

STB

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32760

(Sub 21) 7-1-97

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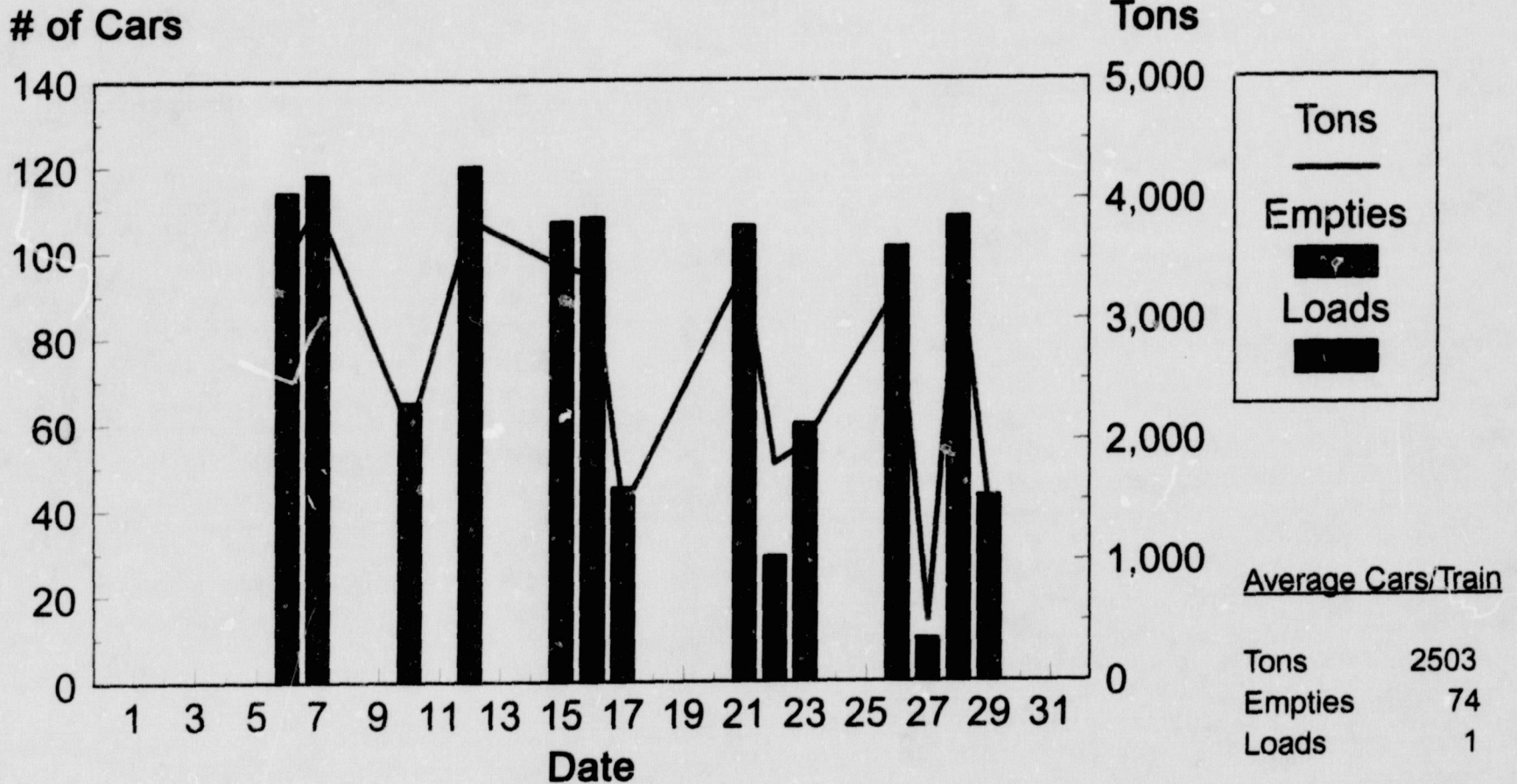
4/5

TRAIN VOLUME REPORTS

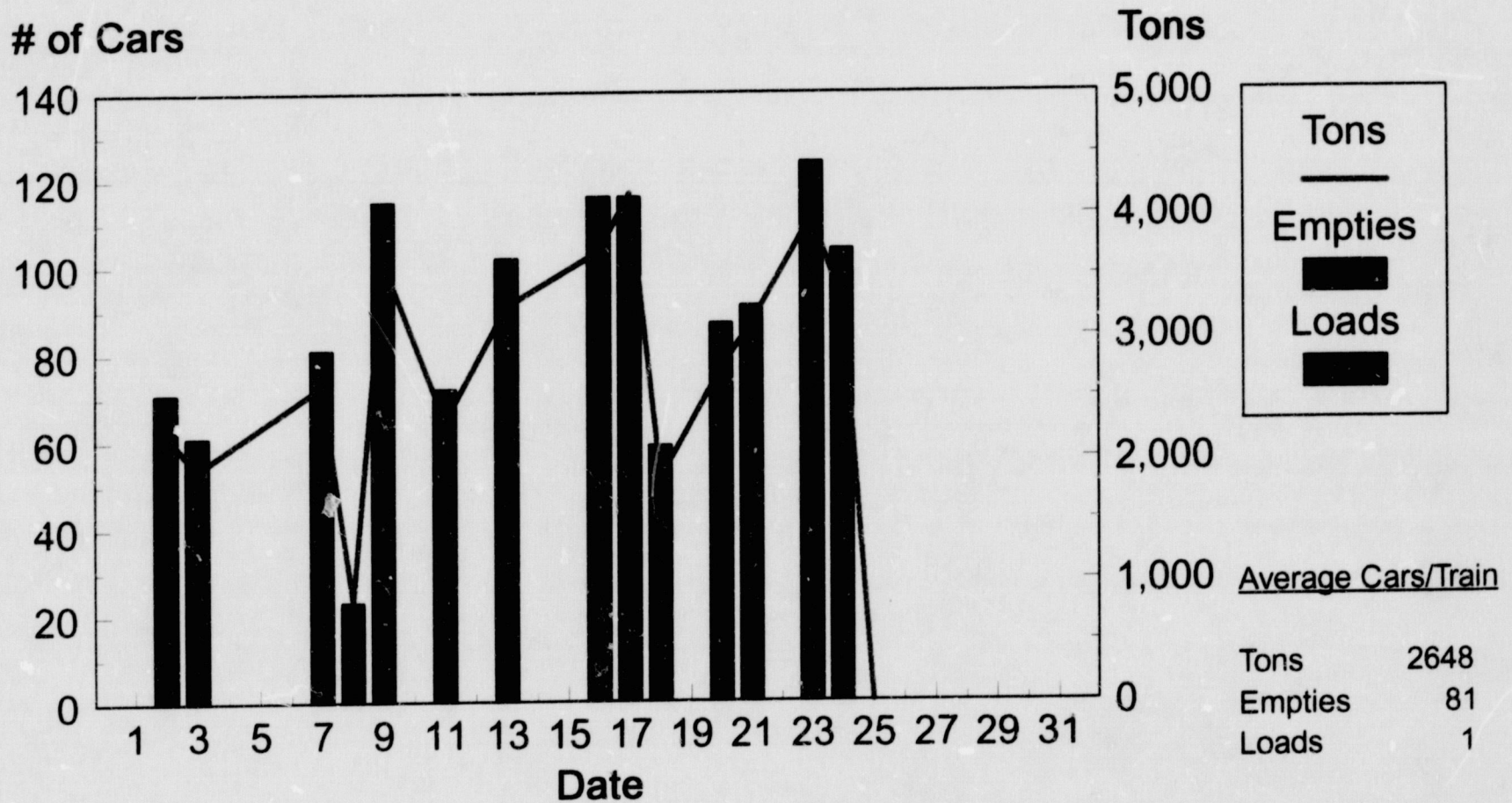
Second Quarter 1997

| <u>Corridor</u> | <u>Lane</u> | <u>Train Symbol</u> |
|-----------------|--|---------------------|
| Gulf South | Temple - Corpus Christi Corpus Christi - Alvin - Temple | M-CPTE M-ANCP |

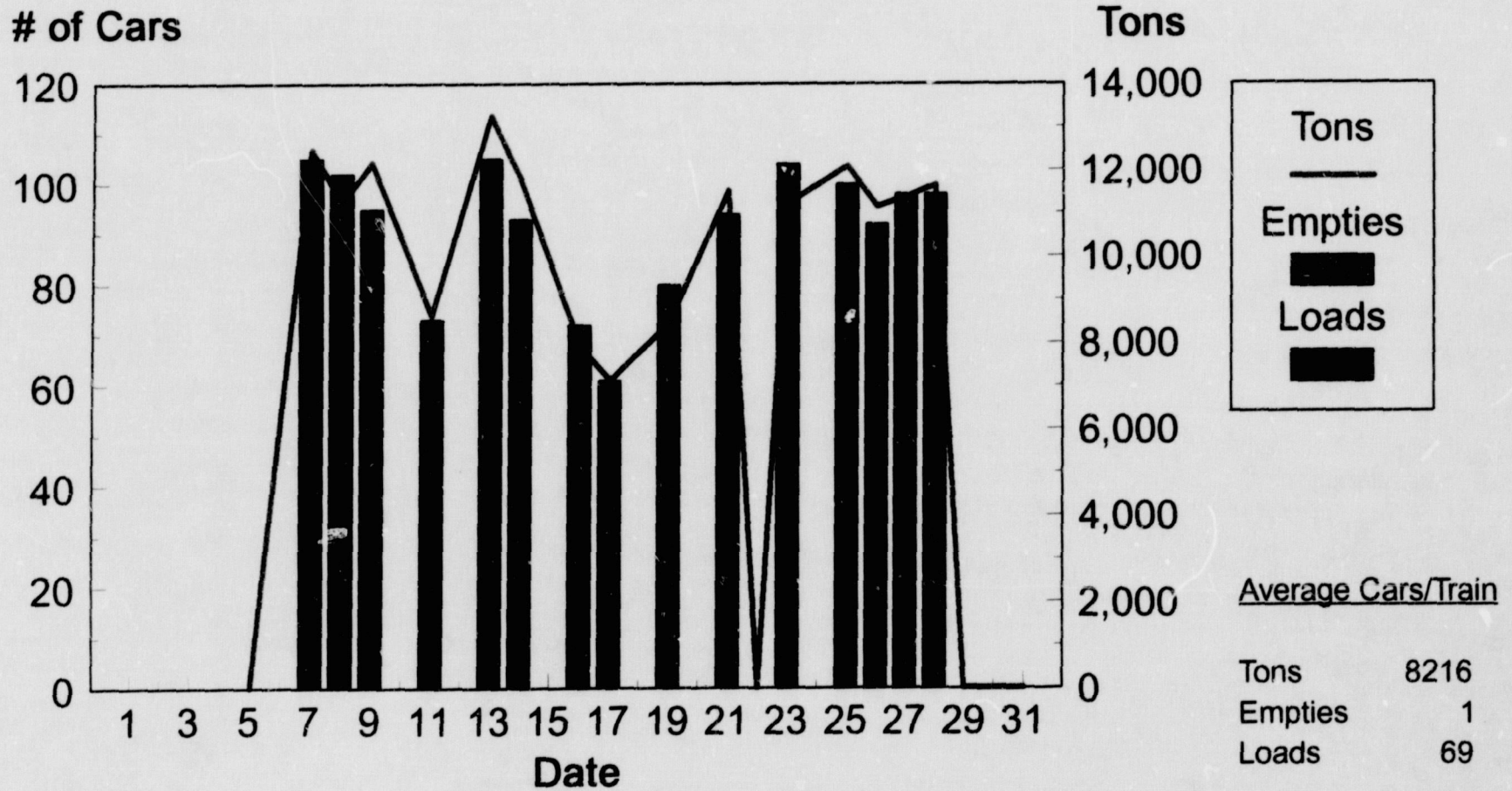
M-CPTE
Arriving Temple, TX
May 1997



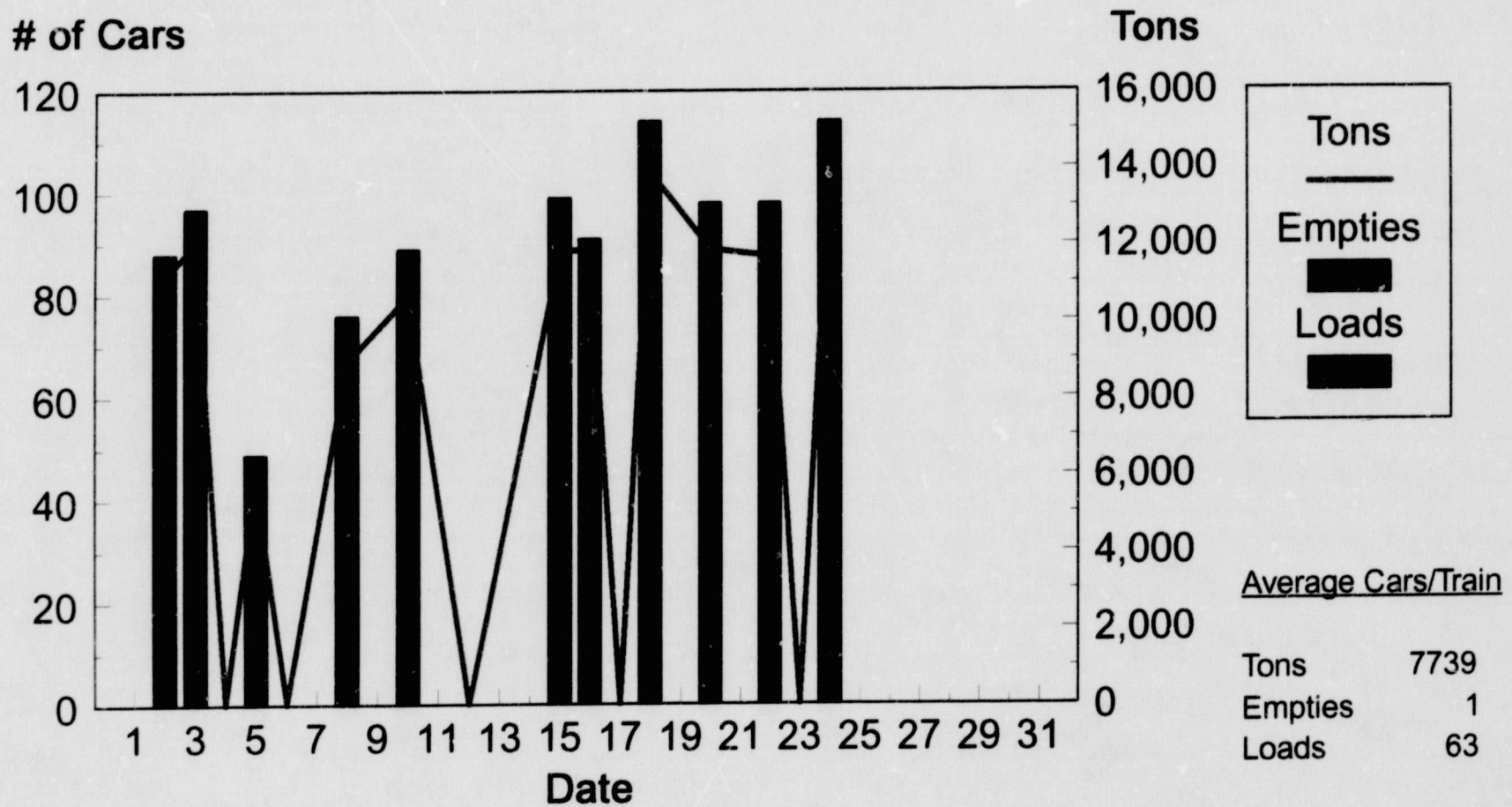
M-CPTE
Arriving Temple, TX
June 1997



M-ANCP
Departing Alvin, TX
May 1997



M-ANCP
Departing Alvin, TX
June 1997



Attachment 17

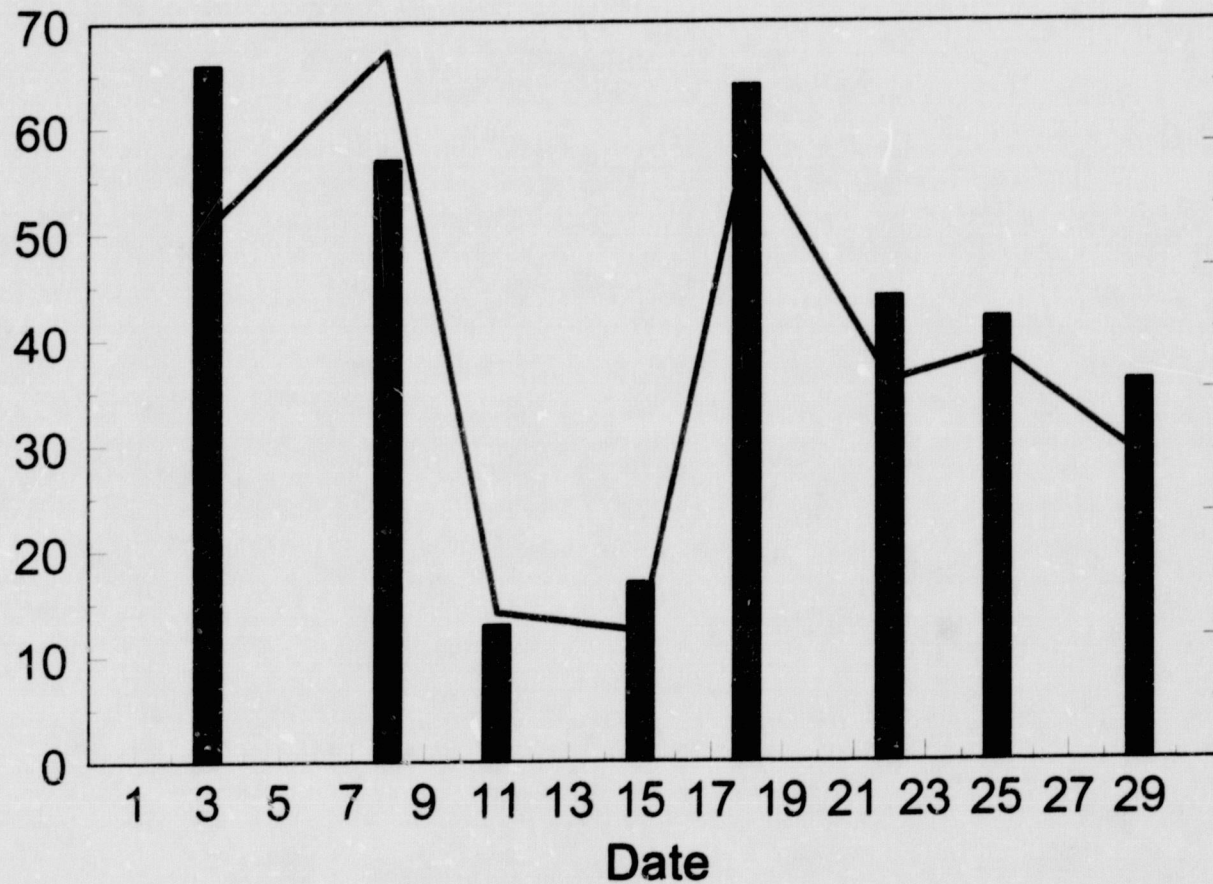
TRAIN VOLUME REPORTS

Second Quarter 1997

| <u>Corridor</u> | <u>Lane</u> | <u>Train Symbol</u> |
|-----------------|---------------------|---------------------|
| Eagle Pass | Temple - Eagle Pass | M-EGTE |
| | Eagle Pass- Temple | M-TEEG |

