



August 12, 2010

Via Electronic Filing

**PUBLIC VERSION – CONFIDENTIAL AND  
HIGHLY CONFIDENTIAL INFORMATION  
HAS BEEN REDACTED**

Ms. Cynthia Brown  
Chief, Section of Administration  
Office of Proceedings  
Surface Transportation Board  
395 E Street, SW  
Washington, DC 20423-0001

Re: *Petition of Arkansas Electric Cooperative Corporation for a Declaratory Order,*  
STB Finance Docket 35305

Dear Ms. Brown:

Western Coal Traffic League (“WCTL”) has written the Board that “it is interested in participating in Board-supervised negotiations, should any negotiations be initiated.” Union Pacific remains committed to discussing coal dust issues and solutions with its customers and coal producers, but we believe the WCTL willingness to participate in group negotiations would not advance resolution of the issues in this proceeding for the following reasons.

First, negotiations with a group of shippers instead of individual customers presents antitrust risks that the WCTL letter does not attempt to address, let alone resolve. Not only are Union Pacific and BNSF competitors for coal originated on the Joint Line, but WCTL members also compete with each other in the sale and purchase of electricity on the grid. Union Pacific has directed WCTL’s attention to the antitrust risks in such negotiations before, which makes the failure to address this concern inexplicable. (See Reply of Union Pacific to WCTL Petition to Intervene filed October 27, 2009 attached for convenient reference).

**Louise Anne Rinn**  
Associate General Counsel

**UNION PACIFIC RAILROAD**  
1400 Douglas St., Stop 1580, Omaha, NE 68179-1580  
ph. (402) 544-3309 fx. (402) 501-0129  
larinn@up.com

Second, Union Pacific has stated repeatedly its willingness to negotiate directly with its customers – in its customer communications, on the record in this proceeding, and in September 2009 reply to WCTL. We have gone beyond statements. {

Accordingly, the members of WCTL can pursue negotiations individually with Union Pacific. }

Finally, Union Pacific believes that leaving stakeholders in PRB coal transportation free to negotiate with one another will foster the development and implementation of optimal solutions to fugitive coal dust emissions.

Sincerely,



Louise Anne Rinn

cc: Chairman Daniel R. Elliott III  
Vice Chairman Francis P. Mulvey  
Commissioner Charles D. Nottingham  
Parties of Record

225.941  
Shook,  
Hardy &  
Bacon L.L.P.

www.shb.com

October 27, 2009

Joe Rebein

Ms. Anne K. Quinlan  
Acting Secretary  
Surface Transportation Board  
395 E Street, N.W.  
Washington, D.C. 20423

2555 Grand Blvd.  
Kansas City  
Missouri 64108-2613  
816.474.6550  
816.559.2227 DD  
816.421.5547 Fax  
jrebein@shb.com

Re: STB Finance Docket No. 35305

Dear Ms. Quinlan:

Enclosed for filing on behalf of Union Pacific Railroad Company in the above-captioned matter is the Reply of Union Pacific Railroad Company to Western Coal Traffic League's Request for Leave to Intervene.

Sincerely,



Joe Rebein

JR:mkw  
Enclosure

Geneva  
Houston  
Kansas City  
London  
Miami  
Orange County  
San Francisco  
Tampa  
Washington, D.C.

**BEFORE THE  
SURFACE TRANSPORTATION BOARD**

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**FINANCE DOCKET NO. 35305**

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**REPLY OF UNION PACIFIC RAILROAD COMPANY TO WESTERN COAL  
TRAFFIC LEAGUE'S REQUEST FOR LEAVE TO INTERVENE**

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**J. Michael Hemmer  
Louise Anne Rinn  
Union Pacific Railroad Company  
1400 Douglas, STOP 1580  
Omaha, Nebraska 68179  
Telephone: 402.544.3309**

