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October 31, 2008

VIA E-FILING

The Honorable Anne K. Quinlan
Acting Secretary
Surface Transportation Board
395 E Street, SW
Washington, D C. 20423-0001

Re: STB Docket No. 42105. Dairyland Power
Cooperative v. Union Pacific Railroad Company

Dear Ms. Quinlan:

Enclosed for filing in the above-referenced proceeding, please find
the Joint Report on the Status of the Parties' Settlement Negotiations of Dairyland Power
Cooperative and Union Pacific Railroad Company.

Sincerely,

John H. LeScur

Enclosures
cc: UP Counsel

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

DAIRYLAND POWER COOPERATIVE)

Complainant,)

v.)

UNION PACIFIC RAILROAD COMPANY)

Defendant.)

Docket No. 42105

**JOINT REPORT ON THE STATUS OF THE PARTIES'
SETTLEMENT NEGOTIATIONS**

Pursuant to the Board's Order served in this proceeding on October 2, 2008, Complainant Dairyland Power Cooperative ("Dairyland") and Defendant Union Pacific Railroad Company jointly report that the parties' development of final settlement terms is advancing but not yet completed. The parties request that the Board continue to hold this matter in abeyance pending the final resolution of their settlement discussions. The parties will advise the Board by December 1, 2008 of the status of these discussions, assuming Dairyland has not filed a motion to dismiss prior to that date.

Respectfully submitted,

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Dated October 31, 2008

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