M-EGTE Arriving Temple April 1997

of Cars



Tons

3,000

2,500

2,000

1,500

1,000

500

0

Tons

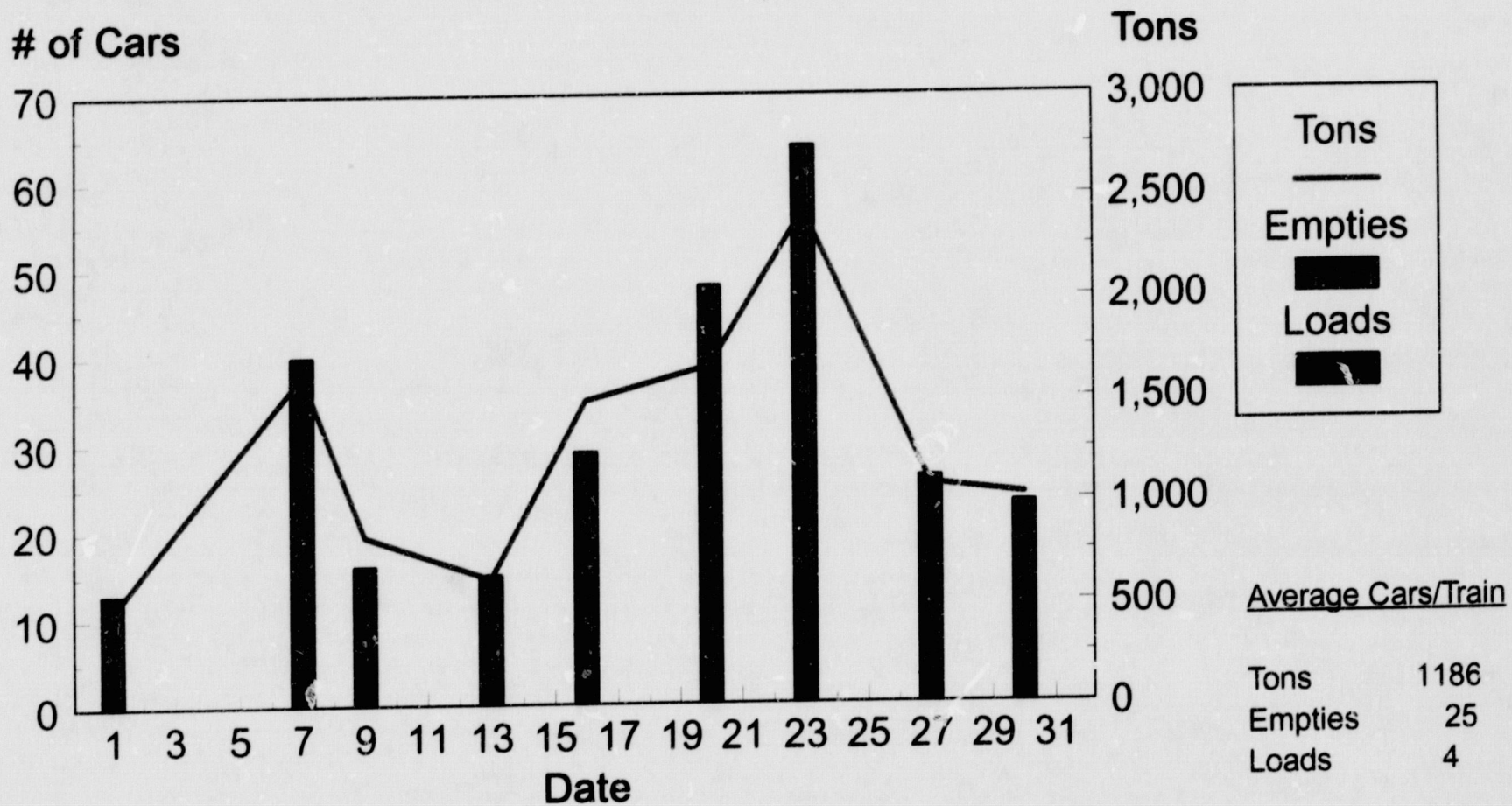
Empties

Loads

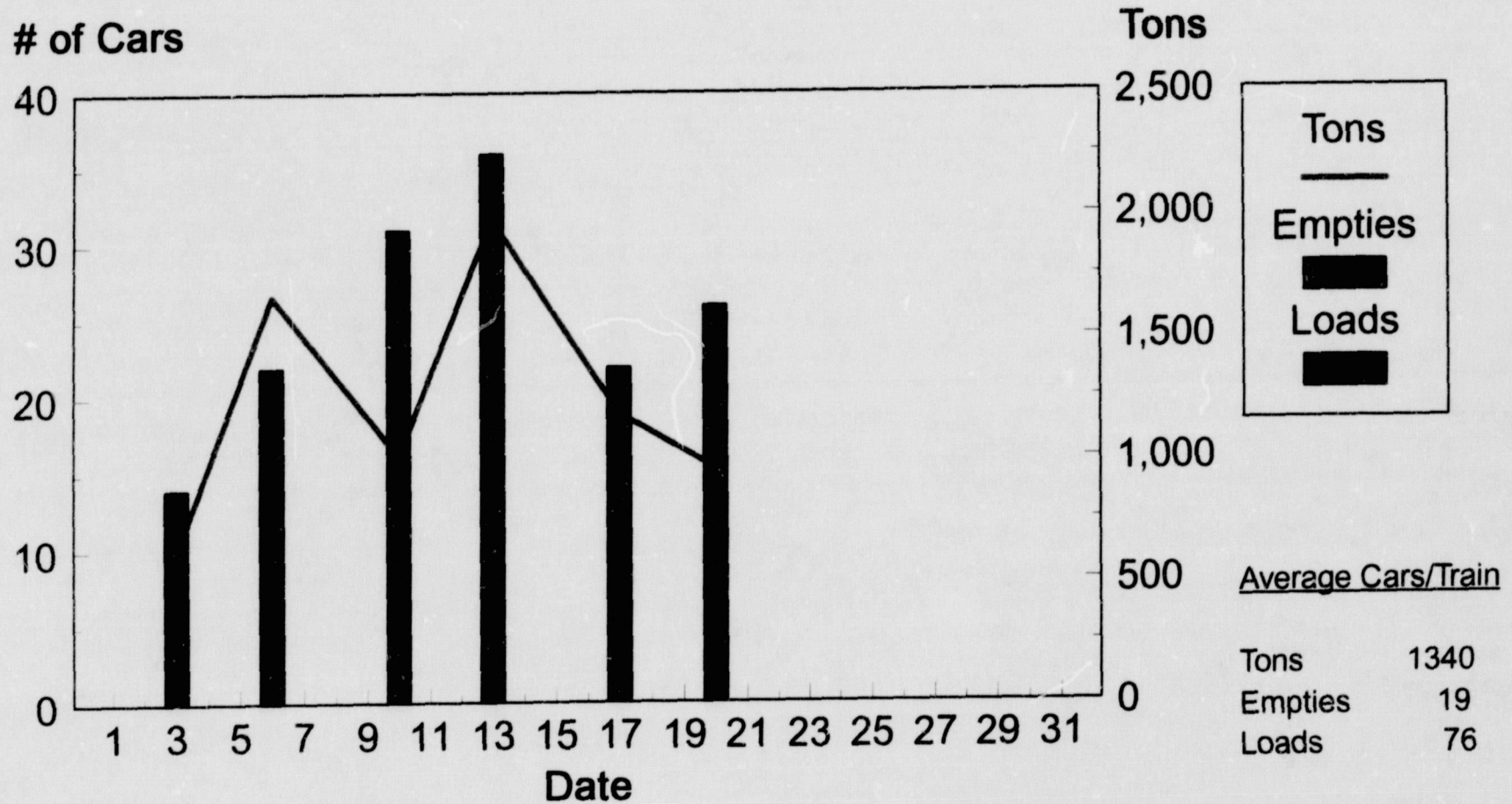
Average Cars/Train

| | |
|---------|------|
| Tons | 1644 |
| Empties | 38 |
| Loads | 4 |

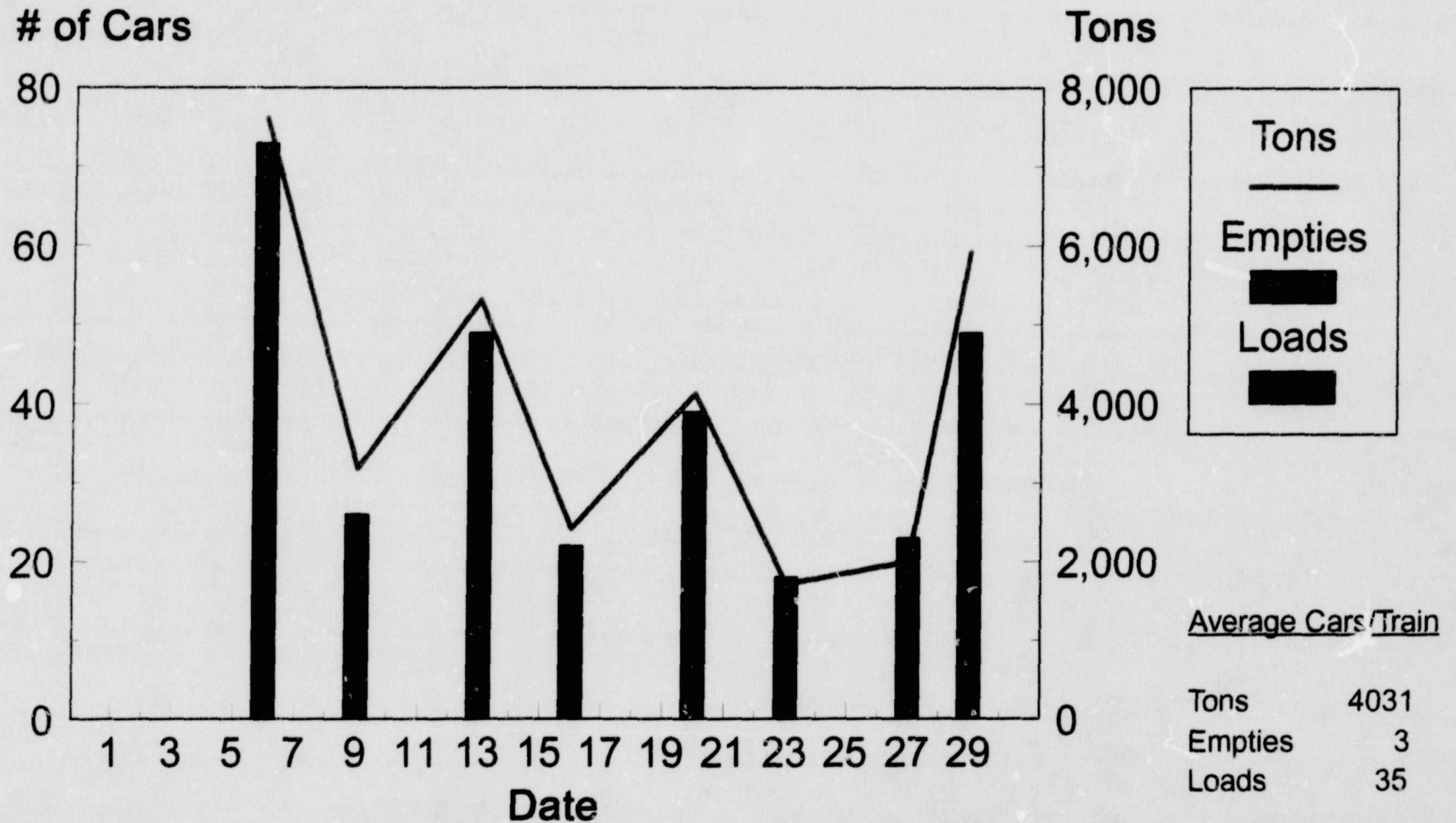
M-EGTE Arriving Temple May 1997



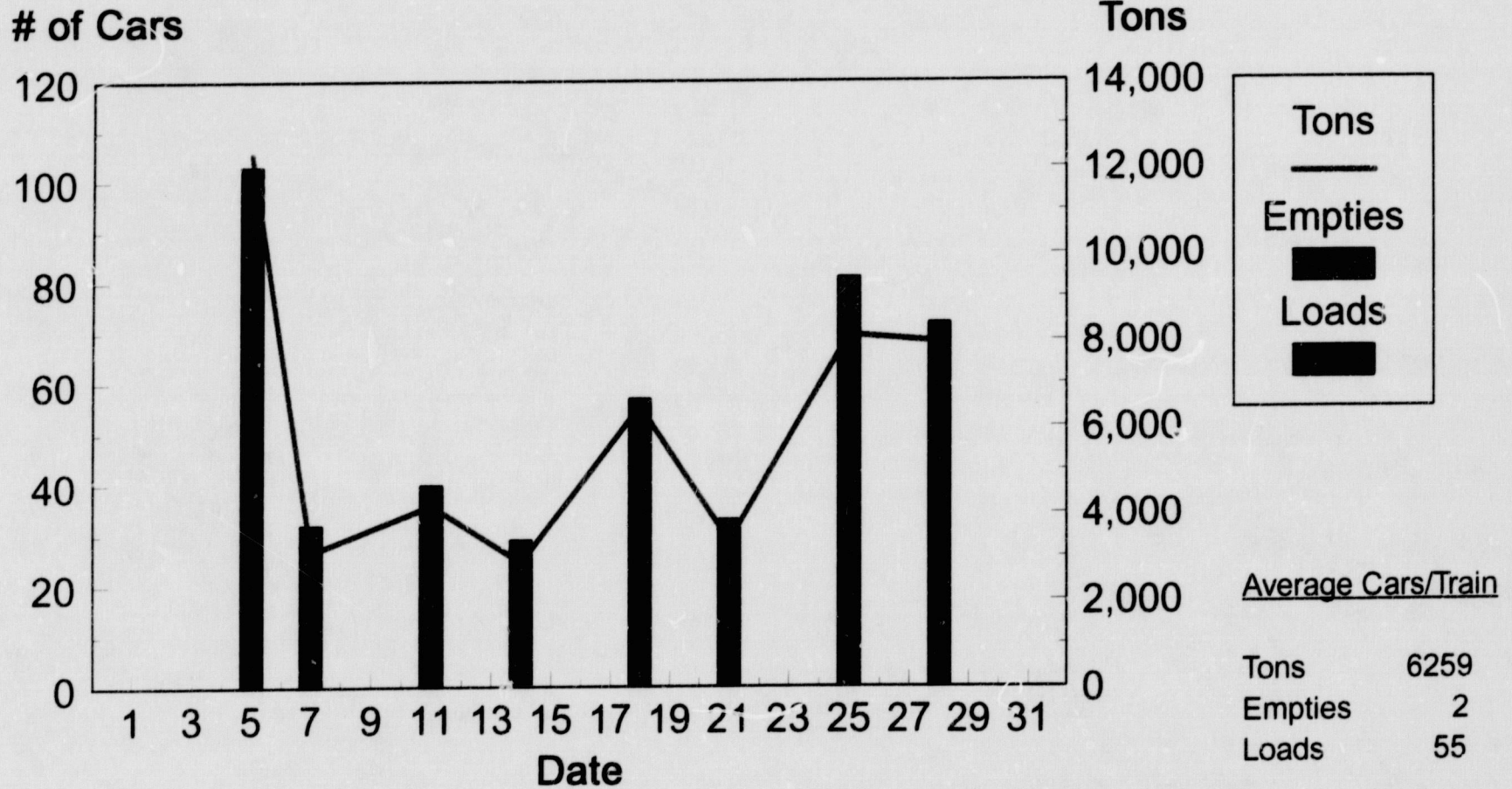
M-EGTE Arriving Temple June 1997



M-TEEG
Departing Temple
April 1997



M-TEEG Departing Temple May 1997



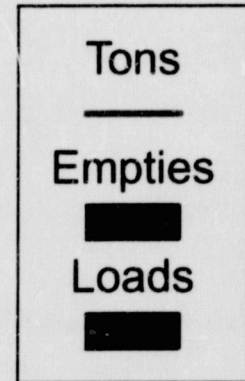
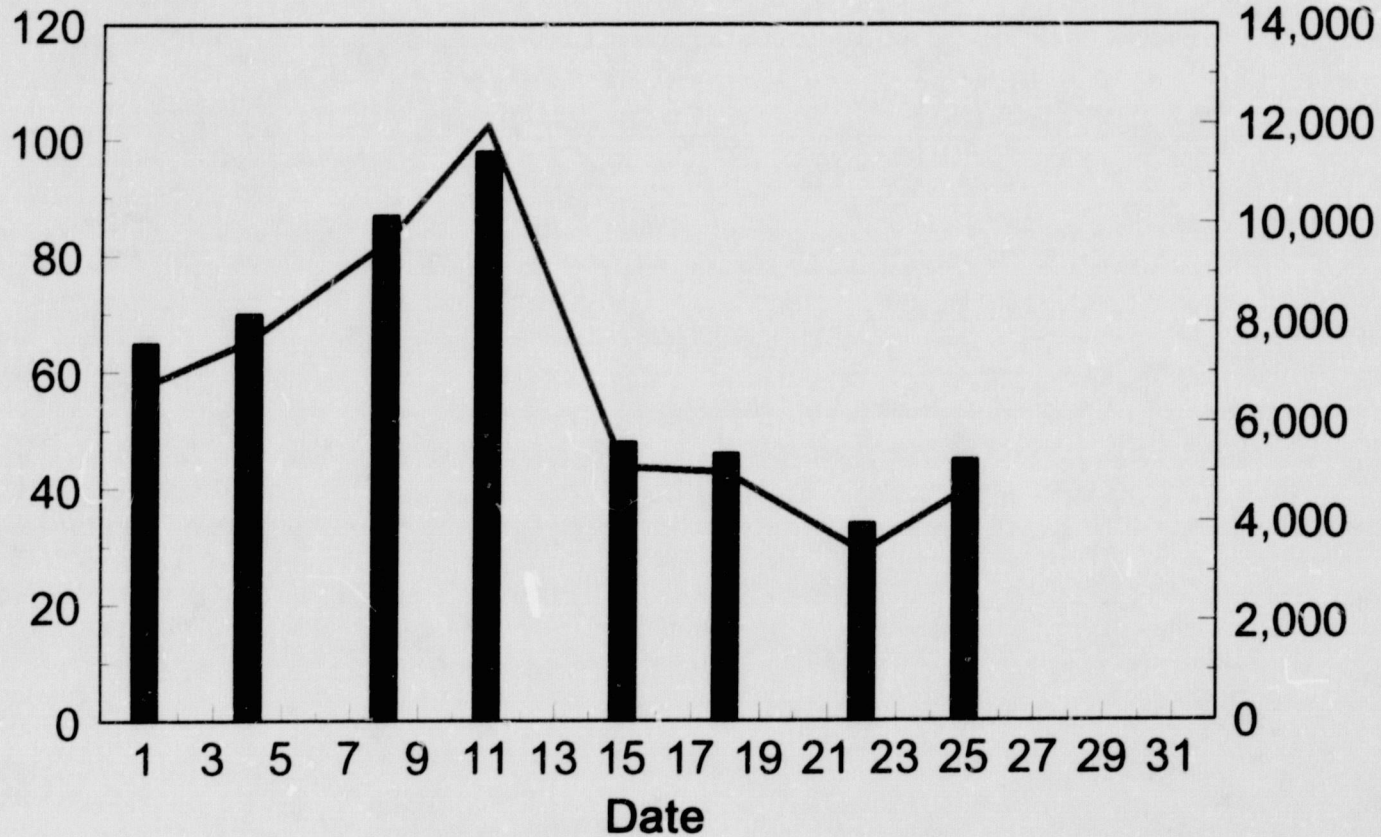
M-TEEG

Departing Temple

June 1997

of Cars

Tons



Average Cars/Train

| | |
|---------|------|
| Tons | 6752 |
| Empties | 1 |
| Loads | 61 |

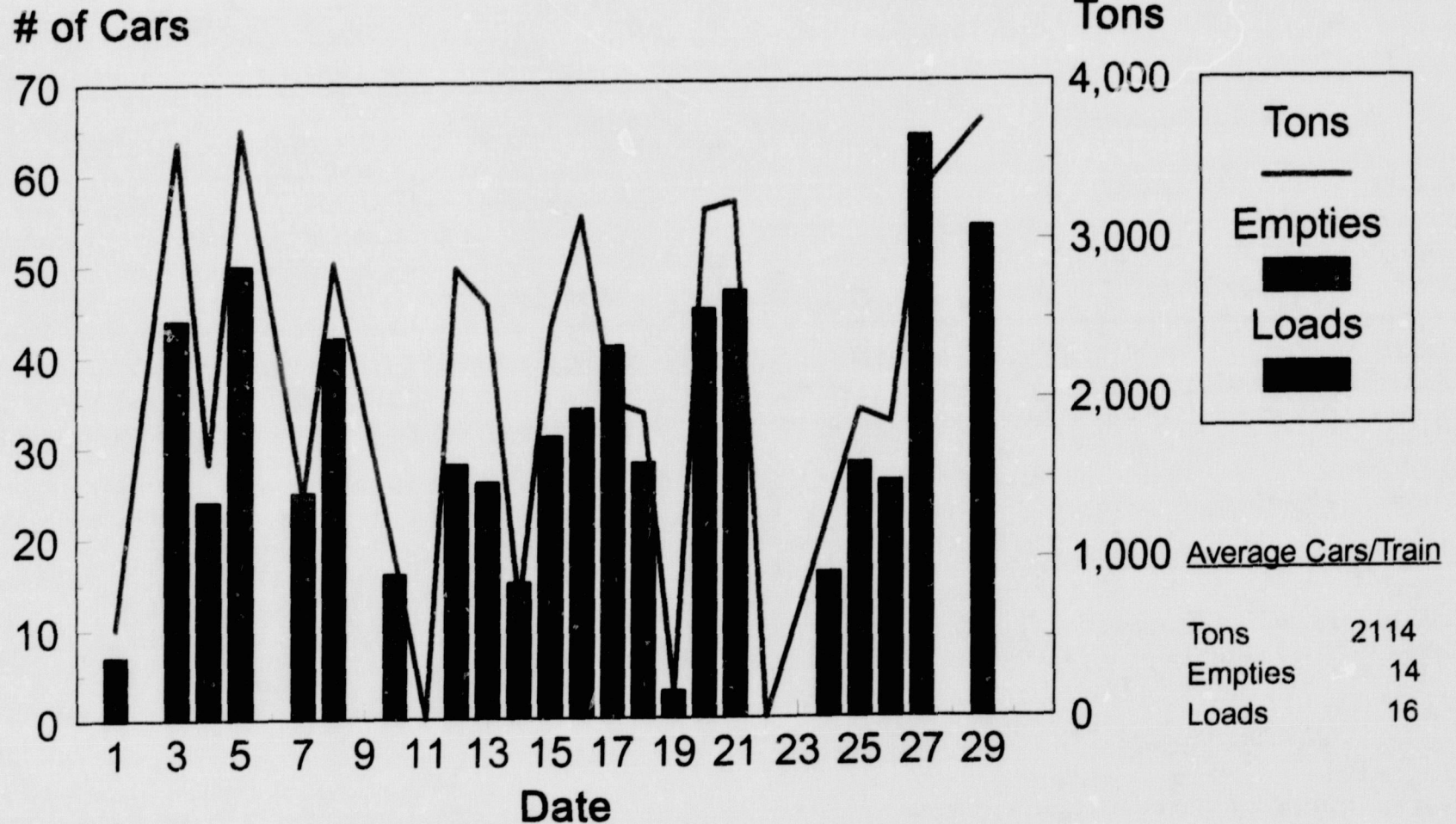
Attachment 18

TRAIN VOLUME REPORTS

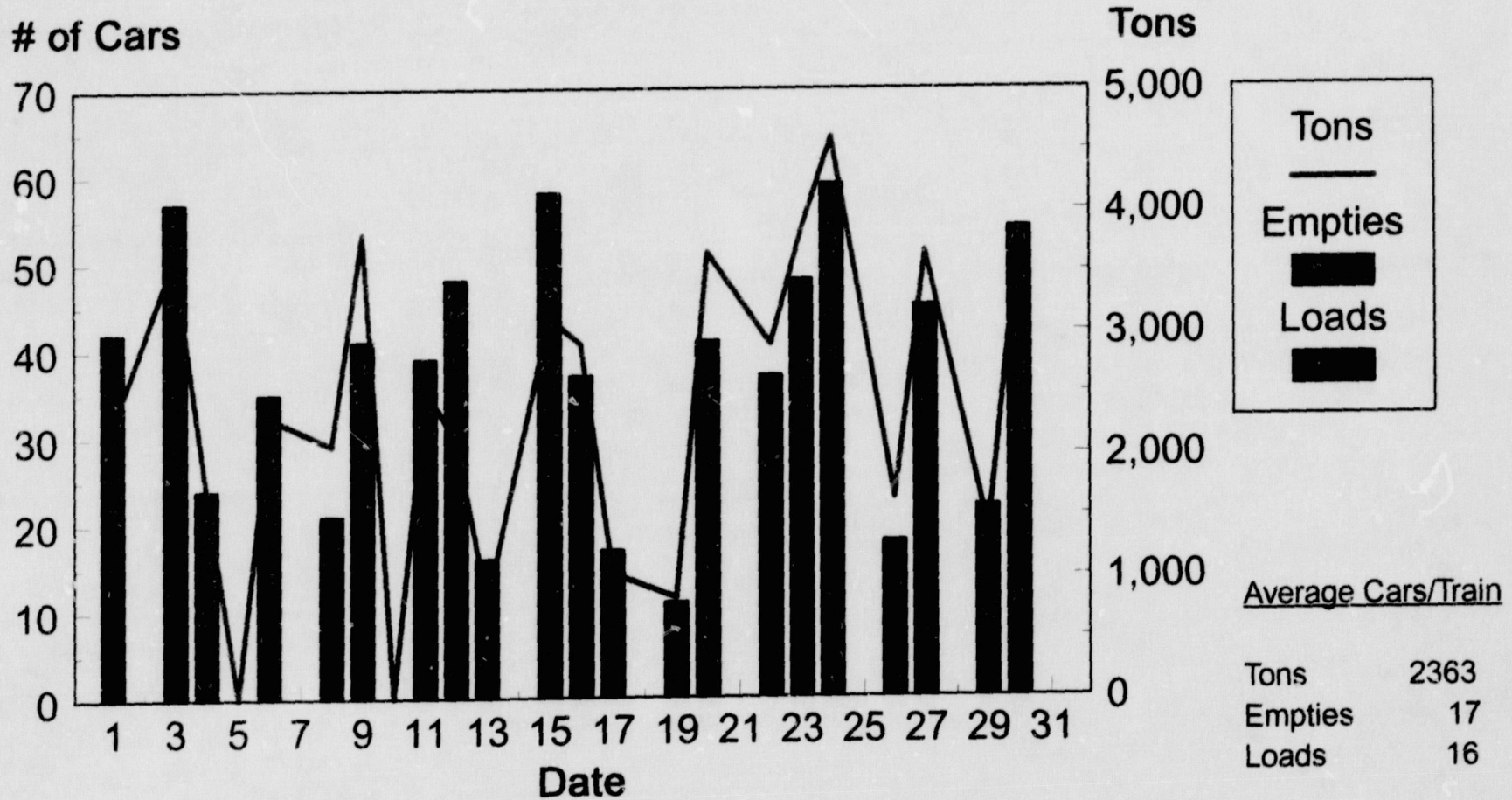
Second Quarter 1997

| <u>Corridor</u> | <u>Lane</u> | <u>Train Symbol</u> |
|-----------------|------------------------------|---------------------|
| Central | Provo-Denver | M-SCDV |
| | Denver-Provo | M-DVSC |
| | Stockton (Riverbank) - Provo | M-RVPV |
| | Provo-Stockton (Riverbank) | M-PVRV |

M-SCDV Arriving Denver April 1997



**M-SCDV
Arriving Denver
May 1997**



M-SCDV Arriving Denver June 1997

of Cars

80

60

40

20

0

1

3

5

7

9

11

13

15

17

19

21

23

25

27

29

31

Date

Tons

5,000

4,000

3,000

2,000

1,000

0

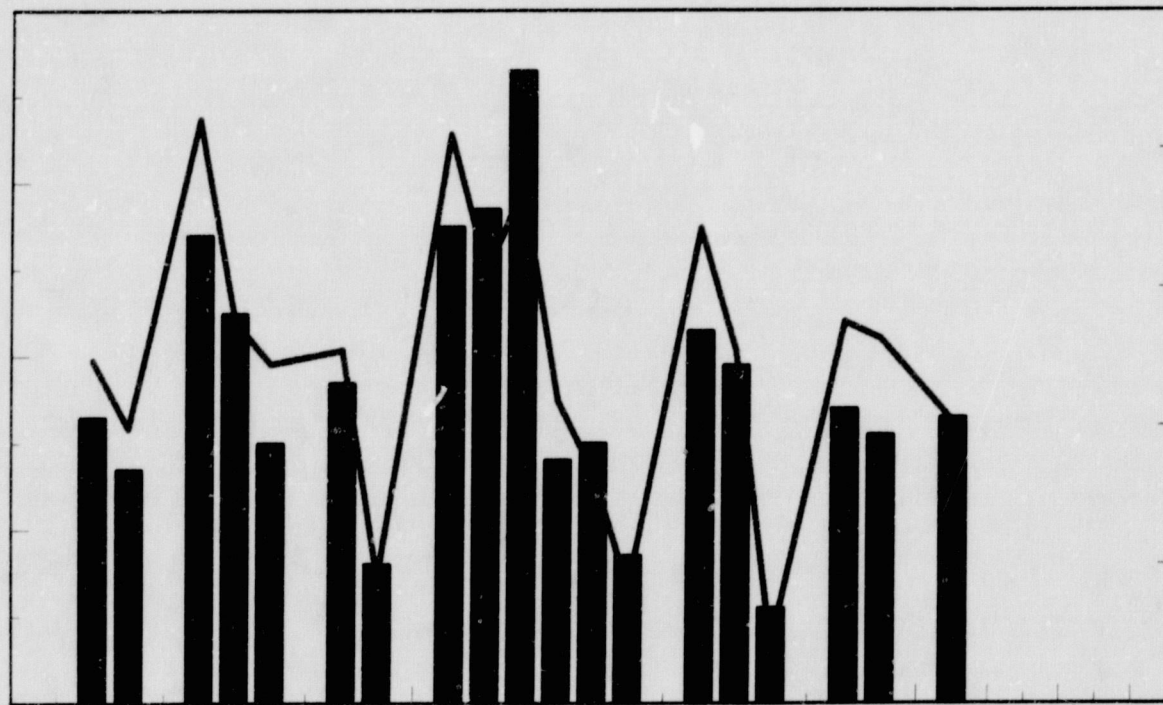
Tons

Empties

Loads

Average Cars/Train

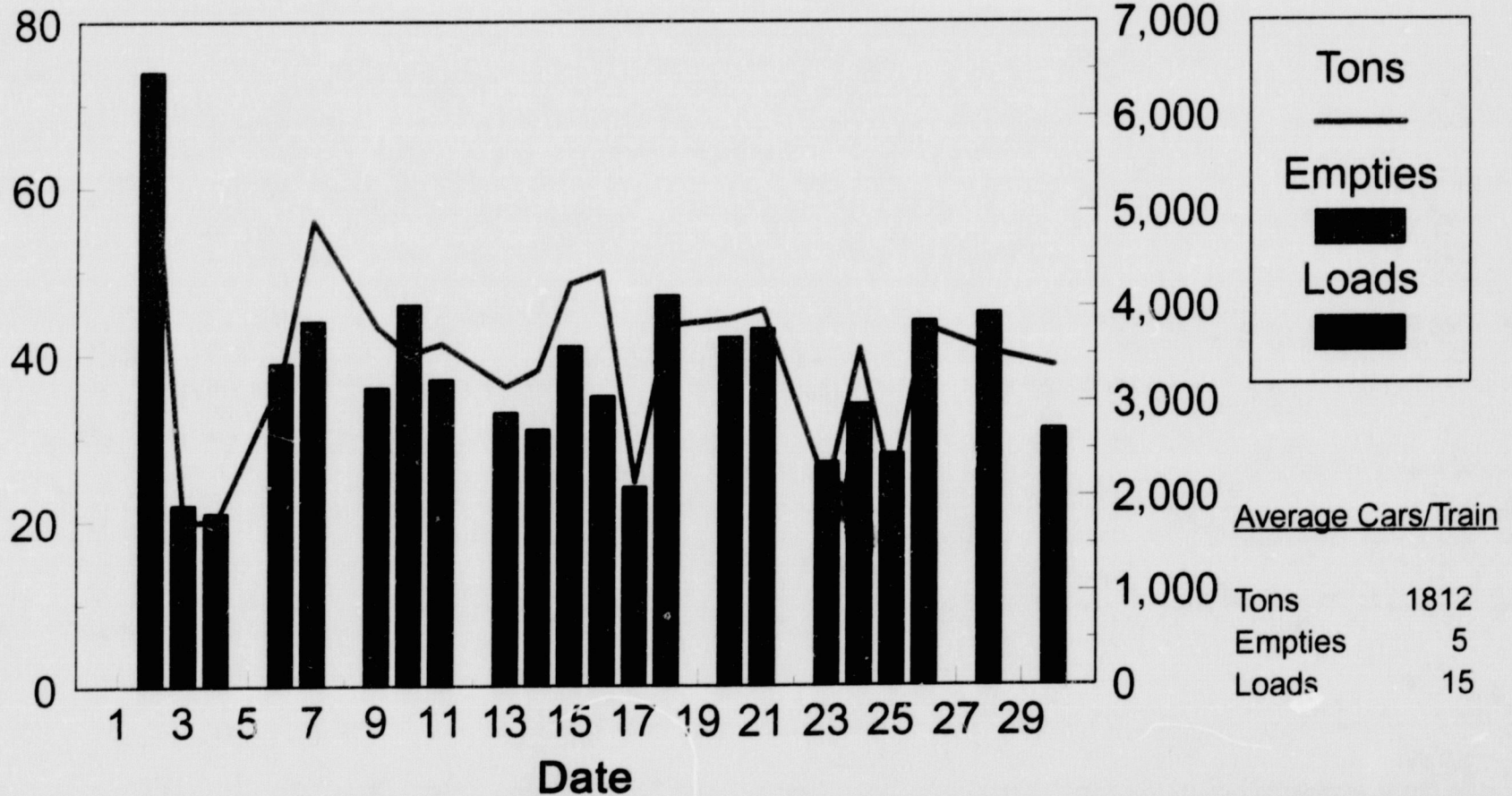
| | |
|---------|------|
| Tons | 2587 |
| Empties | 19 |
| Loads | 18 |