**Joe Rebein  
Laurie A Novion  
Corey Schaecher  
SHOOK, HARDY & BACON L.L.P.  
2555 Grand Blvd.  
Kansas City, Missouri 64108-2613  
Telephone: 816.474.6550**

**Dated: October 27, 2009**

**Attorneys for Union Pacific Railroad  
Company**

**BEFORE THE  
SURFACE TRANSPORTATION BOARD**

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**FINANCE DOCKET NO. 35305**

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**REPLY OF UNION PACIFIC RAILROAD COMPANY TO WESTERN COAL  
TRAFFIC LEAGUE'S REQUEST FOR LEAVE TO INTERVENE**

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Union Pacific Railroad Company ("Union Pacific") requests leave to reply to address the gratuitous and misleading statement made by Western Coal Traffic League ("WCTL") in its request for leave to intervene.

WCTL asserts that Union Pacific has declined to start a dialogue with WCTL about coal dust issues. WCTL Request for Leave to Intervene at 3. In support of this contention, WCTL attached the letter it had sent to both Union Pacific and BNSF Railway Company ("BNSF") on August 17, 2009. But, WCTL did not include Union Pacific's response to that letter on September 8, 2009, a copy of which is attached as Exhibit A.

By failing to give the Board the rest of the story, WCTL failed to disclose that Union Pacific rejected an invitation to engage in collective discussions and that Union Pacific affirmed its commitment to communicate with customers in one-on-one discussions. Union Pacific's reply letter points out that WCTL invited Union Pacific to join a collective effort to "allocate costs and benefits" with Union Pacific's competitor and customers of both railroads and "urged BNSF and UP not to pursue unilateral actions." Such a proposal poses antitrust risk not only to Union Pacific but to WCTL.

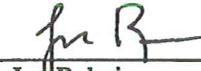
members. Union Pacific's letter then described our past and continuing efforts to communicate directly with our customers about coal dust mitigation and alternatives. Union Pacific remains committed to discussing these important issues with our customers, but in a manner that is consistent with antitrust laws.

WCTL's closing statement in its Request for Leave to Intervene that Union Pacific declined WCTL's invitation to start a dialogue concerning coal dust, without providing the context of Union Pacific's actual response, is improper, impertinent and attempts to prejudice the Board against Union Pacific before a proceeding has been instituted. Finally, the statement also bears no relationship to the Board's criteria for intervention. This reply, including our response to WCTL's letter, provides the rest of story to the Board.

Dated: October 27, 2009

Respectfully submitted,

By:



Joe Rebein  
Laurie A Novion  
Corey Schaecher

J. Michael Hemmer  
Louise Anne Rinn  
Union Pacific Railroad Company  
1400 Douglas, STOP 1580  
Omaha, Nebraska 68179  
Telephone: 402.544.3309

SHOOK, HARDY & BACON L.L.P.  
2555 Grand Blvd.  
Kansas City, Missouri 64108-2613  
Telephone: 816.474.6550

Attorneys for Union Pacific Railroad  
Company

**CERTIFICATE OF SERVICE**

I hereby certify that on this 27 day of October, 2009, I caused a copy of the foregoing document to be served by first class mail, postage prepaid, on the following:

*Counsel of Record for Arkansas Electric Cooperative Corporation:*

Alex Menendez  
MCLEOD WATKINSON & MILLER  
One Massachusetts Avenue NW, Suite 800  
Washington, DC 20001

*Counsel of Record for BNSF Railway Company:*

Samuel M. Sipe, Jr.  
STEPTOE & JOHNSON LLP  
1330 Connecticut Avenue NW  
Washington, DC 20036-1795

*Counsel for Western Coal Traffic League:*

John H. LeSeur  
Slover & Loftus LLP  
1224 Seventeenth Street, N.W.  
Washington, DC 20036-3003

  
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Attorney for Union Pacific Railroad  
Company

