate or cost data or other competitively sensitive information, as "HIGHLY CONFIDENTIAL." If any party wishes to challenge such designation, the party may bring such matter to the attention of

the Board. Material that is so designated may be disclosed only to outside counsel or outside consultants of the party requesting such materials who have a need to know, handle, or review the materials for purposes of this proceeding and any judicial review proceeding arising herefrom, provided that such outside counsel or outside consultants have been given and have read a copy of this Protective Order, agree to be bound by its terms, and execute the attached Undertaking for Highly Confidential Material prior to receiving access to such materials. Material designated as "HIGHLY CONFIDENTIAL" and produced in discovery under this provision shall be subject to all of the other provisions of this Protective Order, including without limitation paragraph 1.

3. In the event that a party produces material which should have been designated as "CONFIDENTIAL" or "HIGHLY CONFIDENTIAL" and inadvertently fails to designate the material as "CONFIDENTIAL" or "HIGHLY CONFIDENTIAL," the producing party may notify the other party in writing within 5 days of discovery of its inadvertent failure to make the confidentiality designation. The party who received the material without the confidentiality designation will return the non-designated portion (including any and all copies) or destroy it, as directed by the producing party, or take such other steps as the parties agree to in writing. The producing party will promptly furnish the receiving party with properly designated material.
4. In the event that a party inadvertently produces material that is protected by the attorney-client privilege, work product doctrine, or any other privilege, the producing party may make a written request within a reasonable time after the producing party discovers the inadvertent disclosure that the other party return the inadvertently produced privileged document. The party who received the inadvertently produced document will either return the document to the producing party or destroy the document immediately upon receipt of the written request, as directed by the producing party. By returning or destroying the document, the receiving party is not conceding that the document is privileged and is not waiving its right to later challenge the substantive privilege claim, provided that it may not challenge the privilege claim by arguing that the inadvertent production waived the privilege.
5. If any party intends to use "CONFIDENTIAL" and/or "HIGHLY CONFIDENTIAL" material at hearings in this proceeding, or in any judicial review proceeding arising herefrom, the party so intending shall submit any proposed exhibits or other documents setting forth or revealing such "CONFIDENTIAL" and/or "HIGHLY CONFIDENTIAL" material to the Board, or the court, as appropriate, with a written request that the Board or the court (a) restrict attendance at the hearings during discussion of such "CONFIDENTIAL" and/or "HIGHLY CONFIDENTIAL" material; and (b) restrict access to the portion of the record or briefs reflecting discussion of such "CONFIDENTIAL" and/or "HIGHLY CONFIDENTIAL" material in accordance with the terms of this Protective Order.

6 If any party intends to use "CONFIDENTIAL" and/or "HIGHLY CONFIDENTIAL" material in the course of any deposition in this proceeding, the party so intending shall so advise counsel for the party producing the materials, counsel for the deponent, and all other counsel attending the deposition, and all portions of the deposition at which any such "CONFIDENTIAL" and/or "HIGHLY CONFIDENTIAL" material is used shall be restricted to persons who may review the material under this Protective Order. All portions of deposition transcripts and/or exhibits that consist of or disclose "CONFIDENTIAL" and/or "HIGHLY CONFIDENTIAL" material shall be kept under seal and treated as "CONFIDENTIAL" and/or "HIGHLY CONFIDENTIAL" material in accordance with the terms of this Protective Order.

7 Each party is ordered to produce to the other party rail transportation contracts or other documents or information which, because of confidentiality provisions, cannot be produced without a Board order directing their production to the extent that (1) the other party has requested that the contracts be produced in discovery, and (2) the parties agree that the requested contracts would be properly discoverable in this proceeding but for the confidentiality provision(s). Such documents shall be required to be produced only after the other party(ies) to a contract (or other document subject to a confidentiality provision) who are entitled to prior notice have been provided written notice and a reasonable opportunity to object to that production and obtain a ruling from the Board on that objection. Any documents or contracts produced pursuant to this Section 7 shall be treated as "HIGHLY CONFIDENTIAL" and shall otherwise be subject to the terms of this Protective Order. To the extent that material reflecting the terms of contracts, shipper-specific traffic data, other traffic data, or other proprietary information is produced by a party in this or any related proceedings and is held and used by the receiving person in compliance with this Protective Order, such production, disclosure, and use of the material and of the data that the material contains will be deemed essential for the disposition of this and any related proceedings and will not be deemed a violation of 49 U.S.C. 11904.

8 Except for this proceeding, the parties agree that if a party is required by law or order of a governmental or judicial body to release "CONFIDENTIAL" or "HIGHLY CONFIDENTIAL" material produced by the other party or copies or notes thereof as to which it obtained access pursuant to this Protective Order, the party so required shall notify the producing party in writing within 3 working days of the determination that the "CONFIDENTIAL" material, "HIGHLY CONFIDENTIAL" material, or copies or notes are to be released, or within 3 working days prior to such release, whichever is soonest, to permit the producing party the opportunity to contest the release.