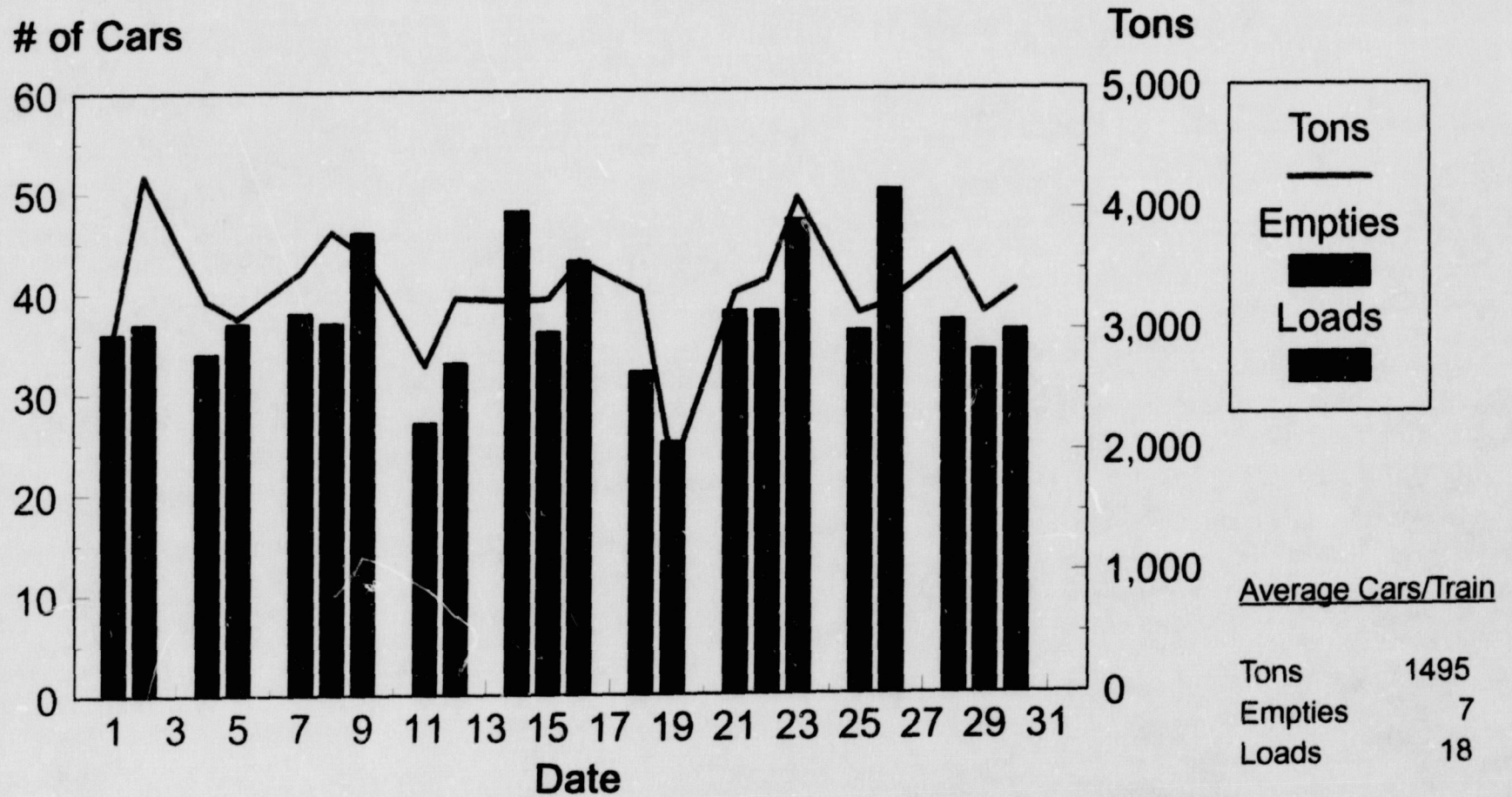
M-DVSC Departing Denver April 1997

of Cars

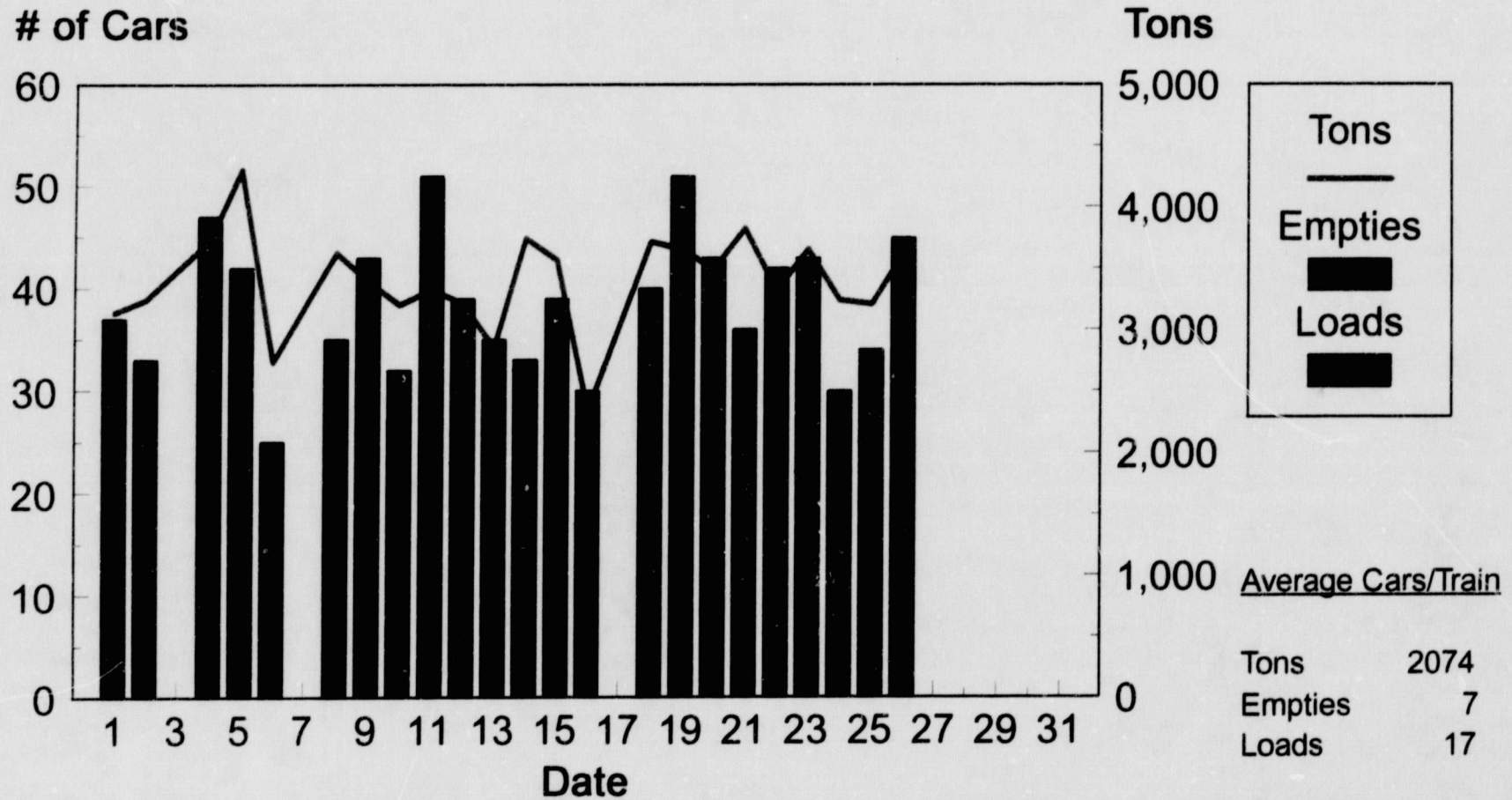
Tons



**M-DVSC
Departing Denver
May 1997**



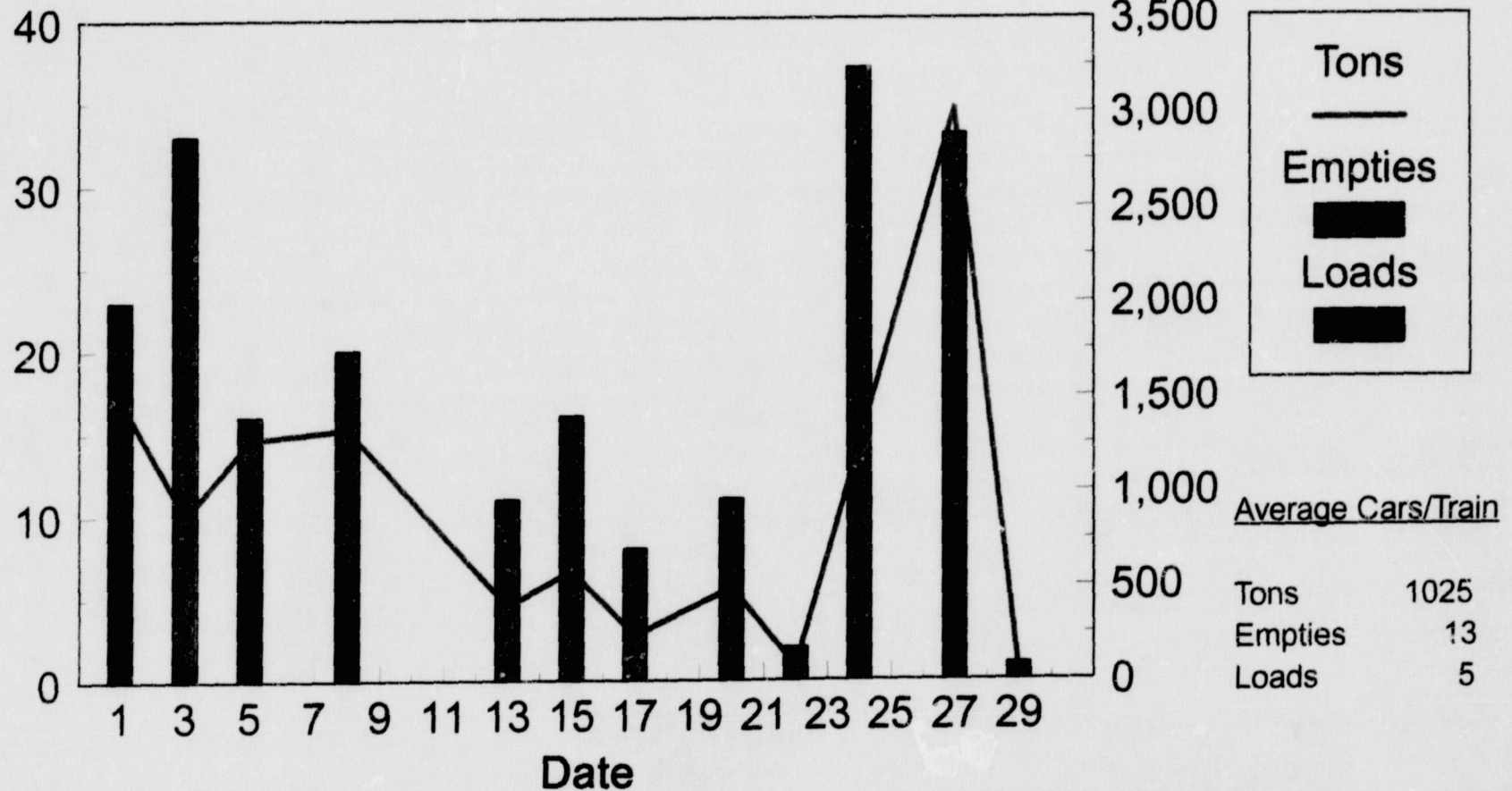
M-DVSC Departing Denver June 1997



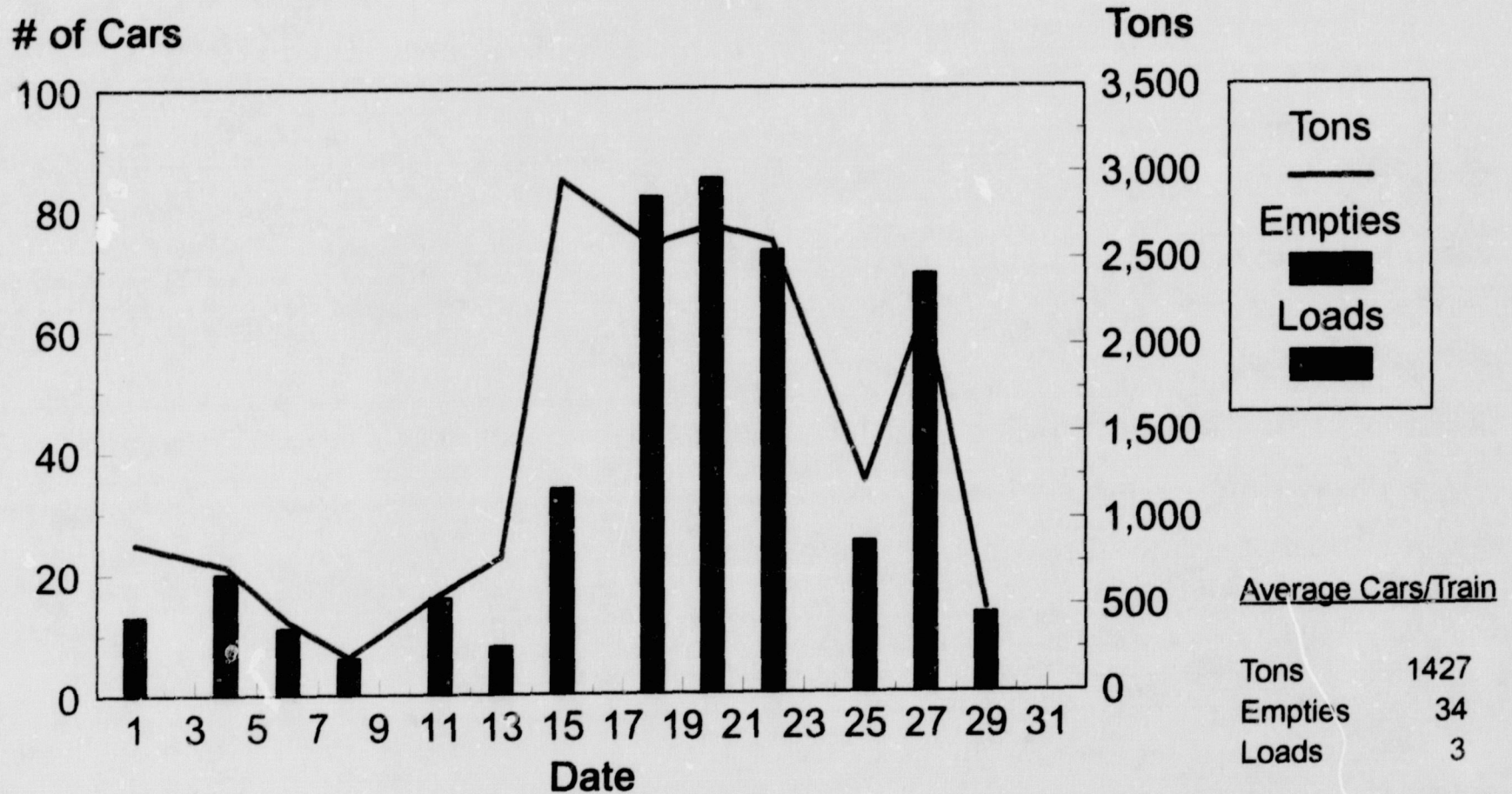
M-RVPV Departing Stockton April 1997

of Cars

Tons



M-RVPV
Departing Stockton
May 1997



**M-RVPV
Departing Stockton
June 1997**

of Cars

100

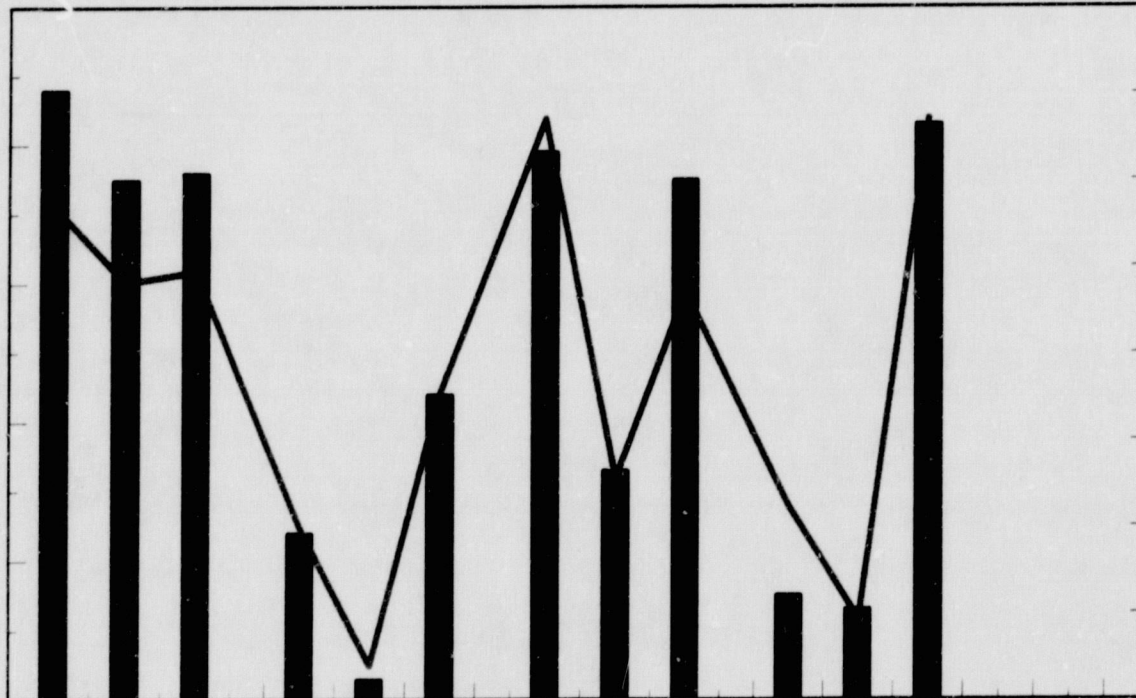
80

60

40

20

0



1

3

5

7

9

11

13

Date

15

17

19

21

23

25

27

29

31

Tons

4,000

3,500

3,000

2,500

2,000

1,500

1,000

500

0

Tons

Empties

Loads

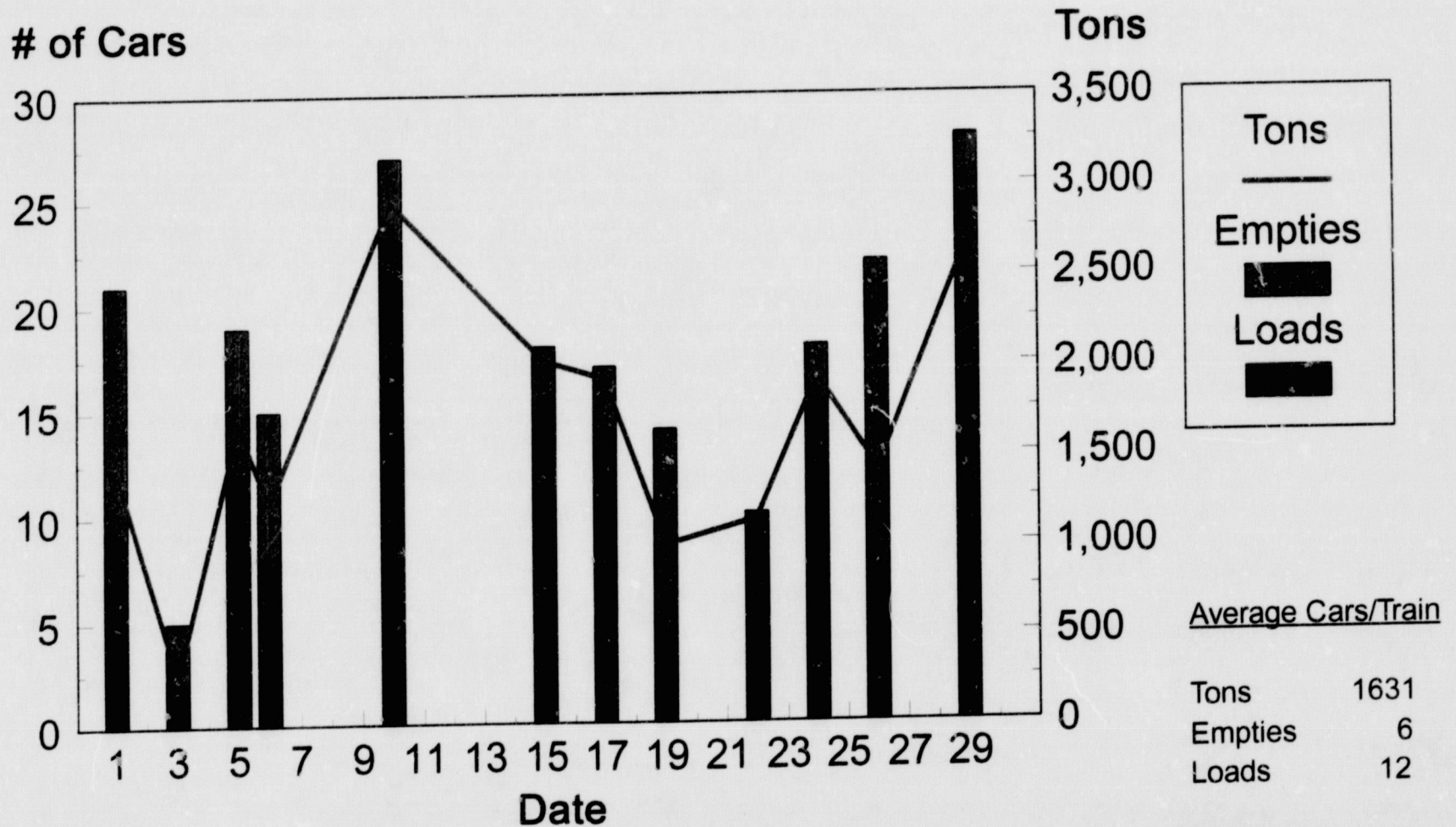
Average Cars/Train

Tons 1857

Empties 47

Loads 3

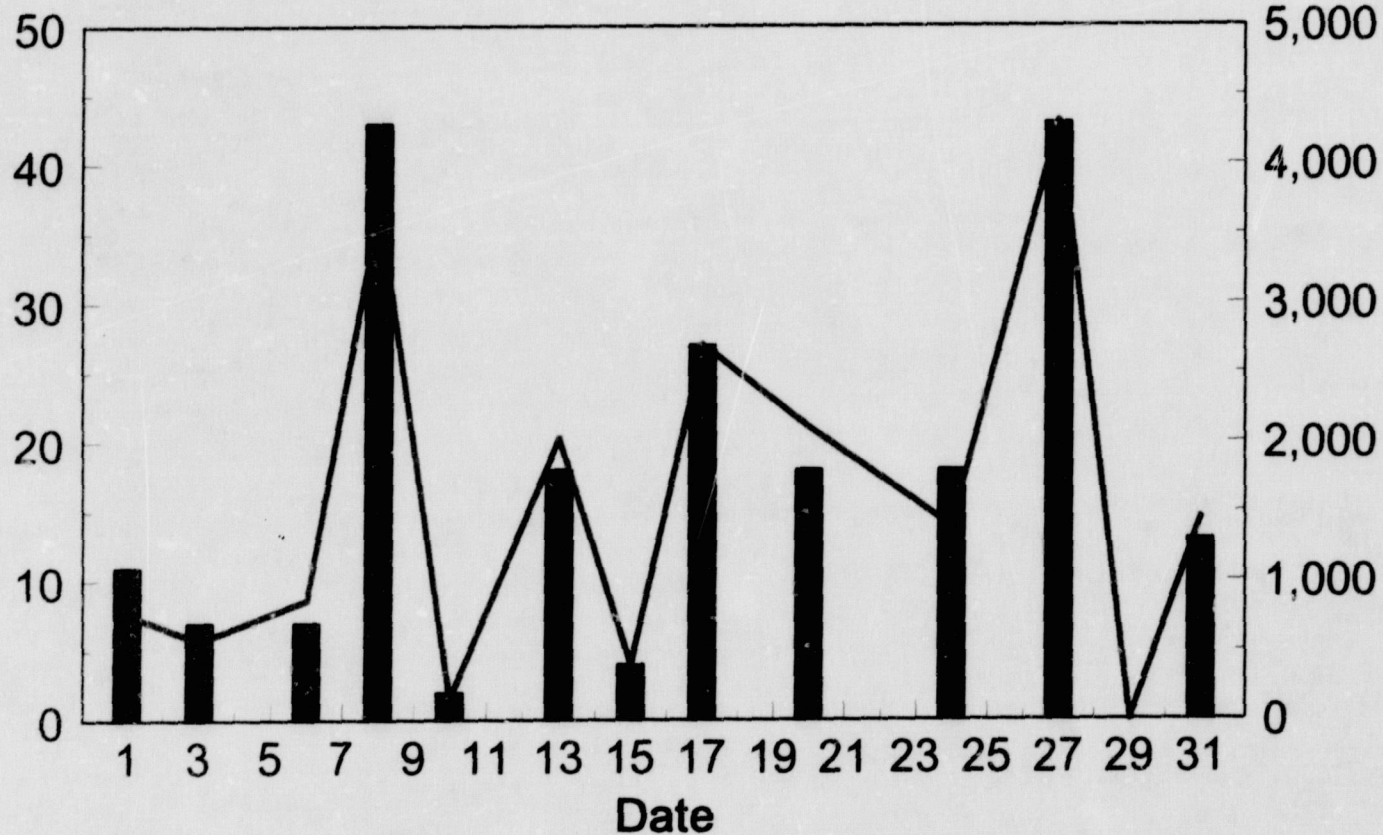
M-PVRV Departing Provo April 1997



**M-PVRV
Departing Provo
May 1997**

of Cars

Tons

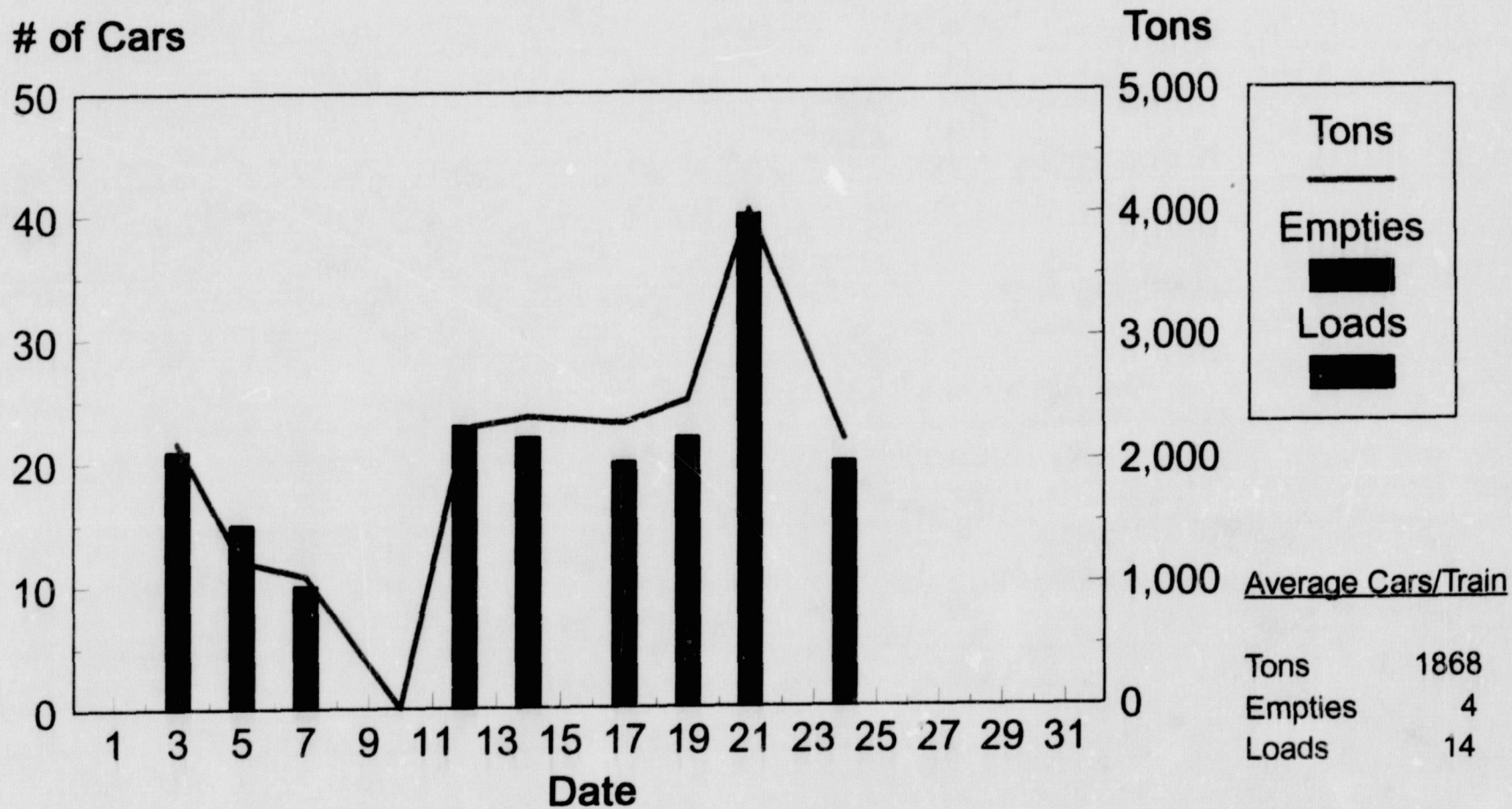


Tons
—
Empties
Loads

Average Cars/Train

| | |
|---------|------|
| Tons | 1576 |
| Empties | 5 |
| Loads | 12 |

**M-PVRV
Departing Provo
June 1997**



VERIFIED STATEMENT
OF
ERNEST L. HORD

My name is Ernest L. Hord. I am Vice President, Operations of The Burlington Northern and Santa Fe Railway Company ("BNSF") on the UP/SP Lines. My business address is 2600 Lou Menk Drive, Fort Worth, Texas 76131.