# EXHIBIT A

September 8, 2009



Barry Williams  
President, Western Coal Traffic League  
1224 Seventeenth Street, N.W.  
Washington, D.C. 20036-3003

Coal Dust

Dear Mr. Williams:

This letter responds to the Western Coal Traffic League ("WCTL") dated August 17, 2009. Because WCTL's August 17 letter raises serious antitrust concerns and because the WCTL letterhead confirmed that the law firm of Slover & Loftus is the headquarters of your association, I am replying on UP's behalf. I will point out a potential antitrust violation proposed by WCTL, reply to WCTL's suggestion on how UP should respond to data requests from its members, and respond to the opinions expressed in WCTL's letter.

First and most important, WCTL's August 17 letter suggests a course of conduct that many would characterize as a violation of the antitrust laws. When "WCTL urges BNSF and UP not to pursue unilateral actions ...in the absence of a clear consensus between BNSF, UP, and the coal shipping community" on "how to fairly allocate the associated costs and benefits" relating to coal dust mitigation and track maintenance on page 3, WCTL appears to solicit collective action to set prices and terms of coal transportation contracts or tariffs. UP rejects this invitation and we are surprised that WCTL would make such a suggestion. Not only do UP and BNSF compete for WCTL members' business, but your members compete with one another when buying and selling electricity on the grid and when acquiring coal supplies from the SPRB producers. Consequently, participating in the suggested consensus would expose WCTL members to potential antitrust enforcement action.

UP policy is to comply with the antitrust laws. Therefore, while we do and will negotiate individually with customers or potential customers, UP will continue to determine the rates and terms that it offers to, or accepts from, those customers unilaterally.

Louise Anne Rinn  
Associate General Counsel

UNION PACIFIC RAILROAD  
1400 Douglas St., Stop 1580, Omaha, NE 68179-1580  
ph. (402) 544-3309 fx. (402) 501-0129  
larinn@up.com

Second, WCTL also urges UP to provide all coal dust study data, procedures, results including results of on-going activities to measure coal dust emissions. UP has already informed its customers and the SPRB mines of its efforts to provide information on how cars are loaded and emissions through its customer website. We will update them on our progress on a regular basis.

Third, WCTL's August 17 letter is full of opinions and assertions, but provides no facts in support of the positions that WCTL espouses. UP will not reply to those claims, but our silence should not be construed as agreement. Instead, I will note that since 2005 UP has participated in numerous efforts to develop and share data about coal dust with the stakeholders in the SPRB. BNSF and UP, as co-owners of the Joint Line, shared the results and the methodology of their consultant, Simpson Weather Associates at National Coal Transportation Association ("NCTA") meetings. UP also participated with NCTA teams that developed information about the sources of coal emissions and the relative effectiveness of different methods to reduce emissions. We also cooperated in a NCTA-commissioned study by Exponent, an engineering firm, to explore the feasibility and the relative performance of applying surfactants. So while UP has actively supported the collection and dissemination of data regarding coal dust and that data demonstrates that coal dust presents a serious problem and that practicable means to reduce coal dust are available, WCTL has contributed no data to the best of my knowledge.

Please note that UP's cooperation in various efforts to develop and disseminate information about coal dust emissions and alternative mitigation techniques materially differs from WCTL's proposal. Unlike WCTL's suggestion to develop a consensus on allocation of costs and benefits, UP's participation in those other efforts has increased the information available to stakeholders when making their individual decisions, but we have not joined in or ever advocated a collective decision on how to proceed.

In summary, UP is committed to communicating about coal dust and discussing mitigation with its customers whether they belong to WCTL or not. We intend to remain focused on direct dialogue with our customers to inform UP's business decisions. We decline to participate in a WCTL-sponsored effort to develop a consensus among competitors instead of exercising our independent business judgment consistent with the antitrust laws.

Respectfully,

A handwritten signature in cursive script, appearing to read "Louis A. Quinn".