- 9 Information that is publicly available or obtained outside of this proceeding from a person with a right to disclose it shall not be subject to this Protective Order even if the same information is produced and designated as "CONFIDENTIAL" or "HIGHLY CONFIDENTIAL" in this proceeding

- 10 Each party has a right to view its own data, information and documentation (i.e., information originally generated or compiled by or for that party), even if that data, information and documentation has been designated as "HIGHLY CONFIDENTIAL" by a producing party, without securing prior permission from the producing party. If a party (the "filing party") files and serves upon the other party (the "reviewing party") a pleading or evidence containing the filing party's "HIGHLY CONFIDENTIAL" material, the filing party shall also prepare and serve contemporaneously upon the reviewing party a "CONFIDENTIAL" version of the pleading or evidence from which the filing party's "HIGHLY CONFIDENTIAL" material has been redacted. The "CONFIDENTIAL" version may be provided in hardcopy or electronic format at the option of the filing party, and may be disclosed to those personnel employed by the reviewing party who have read a copy of this Protective Order and executed the attached Undertaking for Confidential Material ("In-house Personnel").

- 11 Any party filing with the Board a "CONFIDENTIAL" or "HIGHLY CONFIDENTIAL" pleading in this proceeding should simultaneously file a public version of the pleading

UNDERTAKING
CONFIDENTIAL MATERIAL

I, _____, have read the Protective Order served on _____ [date], governing the production of confidential documents in STB Docket No 42111, understand the same, and agree to be bound by its terms. I agree not to use or permit the use of any data or information obtained under this Undertaking, or to use or permit the use of any techniques disclosed or information learned as a result of receiving such data or information, for any purposes other than the preparation and presentation of evidence and argument in STB Docket No 42111 or any judicial review proceeding arising herefrom. I further agree not to disclose any data or information obtained under this Protective Order to any person who has not executed an Undertaking in the form hereof. At the conclusion of this proceeding and any judicial review proceeding arising herefrom, I will promptly destroy any copies of such designated documents obtained or made by me or by any outside counsel or outside consultants working with me, provided, however, that outside counsel may retain file copies of pleadings filed with the Board.

I understand and agree that money damages would not be a sufficient remedy for breach of this Undertaking and that parties producing confidential documents shall be entitled to specific performance and injunctive or other equitable relief as a remedy for any such breach, and I further agree to waive any requirement for the securing or posting of any bond in connection with such remedy. Such remedy shall not be deemed to be the exclusive remedy for breach of this Undertaking but shall be in addition to all remedies available at law or equity.

Dated _____

UNDERTAKING
HIGHLY CONFIDENTIAL MATERIAL

As outside [counsel] [consultant] for _____, for which I am acting in this proceeding, I have read the Protective Order served on _____ [date], governing the production of confidential documents in STB Docket No 42111, understand the same, and agree to be bound by its terms. I further agree not to disclose any data, information or material designated "HIGHLY CONFIDENTIAL" to any person or entity who (1) is not eligible for access to "HIGHLY CONFIDENTIAL" material under the terms of the Protective Order, or (11) has not executed a "HIGHLY CONFIDENTIAL" undertaking in the form hereof. I also understand and agree, as a condition precedent to my receiving, reviewing, or using copies of any documents designated "HIGHLY CONFIDENTIAL," that I will limit my use of those documents and the information they contain to this proceeding and any judicial review proceeding arising herefrom, that I will take all necessary steps to assure that said documents and information will be kept on a confidential basis by any outside counsel or outside consultants working with me, that under no circumstances will I permit access to said documents or information by personnel of my client, its subsidiaries, affiliates, or owners, and that at the conclusion of this proceeding and any judicial review proceeding arising herefrom, I will promptly destroy any copies of such designated documents obtained or made by me or by any outside counsel or outside consultants working with me, provided, however, that outside counsel may retain file copies of pleadings filed with the Board. I further understand that I must destroy all notes or other documents containing such highly confidential information in compliance with the terms of the Protective Order. Under no circumstances will I permit access to documents designated "HIGHLY CONFIDENTIAL" by, or disclose any information contained therein to, any persons or entities for which I am not acting in this proceeding.

I understand and agree that money damages would not be a sufficient remedy for breach of this Undertaking and that parties producing confidential documents shall be entitled to specific performance and injunctive or other equitable relief as a remedy for any such breach, and I further agree to waive any requirement for the securing or posting of any bond in connection with such remedy. Such remedy shall not be deemed to be the exclusive remedy for breach of this Undertaking but shall be in addition to all remedies available at law or equity.

OUTSIDE [COUNSEL] [CONSULTANT]

Dated _____