I joined BNSF in October 1996. Prior to that time, I was employed by Southern Pacific for 31 years and held various positions in the Operations Department, including General Manager and Assistant Vice President-Transportation, culminating in my last position as Assistant to Executive Vice President-Operations.

Since joining BNSF, I have taken on responsibility for the start-up and implementation of service on the track and territory to which BNSF gained access under the Board's Decision No. 44 in Finance Docket No. 32760 (served August 12, 1996). The purpose of this statement is to provide a comprehensive overview of BNSF's implementation of operations since it began submitting progress reports to the Board on October 1, 1996.

Before addressing the specific implementation steps that BNSF has undertaken during the nine month period from October 1, 1996 through July 1, 1997, I would like first to address some recent matters that have affected BNSF's progress on implementation.

A. Recent Matters Affecting Implementation

Although BNSF has made significant progress toward implementation during the last nine months, unprecedented bad weather in the Pacific Northwest and northern Plains states during the first three months of the year led to slower than expected progress on implementation. Blizzards, mud slides, ice and flooding have caused recurring and protracted outages on many parts of the BNSF system and have affected BNSF operations on the track and territory to which BNSF gained access under the Board's Decision No. 44. Power shortages resulting from line closures caused a ripple effect throughout the BNSF system. The company also experienced other operating inefficiencies as locomotives had to be deployed in unplanned locations due to the bad weather and the company had to lease locomotives from Norfolk Southern to support its operations. In part, due to these developments, BNSF has accelerated its order for new locomotives for delivery in 1997. These efforts should result in the provision of improved service to BNSF customers. Other issues in the maintenance area such as repairs to track, signals and equipment necessitated by the bad weather are also being addressed.

Other recent developments since the April 1, 1997 progress report include a final agreement between BNSF and UP on proportional rates for the I-5 Corridor. Closing on the Bieber to Keddie line sale will occur on July 15, 1997. Beginning on the date of closing of the purchase of the line, BNSF will begin

offering direct single line service to its customers along the I-5 Corridor.

B. Update on BNSF Progress on Implementation

This section of my Verified Statement details BNSF's progress towards implementation of service over the lines to which it has been granted access under the Board's Decision No. 44 over the nine month period from October 1, 1996, to date. Some of the information provided in this report is taken from BNSF's prior progress reports and other of the information reflects steps that occurred since the last progress report dated April 1, 1997. For ease of reference, this presentation will be organized by corridors as follows: Gulf Corridor, Central Corridor and I-5 Corridor. Copies of current train schedules for BNSF service on these Corridors are attached hereto as Attachment 1.

One part of the implementation process for which I am responsible involves monitoring our train operations over the trackage rights lines. As a part of those responsibilities, I met with UP on June 26, 1997, to establish common procedures for measuring train performance. We were able to reach agreement on a procedure for establishing a methodology for measuring train performance. In the near future, BNSF and UP will have a procedure in place to ensure that the trains of each party are treated with equal dispatch when operating over trackage rights on the other party's lines. The system we envision, in addition to monitoring train performance on the trackage rights lines, will measure car flows in selected haulage corridors to ensure equal treatment.

I. Gulf Corridor

1. Line Purchases. BNSF closed on two UP/SP line segments in this region -- from Dallas to Waxahachie, TX on September 20, 1996 and from Iowa Jct. to Avondale, LA on December 16, 1996. As described below, BNSF service has been fully operational since closing on those two lines. UP and BNSF presently are in arbitration concerning the condition of the Iowa Jct. to Avondale, LA line at the time of sale. Under the terms of the BNSF Settlement Agreement, the line's condition at the time of sale was required to be at least as good as its condition as was reflected in the timetable and slow orders in the timetable current as of September 25, 1995.

2. Direct BNSF Train Service. Since October 1, 1996, BNSF has begun direct train service on its new routes as follows:

a. Houston/Temple-San Antonio/Eagle Pass

- Between Temple and Kerr, TX, direct train service with BNSF crews started on October 9, 1996. This train service currently operates via BNSF trackage rights between Temple and Kerr. Loaded unit trains of 60-70 cars of crushed stone originate at Kerr and move to Temple. At Temple, the trains move via BNSF's line to Houston then to points in East Texas (Conroe, Jasper, San Augustine, Center and Carthage) and to DeRidder, LA. This movement is a joint operation of BNSF and the

Georgetown Railroad ("GRR") under a shared power arrangement. This service has increased to the point where we are fast approaching our goal of three trains per week to the East Texas and Louisiana points and two trains per week to Houston.

- Between Temple and San Antonio, TX, BNSF direct service has been operating since January 15, 1996, under the terms of a settlement between BNSF and SP in the BN/Santa Fe merger. One problem which has plagued the operation between Temple and Eagle Pass is the slow train movement on UP between Temple and San Antonio. BNSF was operating from Temple to San Antonio via Caldwell on prior SP trackage using haulage with BNSF crews to San Antonio. Seldomly did BNSF trains fail to reach San Antonio on this route within the hours of service law. Now that BNSF is operating over UP, it is a rarity for BNSF to make San Antonio with one crew using the Smithville route. This problem has put BNSF at a severe service disadvantage. BNSF's preference would be to return to operation over the Caldwell-SP route. However, without agreement from the UP for that solution,

another set of solutions will have to be worked out and agreed upon between BNSF and UP, in order that BNSF movements between Temple and San Antonio be accomplished in less than the 12 hour crew limit.

- On April 1, 1997, BNSF began operations with its own trains and crews over the trackage rights line between Temple and Eagle Pass, TX twice weekly, expanding to tri-weekly service in the middle of June. Prior to the provision of direct service, between San Antonio and Eagle Pass, TX, UP/SP moved BNSF traffic on a haulage basis until March of 1997. At Eagle Pass, BNSF has a direct interchange with the Ferrocarriles Nacionales De Mexico ("FNM"). BNSF currently uses two 10,000 foot tracks as storage to facilitate this interchange traffic. BNSF's existing yard at Temple is blocking San Antonio, Eagle Pass, and Mexican interchange traffic for movement on M-TEEG. The Waco/Elgin local and some GRR trains also originate and terminate in Temple.
- During the week of June 16, BNSF increased its level of service between Temple and Eagle Pass to tri-weekly from its previous two day per week operation. BNSF intends to begin a 5 day

per week switcher service in Eagle Pass as soon as the necessary labor arrangements are complete to handle interchange and switching of cars previously accomplished by BNSF road crews. Our business level to and from this FNM gateway is increasing, and BNSF is preparing to handle anticipated future growth.

- BNSF has been experiencing congestion on the 80 mile route between Beaumont and Houston on the prior SP trackage. UP and BNSF have reached an agreement to operate directionally between these points; that is, eastward on the SP and westward on the UP. This should begin by July 1 and will do much to eliminate the loss of schedules and congestion created by Englewood and Settegast terminals and the general Houston complex. UP has granted BNSF trackage rights over the Houston to Beaumont route to facilitate directional running. These trackage rights became effective on June 26, 1997.

b. Houston-Corpus Christi/Robstown

- Between Houston and Corpus Christi/Robstown, TX, direct train service using BNSF crews started on October 8, 1996. In late May, BNSF began daily service to Corpus Christi from

Temple. This had been tri-weekly and had increased to a 5 day operation in March.

c. Houston-Memphis/East St. Louis

- Direct BNSF train service between Houston and Memphis, TN commenced on January 16, 1997. At Memphis, train service utilizes the long-term joint line agreement over the Illinois Central ("IC") as described in BNSF's October 1, 1996 submission. This service is structured to provide a more efficient connection by interchanging with Conrail at Effingham.
- BNSF has been informed by UP that directional flow between Houston and Memphis/St. Louis should be implemented before the end of 1997. To allow the aforementioned lane to operate northward on UP trackage in the directional flow when this occurs, BNSF will install a connection to provide for this movement at Longview, TX before directional flow movement begins.
- In addition, BNSF began operation of a train pair operating between Longview, TX and Memphis in late March. These trains handle traffic to and from Longview, TX as well as Beaumont/Silsbee area originating traffic which is picked up/set out at Tenaha, TX.

This train connects traffic destined for the northeast corridor with the IC at BNSF's Yale yard in Memphis for following day delivery to Conrail at Effingham.

e. Houston/New Orleans/Iowa Junction-Avondale

- Between Houston and New Orleans, LA, start-up of direct BNSF train service commenced immediately following the closing of the purchase of the Iowa Jct.-Avondale segment on December 16, 1996.
- On January 13, 1997, intermodal train service commenced to and from the New Orleans, LA gateway. BNSF local train service supports the Westwego ramp operation and delivery of double-stack trains to and from Norfolk Southern in New Orleans. Local service for the Westwego ramp operation is seven days per week, while the local service for the Norfolk Southern interchange operates three days per week. BNSF plans to expand intermodal interchange service to CSX in the near future.
- Lafayette Yard will begin classifying New Orleans interchange traffic in both directions on July 15, 1997. Non-run-through interchange traffic to connecting lines in New Orleans is being delivered by BNSF crews to the New

Orleans Public Belt for delivery to those connections. Through trains are delivered by BNSF to CSX directly.

3. Local Service

a. Houston-Dayton

- On January 16, 1997, BNSF commenced local merchandise train service between Houston and Dayton, TX to improve service to customers on UP/SP's Baytown, TX branch. That service operates six days per week.

b. Temple-Waco/Elgin

- On March 10, 1997, BNSF began local merchandise train service between Temple and Waco, TX and between Temple and Elgin, TX. This train service interchanges with the Longhorn Railway at Elgin and operates tri-weekly in both directions. Longhorn's apparent preference to interchange with UP at McNeil, Texas has had an adverse impact on BNSF's service capability at Elgin.

c. Amelia-Beaumont

- Local merchandise train service commenced between Amelia and Beaumont, TX on March 23, 1997. This service operates six days per week using an existing BNSF local train based in Beaumont.

4. Haulage.

a. Brownsville

- BNSF continues to use haulage by UP for its traffic to Brownsville. These haulage movements to Brownsville have been hampered at times by UP's inability to provide power at Algoa, TX. BNSF has reached agreement with UP for BNSF to supply locomotive power for these movements in the future with UP's commitment to return the power to BNSF within 24 hours of delivery of the traffic of those trains to FNM at Brownsville. This will improve the consistency of traffic moving to Mexico through the Brownsville gateway. It is the intention of BNSF to operate its own trains to Brownsville on trackage rights as soon as it can acquire trackage from UP to accommodate its requirements for staging of cars, holding for clearance, etc. UP agreed in an executive meeting on June 4 in Omaha to consider leasing the prior SP yard at Harlingen to BNSF as soon as UP/SP operations are consolidated.

b. Dayton/Baytown

- BNSF is continuing to use UP's haulage services on the Baytown Branch near Dayton, TX. BNSF and UP are continuing to work in an

attempt to resolve various operating issues as they arise.

c. Pine Bluff-Little Rock/Houston-Brownsville

- The movement of traffic originating off Little Rock & Western Railway, L.P. ("LRWN") and at Little Rock to Pine Bluff for entrainment has been a source of excessive delay. The recent commitment by UP to reduce transit from Little Rock to delivery to BNSF to three days from receipt should improve the level of service for BNSF customers. However, once directional flow begins in the corridor, BNSF expects a further reduction in standard transit time from Little Rock to Pine Bluff and direct pick-up at Little Rock of traffic moving to the Northeast.
- BNSF traffic between Pine Bluff, AR and Little Rock, AR is continuing on a haulage basis. The haulage service is operating six days per week.

5. Dispatching.

- As of December 16, 1996, BNSF and UP/SP implemented the dispatching protocol required under the CMA Agreement. Frequent conversations between operating officers of both companies are held to deal on a timely basis as problems arise. To date, the

protocol is working as intended except in isolated instances.

- BNSF assumed direct dispatching control on the two line segments it purchased in this region. On the Dallas to Waxahachie segment, dispatching control from BNSF's Fort Worth, TX Network Operations Center was assumed on September 21, 1996. On the Iowa Jct. to Avondale segment, dispatching control from Fort Worth followed the closing on December 16, 1996. Dispatching control from Fort Worth is planned to immediately follow the closing of the Bieber to Keddie line.
- BNSF plans to place a representative in the Omaha dispatching center in August 1997. Further notice was given in May 1997 to dispatchers of both companies reiterating that trains of both companies were to be treated with equal dispatch. Copies of such notices are attached hereto as Attachment 2.

6. Other Capital Projects.

- In May 1997, BNSF commenced construction of two operating tracks for local work at Dayton, TX. Congestion problems at Dayton should be reduced when BNSF completes construction of the two operating tracks at Dayton Sjolander on or about August 15, 1997. In addition, BNSF has reached agreement with UP to share 50% of the Sjolander SIT

facility. Computer problems that earlier caused problems with billing and delivery of BNSF traffic to Englewood yard instead of Dayton have been eliminated.

- Capital plans for 1997 included other projects to support new services being provided under the trackage rights such as a program to improve Lafayette Yard in Lafayette, LA. At the time BNSF assumed ownership, there were twelve tracks plus several leads out of service. BNSF has all but five tracks back in service, with those five tracks expected to be returned to service in the next several months. Of these tracks, the north section of the yard was completely out of service and BNSF has now returned the switching lead to service which will be used by BNSF to classify westward bound traffic to bypass other classification points to improve service for this traffic.

BNSF has allotted UP three tracks in the yard and one track to the Louisiana & Delta to enable those carriers to meet their requirements for switching and interchange.

- Capital plans for 1997 also include approval of a \$600,000 project to rehabilitate and upgrade industry trackage from six cars to thirty-two cars for Texaco at Vallier, LA. Work on the project at

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Vallier has begun and is expected to be completed within 30-60 days.

- BNSF and UP have agreed to construct a 8,500 foot siding at Iowa Junction, LA, where the ownership of both railroads begins and installation of Centralized Traffic Control("CTC") between Iowa Jct. and Echo, TX. The total cost of approximately \$6 million will be funded from the \$25 million capital reserve fund that was provided for in the Settlement Agreement. Construction of this siding is expected to be completed by the end of this year. Installation of the CTC will commence in the fourth quarter of 1997. The siding and CTC will greatly reduce congestion on the line between Houston and New Orleans and improve the fluidity of traffic flow in the Corridor.

- In the Houston-New Orleans Corridor, BNSF has committed to the installation of 200,000 ties on the route between Iowa Jct. and Avondale. BNSF has been working westward from Avondale with its tie gang doing extensive surfacing, renewing road crossings and switches, as well as replacing defective ties. A bridge gang has been active as well improving the condition of the many bridges which exist along this line. The plan is to have

this work substantially completed by the end of the year.

- BNSF intends to restore the track speed on this segment to FRA Class IV 60 m.p.h. for freight by the end of the year. We understand that UP is planning to begin installation of ties between Beaumont and Houston on trackage previously owned by SP trackage with the intention of installing approximately 66,000 ties by the end of the year.

II. Central Corridor

1. Direct BNSF Train Service. Since October 1, 1996, BNSF has begun direct train service over the following lines in this region:

a. Denver-Stockton/Richmond

- Between Denver and Stockton/Richmond, BNSF direct train service has been operating since October 8, 1996. That service is operating three days per week.
- In the near future, BNSF plans to increase service between Denver and Stockton to seven days per week.

b. Denver/Salt Lake City

- Intermodal service to and from Salt Lake City, UT via Denver commenced on February 4, 1997. UP/SP is switching BNSF intermodal traffic at Salt Lake City using SP's Roper Yard facilities.

- Starting February 4, 1997, BNSF increased Central Corridor service between Denver and Salt Lake City from three days to five days per week.
- Because of the growth in BNSF traffic levels in the Central Corridor, BNSF is taking or has taken the following steps to increase track capacity:
 1. Restored two 50 car tracks at Ogden which were out of service in the DRGW yard.
 2. Working on an agreement with the Utah Railway to construct a 75 car and a 30 car track at Utah Railway's Provo yard at BNSF expense, and sharing the cost to reinstall a crossover from the east end of Utah Railway's yard to the UP main line.
 3. Formally requesting UP, pursuant to the BNSF Settlement Agreement, to lease the remaining two tracks at Midvale yard (BNSF already has leased the other two) as soon as UP and SP consolidate their operations to Kennecott over UP. In my opinion, this should eliminate UP's need for those tracks. BNSF has also made a preliminary study and may require the UP

to install two additional 50 car tracks at Midvale on UP's property. This would be funded by BNSF on existing UP property.

4. Formally requesting UP pursuant to the BNSF Settlement Agreement provisions to lease its tracks at Welby, Utah to BNSF for staging of traffic. BNSF will pay for returning to service any tracks that are currently out of service at this location.
5. Formally requesting UP pursuant to the BNSF Settlement Agreement provisions to permit BNSF to lease and construct trackage and a crossover in the Rose Park Team track area. This trackage will support the North Salt Lake Chemical Complex.
6. Continuing BNSF's search for additional trackage or locations to build trackage in the Salt Lake City Valley to support its increased traffic levels.

2. Local Service

a. Provo-Salt Lake City-Ogden

- On April 1, 1997, Utah Railway replaced UP as BNSF's agent for local merchandise, reciprocal

switch and haulage service for customers in the Provo-Salt Lake City-Ogden Corridor. This includes local pickup and delivery service on the Salt Lake City and Ogden segment. Utah Railway is utilizing the BNSF computer system for handling BNSF traffic. Utah Railway now has 6 switchers working in this territory to provide the best service possible to BNSF customers which they serve.

Due to the tremendous volume of trains in the Salt Lake City to Ogden double track corridor, Utah Railway engines have been experiencing excessive delays at Grants Tower and at North Salt Lake. BNSF anticipates these delays to be greatly reduced or eliminated whenever the UP is allowed to operate its merchandise and TOFC traffic over the SP causeway through Ogden into Cheyenne, WY. BNSF anticipates a reduction of half the number of trains operating between Ogden and Salt Lake City when this occurs. This transfer of traffic has been delayed by the Board from June 1 to July 1.

- BNSF added Salt Lake City Southern Railway ("SLCS") as the seventeenth two-to-one short

line which BNSF now accesses. However, not all SLCS customers can be reached by BNSF due to pre-merger agreements between SLCS and UP/SP. BNSF's interchange with SLCS is through UP. However, BNSF has requested UP to allow a direct BNSF-SLCS interchange at Midvale.

3. Haulage.

UP/SP is providing haulage/switching service for all BNSF customers in Nevada. Interchange occurs at Winnemucca and Elko to interface with BNSF through train operations.

III. I-5 Corridor

1. Line Purchases.

As discussed above, BNSF reached a final agreement with UP regarding proportional rate issues in the I-5 Corridor. The closing of the Bieber to Keddle, CA Line sale will occur on July 15, 1997. Direct BNSF train service on that line is planned to immediately follow closing. Seven-day per week service will be provided between Klamath Falls, OR and Stockton. BNSF has requested UP's concurrence for these trains to set out Salt Lake City route traffic at Oroville, CA to be picked up by our Stockton to Denver train.

2. Direct BNSF Train Service.

a. Richmond/Sacramento-Warm Springs

- Direct BNSF train service began between Richmond, CA and Warm Springs, CA on December

16, 1996. Direct train service and haulage is operating three days per week with additional service provided on an as needed basis. Bay area customers south of Warm Springs continue to be served via haulage.

- b. Car delay problems for traffic moving to and from San Jose and Sacramento were discussed in a field meeting with UP and resolved on June 24, 1997.

C. Other Coordination Matters.

BNSF and UP are working together to seek to achieve better coordination on various kinds of operating issues. Further, the companies are working to relieve the congestion problems currently existing at Dayton on UP's Baytown, TX branch.

In addition, BNSF and UP are working through resolution efforts to identify and correct service problems on haulage and reciprocal switch shipments stemming from electronic information transfer between the multiple operating systems on each railroad. BNSF will switch over to a single computer system on July 4 and this should help to correct these problems. Frequently, information cannot be properly exchanged between the multiple systems in use on both BNSF and UP, leading to service breakdowns. The companies are focusing on problem resolution processes to identify the root causes of these problems and to insure that shipments move as customers expect. Steps to remedy these matters have involved the assignment of operations officers from BNSF to the Salt Lake City and Houston-Baytown, TX areas to monitor such

shipments and provide real time feedback and input to correct data transfer problems.

While problem resolution commitment from UP has been helpful, BNSF continues to have problems with shipments moving via haulage or reciprocal switch on UP, particularly on the former SP side. We are focused on resolving these issues promptly.

One other matter should be discussed concerning the handling of loaded plastics cars at the Sjolander facility in Dayton. When loaded plastics cars are released by 2-to-1 shippers to UP for storage, UP will usually move the cars to the Sjolander facility for storage. At that time, the shipper has not determined if the loaded car will be billed out on BNSF or UP. However, if the Sjolander facility is full, UP will store the loaded plastic cars at other locations such as Tyler, TX or Eagle Mills, AR. There is sufficient capacity at the Sjolander facility to store loaded cars of plastics from all 2-to-1 plastics shippers in the area. However, at times the number of loaded plastics cars from both 2-to-1 and non-2-to-1 shippers exceeds the Sjolander facility capacity. When that situation occurs, our preference would be that all loaded plastics cars from 2-to-1 shippers be stored at Sjolander. If there are more loaded plastics cars to be stored than can be handled at the facility, the non-2-to-1 shippers' loaded plastics cars should be stored elsewhere on UP's system.

If we are unable to reach agreement on that basis, we have another solution that also has been presented to UP. If a 2-to-1 shipper subsequently builds a loaded plastics car stored at a

location other than Sjolander for movement on BNSF, there is no established procedure for that car to be delivered to BNSF. We have proposed that such cars be delivered to BNSF at the BNSF point closest to where the cars are stored, and we are awaiting UP's response.

THE STATE OF TEXAS)
)
COUNTY OF TARRANT)

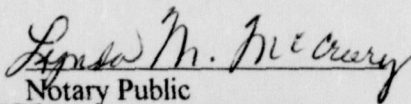
VERIFICATION

Ernest L. Hord, being duly sworn, deposes and says that he has read the foregoing statement and that the contents thereof are true and correct to the best of his knowledge and belief.

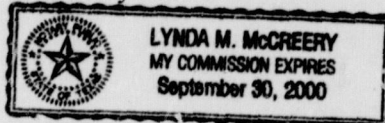


Ernest L. Hord

Subscribed and sworn to before me on this 27th day of June, 1997.


Notary Public

My Commission expires: 09/30/00



Attachment 1

| BNSF TRAINS OPERATING OVER UP TRACKAGE RIGHTS (AS OF 06/26/97) | | | | |
|--|--------------|----------------------|--|--------------|
| CURRENT | NEW | | | |
| SYMBOL | SYMBOL | ORIGIN | DESTIN | DAYS OF WEEK |
| H-HOME1-A1 | H-HOUMEM1-A1 | HOUSTON | MEMPHIS | XXXXXXX |
| H-LOME1-A1 | H-LGVEM1-A1 | LONGVIEW | MEMPHIS | XXXXXX |
| H-MEHO1-A1 | H-MEMHO1-A1 | MEMPHIS | HOUSTON | XXXXXXX |
| H-MELO1-A1 | H-MEMLGV1-A1 | MEMPHIS | LONGVIEW | XXXXXXX |
| H-NOSI1-A1 | H-NWOSB1-A1 | N.ORLEANS | SILSBEE | XXXXXXX |
| H-SINO1-A1 | H-SSEBWO1-A1 | SILSBEE | N.ORLEANS | XXXXXXX |
| L-ST235-A1 | L-GFC0235-A1 | DAYPLASTO-HOUSTON- | DAYPLASTO | X-XXXXX |
| L-ST301-A1 | L-TEX0301-A1 | TEMPLE-WACO- | TEMPLE | -X-X-X- |
| L-ST302-A1 | L-TEX0302-A1 | TEMPLE-ELGIN- | TEMPLE | --X-X-X |
| L-ST303-A1 | L-TEX0303-A1 | TEMPLE-ELGIN-TEMPLE- | WACO-TEMPLE | X----- |
| L-VA121-A1 | L-NCA0121-A1 | RICHMOND-W.SPRINGS- | RICHMOND | -XXXXXX |
| M-ANCP1-A1 | M-ALVCOR1-A1 | ALVIN | CORPUS CHRISTI | XXXXXXX |
| M-CPTE1-A1 | M-CORTPL1-A1 | CORPUS CHRISTI | TEMPLE | XXXXXXX |
| M-DVSC1-A1 | M-DENSLC6-A1 | DENVER | S.L.CITY | XX-XXX- |
| M-EGEG1-A1 | M-EAPEAP1-A1 | EAGLE PASS-SPOFFORD- | EAGLE PASS | -X-X-- |
| M-EGTE1-A1 | M-EAPTPL1-A1 | EAGLE PASS | TEMPLE | --X-X- |
| M-PVRV1-A1 | M-PRORRB1-A1 | PROVO | RIVERBANK | --X-X-X |
| M-RVPV1-A1 | M-RRBPRO1-A1 | RIVERBANK | PROVO | X-X-X-- |
| M-SCDV1-A1 | M-SLCDFN1-A1 | S.L.CITY | DENVER | -XX-XXX |
| M-TEEG1-A1 | M-TPLAP1-A1 | TEMPLE | EAGLE PASS | X--X--- |
| P-NOCV1-A1 | P-NWOCLO-A1 | AVONDALE | CLOVIS | --X-XXX |
| P-NOCV1-A2 | P-NWOCLO-A2 | AVONDALE | CLOVIS | ---X--- |
| R-ST233-A1 | R-GFC0233-A1 | AVONDALE-N.ORLEANS- | AVONDALE | XXXXXXX |
| R-ST237-A1 | R-GFC0237-A1 | SCHRIEVER-BERWICK- | AVONDALE-SCHREIVER | XXXXXXX |
| R-UT211-A1 | R-NCA0211-A1 | PROVO-GENEVA- | PROVO | -XXXXXX |
| R-UT309-A1 | R-NCA0309-A1 | MIDVALE-PROVO- | MIDVALE | XXXXXX- |
| R-UT311-A1 | R-NCA0311-A1 | MIDVALE-WOODSCROSS- | MIDVALE | XXXXXXX |
| R-UT312-A1 | R-NCA0312-A1 | MIDVALE-WOODSCROSS- | MIDVALE | -XXXXXX |
| R-UT511-A1 | R-NCA0511-A1 | OGDEN-LITTLE MTN- | OGDEN | -XXXXXX |
| R-UT611-A1 | R-NCA0611-A1 | PROVO | OGDEN | -XXXXXX |
| R-UT612-A1 | R-NCA0612-A1 | OGDEN-S.L.CITY-MIDV- | GENEVA-OGDEN | X-XXXXX |
| R-UT613-A1 | R-NCA0613-A1 | MIDVALE-MAGNA- | MIDVALE | --X-X-X |
| S-CVNO1-A1 | S-CLONWO1-A1 | CLOVIS | N.ORLEANS | -X----- |
| S-CVNO1-A2 | S-CLONWO1-A2 | CLOVIS | N.ORLEANS | --X---- |
| S-CVNO1-A3 | S-CLONWO1-A3 | CLOVIS | N.ORLEANS | X--XXXX |
| U-CBN01-A1 | U-CRLGEN1-A1 | CARLSBAD | N.ORLEANS | |
| U-SCDV1-A1 | U-SLCDEN1-A1 | S.L.CITY | DENVER | |
| U-TETE5-A1 | U-TPLTPL5-A1 | TEMPLE-KERR- | TEMPLE | |
| Z-CPAN1-A1 | D-CORALV1-A1 | CORPUS CHRISTI | ALVIN | |
| Z-CPKC1-A1 | D-CORKCK1-A1 | CORPUS CHRISTI | KANSAS CITY | |
| Z-CPTE1-A1 | D-CORTPL1-A1 | CORPUS CHRISTI | TEMPLE | |
| | | | | |
| G= GRAIN TRAIN | | | R= ROADSWITCHER | |
| H= HIGH PRIORITY MANIFEST TRAIN | | | S= INTERMODAL STACK TRAIN | |
| L= LOCAL TRAIN | | | U= UNIT TRAIN OTHER THAN GRAIN OR COAL | |
| M= NORMAL PRIORITY MANIFEST TRAIN | | | Z,D= LITE ENGINE TRAIN | |
| P= PRIORITY INTERMODAL TRAIN | | | NO DAYS OF WEEK = RUN AS NEEDED | |