**Cc: Doug Glass**

## CERTIFICATE OF SERVICE

I hereby certify that on this 12th day of August, 2010, I caused a copy of the foregoing to be served on the following Parties of Record by first class mail, postage prepaid:

Mr. Eric Von Salzen  
McLcod, Watkinson & Miller  
One Massachusetts Avenue, NW, Suite 800  
Washington, DC 20001  
[evonsalzen@mwTnlaw.com](mailto:evonsalzen@mwTnlaw.com)  
*Counsel for Arkansas Electric Cooperative Corporation*

Mr. Samuel M. Sipe, Jr.  
Step toe & Johnson LLP  
1330 Connecticut Avenue Nw  
Washington, DC 20036-1795  
[Ssipe@Step toe.Com](mailto:Ssipe@Step toe.Com)  
*Counsel for BNSF Railroad Company*

Ms. Sandra L. Brown  
Thompson Hine LLP  
1920 N Street, NW, Suite 800  
Washington, DC 20036  
[Sandra.Brown@niompsonl ine.com](mailto:Sandra.Brown@niompsonl ine.com)  
*Counsel for Ameren Energy Fuels and Services Company and Texas Municipal Power Agency*

Mr. Kelvin J. Dowd  
Slover & Loftus LLP  
1224 Seventeenth Street, NW  
Washington, DC 20036-3003  
[kjd@sloverandloftus.com](mailto:kjd@sloverandloftus.com)  
*Counsel for Consumers Energy Company*

Mr. John H. LeSeur  
Slover & Loftus LLP  
1224 Seventeenth Street, NW  
Washington, DC 20036-3003  
[jhl@sloverandloftus.com](mailto:jhl@sloverandloftus.com)  
*Counsel for Western Coal Traffic League*

Mr. C. Michael Loftus  
Slover & Loftus LLP  
1224 Seventeenth Street, NW  
Washington, DC 20036-3003  
[cml@sloverandloftus.com](mailto:cml@sloverandloftus.com)  
*Counsel for Concerned Captive Coal Shippers*

Mr. Michael F. McBride  
Van Ness Feldman, PC  
1050 Thomas Jefferson Street, NW  
Suite 700  
Washington, DC 20007-3877  
[mfm@vnf.com](mailto:mfm@vnf.com)  
*Counsel for American Public Power Association, Edison Electric Institute, and Notional Rural Electric Cooperative Association*

Mr. G. Paul Moates  
Sidley Austin LLP  
1501 K Street, K W  
Washington, DC 20005  
[pmoates@sidley.com](mailto:pmoates@sidley.com)  
*Counsel for Norfolk Southern Railway Company*

Mr. Frank J. Pergolizzi  
Slover & Loftus LLP  
1224 Seventeenth Street, NW  
Washington, DC 20036  
[fjp@sloverandloftus.com](mailto:fjp@sloverandloftus.com)  
*Counsel for Entergy Arkansas, Inc., Entergy Gulf States Louisiana, LLC, and Entergy Services, Inc.*

Mr. Paul Samuel Smith  
U.S. Department of Transportation  
1200 New Jersey Avenue, SE  
Room W94-316C-30  
Washington, DC 20590  
[paul.smith@dot.gov](mailto:paul.smith@dot.gov)

Mr. Thomas W. Wilcox  
GKG Law, PC  
Canal Square  
1054 Thirty-First Street, NW, Suite 200  
Washington, DC 20007-4492  
twilcox@gkglaw.com  
*Counsel for National Coal Transportation  
Association and TUCO Inc.*

Mr. Paul R. Hitchcock  
Associate General Counsel  
CSX Transportation, Inc.  
500 Water Street, J-150  
Jacksonville, Florida 32202  
Paul\_Hitchcock@CSX.com

Mr. Charles A. Stedman  
L.E. Peabody & Associates, Inc.  
1501 Duke Street, Suite 200  
Alexandria, Virginia 22314



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Louise Anne Rinn