TSPPTSP
G D AGNEW

***** Train System *****
- TSP Train Schedule -

06/27/97
11:06:05CT

Days of operation
MO TU WE TH FR SA SU
Service Type K

Origin To Destination
HOUSTON MEMPHIS

Effective Date 01/16/97
Expiration Date 12/31/99
Train ID H HOME1 Alt 1

| Station | St | T | Arr | Dpt | Exmpl | Day | C | F | I | R | U | N | E | E | S | Max | Max | Max | Yard | Road | AVG |
|-----------|----|----|------|------|-------|-----|---|---|---|-----|------|------|------|------|-------|-----|-----|-----|------|------|------|
| | | Z | Tm | Tm | | | W | L | P | Hpt | Lgth | Wgt | Time | Time | Miles | MPH | | | | | |
| HOUSTON | TX | CT | ORIG | 1415 | MO | 1 | Y | Y | Y | 1.0 | 8000 | 8000 | | | | | | | 1000 | 233 | 23.3 |
| SHREVEPOR | LA | | 0015 | 0030 | TU | 2 | Y | N | N | 1.0 | 8000 | 8000 | 15 | | 645 | | | | 186 | | 27.5 |
| PINBLUFF | AR | | 0715 | 0815 | TU | 2 | Y | N | N | 1.0 | 8000 | 8000 | 100 | | 544 | | | | 147 | | 25.6 |
| BRIJCT | AR | | 1359 | 1400 | TU | 2 | N | N | N | 1.0 | 8000 | 8000 | 1 | | 115 | | | | 2 | | 1.6 |
| MEMPHIS | TN | | 1515 | DEST | TU | 2 | Y | N | N | 1.0 | 8000 | 8000 | | | | | | | | | |

Description:

HOUSTON TO MEMPHIS MANIFEST TRAIN OVER UP/SP TRACKAGE RIGHTS

Total Run Time 25 hours 0 mins 568 miles 22.7 MPH
***** End of Data *****

| Station | St | Block | Cut | Sun | Mon | Tue | Wed | Thr | Fri | Sat |
|---------|----|-------|-----|-----|-----|-----|-----|-----|-----|-----|
| | | | Off | Cut | Cut | Cut | Cut | Cut | Cut | Cut |

***** No Cutoff Data Found *****

Train ID H HOME1 1 - Blocking Alt 1

Station W Block SO Stn Description

| | | | | |
|--------|---|-------|--------|------------------------|
| HOUSTO | F | PBLUF | PINBLU | PINE BLUFF MANIFEST |
| | F | MEMIC | MEMPHI | MEMPHIS ICMANIFEST |
| | F | MEMPH | MEMPHI | MEMPHIS OTHER MANIFEST |
| PINBLU | T | MEMIC | MEMPHI | MEMPHIS IC MANIFEST |
| | T | MEMPH | MEMPHI | MEMPHIS OTHER MANIFEST |

TSPPTSPP
G D AGNEW

***** Train System *****
- TSP Train Schedule -

06/27/97
11:06:19CT

Days of operation
MO TU WE TH FR SA SU
Service Type K

Origin To Destination
LONGVIEW MEMPHIS

Effective Date 04/21/97
Expiration Date 12/31/99
Train ID H LOME1 Alt 1

| Station | St | T | Arr | Dpt | Exmpl | Day | C | F | I | R | U | N | E | E | S | Max | Max | Max | Yard | Road | Miles | AVG |
|-----------|----|----|------|------|-------|-----|---|---|---|-----|------|------|------|------|------|-----|-----|-----|------|------|-------|-----|
| | | Z | Tm | Tm | | | W | L | P | Hpt | Lgth | Wgt | Time | Time | Time | | | | | | | MPH |
| LONGVIEW | TX | CT | ORIG | 1800 | MO | 1 | Y | Y | Y | 1.0 | 8000 | 8000 | | | | | | | 400 | 57 | 14.2 | |
| TENAH | TX | | 2200 | 2300 | MO | 1 | N | N | N | 1.0 | 8000 | 8000 | 100 | 200 | | | | | 200 | 58 | 29.0 | |
| SHREVEPOR | LA | | 0100 | 0230 | TU | 2 | Y | N | N | 1.0 | 8000 | 8000 | 130 | 645 | | | | | 645 | 186 | 27.5 | |
| PINBLUFF | AR | | 0915 | 1115 | TU | 2 | Y | N | N | 1.0 | 8000 | 8000 | 200 | 544 | | | | | 544 | 147 | 25.6 | |
| BRIJCT | AR | | 1659 | 1700 | TU | 2 | N | N | N | 1.0 | 8000 | 8000 | 1 | 115 | | | | | 115 | 2 | 1.6 | |
| MEMPHIS | TN | | 1815 | DEST | TU | 2 | Y | N | N | 1.0 | 8000 | 8000 | | | | | | | | | | |

Description:

LONGVIEW TO MEMPHIS MANIFEST TRAIN OVER UP/SP TRACKAGE RIGHTS

Total Run Time 24 hours 15 mins 450 miles 18.5 MPH
***** End of Data *****

| Station | St | Block | Cut | Sun | Mon | Tue | Wed | Thr | Fri | Sat |
|---------|----|-------|-----|-----|-----|-----|-----|-----|-----|-----|
| | | | Off | Cut | Cut | Cut | Cut | Cut | Cut | Cut |

***** No Cutoff Data Found *****

Train ID H LOME1 1 - Blocking Alt 1
Station W Block SO Stn Description

| | | | |
|--------|---|-------|-------------|
| LONGVI | F | LOCAL | LOCAL BLOCK |
| | F | SLSBE | TENAH |
| | F | NSI | MEMPHI |
| | F | MEMIC | MEMPHI |
| | F | MEMPH | MEMPHI |
| TENAH | F | SHVPT | SHREUP |
| | F | PBLUF | PINBLU |
| | T | NSI | MEMPHI |
| | T | MEMIC | MEMPHI |
| | F | MEMPH | MEMPHI |
| SHREUP | T | PBLUF | PINBLU |
| | T | NSI | MEMPHI |
| | T | MEMIC | MEMPHI |
| | F | MEMPH | MEMPHI |
| PINBLU | T | NSI | MEMPHI |
| | T | MEMIC | MEMPHI |
| | F | MEMPH | MEMPHI |

TSPPTSP
G D AGNEW

***** Train System *****
- TSP Train Schedule -

06/27/97
11:06:33CT

Days of operation
MO TU WE TH FR SA SU
Service Type K

Origin To Destination
MEMPHIS HOUSTON

Effective Date 01/16/97
Expiration Date 12/31/99
Train ID H MEH01 Alt 1

| Station | St | T Z | Arr Tm | Dpt Tm | Exmpl | Day | C F I R U N E E S W L P | Max Hpt | Max Lgth | Max Wgt | Yard Time | Road Time | Miles | AVG MPH |
|-----------|----|-----|--------|--------|-------|-----|----------------------------------|---------|----------|---------|-----------|-----------|-------|---------|
| MEMPHIS | TN | CT | ORIG | 0500 | MO | 1 | Y Y Y | 1.0 | 8000 | 8000 | | 129 | 2 | 1.3 |
| BRIJCT | AR | | 0629 | 0630 | MO | 1 | N N N | 1.0 | 8000 | 8000 | 1 | 130 | 42 | 28.0 |
| FORCITY | AR | | 0800 | 0820 | MO | 1 | N N N | 1.0 | 8000 | 8000 | 20 | 540 | 89 | 15.7 |
| PINBLUFF | AR | | 1400 | 1530 | MO | 1 | Y N N | 1.0 | 8000 | 8000 | 130 | 530 | 186 | 33.8 |
| SHREVEPOR | LA | | 2100 | 2200 | MO | 1 | Y N N | 1.0 | 8000 | 8000 | 100 | 1030 | 233 | 22.1 |
| HOUSTON | TX | | 0830 | DEST | TU | 2 | Y N N | 1.0 | 8000 | 8000 | | | | |

Description:

MEMPHIS TO HOUSTON MANIFEST TRAIN OVER UP/SP TRACKAGE RIGHTS

Total Run Time 27 hours 30 mins 552 miles 20.0 MPH
***** End of Data *****

| Station | St | Block | Cut Off | Sun Cut | Mon Cut | Tue Cut | Wed Cut | Thr Cut | Fri Cut | Sat Cut |
|---------|----|-------|---------|---------|---------|---------|---------|---------|---------|---------|
|---------|----|-------|---------|---------|---------|---------|---------|---------|---------|---------|

***** No Cutoff Data Found *****

Train ID H MEH01 1 - Blocking Alt 1
Station W Block SO Stn Description

MEMPHI F FORCY FORCUP FORREST CITY MANIFEST
F PBLUF PINBLU PINE BLUFF MANIFEST
F HOUST HOUSTO HOUSTON MANIFEST
F SHVPT SHREUP SHREVEPORT MANIFEST

FORCUP T PBLUF PINBLU PINE BLUFF MANIFEST
T HOUST HOUSTO HOUSTON MANIFEST
T SHVPT SHREUP SHREVEPORT MANIFEST

PINBLU F HOUST HOUSTO HOUSTON MANIFEST
T SHVPT SHREUP SHREVEPORT MANIFEST

SHREUP F HOUST HOUSTO HOUSTON MANIFEST

TSPPTSPP
G D AGNEW

***** Train System *****
- TSP Train Schedule -

06/27/97
11:06:47CT

Days of operation
MO TU WE TH FR SA SU
Service Type K

Origin To Destination
MEMPHIS LONGVIEW

Effective Date 04/11/97
Expiration Date 12/31/99
Train ID H MELO1 Alt 1

| Station | St | T Z | Arr Tm | Dpt Tm | Exmpl | Day | C F I R U N E E S W L P | Max Hpt | Max Lgth | Max Wgt | Yard Time | Road Time | Miles | AVG MPH |
|-----------|----|-----|--------|--------|-------|-----|----------------------------------|---------|----------|---------|-----------|-----------|-------|---------|
| MEMPHIS | TN | CT | ORIG | 0100 | MO | 1 | Y Y Y | 1.0 | 8000 | 8000 | | 329 | 2 | 0.5 |
| BRIJCT | AR | | 0429 | 0430 | MO | 1 | N N N | 1.0 | 8000 | 8000 | 1 | 640 | 147 | 22.0 |
| PINBLUFF | AR | | 1110 | 1140 | MO | 1 | Y N N | 1.0 | 8000 | 8000 | 30 | 600 | 186 | 31.0 |
| SHREVEPOR | LA | | 1740 | 1810 | MO | 1 | Y N N | 1.0 | 8000 | 8000 | 30 | 200 | 58 | 29.0 |
| TENAH | TX | | 2010 | 2040 | MO | 1 | N N N | 1.0 | 8000 | 8000 | 30 | 220 | 57 | 24.4 |
| LONGVIEW | TX | | 2300 | DEST | MO | 1 | Y N N | 1.0 | 8000 | 8000 | | | | |

Description:

MEMPHIS TO LONGVIEW MANIFEST TRAIN OVER UP/SP TRACKAGE RIGHTS

Total Run Time 22 hours 0 mins 450 miles 20.4 MPH
***** End of Data *****

| Station | St | Block | Train Off Type | Cut Sun Time | Cut Mon Time | Cut Tue Time | Cut Wed Time | Cut Thr Time | Cut Fri Time | Cut Sat Time |
|---------|----|-------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|---------|----|-------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|

***** No Cutoff Data Found *****

Train ID H MELO1 1 - Blocking Alt 1

Station W Block SO Stn Description

| | | | | | |
|--------|---|-------|--------|----------|----------|
| MEMPHI | F | TENAH | TENAH | TENAH | MANIFEST |
| | F | LONGV | LONGVI | LONGVIEW | MANIFEST |

| | | | | | |
|-------|---|-------|--------|----------|--------|
| TENAH | F | LOCAL | | LOCAL | CARS |
| | F | LNGVW | LONGVI | LONGVIEW | PROPER |

06/27/97
11:07:02CT

Effective Date 03/21/97
Expiration Date 12/31/99
Train ID H NOSI1 Alt 1

LAFAYE F LOCAL LAFAYETTE TO ORANGE SHORTS

Train ID H NOSI1 Alt 1

Train ID H NOSI1 1 - Blocking Alt 1

Station W Block SO Stn Description

F SLSBE SILSBE SILSBEE MANIFEST

CROWUP T LOCAL LAFAYETTE TO ORANGE SHORTS
F SLSBE SILSBE SILSBEE MANIFEST

MERMEN T LOCAL LAFAYETTE TO ORANGE SHORTS
F SLSBE SILSBE SILSBEE MANIFEST

LAKCUP T LOCAL LAFAYETTE TO ORANGE SHORTS
F SLSBE SILSBE SILSBEE MANIFEST

ORANUP F SLSBE SILSBE SILSBEE MANIFEST

06/27/97
11:07:15CT

Effective Date 03/05/97
Expiration Date 12/31/99
Train ID H SINO1 Alt 1

MERMEN T LOCAL ORANGE TO LAFAYETTE SHORTS

Train ID H SINO1 Alt 1

Train ID H SINO1 1 - Blocking Alt 1

Station W Block SO Stn Description

F LAFAY LAFAYE LAFAYETTE
T SCHR V SCHRIE SCHRIEVER
T NOPB NEWORL NEW ORLEANS PUBLIC BELT

CROWUP T LOCAL ORANGE TO LAFAYETTE SHORTS
F LAFAY LAFAYE LAFAYETTE
T SCHR V SCHRIE SCHRIEVER
T NOPB NEWORL NEW ORLEANS PUBLIC BELT

LAFAYE F LOCAL LAFAYETTE TO BERWICK SHORTS
F SCHR V SCHRIE SCHRIEVER
F NOPB NEWORL NEW ORLEANS PUBLIC BELT

URSA F NOPB NEWORL NEW ORLEANS PUBLIC BELT

SCHRIE F NOPB NEWORL NEW ORLEANS PUBLIC BELT

NEWORL T CSXB GENTIL CSX-BALDWIN
T CSXG GENTIL CSX-GENTILLY

TSPPTSP
D AGNEW

***** Train System *****
- TSP Train Schedule -

06/27/97
11:09:45CT

Days of operation
TU WE TH FR SA SU
Service Type K

Origin To Destination
HOUSTON HOUSTON

Effective Date 01/16/97
Expiration Date 12/31/99
Train ID L ST235 Alt 1

| Station | St | T | Arr | Dpt | Exmpl | Day | C | F | I | R | U | N | E | E | S | Max | Max | Max | Yard | Road | Miles | AVG |
|-----------|----|----|------|------|-------|-----|---|---|---|-----|-------|-------|------|------|---|-----|-----|-----|------|------|-------|------|
| | | Z | Tm | Tm | | | W | L | P | Hpt | Lgth | Wgt | Time | Time | | | | | | | | |
| HOUSTON | TX | CT | ORIG | 0400 | MO | 1 | Y | N | Y | 1.0 | 12000 | 15000 | | | | | | | 30 | | 29 | 58.0 |
| DAYTON | TX | | 0430 | 0500 | MO | 1 | N | N | N | 1.0 | 12000 | 15000 | | | | | | 30 | 100 | | | |
| DAYPLASTO | TX | | 0600 | 0900 | MO | 1 | T | N | N | 1.0 | 12000 | 15000 | | | | | | 300 | 100 | | | |
| DAYTON | TX | | 1000 | 1030 | MO | 1 | N | N | N | 1.0 | 12000 | 15000 | | | | | | 30 | 30 | | 29 | 58.0 |
| HOUSTON | TX | | 1100 | DEST | MO | 1 | Y | N | N | 1.0 | 12000 | 15000 | | | | | | | | | | |

Description:
DAYTON PLASTIC STORAGE - DAYTON - HOUSTON LOCAL

Total Run Time 7 hours 0 mins 58 miles 8.2 MPH
***** End of Data *****

| Station | St | Block | Cut | Sun | Mon | Tue | Wed | Thr | Fri | Sat |
|---------|----|-------|-----|-----|-----|-----|-----|-----|-----|-----|
| | | | Off | Cut | Cut | Cut | Cut | Cut | Cut | Cut |

***** No Cutoff Data Found *****

Train ID L ST235 1 - Blocking Alt 1
Station W Block SO Stn Description

| | | | | |
|--------|---|-------|--------|--------------------|
| HOUSTO | F | MTBLV | DAYPUP | MT BELVIEW |
| | F | BYTWN | DAYPUP | BAYTOWN |
| | F | DAYTO | DAYPUP | DAYTON - SJOLANDER |
| DAYPUP | F | SILSB | HOUSTO | SILSBEE |
| | F | MEMPH | HOUSTO | MEMPHIS |
| | F | HBT | HOUSTO | HOUSTON HBT |

TSPPTSPP
G D AGNEW

***** Train System *****
- TSP Train Schedule -

06/27/97
11:09:59CT

Days of operation
MO WE FR
Service Type K

Origin To Destination
TEMPLE TEMPLE

Effective Date 03/03/97
Expiration Date 12/31/99
Train ID L ST301 Alt 1

| Station | St | T | Arr | Dpt | Exmpl | Day | C F I | | | Max | Max | Max | Yard | Road | Miles | AVG |
|---------|----|----|------|------|-------|-----|-------|---|-----|------|------|-------|------|------|-------|-------|
| | | | | | | | W | L | P | | | | | | | |
| | | Z | Tm | Tm | | | | | Hpt | Lgth | Wgt | Time | Time | | MPH | |
| TEMPLE | TX | CT | ORIG | 0400 | MO | 1 | Y | Y | Y | 2.0 | 9000 | 10000 | | 300 | 321 | 107.0 |
| WACO | TX | | 0700 | 0900 | MO | 1 | T | N | N | 2.0 | 9000 | 10000 | 200 | 300 | 321 | 107.0 |
| TEMPLE | TX | | 1200 | DEST | MO | 1 | Y | N | N | 2.0 | 9000 | 10000 | | | | |

Description:
TEMPLE TO WACO TRACKAGE RIGHTS LOCAL.

Total Run Time 8 hours 0 mins 642 miles 80.2 MPH
***** End of Data *****

| Station | St | Block | Train | Cut | Sun | Mon | Tue | Wed | Thr | Fri | Sat |
|---------|----|-------|-------|------|------|------|------|------|------|------|------|
| | | | | | Off | Cut | Cut | Cut | Cut | Cut | Cut |
| | | | Type | Time | Time | Time | Time | Time | Time | Time | Time |

***** No Cutoff Data Found *****

Train ID L ST301 1 - Blocking Alt 1
Station W Block SO Stn Description

TEMPLE F WACO WACOU WACO MANIFEST
WACOU F TEMPL TEMPLE TEMPLE MANIFEST

TSPPTSPP
G D AGNEW

***** Train System *****
- TSP Train Schedule -

06/27/97
11:10:14CT

Days of operation
TU TH
Service Type K

Origin To Destination
TEMPLE TEMPLE

Effective Date 03/04/97
Expiration Date 12/31/99
Train ID L ST302 Alt 1

| Station | St | T Z | Arr Tm | Dpt Tm | Exmpl Day | C F I R U N E E S W L P | Max Hpt | Max Lgth | Max Wgt | Yard Time | Road Time | Miles | AVG MPH | |
|---------|----|-----|--------|--------|-----------|----------------------------------|---------|----------|---------|-----------|-----------|-------|---------|------|
| TEMPLE | TX | CT | ORIG | 0400 | MO | 1 | Y N N | 2.0 | 9000 | 10000 | | 300 | 226 | 75.3 |
| ELGIN | TX | | 0700 | 0900 | MO | 1 | T N N | 2.0 | 9000 | 10000 | 200 | 300 | 226 | 75.3 |
| TEMPLE | TX | | 1200 | DEST | MO | 1 | Y N N | 2.5 | 9000 | 10000 | | | | |

Description:

TEMPLE TO ELGIN TRACKAGE RIGHTS LOCAL.

Total Run Time 8 hours 0 mins 452 miles 56.5 MPH
***** End of Data *****

| Station | St | Block | Train | Cut Off Type | Sun Cut Time | Mon Cut Time | Tue Cut Time | Wed Cut Time | Thr Cut Time | Fri Cut Time | Sat Cut Time |
|---------|----|-------|-------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|---------|----|-------|-------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|

***** No Cutoff Data Found *****

Train ID L ST302 1 - Blocking Alt 1
Station W Block SO Stn Description

TEMPLE F ELGIN ELGIUP ELGIN MANIFEST

ELGIUP F TEMPL TEMPLE TEMPLE MANIFEST

TSPPTSP
G D AGNEW

***** Train System *****
- TSP Train Schedule -

06/27/97
11:10:27CT

Days of operation
SA
Service Type K

Origin To Destination
TEMPLE TEMPLE

Effective Date 04/17/97
Expiration Date 12/31/99
Train ID L ST303 Alt 1

| Station | St | T Z | Arr Tm | Dpt Tm | Exmpl | Day | C E | F E | I S | Max Hpt | Max Lgth | Max Wgt | Yard Time | Road Time | Miles | AVG MPH |
|---------|----|-----|--------|--------|-------|-----|--------|--------|--------|------------|-------------|------------|--------------|--------------|-------|------------|
| TEMPLE | TX | CT | ORIG | 0400 | MO | 1 | Y | Y | Y | 2.0 | 9000 | 10000 | | 300 | 226 | 75.3 |
| ELGIN | TX | | 0700 | 0900 | MO | 1 | T | N | N | 2.0 | 9000 | 10000 | 200 | 300 | 226 | 75.3 |
| TEMPLE | TX | | 1200 | 1300 | MO | 1 | N | N | N | 2.0 | 9000 | 10000 | 100 | 100 | 321 | 321.0 |
| WACO | TX | | 1400 | 1500 | MO | 1 | T | N | N | 2.0 | 9000 | 10000 | 100 | 100 | 321 | 321.0 |
| TEMPLE | TX | | 1600 | DEST | MO | 1 | Y | N | N | 2.0 | 9000 | 10000 | | | | |

Description:

TEMPLE TO ELGIN THEN TEMPLE TO WACO TRACKAGE RIGHTS LOCAL.

Total Run Time 12 hours 0 mins 1094 miles 91.1 MPH
***** End of Data *****

| Station | St | Train Block | Cut Off Type | Sun Cut Time | Mon Cut Time | Tue Cut Time | Wed Cut Time | Thr Cut Time | Fri Cut Time | Sat Cut Time |
|---------|----|----------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|---------|----|----------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|

***** No Cutoff Data Found *****

Train ID L ST303 1 - Blocking Alt 1

Station W Block SO Stn Description

TEMPLE F ELGIN ELGIUP ELGIN MANIFEST

ELGIUP F TEMPL TEMPLE TEMPLE MANIFEST

TEMPLE F WACO WACOU WACO MANIFEST

WACOU F TEMPL TEMPLE TEMPLE MANIFEST

TSPPTSPP
G D AGNEW

***** Train System *****
- TSP Train Schedule -

06/27/97
11:10:45CT

Days of operation
MO TU WE TH FR SA
Service Type K

Origin To Destination
RICHMOND RICHMOND

Effective Date 12/16/96
Expiration Date 12/31/99
Train ID L VA121 Alt 1

| Station | St | Z | T Arr Tm | Dpt Tm | Exmpl | Day | C F I | | | Max Hpt | Max Lgth | Max Wgt | Yard Time | Road Time | Miles | AVG MPH |
|-----------|----|----|-------------|-----------|-------|-----|-------|---|---|------------|-------------|------------|--------------|--------------|-------|------------|
| | | | | | | | E | E | S | | | | | | | |
| RICHMOND | CA | PT | ORIG | 1000 | MO | 1 | Y | N | Y | 1.0 | 12000 | 15000 | | 330 | 43 | 12.2 |
| WARSPRING | CA | | 1330 | 1500 | MO | 1 | T | N | N | 1.0 | 12000 | 15000 | 130 | 300 | 43 | 14.3 |
| RICHMOND | CA | | 1800 | DEST | MO | 1 | Y | N | N | 1.0 | 12000 | 15000 | | | | |

Description:

RICHMOND TO WARM SPRINGS LOCAL OVER UP/SP TRACKAGE RIGHTS

Total Run Time 8 hours 0 mins 86 miles 10.7 MPH
***** End of Data *****

| Station | St | Train Block | Cut Off Type | Sun Cut Time | Mon Cut Time | Tue Cut Time | Wed Cut Time | Thr Cut Time | Fri Cut Time | Sat Cut Time |
|---------|----|----------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | | | | | | | | | | |

***** No Cutoff Data Found *****

Train ID L VA121 1 - Blocking Alt 1
Station W Block SO Stn Description

| | | | | |
|--------|---|-------|--------|---------------------------------------|
| RICHCA | F | SP | OAKLAN | SP INTERCHANGE (DOES NOT INCLUDE OTR) |
| | F | OTR | OAKLAN | OAKLAND OTR |
| | F | SANJO | WARSUP | SAN JOSE MANIFEST (DELIVER TO SP) |
| OAKLAN | T | SANJO | WARSUP | SAN JOSE MANIFEST (DELIVER TO SP) |
| WARSUP | F | SP | OAKLAN | SP INTERCHANGE (DOES NOT INCLUDE OTR) |
| | F | RCHMD | RICHCA | RICHMOND MANIFEST |
| OAKLAN | T | RCHMD | RICHCA | RICHMOND MANIFEST |

TSPPTSPP
G D AGNEW

***** Train System *****
- TSP Train Schedule -

06/27/97
11:28:51CT

Days of operation
MO TU WE TH FR SA SU
Service Type M

Origin To Destination
ALVIN CORCHRIST

Effective Date 05/02/97
Expiration Date 12/31/99
Train ID M ANCP1 Alt 1

| Station | St | T Z | Arr Tm | Dpt Tm | Exmpl | Day | C W | F L | I P | R E | U S | N Max Hpt | Max Lgth | Max Wgt | Yard Time | Road Time | Miles | AVG MPH |
|-----------|----|-----|--------|--------|-------|-----|-----|-----|-----|-----|------|-----------|----------|---------|-----------|-----------|-------|---------|
| ALVIN | TX | CT | ORIG | 1700 | MO | 1 | Y | N | N | 2.0 | 7000 | 15000 | | | | 40 | 5 | 7.5 |
| ALGOA | TX | | 1740 | 1750 | MO | 1 | N | N | N | 2.0 | 7000 | 15000 | 10 | 910 | 206 | | | 22.4 |
| CORCHRIST | TX | | 0300 | DEST | TU | 2 | Y | N | N | 2.0 | 7000 | 15000 | | | | | | |

Description:

ALVIN TO CORPUS CHRISTI MANIFEST AND GRAIN SYMBOL.

Total Run Time 10 hours 0 mins 211 miles 21.1 MPH
***** End of Data *****

| Station | St | Block | Train Off Type | Cut Sun Time | Mon Time | Tue Time | Wed Time | Thr Time | Fri Time | Sat Time |
|----------------------------------|----|-------|----------------|--------------|----------|----------|----------|----------|----------|----------|
| ***** No Cutoff Data Found ***** | | | | | | | | | | |

Train ID M ANCP1 1 - Blocking Alt 1
Station W Block SO Stn Description

ALVIN F CORPS CORCUP CORPUS CHRISTI MANIFEST

TSPPTSPP
G D AGNEW

***** Train System *****
- TSP Train Schedule -

06/27/97
11:29:07CT

Days of operation
MO TU WE TH FR SA SU
Service Type M

Origin To Destination
CORCHRIST TEMPLE

Effective Date 05/02/97
Expiration Date 12/31/99
Train ID M CPTE1 Alt 1

| Station | St | T Z | Arr Tm | Dpt Tm | Exmpl | Day | C F I R U N E E S W L P | Max Hpt | Max Lgth | Max Wgt | Yard Time | Road Time | Miles | AVG MPH |
|-----------|----|-----|--------|--------|-------|-----|----------------------------------|---------|----------|---------|-----------|-----------|-------|---------|
| CORCHRIST | TX | CT | ORIG | 1300 | MO | 1 | Y N Y | 1.5 | 7000 | 3500 | | 800 | 147 | 18.3 |
| BAYCITY | TX | | 2100 | 2110 | MO | 1 | N N N | 1.5 | 7000 | 3500 | 10 | 109 | 59 | 51.3 |
| ALGOA | TX | | 2219 | 2234 | MO | 1 | Y N N | 1.5 | 7000 | 3500 | 15 | 26 | 5 | 11.5 |
| ALVIN | TX | | 2300 | 2310 | MO | 1 | N N N | 1.5 | 7000 | 3500 | 10 | 520 | 192 | 36.0 |
| TEMPLE | TX | | 0430 | DEST | TU | 2 | Y N N | 1.0 | 7000 | 3500 | | | | |

Description:

CORPUS CHRISTI TO TEMPLE MANIFEST VIA UP/SP ALGOA

Total Run Time 15 hours 30 mins 403 miles 26.0 MPH
***** End of Data *****

| Station | St | Train | Cut Off | Sun Cut | Mon Cut | Tue Cut | Wed Cut | Thr Cut | Fri Cut | Sat Cut |
|---------|----|-------|---------|---------|---------|---------|---------|---------|---------|---------|
| Station | St | Block | Type | Time | Time | Time | Time | Time | Time | Time |

***** No Cutoff Data Found *****

Train ID M CPTE1 1 - Blocking Alt 1

Station W Block SO Stn Description

CORCUP F TEMPL TEMPLE TEMPLE MANIFEST

TSPPTSPP
G D AGNEW

***** Train System *****
- TSP Train Schedule -

06/27/97
11:29:22CT

Days of operation
MO WE TH FR SU
Service Type K

Origin To Destination
DENVER SALLAKCIT

Effective Date 02/04/97
Expiration Date 12/31/99
Train ID M DVSC1 Alt 1

| Station | St | T Z | Arr Tm | Dpt Tm | Exmpl | Day | C W | F L | I P | R Hpt | U Max | N Lgth | Max Wgt | Yard Time | Road Time | Miles | AVG MPH |
|-----------|----|-----|--------|--------|-------|-----|-----|-----|-----|-------|-------|--------|---------|-----------|-----------|-------|---------|
| DENVER | CO | MT | ORIG | 0001 | MO | 1 | Y | N | Y | 2.4 | 6000 | 3400 | | | 408 | 128 | 30.9 |
| BOND | CO | | 0409 | 0410 | MO | 1 | N | N | N | 2.4 | 6000 | 3400 | 1 | 259 | 56 | 18.7 | |
| GLESRING | CO | | 0709 | 0710 | MO | 1 | N | N | N | 2.4 | 6000 | 3400 | 1 | 350 | 90 | 23.4 | |
| GRAJCT | CO | | 1100 | 1115 | MO | 1 | Y | N | N | 2.4 | 6000 | 3400 | 15 | 314 | 83 | 25.6 | |
| THOMPSON | UT | | 1429 | 1430 | MO | 1 | N | N | N | 2.4 | 6000 | 3400 | 1 | 159 | 76 | 38.3 | |
| MOUNDS | UT | | 1629 | 1630 | MO | 1 | N | N | N | 2.4 | 6000 | 3400 | 1 | 239 | 80 | 30.1 | |
| CASTILLA | UT | | 1909 | 1910 | MO | 1 | N | N | N | 2.4 | 6000 | 3400 | 1 | 40 | 17 | 25.5 | |
| PROVO | UT | | 1950 | 2020 | MO | 1 | N | N | N | 2.4 | 6000 | 3400 | 30 | 130 | 34 | 22.6 | |
| MIDVALE | UT | | 2150 | 2220 | MO | 1 | N | N | N | 2.4 | 6000 | 3400 | 30 | 55 | 13 | 14.1 | |
| SALLAKCIT | UT | | 2315 | DEST | MO | 1 | Y | N | N | 2.4 | 6000 | 3400 | | | | | |

Description:

DENVER TO SALT LAKE MANIFEST TRAIN RUNNING OVER UP/SP TRACKAGE RIGHTS

Total Run Time 23 hours 14 mins 577 miles .24.8 MPH
***** End of Data *****

| Station | St | Train Block | Cut Off Type | Sun Cut Time | Mon Cut Time | Tue Cut Time | Wed Cut Time | Thr Cut Time | Fri Cut Time | Sat Cut Time |
|---------|----|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|---------|----|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|

***** No Cutoff Data Found *****

Train ID M DVSC1 1 - Blocking Alt 1
Station W Block SO Stn Description

| | | | | |
|--------|---|-------|--------|--|
| DENVER | F | GRJCT | GRAJUP | GRAND JUNCTION MANIFEST |
| | F | PROVO | PROVUP | PROVO MANIFEST |
| | F | OGDEN | PROVUP | OGDEN MANIFEST(INCL CLEARFIELD AND LITTLE MOUTAIN) |
| | F | MIDVA | MIDVUP | MIDVALE MANIFEST |
| | F | SLC1 | SALLAK | SALT LAKE CITY TCF |
| GRAJUP | F | PROVO | PROVUP | PROVO MANIFEST |
| | T | MIDVA | MIDVUP | MIDVALE MANIFEST |
| | T | SLC1 | SALLAK | SALT LAKE CITY TCF |
| PROVUP | T | MIDVA | MIDVUP | MIDVALE MANIFEST |
| | T | SLC1 | SALLAK | SALT LAKE CITY TCF |

TSPPTSPP
G D AGNEW

***** Train System *****
- TSP Train Schedule -

06/27/97
11:29:32CT

Days of operation
MO TH
Service Type K

Origin To Destination
EAGPASS EAGPASS

Effective Date 04/01/97
Expiration Date 12/31/99
Train ID M EGE1 Alt 1

| Station | St | T | Arr | Dpt | Exmpl | Day | C | F | I | E | E | S | Max | Max | Max | Yard | Road | Miles | AVG |
|----------|----|----|------|------|-------|-----|---|---|---|-----|------|-------|------|------|------|------|------|-------|------|
| | | Z | Tm | Tm | | | W | L | P | Hpt | Lgth | Wgt | Time | Time | Time | | | | MPH |
| EAGPASS | TX | CT | ORIG | 1100 | MO | 1 | Y | N | N | 1.0 | 7000 | 15000 | | | | | 230 | 33 | 13.2 |
| SPOFFORD | TX | | 1330 | 1430 | MO | 1 | T | N | N | 1.0 | 7000 | 15000 | 100 | | | | 230 | 33 | 13.2 |
| EAGPASS | TX | | 1700 | DEST | MO | 1 | Y | N | N | 1.0 | 7000 | 15000 | | | | | | | |

Description:
MANIFEST TRAIN - SWITCHING IN EAGLE PASS YARD.

Total Run Time 6 hours 0 mins 66 miles 11.0 MPH
***** End of Data *****

| Station | St | Block | Train | Cut | Sun | Mon | Tue | Wed | Thr | Fri | Sat |
|---------|----|-------|-------|-----|-----|-----|-----|-----|-----|-----|-----|
| | | | Off | Cut | Cut | Cut | Cut | Cut | Cut | Cut | Cut |

***** No Cutoff Data Found *****

Train ID M EGE1 1 - Blocking Alt 1
Station W Block SO Stn Description

***** No Block Data Found *****

TSPPTSP
G D AGNEW

***** Train System *****
- TSP Train Schedule -

06/27/97
11:29:46CT

Days of operation
TU FR
Service Type K

Origin To Destination
EAGPASS TEMPLE

Effective Date 03/07/97
Expiration Date 12/31/99
Train ID M EGTE1 Alt 1

| Station | St | T Z | Arr Tm | Dpt Tm | Exmpl | Day | C F I R U N E E S W L P | Max Hpt | Max Lgth | Max Wgt | Yard Time | Road Time | Miles | AVG MPH |
|-----------|----|-----|--------|--------|-------|-----|----------------------------------|---------|----------|---------|-----------|-----------|-------|---------|
| EAGPASS | TX | CT | ORIG | 0100 | MO | 1 | Y N N | 1.0 | 7000 | 15000 | | 800 | 166 | 20.7 |
| SANANTONI | TX | | 0900 | 1100 | MO | 1 | Y N N | 1.0 | 7000 | 15000 | 200 | 700 | 103 | 14.7 |
| SMITHVILL | TX | | 1800 | 1900 | MO | 1 | N N N | 1.0 | 7000 | 15000 | 100 | 400 | 192 | 48.0 |
| TEMPLE | TX | | 2300 | DEST | MO | 1 | Y N N | 1.0 | 7000 | 15000 | | | | |

Description:
MANIFEST TRAIN - EAGLE PASS TO TEMPLE VIA UP

Total Run Time 22 hours 0 mins 461 miles 20.9 MPH
***** End of Data *****

| Station | St | Block | Train | Cut Off Type | Sun Cut Time | Mon Cut Time | Tue Cut Time | Wed Cut Time | Thr Cut Time | Fri Cut Time | Sat Cut Time |
|---------|----|-------|-------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|---------|----|-------|-------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|

***** No Cutoff Data Found *****

Train ID M EGTE1 1 - Blocking Alt 1
Station W Block SO Stn Description

EAGPAS F TEMPL TEMPLE TEMPLE MANIFEST

SANANT F TEMPL TEMPLE TEMPLE MANIFEST

TSPPTSP
G D AGNEW

***** Train System *****
- TSP Train Schedule -

06/27/97
11:30:14CT

Days of operation
TU TH SA
Service Type K

Origin To Destination
PROVO RIVERBANK

Effective Date 04/01/97
Expiration Date 12/31/99
Train ID M PVRV1 Alt 1

| | | | | | | | C F I | | | | | | | | | |
|-----------|----|----|------|------|-------|-----|-------|---|---|-----|------|------|------|------|-------|------|
| | | | | | | | R U N | | | | | | | | | |
| Station | St | T | Arr | Dpt | Exmpl | Day | E | E | S | Max | Max | Max | Yard | Road | | AVG |
| | | Z | Tm | Tm | | | W | L | P | Hpt | Lgth | Wgt | Time | Time | Miles | MPH |
| PROVO | UT | MT | ORIG | 0530 | MO | 1 | Y | Y | Y | 2.4 | 6000 | 3100 | | 200 | 47 | 23.5 |
| SALLAKCIT | UT | | 0730 | 0830 | MO | 1 | Y | Y | Y | 2.4 | 6000 | 3100 | 100 | 614 | 214 | 34.3 |
| ALAZON | NV | | 1444 | 1445 | MO | 1 | N | N | N | 2.4 | 6000 | 3100 | 1 | 114 | 46 | 37.2 |
| ELKO | NV | | 1559 | 1600 | MO | 1 | Y | N | N | 2.4 | 6000 | 3100 | 1 | 415 | 126 | 29.6 |
| WINNEMUCC | NV | PT | 1915 | 2015 | MO | 1 | N | N | N | 2.4 | 6000 | 3100 | 100 | 119 | 45 | 34.1 |
| ANTELOPE | NV | | 2134 | 2135 | MO | 1 | N | N | N | 2.4 | 6000 | 3100 | 1 | 229 | 104 | 41.8 |
| FLANIGAN | NV | | 0004 | 0005 | TU | 2 | N | N | N | 2.4 | 6000 | 3100 | 1 | 15 | 12 | 48.0 |
| HERLONG | CA | | 0020 | 0040 | TU | 2 | N | N | N | 2.4 | 6000 | 3100 | 20 | 120 | 51 | 38.2 |
| PORTOLA | CA | | 0200 | 0300 | TU | 2 | Y | N | N | 2.4 | 6000 | 3100 | 100 | 700 | 272 | 38.8 |
| SACRAMENT | CA | | 1000 | 1015 | TU | 2 | N | N | N | 2.4 | 6000 | 3100 | 15 | 115 | 47 | 37.6 |
| STOCKTON | CA | | 1130 | 1230 | TU | 2 | Y | N | N | 2.4 | 6000 | 3100 | 100 | 130 | 25 | 16.6 |
| RIVERBANK | CA | | 1400 | DEST | TU | 2 | Y | N | N | 2.4 | 6000 | 3100 | | | | |

Description:

PROVO TO RIVERBANK MANIFEST TRAIN RUNNING OVER UP/SP TRACKAGE RIGHTS

Total Run Time 33 hours 30 mins 989 miles 29.5 MPH
***** End of Data *****

| | | | | Cut | Sun | Mon | Tue | Wed | Thr | Fri | Sat |
|---------|----|-------|-------|------|------|------|------|------|------|------|------|
| Station | St | Train | Block | Off | Cut | Cut | Cut | Cut | Cut | Cut | Cut |
| | | | | Type | Time | Time | Time | Time | Time | Time | Time |

***** No Cutoff Data Found *****

Train ID M PVRV1 1 - Blocking Alt 1

Station W Block SO Stn Description

| | | | | |
|--------|---|-------|--------|---|
| PROVUP | F | ELKO | ELKOUP | ELKO MANIFEST |
| | F | WINNM | WINNEM | WINNEMUCCA MANIFEST |
| | F | HRLNG | HERLUP | HERLONG MANIFEST |
| | F | SACRA | SACRAM | SACRAMENTO MANIFEST (UP-SP BLKS/FILLS) |
| | F | RVRBK | RIVERB | RIVERBANK MANIFEST (UP-SP BLKS/FILLS) |
| SALLAK | T | ELKO | ELKOUP | ELKO MANIFEST |
| | T | WINNM | WINNEM | WINNEMUCCA MANIFEST |
| | T | HRLNG | HERLUP | HERLONG MANIFEST |
| | T | SACRA | SACRAM | SACRAMENTO MANIFEST (UP-SP BLKS/FILLS) |
| | T | RVRBK | RIVERB | RIVERBANK MANIFEST (UP-SP BLKS/FILLS) |
| WINNEM | T | HRLNG | HERLUP | HERLONG MANIFEST |
| | T | PORTM | PORTUP | PORTOLA MANIFEST (HERLONG) (UP-SP BLKS/FILLS) |
| | F | SACRA | SACRAM | SACRAMENTO MANIFEST (UP-SP BLKS/FILLS) |
| | F | RVRBK | RIVERB | RIVERBANK MANIFEST (UP-SP BLKS/FILLS) |

Train ID M PVRV1 Alt 1

Train ID M PVRV1 1 - Blocking Alt 1

Station W Block SO Stn Description

PORTUP F SACRA SACRAM SACRAMENTO MANIFEST (UP-SP BLKS/FILLS)
F RVRBK RIVERB RIVERBANK MANIFEST (UP-SP BLKS/FILLS)

SACRAM F RVRBK RIVERB RIVERBANK MANIFEST (UP-SP BLKS/FILLS)

STOCKT F RVRBK RIVERB RIVERBANK MANIFEST

TSPPTSP
G D AGNEW

***** Train System *****
- TSP Train Schedule -

06/27/97
11:29:59CT

Days of operation
TU TH SU
Service Type K

Origin To Destination
RIVERBANK PROVO

Effective Date 04/01/97
Expiration Date 12/31/99
Train ID M RVPV1 Alt 1

| Station | St | T | Arr | Dpt | Exmpl | Day | C | F | I | R | U | N | E | S | Max | Max | Max | Yard | Road | Miles | AVG |
|-----------|----|----|------|------|-------|-----|---|---|---|-----|------|------|------|------|-----|-----|-----|------|------|-------|------|
| | | Z | Tm | Tm | | | W | L | P | Hpt | Lgth | Wgt | Time | Time | | | | | | | MPH |
| RIVERBANK | CA | PT | ORIG | 1700 | MO | 1 | Y | N | N | 2.4 | 6000 | 3100 | | | | | | 130 | | 25 | 16.6 |
| STOCKTON | CA | | 1830 | 1930 | MO | 1 | Y | N | N | 2.4 | 6000 | 3100 | 100 | 30 | | | | | 47 | 94.0 | |
| SACRAMENT | CA | | 2000 | 2015 | MO | 1 | N | N | N | 2.4 | 6000 | 3100 | 15 | 745 | | | | | 272 | 35.0 | |
| PORTOLA | CA | | 0400 | 0500 | TU | 2 | Y | N | N | 2.4 | 6000 | 3100 | 100 | 100 | | | | | 51 | 51.0 | |
| HERLONG | CA | | 0600 | 0620 | TU | 2 | N | N | N | 2.4 | 6000 | 3100 | 20 | 354 | | | | | 161 | 41.2 | |
| WINNEMUCC | NV | | 1014 | 1015 | TU | 2 | N | N | N | 2.4 | 6000 | 3100 | 1 | 245 | | | | | 126 | 45.8 | |
| ELKO | NV | MT | 1400 | 1500 | TU | 2 | Y | N | N | 2.4 | 6000 | 3100 | 100 | 930 | | | | | 260 | 27.3 | |
| SALLAKCIT | UT | | 0030 | 0130 | WE | 3 | Y | N | N | 2.4 | 6000 | 3100 | 100 | 200 | | | | | 47 | 23.5 | |
| PROVO | UT | | 0330 | DEST | WE | 3 | Y | N | N | 2.4 | 6000 | 3100 | | | | | | | | | |

Description:

RIVERBANK TO PROVO MANIFEST TRAIN OVER UP/SP TRACKAGE RIGHTS

Total Run Time 33 hours 30 mins 989 miles 29.5 MPH
***** End of Data *****

| Station | St | Block | Cut | Sun | Mon | Tue | Wed | Thr | Fri | Sat |
|---------|----|-------|------|------|------|------|------|------|------|------|
| | | | Off | Cut | Cut | Cut | Cut | Cut | Cut | Cut |
| | | | Type | Time | Time | Time | Time | Time | Time | Time |

***** No Cutoff Data Found *****

Train ID M RVPV1 1 - Blocking Alt 1

Station W Block SO Stn Description

| | | | | |
|--------|---|-------|--------|--|
| RIVERB | F | HRLNG | HERLUP | HERLONG MANIFEST (INCLUDES PORTOLA) |
| | F | WINNM | WINNEM | WINNEMUCCA MANIFEST |
| | F | ELKM | ELKOU | ELKO MANIFEST (WINNEMUCCA-ELKO) |
| | F | PROVO | PROVUP | PROVO MANIFEST (INCLUDES S.L.CITY, GENEVA) |
| | F | LJNTA | PROVUP | LAJUNTA MTY HOPPERS |
| STOCKT | F | SACRA | SACRAM | SACRAMENTO MANIFEST |
| | F | HRLNG | HERLUP | HERLONG MANIFEST (INCLUDE PORTOLA) |
| | F | WINNM | WINNEM | WINNEMUCCA MANIFEST |
| | F | ELKM | ELKOU | ELKO MANIFEST (WINNEMUCCA-ELKO) |
| | F | PROVO | PROVUP | PROVO MANIFEST (INCLUDES S.L.CITY, GENEVA) |
| | T | LJNTA | PROVUP | LAJUNTA MTY HOPPERS |
| SACRAM | T | HRLNG | HERLUP | HERLONG MANIFEST (INCLUDES PORTOLA) |
| | F | WINNM | WINNEM | WINNEMUCCA MANIFEST |
| | F | ELKM | ELKOU | ELKO MANIFEST (WINNEMUCCA-ELKO) |
| | F | PROVO | PROVUP | PROVO MANIFEST (INCLUDES S.L.CITY, GENEVA, DENVER) |
| | T | LJNTA | PROVUP | LAJUNTA MTY HOPPERS |
| PORTUP | T | HRLNG | HERLUP | HERLONG MANIFEST (INCLUDES PORTOLA) |

Train ID M RVPV1 Alt 1

Train ID M RVPV1 1 - Blocking Alt 1

Station W Block SO Stn Description

| | | | | |
|--------|---|-------|--------|--|
| | F | WINNM | WINNEM | WINNEMUCCA MANIFEST |
| | F | ELKM | ELKOUN | ELKO MANIFEST (WINNEMUCCA-ELKO) |
| | F | PROVO | PROVUP | PROVO MANIFEST (INCLUDES S.L.CITY, GENEVA, DENVER) |
| | T | LJNTA | PROVUP | LAJUNTA MTY HOPPERS |
| WINNEM | T | ELKM | ELKOUN | ELKO MANIFEST (WINNEMUCCA-ELKO) |
| | F | PROVO | PROVUP | PROVO MANIFEST (INCLUDES S.L.CITY, GENEVA, DENVER) |
| | T | LJNTA | PROVUP | LAJUNTA MTY HOPPERS |
| ELKOUN | F | PROVO | PROVUP | PROVO MANIFEST (INCLUDES S.L.CITY, GENEVA, DENVER) |
| | T | LJNTA | PROVUP | LAJUNTA MTY HOPPERS |
| SALLAK | T | PROVO | PROVUP | PROVO MANIFEST (INCLUDES S.L.CITY, GENEVA, DENVER) |

TSPPTSP
G D AGNEW

***** Train System *****
- TSP Train Schedule -

06/27/97
11:30:27CT

Days of operation
MO TU TH FR SA
Service Type K

Origin To Destination
SALLAKCIT DENVER

Effective Date 04/25/97
Expiration Date 12/31/99
Train ID M SCDV1 Alt 1

| Station | St | T | Arr Z Tm | Dpt Tm | Exmpl | Day | C E | F E | I S | Max Hpt | Max Lgth | Max Wgt | Yard Time | Road Time | Miles | AVG MPH |
|-----------|----|----|-------------|-----------|-------|-----|--------|--------|--------|------------|-------------|------------|--------------|--------------|-------|------------|
| SALLAKCIT | UT | MT | ORIG | 0630 | MO | 1 | Y | Y | Y | 2.4 | 6000 | 3400 | | 200 | 47 | 23.5 |
| PROVO | UT | | 0830 | 0900 | MO | 1 | N | N | N | 2.4 | 6000 | 3400 | 30 | 59 | 17 | 17.2 |
| CASTILLA | UT | | 0959 | 1000 | MO | 1 | N | N | N | 2.4 | 6000 | 3400 | 1 | 139 | 58 | 35.1 |
| HELPER | UT | | 1139 | 1140 | MO | 1 | N | N | N | 2.4 | 6000 | 3400 | 1 | 59 | 22 | 22.3 |
| MOUNDS | UT | | 1239 | 1240 | MO | 1 | N | N | N | 2.4 | 6000 | 3400 | 1 | 149 | 76 | 41.8 |
| THOMPSON | UT | | 1429 | 1430 | MO | 1 | N | N | N | 2.4 | 6000 | 3400 | 1 | 300 | 83 | 27.6 |
| GRAJCT | CO | | 1730 | 1745 | MO | 1 | Y | N | N | 2.4 | 6000 | 3400 | 15 | 359 | 90 | 22.5 |
| GLESRING | CO | | 2144 | 2145 | MO | 1 | N | N | N | 2.4 | 6000 | 3400 | 1 | 259 | 56 | 18.7 |
| BOND | CO | | 0044 | 0045 | TU | 2 | N | N | N | 2.4 | 6000 | 3400 | 1 | 400 | 128 | 32.0 |
| DENVER | CO | | 0445 | DEST | TU | 2 | Y | N | N | 2.4 | 6000 | 3400 | | | | |

Description:

SALT LAKE TO DENVER MANIFEST TRAIN OVER UP/SP TRACKAGE RIGHTS

Total Run Time 22 hours 15 mins 577 miles 25.9 MPH
***** End of Data *****

| Station | St | Train | Cut Off | Sun Cut | Mon Cut | Tue Cut | Wed Cut | Thr Cut | Fri Cut | Sat Cut |
|---------|----|-------|------------|------------|------------|------------|------------|------------|------------|------------|
| | | Block | Type | Time | Time | Time | Time | Time | Time | Time |

***** No Cutoff Data Found *****

Train ID M SCDV1 1 - Blocking Alt 1

Station W Block SO Stn Description

SALLAK F DENV1 DENVER DENVER TCF

PROVUP F DENV1 DENVER DENVER MANIFEST
T DENV1 DENVER DENVER TCF

GRAJUP F DENV1 DENVER DENVER MANIFEST(UP-SP BLKS/FILLS)
T DENV1 DENVER DENVER TCF

TSPPTSPP
G D AGNEW

***** Train System *****
- TSP Train Schedule -

06/27/97
11:30:40CT

Days of operation
WE SU
Service Type K

Origin To Destination
TEMPLE EAGPASS

Effective Date 03/07/97
Expiration Date 12/31/99
Train ID M TEEG1 Alt 1

| Station | St | T Z | Arr Tm | Dpt Tm | Exmpl | Day | C F I R U N E E S W L P | Max Hpt | Max Lgth | Max Wgt | Yard Time | Road Time | Miles | AVG MPH |
|-----------|----|-----|--------|--------|-------|-----|----------------------------------|---------|----------|---------|-----------|-----------|-------|---------|
| TEMPLE | TX | CT | ORIG | 0500 | MO | 1 | Y Y Y | 1.0 | 7000 | 15000 | | 400 | 192 | 48.0 |
| SMITHVILL | TX | | 0900 | 1000 | MO | 1 | N N N | 1.0 | 7000 | 15000 | 100 | 700 | 103 | 14.7 |
| SANANTONI | TX | | 1700 | 1900 | MO | 1 | Y N N | 1.0 | 7000 | 15000 | 200 | 800 | 166 | 20.7 |
| EAGPASS | TX | | 0300 | DEST | TU | 2 | Y N N | 1.0 | 7000 | 15000 | | | | |

Description:
MANIFEST TRAIN - TEMPLE TO EAGLE PASS VIA UP

Total Run Time 22 hours 0 mins 461 miles 20.9 MPH
***** End of Data *****

| Station | St | Block | Train | Cut Off Type | Sun Cut Time | Mon Cut Time | Tue Cut Time | Wed Cut Time | Thr Cut Time | Fri Cut Time | Sat Cut Time |
|---------|----|-------|-------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|---------|----|-------|-------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|

***** No Cutoff Data Found *****

Train ID M TEEG1 1 - Blocking Alt 1
Station W Block SO Stn Description

| | | | | |
|--------|---|-------|--------|----------------------|
| TEMPLE | F | SANTO | SANANT | SAN ANTONIO MANIFEST |
| | F | EAGLP | EAGPAS | EAGLE PASS MANIFEST |
| SANANT | F | EAGLP | EAGPAS | EAGLE PASS MANIFEST |

TSPPTSP
G D AGNEW

***** Train System *****
- TSP Train Schedule -

06/27/97
11:25:36CT

Days of operation
TU TH FR SA
Service Type K

Origin To Destination
NEWORLEAN CLOVIS

Effective Date 06/24/97
Expiration Date 12/31/99
Train ID P NOCV1 Alt 1

| Station | St | T Z | Arr Tm | Dpt Tm | Exmpl | Day | C E | F E | I S | Max Hpt | Max Lgth | Max Wgt | Yard Time | Road Time | Miles | AVG MPH |
|-----------|----|-----|--------|--------|-------|-----|--------|--------|--------|------------|-------------|------------|--------------|--------------|-------|------------|
| AVONDALE | LA | CT | 0130 | 0200 | MO | 1 | Y | N | N | 2.0 | 7000 | 9000 | 30 | 129 | 29 | 19.5 |
| RACJCT | LA | | 0329 | 0330 | MO | 1 | N | N | N | 2.0 | 7000 | 9000 | 1 | 59 | 15 | 15.2 |
| SCHRIEVER | LA | | 0429 | 0430 | MO | 1 | N | N | N | 2.0 | 7000 | 9000 | 1 | 215 | 89 | 39.5 |
| LAFAYETTE | LA | | 0645 | 0715 | MO | 1 | Y | N | N | 2.0 | 7000 | 9000 | 30 | 59 | 22 | 22.3 |
| CROWLEY | LA | | 0814 | 0815 | MO | 1 | N | N | N | 2.0 | 7000 | 9000 | 1 | 34 | 14 | 24.7 |
| MERMENTAU | LA | | 0849 | 0850 | MO | 1 | N | N | N | 2.0 | 7000 | 9000 | 1 | 24 | 25 | 62.5 |
| IOWJCT | LA | | 0914 | 0915 | MO | 1 | N | N | N | 2.0 | 7000 | 9000 | 1 | 14 | 13 | 55.7 |
| LAKCHARLE | LA | | 0929 | 0930 | MO | 1 | N | N | N | 2.0 | 7000 | 9000 | 1 | 159 | 39 | 19.6 |
| ORANGE | TX | | 1129 | 1130 | MO | 1 | N | N | N | 2.0 | 7000 | 9000 | 1 | 59 | 24 | 24.4 |
| BEAUMONT | TX | | 1229 | 1230 | MO | 1 | Y | N | N | 2.0 | 7000 | 9000 | 1 | 430 | 90 | 20.0 |
| PEARLAND | TX | | 1700 | 0300 | MO-TU | 1-2 | N | N | N | 2.0 | 7000 | 9000 | 1000 | 646 | 202 | 29.8 |
| TEMPLE | TX | | 0946 | 1146 | TU | 2 | Y | Y | N | 2.5 | 7000 | 7000 | 200 | 355 | 131 | 33.4 |
| BROWNWOOD | TX | | 1541 | 1546 | TU | 2 | N | N | N | 2.5 | 7000 | 7000 | 5 | 315 | 113 | 34.7 |
| SWEETWATE | TX | | 1901 | 1926 | TU | 2 | Y | N | N | 2.5 | 7000 | 7000 | 25 | 310 | 104 | 32.8 |
| SLATON | TX | | 2236 | 2256 | TU | 2 | Y | N | N | 2.5 | 7000 | 7000 | 20 | 304 | 114 | 37.1 |
| CLOVIS | NM | MT | 0100 | DEST | WE | 3 | Y | N | N | 2.5 | 7000 | 7000 | | | | |

Description:

NEW ORLEANS (AVONDALE) - HOUSTON VIA SP TRACKAGE BEAUMONT TO HOUSTON INTERMODAL

Total Run Time 48 hours 30 mins 1024 miles 21.1 MPH

***** End of Data *****

| Station | St | Train Block | Cut Off Type | Sun Cut Time | Mon Cut Time | Tue Cut Time | Wed Cut Time | Thr Cut Time | Fri Cut Time | Sat Cut Time |
|---------|----|----------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|---------|----|----------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|

***** No Cutoff Data Found *****

Train ID P NOCV1 1 - Blocking Alt 1

Station W Block SO Stn Description

| | | | | | |
|--------|---|-------|--------|-------------|--------------------|
| NEWORL | F | LA6 | PEARLA | LOS ANGELES | DOUBLESTACK |
| | F | CLOV6 | PEARLA | CLOVIS | BEYOND DOUBLESTACK |
| | F | CLOV1 | PEARLA | CLOVIS | BEYOND INTERMODAL |
| AVONLA | F | LA6 | PEARLA | LOS ANGELES | DOUBLESTACK |
| | F | CLOV6 | PEARLA | CLOVIS | BEYOND DOUBLESTACK |
| | F | CLOV1 | PEARLA | CLOVIS | BEYOND INTERMODAL |
| | F | HBT | HOUSTO | HOUSTON | HBT MANIFEST |

06/27/97
11:25:54CT

Effective Date 06/24/97
Expiration Date 12/31/99
Train ID F NOCV1 Alt 2

AVONLA F LA6 PEARLA LOS ANGELES DOUBLESTACK
F CLOV6 PEARLA CLOVIS BEYOND DOUBLESTACK
F CLOV1 PEARLA CLOVIS BEYOND INTERMODAL
F HBT HOUSTO HOUSTON HBT MANIFEST

TSPPTSP
G D AGNEW

***** Train System *****
- TSP Train Schedule -

06/27/97
11:21:22CT

Days of operation
MO TU WE TH FR SA SU
Service Type K

Origin To Destination
AVONDALE AVONDALE

Effective Date 01/31/97
Expiration Date 12/31/99
Train ID R ST233 Alt 1

| Station | St | T Z | Arr Tm | Dpt Tm | Exmpl | Day | C F I R U N E E S W L P | Max Hpt | Max Lgth | Max Wgt | Yard Time | Road Time | Miles | AVG MPH |
|-----------|----|-----|--------|--------|-------|-----|----------------------------------|---------|----------|---------|-----------|-----------|-------|---------|
| AVONDALE | LA | CT | ORIG | 1830 | MO | 1 | Y Y Y | 1.0 | 12000 | 15000 | | 130 | 4 | 2.6 |
| WESTWEGO | LA | | 2000 | 2030 | MO | 1 | N N N | 1.0 | 12000 | 15000 | 30 | 30 | 14 | 28.0 |
| NEWORLEAN | LA | | 2100 | 2300 | MO | 1 | T N N | 1.0 | 12000 | 15000 | 200 | 59 | 14 | 14.2 |
| WESTWEGO | LA | | 2359 | 0015 | MO-TU | 1-2 | N N N | 1.0 | 12000 | 15000 | 16 | 215 | 4 | 1.7 |
| AVONDALE | LA | | 0230 | DEST | TU | 2 | Y N N | 1.0 | 12000 | 15000 | | | | |

Description:
AVONDALE LOCAL TO SPOT WEST WEGO FACILITY

Total Run Time 8 hours 0 mins 36 miles 4.5 MPH
***** End of Data *****

| Station | St | Block | Cut Off Type | Sun Cut Time | Mon Cut Time | Tue Cut Time | Wed Cut Time | Thr Cut Time | Fri Cut Time | Sat Cut Time |
|---------|----|-------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|---------|----|-------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|

***** No Cutoff Data Found *****

Train ID R ST233 1 - Blocking Alt 1
Station W Block SO Stn Description

AVONLA F NORL6 NEWORL NEW ORLEANS DOUBLESTACK
F NORL1 NEWORL NEW ORLEANS TFC

NEWORL T CLOV6 AVONLA CLOVIS DOUBLESTACK
T CLOV1 AVONLA CLOVIS TFC

WESLUP F CLOV6 AVONLA CLOVIS DOUBLESTACK
F CLOV1 AVONLA CLOVIS TFC

TSPPTSP
G D AGNEW

***** Train System *****
- TSP Train Schedule -

06/27/97
11:21:35CT

Days of operation
MO TU WE TH FR SA SU
Service Type K

Origin To Destination
SCHRIEVER SCHRIEVER

Effective Date 12/16/96
Expiration Date 12/31/99
Train ID R ST237 Alt 1

| Station | St | T Z | Arr Tm | Dpt Tm | Exmpl | Day | C F I R U N E E S W L P | Max Hpt | Max Lgth | Max Wgt | Yard Time | Road Time | Miles | AVG MPH |
|-----------|----|-----|--------|--------|-------|-----|----------------------------------|---------|----------|---------|-----------|-----------|-------|---------|
| SCHRIEVER | LA | CT | ORIG | 0600 | MO | 1 | Y N Y | 1.0 | 12000 | 15000 | | 129 | 26 | 17.5 |
| MORCITY | LA | | 0729 | 0730 | MO | 1 | N N N | 1.0 | 12000 | 15000 | 1 | 30 | 1 | 2.0 |
| BERWICK | LA | | 0800 | 0830 | MO | 1 | T N N | 1.0 | 12000 | 15000 | 30 | 100 | | |
| URSA | LA | | 0930 | 1000 | MO | 1 | N N N | 1.0 | 12000 | 15000 | 30 | 100 | | |
| SCHRIEVER | LA | | 1100 | 1200 | MO | 1 | N N N | 1.0 | 12000 | 15000 | 100 | 230 | 44 | 17.6 |
| AVONDALE | LA | | 1430 | 1530 | MO | 1 | T N N | 1.0 | 12000 | 15000 | 100 | 230 | 44 | 17.6 |
| SCHRIEVER | LA | | 1800 | DEST | MO | 1 | Y N N | 1.0 | 12000 | 15000 | | | | |

Description:

SHRIEVER-BERWICK-AVONDALE ROADSWITCHER

Total Run Time 12 hours 0 mins 115 miles 9.5 MPH
***** End of Data *****

| Station | St | Train Block | Cut Off Type | Sun Cut Time | Mon Cut Time | Tue Cut Time | Wed Cut Time | Thr Cut Time | Fri Cut Time | Sat Cut Time |
|---------|----|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|---------|----|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|

***** No Cutoff Data Found *****

Train ID R ST237 1 - Blocking Alt 1

Station W Block SO Stn Description

| | | | | |
|--------|---|-------|--------|----------------------------------|
| SCHRIE | F | LOCAL | | SCHRIEVER TO BERWICK SHORTS |
| MORCIT | F | LOCAL | | BERWIC TO SCHRIEVER SHORTS |
| | F | SHRVR | SCHRIE | LOCAL CARS SCHRIEVER TO AVONDALE |
| BERWIC | F | LOCAL | | BERWIC TO SCHRIEVER SHORTS |
| | F | SHRVR | SCHRIE | LOCAL CARS SCHRIEVER TO AVONDALE |
| SCHRIE | F | LOCA2 | | SCHRIEVER TO AVONDALE SHORTS |
| AVONLA | F | LOCA2 | | AVONDALE TO SCHRIEVER SHORTS |
| | F | SHRVR | SCHRIE | SCHRIEVER TO BERWICK LOCAL CARS |

TSPPTSP
G D AGNEW

***** Train System *****
- TSP Train Schedule -

06/27/97
11:22:18CT

Days of operation
MO TU WE TH FR SA
Service Type K

Origin To Destination
PROVO PROVO

Effective Date 06/02/97
Expiration Date 12/31/99
Train ID R UT211 Alt 1

| Station | St | T | Arr | Dpt | Exmpl | Day | C | F | I | R | U | N | E | E | S | Max | Max | Max | Yard | Road | Miles | AVG |
|---------|----|----|------|------|-------|-----|---|---|---|-----|------|------|------|------|------|------|-----|-----|------|------|-------|-----|
| | | Z | Tm | Tm | | | W | L | P | Hpt | Lgth | Wgt | Time | Time | Time | | | | | | | MPH |
| PROVO | UT | MT | ORIG | 1030 | MO | 1 | Y | N | N | 1.5 | 6000 | 7000 | | | | | | | 200 | 34 | 17.0 | |
| MIDVALE | UT | | 1230 | 1330 | MO | 1 | T | N | N | 1.5 | 6000 | 7000 | 100 | 20 | 28 | 84.0 | | | | | | |
| GENEVA | UT | | 1350 | 1400 | MO | 1 | N | N | N | 1.5 | 6000 | 7000 | 10 | 30 | 6 | 12.0 | | | | | | |
| PROVO | UT | | 1430 | 1445 | MO | 1 | N | N | N | 1.5 | 6000 | 7000 | 15 | 15 | 10 | 40.0 | | | | | | |
| SPAFORK | UT | | 1500 | 1530 | MO | 1 | T | N | N | 1.5 | 6000 | 7000 | 30 | 30 | 10 | 20.0 | | | | | | |
| PROVO | UT | | 1600 | DEST | MO | 1 | Y | N | N | 1.5 | 6000 | 7000 | | | | | | | | | | |

Description:

PROVO TO MIDVALE AND SPANISH FORK EXTRA ROADSWITCHER

Total Run Time 5 hours 30 mins 88 miles 16.0 MPH
***** End of Data *****

| Station | St | Block | Train | Cut | Sun | Mon | Tue | Wed | Thr | Fri | Sat |
|---------|----|-------|-------|------|------|------|------|------|------|------|------|
| | | | Off | Time | Time | Time | Time | Time | Time | Time | Time |

***** No Cutoff Data Found *****

Train ID R UT211 1 - Blocking Alt 1

Station W Block SO Stn Description

PROVUP F GNEVA GENEUP GENEVA MANIFEST
F MIDVA MIDVUP MIDVALE MANIFEST

MIDVUP F PROVO PROVUP PROVO MAINFEST

GENEUP F PROVO PROVUP PROVO MAINFEST

TSPPTSPP
G D AGNEW

***** Train System *****
- TSP Train Schedule -

06/27/97
11:22:47CT

Days of operation
MO TU WE TH FR SU
Service Type K

Origin To Destination
MIDVALE MIDVALE

Effective Date 06/02/97
Expiration Date 12/31/99
Train ID R UT309 Alt 1

| Station | St | T Z | Arr Tm | Dpt Tm | Exmpl | Day | C R U N E E S W L P | Max Hpt | Max Lgth | Max Wgt | Yard Time | Road Time | Miles | AVG MPH |
|-----------|----|-----|--------|--------|-------|-----|------------------------|---------|----------|---------|-----------|-----------|-------|---------|
| MIDVALE | UT | MT | ORIG | 0800 | MO | 1 | Y N N | 1.0 | 6000 | 6000 | | 100 | 34 | 34.0 |
| PROVO | UT | | 0900 | 0930 | MO | 1 | T N N | 1.0 | 6000 | 6000 | 30 | 100 | 34 | 34.0 |
| MIDVALE | UT | | 1030 | 1045 | MO | 1 | N N N | 1.0 | 6000 | 6000 | 15 | 15 | 13 | 52.0 |
| SALLAKCIT | UT | | 1100 | 1200 | MO | 1 | N N N | 1.0 | 6000 | 6000 | 100 | 100 | | |
| PIONEER | UT | | 1300 | 1400 | MO | 1 | N N N | 1.0 | 6000 | 6000 | 100 | 100 | | |
| WOOCROSS | UT | | 1500 | 1601 | MO | 1 | T N N | 1.0 | 6000 | 6000 | 101 | 48 | | |
| PIONEER | UT | | 1649 | 1650 | MO | 1 | N N N | 1.0 | 6000 | 6000 | 1 | 10 | | |
| SALLAKCIT | UT | | 1700 | 1800 | MO | 1 | N N N | 1.0 | 6000 | 6000 | 100 | 30 | 13 | 26.0 |
| MIDVALE | UT | | 1830 | DEST | MO | 1 | Y N N | 1.0 | 6000 | 6000 | | | | |

Description:

MIDVALE TO WOODCROSS, PIONEER AND RETURN. FIRST JOB. INCLUDES PROVO SIDE TRIP

Total Run Time 10 hours 30 mins 94 miles 8.9 MPH
***** End of Data *****

| Station | St | Train Block | Cut Off Type | Sun Cut Time | Mon Cut Time | Tue Cut Time | Wed Cut Time | Thr Cut Time | Fri Cut Time | Sat Cut Time |
|---------|----|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|---------|----|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|

***** No Cutoff Data Found *****

Train ID R UT309 1 - Blocking Alt 1
Station W Block SO Stn Description

| | | | | | |
|--------|---|-------|--------|----------------|----------|
| MIDVUP | F | PROVO | PROVUP | PROVO | MANIFEST |
| PROVUP | F | MIDVA | MIDVUP | MIDVALE | MANIFEST |
| MIDVUP | F | SLC | SALLAK | SALT LAKE CITY | MANIFEST |
| WOOCUP | F | SLC | SALLAK | SALT LAKE CITY | MANIFEST |
| PIONUP | F | SLC | SALLAK | SALT LAKE CITY | MANIFEST |
| SALLAK | F | MIDVA | MIDVUP | MADVALE | MANIFEST |

TSPPTSPP
G D AGNEW

***** Train System *****
- TSP Train Schedule -

06/27/97
11:23:02CT

Days of operation
MO TU WE TH FR SA SU
Service Type K

Origin To Destination
MIDVALE MIDVALE

Effective Date 05/29/97
Expiration Date 12/31/99
Train ID R UT311 Alt 1

| Station | St | T | Arr Z Tm | Dpt Tm | Exmpl | Day | C E | F E | I S | Max Hpt | Max Lgth | Max Wgt | Yard Time | Road Time | Miles | AVG MPH |
|-----------|----|----|-------------|-----------|-------|-----|--------|--------|--------|------------|-------------|------------|--------------|--------------|-------|------------|
| MIDVALE | UT | MT | ORIG | 1700 | MO | 1 | Y | N | N | 1.0 | 6000 | 6000 | | 100 | 13 | 13.0 |
| SALLAKCIT | UT | | 1800 | 1900 | MO | 1 | N | N | N | 1.0 | 6000 | 6000 | 100 | 100 | | |
| PIONEER | UT | | 2000 | 2100 | MO | 1 | N | N | N | 1.0 | 6000 | 6000 | 100 | 100 | | |
| WOOCROSS | UT | | 2200 | 2300 | MO | 1 | T | N | N | 1.0 | 6000 | 6000 | 100 | 49 | | |
| PIONEER | UT | | 2349 | 2350 | MO | 1 | N | N | N | 1.0 | 6000 | 6000 | 1 | 40 | | |
| SALLAKCIT | UT | | 0030 | 0100 | TU | 2 | N | N | N | 1.0 | 6000 | 6000 | 30 | 30 | 13 | 26.0 |
| MIDVALE | UT | | 0130 | DEST | TU | 2 | Y | N | N | 1.0 | 6000 | 6000 | | | | |

Description:

MIDVALE TO MAGNA, SALT LAKE/PIONEER/WOODCROSS

Total Run Time 8 hours 30 mins 26 miles 3.0 MPH
***** End of Data *****

| Station | St | Train Block | Cut Off Type | Sun Cut Time | Mon Cut Time | Tue Cut Time | Wed Cut Time | Thr Cut Time | Fri Cut Time | Sat Cut Time |
|---------|----|----------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|---------|----|----------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|

***** No Cutoff Data Found *****

Train ID R UT311 1 - Blocking Alt 1

Station W Block SO Stn Description

MIDVUP F SLC SALLAK SALT LAKE CITY MANIFEST
F WOOCUP WOOCUP WOODS CROSS MANIFEST
F PIONR PIONUP PIONEER MANIFEST

SALLAK F WOOCUP WOOCUP WOODS CROSS MANIFEST
F PIONR PIONUP PIONEER MANIFEST

WOOCUP F SLC SALLAK SALT LAKE CITY MANIFEST
F PIONR PIONUP PIONEER MANIFEST

PIONUP F SLC SALLAK SALT LAKE CITY MANIFEST

SALLAK F MIDVA MIDVUP MADVALE MANIFEST

TSPPTSPP
G D AGNEW

***** Train System *****
- TSP Train Schedule -

06/27/97
11:23:13CT

Days of operation
MC TU WE TH FR SA
Service Type K

Origin To Destination
MIDVALE MIDVALE

Effective Date 05/29/97
Expiration Date 12/31/99
Train ID R UT312 Alt 1

| Station | St | T | Arr | Dpt | Exmpl | Day | C | F | I | R | U | N | E | E | S | Max | Max | Max | Yard | Road | Miles | AVG |
|-----------|----|----|------|------|-------|-----|---|---|---|-----|------|------|------|------|------|-----|-----|-----|------|------|-------|------|
| | | Z | Tm | Tm | | | W | L | P | Hpt | Lgth | Wgt | Time | Time | Time | | | | | | | MPH |
| MIDVALE | UT | MT | ORIG | 1800 | MO | 1 | Y | N | N | 1.0 | 6000 | 6000 | | | | | | | 100 | | 13 | 13.0 |
| SALLAKCIT | UT | | 1900 | 2000 | MO | 1 | N | N | N | 1.0 | 6000 | 6000 | 100 | 100 | | | | | | | | |
| PIONEER | UT | | 2100 | 2200 | MO | 1 | N | N | N | 1.0 | 6000 | 6000 | 100 | 100 | | | | | | | | |
| WOOCROSS | UT | | 2300 | 0001 | MO-TU | 1-2 | T | N | N | 1.0 | 6000 | 6000 | 101 | 48 | | | | | | | | |
| PIONEER | UT | | 0049 | 0050 | TU | 2 | N | N | N | 1.0 | 6000 | 6000 | 1 | 10 | | | | | | | | |
| SALLAKCIT | UT | | 0100 | 0200 | TU | 2 | N | N | N | 1.0 | 6000 | 6000 | 100 | 30 | | | | | | | 13 | 26.0 |
| MIDVALE | UT | | 0230 | DEST | TU | 2 | Y | N | N | 1.0 | 6000 | 6000 | | | | | | | | | | |

Description:

MIDVALE TO SALT LAKE/PIONEER/WOOCROSS AND RETURN

Total Run Time 8 hours 30 mins 26 miles 3.0 MPH
***** End of Data *****

| Station | St | Train | Cut | Sun | Mon | Tue | Wed | Thr | Fri | Sat |
|---------|----|-------|------|------|------|------|------|------|------|------|
| | | Block | Off | Cut | Cut | Cut | Cut | Cut | Cut | Cut |
| | | | Type | Time | Time | Time | Time | Time | Time | Time |

***** No Cutoff Data Found *****

Train ID R UT312 1 - Blocking Alt 1

Station W Block SO Stn Description

MIDVUP F SLC SALLAK SALT LAKE CITY MANIFEST
F WOOCUP WOOCUP WOODS CROSS MANIFEST
F PIONR PIONUP PIONEER MANIFEST

SALLAK F WOOCUP WOOCUP WOODS CROSS MANIFEST
F PIONR PIONUP PIONEER MANIFEST

WOOCUP F SLC SALLAK SALT LAKE CITY MANIFEST
F PIONR PIONUP PIONEER MANIFEST

PIONUP F SLC SALLAK SALT LAKE CITY MANIFEST

SALLAK F MIDVA MIDVUP MADVALE MANIFEST

TSPPTSP
G D AGNEW

***** Train System *****
- TSP Train Schedule -

06/27/97
11:23:51CT

Days of operation
MO TU WE TH FR SA
Service Type K

Origin To Destination
OGDEN OGDEN

Effective Date 05/29/97
Expiration Date 12/31/99
Train ID R UT511 Alt 1

| Station | St | T Z | Arr Tm | Dpt Tm | Exmpl | Day | C F I R U N E E S W L P | Max Hpt | Max Lgth | Max Wgt | Yard Time | Road Time | Miles | AVG MPH |
|---------|----|-----|--------|--------|-------|-----|----------------------------------|---------|----------|---------|-----------|-----------|-------|---------|
| OGDEN | UT | MT | ORIG | 2000 | MO | 1 | Y N N | 1.0 | 6000 | 6000 | | 100 | 16 | 16.0 |
| LITMT | UT | | 2100 | 2200 | MO | 1 | T N N | 1.0 | 6000 | 6000 | 100 | 159 | 16 | 8.0 |
| OGDEN | UT | | 2359 | DEST | MO | 1 | Y N N | 1.0 | 6000 | 6000 | | | | |

Description:

OGDEN TO LITTLE MOUNTAIN, CLEARFIELD AND RETURN ROADSWITCHER OVER TRACKAGE.

Total Run Time 3 hours 59 mins 32 miles 8.0 MPH
***** End of Data *****

| Station | St | Train Block | Cut Off Type | Sun Cut Time | Mon Cut Time | Tue Cut Time | Wed Cut Time | Thr Cut Time | Fri Cut Time | Sat Cut Time |
|---------|----|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|---------|----|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|

***** No Cutoff Data Found *****

Train ID R UT511 1 - Blocking Alt 1
Station W Block SO Stn Description

OGDEUP F LITMT LITMUP LITTLE MOUNTAIN MANIFEST
LITMUP F OGDEN OGDEUP OGDEN MANIFEST

TSPPTSPP
G D AGNEW

***** Train System *****
- TSP Train Schedule -

06/27/97
11:23:24CT

Days of operation
MO TU WE TH FR SA
Service Type K

Origin To Destination
PROVO OGDEN

Effective Date 05/29/97
Expiration Date 12/31/99
Train ID R UT611 Alt 1

| Station | St | T Z | Arr Tm | Dpt Tm | Exmpl | Day | C F I R U N E E S W L P | Max Hpt | Max Lgth | Max Wgt | Yard Time | Road Time | Miles | AVG MPH |
|-----------|----|-----|--------|--------|-------|-----|----------------------------------|---------|----------|---------|-----------|-----------|-------|---------|
| PROVO | UT | MT | ORIG | 0900 | MO | 1 | Y N Y | 1.5 | 6000 | 7000 | | 29 | 6 | 12.4 |
| GENEVA | UT | | 0929 | 0930 | MO | 1 | N N N | 1.5 | 6000 | 7000 | 1 | 30 | 28 | 56.0 |
| MIDVALE | UT | | 1000 | 1100 | MO | 1 | N N N | 1.5 | 6000 | 7000 | 100 | 200 | 13 | 6.5 |
| SALLAKCIT | UT | | 1300 | 1310 | MO | 1 | N Y Y | 1.5 | 6000 | 7000 | 10 | 10 | 26 | 156.0 |
| CLEARFIEL | UT | | 1320 | 1340 | MO | 1 | N N N | 1.5 | 6000 | 7000 | 20 | 20 | 10 | 30.0 |
| OGDEN | UT | | 1400 | DEST | MO | 1 | Y N N | 1.5 | 6000 | 7000 | | | | |

Description:

PROVO TO OGDEN MANIFEST OVER TRACKAGE RIGHTS

Total Run Time 5 hours 0 mins 83 miles 16.6 MPH
***** End of Data *****

| Station | St | Block | Train Off | Cut Type | Sun Cut Time | Mon Cut Time | Tue Cut Time | Wed Cut Time | Thr Cut Time | Fri Cut Time | Sat Cut Time |
|---------|----|-------|-----------|----------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|---------|----|-------|-----------|----------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|

***** No Cutoff Data Found *****

Train ID R UT611 1 - Blocking Alt 1

Station W Block SO Stn Description

PROVUP F MIDVA MIDVUP MIDAVLE MAINFEST (INCLUDES MAGNA)
F CLEAR CLEAUP CLEARFIELD MANIFEST
F OGDEN OGDEUP OGDEN MANIFEST (INCLUDES LITTLE MOUNTAIN)

MIDVUP F CLEAR CLEAUP CLEARFIELD MANIFEST
F OGDEN OGDEUP OGDEN MANIFEST (INCLUDES LITTLE MOUNTAIN)

CLEAUP F OGDEN OGDEUP OGDEN MANIFEST (INCLUDES LITTLE MOUNTAIN)

TSPPTSPP
G D AGNEW

***** Train System *****
- TSP Train Schedule -

06/27/97
11:24:04CT

Days of operation
TU WE TH FR SA SU
Service Type K

Origin To Destination
OGDEN PROVO

Effective Date 05/29/97
Expiration Date 12/31/99
Train ID R UT612 Alt 1

| Station | St | T Z | Arr Tm | Dpt Tm | Exmpl | Day | C F I R U N E E S W L P | Max Hpt | Max Lgth | Max Wgt | Yard Time | Road Time | Miles | AVG MPH |
|-----------|----|-----|--------|--------|-------|-----|----------------------------------|---------|----------|---------|-----------|-----------|-------|---------|
| OGDEN | UT | MT | ORIG | 0900 | MO | 1 | Y N N | 1.5 | 6000 | 7000 | | 20 | 36 | 108.0 |
| SALLAKCIT | UT | | 0920 | 0925 | MO | 1 | N N N | 1.5 | 6000 | 7000 | 5 | 235 | 13 | 5.0 |
| MIDVALE | UT | | 1200 | 1600 | MO | 1 | N N N | 1.5 | 6000 | 7000 | 400 | 29 | 28 | 57.9 |
| GENEVA | UT | | 1629 | 1630 | MO | 1 | N N N | 1.5 | 6000 | 7000 | 1 | 30 | 6 | 12.0 |
| PROVO | UT | | 1700 | DEST | MO | 1 | Y N N | 1.5 | 6000 | 7000 | | | | |

Description:

OGDEN TO PROVO MANIFEST OVER TRACKAGE RIGHTS

Total Run Time 8 hours 0 mins 83 miles 10.3 MPH
***** End of Data *****

| Station | St | Train Block | Cut Off Type | Sun Cut Time | Mon Cut Time | Tue Cut Time | Wed Cut Time | Thr Cut Time | Fri Cut Time | Sat Cut Time |
|---------|----|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|---------|----|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|

***** No Cutoff Data Found *****

Train ID R UT612 1 - Blocking Alt 1

Station W Block SO Stn Description

OGDEUP F MIDVA MIDVUP MIDAVLE MAINFEST
F PROVO PROVUP PROVO MANIFEST

MIDVUP F PROVO PROVUP PROVO MANIFEST

TSPPTSPP
G D AGNEW

***** Train System *****
- TSP Train Schedule -

06/27/97
11:23:38CT

Days of operation
TU TH SA
Service Type K

Origin To Destination
MIDVALE MIDVALE

Effective Date 05/29/97
Expiration Date 12/31/99
Train ID R UT613 Alt 1

| Station | St | T Z | Arr Tm | Dpt Tm | Exmpl | Day | C F I R U N E E S W L P | Max Hpt | Max Lgth | Max Wgt | Yard Time | Road Time | Miles | AVG MPH |
|---------|----|-----|--------|--------|-------|-----|----------------------------------|---------|----------|---------|-----------|-----------|-------|---------|
| MIDVALE | UT | MT | ORIG | 1230 | MO | 1 | Y Y Y | 1.5 | 6000 | 7000 | | 100 | 19 | 19.0 |
| MAGNA | UT | | 1330 | 1430 | MO | 1 | T N N | 1.5 | 6000 | 7000 | 100 | 100 | 19 | 19.0 |
| MIDVALE | UT | | 1530 | DEST | MO | 1 | Y N N | 1.5 | 6000 | 7000 | | | | |

Description:

MIDVALE TO MAGNA & RETURN ROADSWITCHER OVER TRACKAGE

Total Run Time 3 hours 0 mins 38 miles 12.6 MPH
***** End of Data *****

| Station | St | Block | Train | Cut Off Type | Sun Cut Time | Mon Cut Time | Tue Cut Time | Wed Cut Time | Thr Cut Time | Fri Cut Time | Sat Cut Time |
|---------|----|-------|-------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|---------|----|-------|-------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|

***** No Cutoff Data Found *****

Train ID R UT613 1 - Blocking Alt 1
Station W Block SO Stn Description

MIDVUP F MAGNA MAGNUP MAGNA MANIFEST

MAGNUP F MIDVA MIDVUP MIDVALE MANIFEST

TSPPTSP
G D AGNEW

***** Train System *****
- TSP Train Schedule -

06/27/97
11:24:26CT

Days of operation
MO
Service Type K

Origin To Destination
CLOVIS NEWORLEAN

Effective Date 02/09/97
Expiration Date 12/31/99
Train ID S CVN01 Alt 1

| Station | St | T Z | Arr Tm | Dpt Tm | Exmpl | Day | C F I R U N E E S W L P | Max Hpt | Max Lgth | Max Wgt | Yard Time | Road Time | Miles | AVG MPH |
|-----------|----|-----|--------|--------|-------|-----|----------------------------------|---------|----------|---------|-----------|-----------|-------|---------|
| CLOVIS | NM | MT | ORIG | 1600 | MO | 1 | Y N Y | 2.5 | 12000 | 15000 | | 210 | 114 | 52.6 |
| SLATON | TX | CT | 1910 | 1920 | MO | 1 | Y N N | 2.5 | 12000 | 15000 | 10 | 144 | 104 | 60.0 |
| SWEETWATE | TX | | 2104 | 2115 | MO | 1 | Y N N | 2.5 | 12000 | 15000 | 11 | 745 | 244 | 31.4 |
| TEMPLE | TX | | 0500 | 0600 | TU | 2 | Y N N | 2.5 | 12000 | 15000 | 100 | 830 | 202 | 23.7 |
| PEARLAND | TX | | 1430 | 1600 | TU | 2 | N N N | 2.5 | 12000 | 15000 | 130 | 30 | 14 | 28.0 |
| HOUSTON | TX | | 1630 | 1700 | TU | 2 | Y N Y | 2.0 | 10000 | 9000 | 30 | 415 | 76 | 17.8 |
| BEAUMONT | TX | | 2115 | 2145 | TU | 2 | N N N | 2.0 | 10000 | 9000 | 30 | 100 | 24 | 24.0 |
| ORANGE | TX | | 2245 | 2301 | TU | 2 | N N N | 2.0 | 10000 | 9000 | 16 | 128 | 39 | 26.5 |
| LAKCHARLE | LA | | 0029 | 0030 | WE | 3 | N N N | 2.0 | 10000 | 9000 | 1 | 14 | 13 | 55.7 |
| IOWJCT | LA | | 0044 | 0045 | WE | 3 | N N N | 2.0 | 10000 | 9000 | 1 | 39 | 25 | 38.4 |
| MERMENTAU | LA | | 0124 | 0125 | WE | 3 | N N N | 2.0 | 10000 | 9000 | 1 | 34 | 14 | 24.7 |
| CROWLEY | LA | | 0159 | 0200 | WE | 3 | N N N | 2.0 | 10000 | 9000 | 1 | 59 | 22 | 22.3 |
| LAFAYETTE | LA | | 0259 | 0300 | WE | 3 | Y N N | 2.0 | 10000 | 9000 | 1 | 244 | 89 | 32.5 |
| SCHRIEVER | LA | | 0544 | 0545 | WE | 3 | N N N | 2.0 | 10000 | 9000 | 1 | 214 | 44 | 19.7 |
| AVONDALE | LA | | 0759 | 0800 | WE | 3 | N N N | 2.0 | 10000 | 9000 | 1 | 145 | 12 | 6.8 |
| NEWORLEAN | LA | | 0945 | DEST | WE | 3 | Y N N | 2.0 | 10000 | 9000 | | | | |

Description:
CLOVIS TO HOUSTON TOFC TRAIN

Total Run Time 40 hours 45 mins 1036 miles 25.4 MPH
***** End of Data *****

| Station | St | Block | Train Off Type | Cut Sun Time | Cut Mon Time | Cut Tue Time | Cut Wed Time | Cut Thr Time | Cut Fri Time | Cut Sat Time |
|---------|----|-------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|---------|----|-------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|

***** No Cutoff Data Found *****

Train ID S CVN01 1 - Blocking Alt 1

Station W Block SO Stn Description

CLOVIS F HUST6 PEARLA HOUSTON DOUBLESTACK (CONNECT FROM Q-RIAL)
F NORL6 TEMPLE NEW ORLEANS DOUBLESTACK
F NORL1 TEMPLE NEW ORLEANS TOFC
F HUST1 PEARLA HOUSTON TOFC (CONNECT FROM Q-RIAL)

TEMPLE T HUST6 PEARLA HOUSTON DOUBLESTACK (CONNECT FROM Q-RIAL)
T HUST1 PEARLA HOUSTON TOFC (CONNECT FROM Q-RIAL)

TSPPTSPP
G D AGNEW

***** Train System *****
- TSP Train Schedule -

06/27/97
11:24:39CT

Days of operation
TU
Service Type K

Origin To Destination
CLOVIS NEWORLEAN

Effective Date 02/21/97
Expiration Date 12/31/99
Train ID S CVN01 Alt 2

| Station | St | T | Arr Z Tm | Dpt Tm | Exmpl | Day | C E | F E | I S | Max Hpt | Max Lgth | Max Wgt | Yard Time | Road Time | Miles | AVG MPH |
|-----------|----|----|-------------|-----------|-------|-----|--------|--------|--------|------------|-------------|------------|--------------|--------------|-------|------------|
| CLOVIS | NM | MT | ORIG | 1600 | MO | 1 | Y | N | Y | 2.5 | 12000 | 15000 | | 210 | 114 | 52.6 |
| SLATON | TX | CT | 1910 | 1920 | MO | 1 | Y | N | N | 2.5 | 12000 | 15000 | 10 | 144 | 104 | 60.0 |
| SWEETWATE | TX | | 2104 | 2115 | MO | 1 | Y | N | N | 2.5 | 12000 | 15000 | 11 | 745 | 244 | 31.4 |
| TEMPLE | TX | | 0500 | 0600 | TU | 2 | Y | N | N | 2.5 | 12000 | 15000 | 100 | 830 | 202 | 23.7 |
| PEARLAND | TX | | 1430 | 1600 | TU | 2 | N | N | N | 2.5 | 12000 | 15000 | 130 | 30 | 14 | 28.0 |
| HOUSTON | TX | | 1630 | 1700 | TU | 2 | Y | N | Y | 2.0 | 10000 | 9000 | 30 | 415 | 76 | 17.8 |
| BEAUMONT | TX | | 2115 | 2145 | TU | 2 | N | N | N | 2.0 | 10000 | 9000 | 30 | 100 | 24 | 24.0 |
| ORANGE | TX | | 2245 | 2301 | TU | 2 | N | N | N | 2.0 | 10000 | 9000 | 16 | 128 | 39 | 26.5 |
| LAKCHARLE | LA | | 0029 | 0030 | WE | 3 | N | N | N | 2.0 | 10000 | 9000 | 1 | 14 | 13 | 55.7 |
| IOWJCT | LA | | 0044 | 0045 | WE | 3 | N | N | N | 2.0 | 10000 | 9000 | 1 | 39 | 25 | 38.4 |
| MERMENTAU | LA | | 0124 | 0125 | WE | 3 | N | N | N | 2.0 | 10000 | 9000 | 1 | 34 | 14 | 24.7 |
| CROWLEY | LA | | 0159 | 0200 | WE | 3 | N | N | N | 2.0 | 10000 | 9000 | 1 | 59 | 22 | 22.3 |
| LAFAYETTE | LA | | 0259 | 0300 | WE | 3 | Y | N | N | 2.0 | 10000 | 9000 | 1 | 244 | 89 | 32.5 |
| SCHRIEVER | LA | | 0544 | 0545 | WE | 3 | N | N | N | 2.0 | 10000 | 9000 | 1 | 214 | 44 | 19.7 |
| AVONDALE | LA | | 0759 | 0800 | WE | 3 | N | N | N | 2.0 | 10000 | 9000 | 1 | 145 | 12 | 6.8 |
| NEWORLEAN | LA | | 0945 | DEST | WE | 3 | Y | N | N | 2.0 | 10000 | 9000 | | | | |

Description:
CLOVIS TO HOUSTON TOFC TRAIN

Total Run Time 40 hours 45 mins 1036 miles 25.4 MPH
***** End of Data *****

| Station | St | Train Block | Cut Off Type | Sun Cut Time | Mon Cut Time | Tue Cut Time | Wed Cut Time | Thr Cut Time | Fri Cut Time | Sat Cut Time |
|---------|----|----------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|---------|----|----------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|

***** No Cutoff Data Found *****

Train ID S CVN01 2 - Blocking Alt 2

Station W Block SO Stn Description

| | | | | |
|--------|---|-------|--------|---|
| CLOVIS | F | HUST6 | PEARLA | HOUSTON DOUBLESTACK (CONNECT FROM Q-RIAL) |
| | F | NSA6 | TEMPLE | NEW ORLEANS - NS - ATLANTA DOUBLESTACK |
| | F | NSC6 | TEMPLE | NEW ORLEANS - NS - CHARLOTTE DOUBLESTACK |
| | F | NORL6 | TEMPLE | NEW ORLEANS DOUBLESTACK |
| | F | NORL1 | TEMPLE | NEW ORLEANS TOFC |
| | F | HUST1 | PEARLA | HOUSTON TOFC (CONNECT FROM Q-RIAL) |

| | | | | |
|--------|---|-------|--------|---|
| TEMPLE | T | HUST6 | PEARLA | HOUSTON DOUBLESTACK (CONNECT FROM Q-RIAL) |
| | T | HUST1 | PEARLA | HOUSTON TOFC (CONNECT FROM Q-RIAL) |

TSPPTSPP
G D AGNEW

***** Train System *****
- TSP Train Schedule -

06/27/97
11:24:52CT

Days of operation
WE TH FR SA SU
Service Type K

Origin To Destination
CLOVIS NEWORLEAN

Effective Date 03/19/97
Expiration Date 12/31/99
Train ID S CVN01 Alt 3

| Station | St | T Z | Arr Tm | Dpt Tm | Exmpl | Day | C E | F E | I S | Max Hpt | Max Lgth | Max Wgt | Yard Time | Road Time | Miles | AVG MPH |
|-----------|----|-----|--------|--------|-------|-----|--------|--------|--------|------------|-------------|------------|--------------|--------------|-------|------------|
| CLOVIS | NM | MT | ORIG | 2359 | MO | 1 | Y | N | Y | 2.5 | 12000 | 15000 | | 221 | 114 | 48.5 |
| SLATON | TX | CT | 0320 | 0400 | TU | 2 | Y | N | N | 2.5 | 12000 | 15000 | 40 | 214 | 104 | 46.5 |
| SWEETWATE | TX | | 0614 | 0625 | TU | 2 | Y | N | N | 2.5 | 12000 | 15000 | 11 | 834 | 244 | 28.4 |
| TEMPLE | TX | | 1459 | 1559 | TU | 2 | Y | N | N | 2.5 | 12000 | 15000 | 100 | 831 | 202 | 23.7 |
| PEARLAND | TX | | 0030 | 0100 | WE | 3 | N | N | N | 2.5 | 12000 | 15000 | 30 | 100 | 14 | 14.0 |
| HOUSTON | TX | | 0200 | 0300 | WE | 3 | Y | N | N | | 12000 | 15000 | 100 | 415 | 76 | 17.8 |
| BEAUMONT | TX | | 0715 | 0745 | WE | 3 | N | N | N | 2.0 | 10000 | 09000 | 30 | 44 | 24 | 32.7 |
| ORANGE | TX | | 0829 | 0830 | WE | 3 | N | N | N | 2.0 | 10000 | 09000 | 1 | 159 | 39 | 19.6 |
| LAKCHARLE | LA | | 1029 | 1030 | WE | 3 | N | N | N | 2.0 | 10000 | 09000 | 1 | 14 | 13 | 55.7 |
| IOWJCT | LA | | 1044 | 1045 | WE | 3 | N | N | N | 2.0 | 10000 | 09000 | 1 | 44 | 25 | 34.0 |
| MERMENTAU | LA | | 1129 | 1130 | WE | 3 | N | N | N | 2.0 | 10000 | 09000 | 1 | 44 | 14 | 19.0 |
| CROWLEY | LA | | 1214 | 1215 | WE | 3 | N | N | N | 2.0 | 10000 | 09000 | 1 | 44 | 22 | 30.0 |
| LAFAYETTE | LA | | 1259 | 1300 | WE | 3 | Y | N | N | 2.0 | 10000 | 09000 | 1 | 244 | 89 | 32.5 |
| SCHRIEVER | LA | | 1544 | 1545 | WE | 3 | N | N | N | 2.0 | 10000 | 09000 | 1 | 214 | 44 | 19.7 |
| AVONDALE | LA | | 1759 | 1800 | WE | 3 | N | N | N | 2.0 | 10000 | 09000 | 1 | 145 | 12 | 6.8 |
| NEWORLEAN | LA | | 1945 | DEST | WE | 3 | Y | N | N | 2.0 | 10000 | 09000 | | | | |

Description:
CLOVIS TO NEW ORLEANS TRAIN

Total Run Time 42 hours 46 mins 1036 miles 24.2 MPH
***** End of Data *****

| Station | St | Block | Cut Type | Sun Cut Time | Mon Cut Time | Tue Cut Time | Wed Cut Time | Thr Cut Time | Fri Cut Time | Sat Cut Time |
|---------|----|-------|-------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|---------|----|-------|-------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|

***** No Cutoff Data Found *****

Train ID S CVN01 3 - Blocking Alt 3

Station W Block SO Stn Description

| | | | | | | |
|--------|---|-------|--------|-------------|---------------|-----------------------|
| CLOVIS | F | HUST6 | PEARLA | HOUSTON | DOUBLESTACK | (CONNECT FROM Q-RIAL) |
| | F | NORL6 | NEWORL | NEW ORLEANS | DOUBLESTACK | |
| | F | NORL1 | NEWORL | NEW ORLEANS | TOFC | |
| | F | HUST1 | PEARLA | HOUSTON | TOFC | (CONNECT FROM Q-RIAL) |
| | F | HUST2 | PEARLA | HOUSTON | AUTOS | (CONNECT FROM Q-RIAL) |
| | F | HUSTN | PEARLA | HOUSTON | MANIFEST | (POTATO BLOCK) |
| | F | LUBBK | LUBBOC | LUBBOCK | MANIFEST | |
| HOUSTO | F | NORL6 | NEWORL | NEW ORLEANS | DOUBLESTACKS | |
| | F | NORL1 | NEWORL | NEW ORLEANS | CONVENTIONALS | |
| | F | NOPB | URSA | NEW ORLEANS | MANIFEST | |

TSPPTSPP
G D AGNEW

***** Train System *****
- TSP Train Schedule -

06/27/97
11:11:11CT

Days of operation

Origin To Destination
CARLSBAD GENTILLY

Effective Date 03/05/97
Expiration Date 12/31/99
Train ID U CBN01 Alt 1

Service Type U

| Station | St | T Z | Arr Tm | Dpt Tm | Exmpl | Day | C R E W | F U E L | I N S P | Max Hpt | Max Lgth | Max Wgt | Yard Time | Road Time | Miles | AVG MPH |
|-----------|----|-----|--------|--------|-------|-----|---------|---------|---------|---------|----------|---------|-----------|-----------|-------|---------|
| CARLSBAD | NM | MT | ORIG | 1200 | MO | 1 | Y | Y | Y | 1.0 | 12000 | 15000 | | 630 | 184 | 28.3 |
| CLOVIS | NM | | 1830 | 1900 | MO | 1 | Y | N | N | 1.0 | 12000 | 15000 | 30 | 459 | 114 | 22.8 |
| SLATON | TX | CT | 0059 | 0100 | TU | 2 | Y | N | N | 1.0 | 12000 | 15000 | 1 | 410 | 104 | 24.9 |
| SWEETWATE | TX | | 0510 | 0520 | TU | 2 | Y | N | N | 1.0 | 12000 | 15000 | 10 | 1240 | 244 | 19.2 |
| TEMPLE | TX | | 1800 | 1900 | TU | 2 | Y | N | Y | 1.0 | 12000 | 15000 | 100 | 230 | 77 | 30.8 |
| SOMERVILL | TX | | 2130 | 2135 | TU | 2 | N | N | N | 1.0 | 12000 | 15000 | 5 | 600 | 74 | 12.3 |
| CONROE | TX | | 0335 | 0340 | WE | 3 | N | N | N | 1.0 | 12000 | 15000 | 5 | 130 | 81 | 54.0 |
| SILSBEE | TX | | 0510 | 0610 | WE | 3 | Y | N | N | 1.0 | 12000 | 15000 | 100 | 100 | 21 | 21.0 |
| BEAUMONT | TX | | 0710 | 0715 | WE | 3 | N | N | N | 1.0 | 12000 | 15000 | 5 | 100 | 24 | 24.0 |
| ORANGE | TX | | 0815 | 0820 | WE | 3 | N | N | N | 1.0 | 12000 | 15000 | 5 | 230 | 39 | 15.6 |
| LAKCHARLE | LA | | 1050 | 1100 | WE | 3 | N | N | N | 1.0 | 12000 | 15000 | 10 | 14 | 13 | 55.7 |
| IOWJCT | LA | | 1114 | 1115 | WE | 3 | N | N | N | 1.0 | 12000 | 15000 | 1 | 100 | 25 | 25.0 |
| MERMENTAU | LA | | 1215 | 1230 | WE | 3 | N | N | N | 1.0 | 12000 | 15000 | 15 | 100 | 14 | 14.0 |
| CROWLEY | LA | | 1330 | 1345 | WE | 3 | N | N | N | 1.0 | 12000 | 15000 | 15 | 145 | 22 | 12.5 |
| LAFAYETTE | LA | | 1530 | 1630 | WE | 3 | Y | N | N | 1.0 | 12000 | 15000 | 100 | 300 | 89 | 29.6 |
| SCHRIEVER | LA | | 1930 | 1945 | WE | 3 | N | N | N | 1.0 | 12000 | 15000 | 15 | 259 | 44 | 14.7 |
| AVONDALE | LA | | 2244 | 2245 | WE | 3 | N | N | N | 1.0 | 12000 | 15000 | 1 | 145 | 12 | 6.8 |
| NEWORLEAN | LA | | 0030 | 0100 | TH | 4 | N | N | N | 1.0 | 12000 | 15000 | 30 | 130 | | |
| GENTILLY | LA | | 0230 | DEST | TH | 4 | Y | N | N | 1.0 | 12000 | 15000 | | | | |

Description:

CARLSBAD TO NEW ORLEANS POTASH TRAIN

Total Run Time 61 hours 30 mins 1181 miles 19.2 MPH
***** End of Data *****

| Station | St | Train Block | Cut Off Type | Sun Cut Time | Mon Cut Time | Tue Cut Time | Wed Cut Time | Thr Cut Time | Fri Cut Time | Sat Cut Time |
|---------|----|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|---------|----|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|

***** No Cutoff Data Found *****

Train ID U CBN01 1 - Blocking Alt 1

Station W Block SO Stn Description

| | | | | |
|--------|---|------|--------|--|
| CARLNM | T | NOPB | NEWORL | NEW ORLEANS PUBLIC BELT POTASH (INC NS, IC, KCS) |
| | T | CSXB | GENTIL | CSX-BALDWIN POTASH |
| | T | CSXG | GENTIL | CSX-GENTILLY POTASH |

TSPPTSPP
G D AGNEW

***** Train System *****
- TSP Train Schedule -

06/27/97
11:11:24CT

Days of operation

Origin To Destination
SALLAKCIT DENVER

Effective Date 01/09/97
Expiration Date 12/31/99
Train ID U SCDV1 Alt 1

Service Type K

C F I
R U N

| Station | St | T Z | Arr Tm | Dpt Tm | Exmpl | Day | W | L | P | Max Hpt | Max Lgth | Max Wgt | Yard Time | Road Time | Miles | AVG MPH |
|-----------|----|-----|--------|--------|-------|-----|---|---|---|---------|----------|---------|-----------|-----------|-------|---------|
| SALLAKCIT | UT | MT | ORIG | 0000 | MO | 1 | Y | Y | Y | 2.4 | 6000 | 3100 | | 1100 | 303 | 27.5 |
| GRAJCT | CQ | | 1100 | 1115 | MO | 1 | Y | N | N | 2.4 | 6000 | 3100 | 15 | 1100 | 274 | 24.9 |
| DENVER | CO | | 2215 | DEST | MO | 1 | Y | N | N | 2.4 | 6000 | 3100 | | | | |

Description:

SALT LAKE CITY TO DENVER UNIT STEEL TRAIN FROM GENEVA STEEL.

Total Run Time 22 hours 15 mins 577 miles 25.9 MPH
***** End of Data *****

| Station | St | Train Block | Cut Off Type | Sun Cut Time | Mon Cut Time | Tue Cut Time | Wed Cut Time | Thr Cut Time | Fri Cut Time | Sat Cut Time |
|---------|----|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|---------|----|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|

***** No Cutoff Data Found *****

Train ID U SCDV1 1 - Blocking Alt 1
Station W Block SO Stn Description

SALLAK F DENVR DENVER STEEL CARS FOR DENVER

TSPPTSP
G D AGNEW

***** Train System *****
- TSP Train Schedule -

06/27/97
11:11:41CT

Days of operation

Origin To Destination
TEMPLE TEMPLE

Effective Date 11/25/96
Expiration Date 12/31/99
Train ID U TETE5 Alt 1

Service Type K

| Station | St | T Z | Arr Tm | Dpt Tm | Exmpl | Day | C F I R U N E E S W L P | Max Hpt | Max Lgth | Max Wgt | Yard Time | Road Time | Miles | AVG MPH |
|---------|----|-----|--------|--------|-------|-----|----------------------------------|---------|----------|---------|-----------|-----------|-------|---------|
| TEMPLE | TX | CT | ORIG | 1200 | MO | 1 | Y Y Y | 1.0 | 12000 | 15000 | | 229 | 255 | 102.6 |
| GRANGER | TX | | 1429 | 1430 | MO | 1 | N N N | 1.0 | 12000 | 15000 | 1 | 29 | 30 | 62.0 |
| ROUROCK | TX | | 1459 | 1500 | MO | 1 | N N N | 1.0 | 12000 | 15000 | 1 | 200 | 444 | 222.0 |
| KERR | TX | | 1700 | 1900 | MO | 1 | T N N | 1.0 | 12000 | 15000 | 200 | 29 | 444 | 918.6 |
| ROUROCK | TX | | 1929 | 1930 | MO | 1 | N N N | 1.0 | 12000 | 15000 | 1 | 159 | 30 | 15.1 |
| GRANGER | TX | | 2129 | 2130 | MO | 1 | N N N | 1.0 | 12000 | 15000 | 1 | 229 | 255 | 102.6 |
| TEMPLE | TX | | 2359 | DEST | MO | 1 | Y N N | 1.0 | 12000 | 15000 | | | | |

Description:

UNIT TRAIN - TEMPLE TO KERR AND RETURN OVER UP/SP TRACKAGE RIGHTS

Total Run Time 11 hours 59 mins 1458 miles 121.6 MPH
***** End of Data *****

| Station | St | Block | Train | Cut Off Type | Sun Cut Time | Mon Cut Time | Tue Cut Time | Wed Cut Time | Thr Cut Time | Fri Cut Time | Sat Cut Time |
|---------|----|-------|-------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|---------|----|-------|-------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|

***** No Cutoff Data Found *****

Train ID U TETE5 1 - Blocking Alt 1
Station W Block SO Stn Description

TEMPLE F KERR KERRUP KERR AGGREGATE EMPTYS

KERRUP F TEMPL TEMPLE LOADS FROM KERR

TSPPTSPP
G D AGNEW

***** Train System *****
- TSP Train Schedule -

06/27/97
11:11:58CT

Days of operation

Origin To Destination
CORCHRIST ALVIN

Effective Date 10/19/96
Expiration Date 12/31/99
Train ID Z CPAN1 Alt 1

Service Type X

| Station | St | T | Arr | Dpt | Exmpl | Day | C | F | I | Max | Max | Max | Yard | Road | Miles | AVG |
|-----------|----|----|------|------|-------|-----|---|---|---|-----|------|-----|------|------|-------|------|
| | | Z | Tm | Tm | | | R | U | N | Hpt | Lgth | Wgt | Time | Time | | MPH |
| | | | | | | | E | E | S | | | | | | | |
| CORCHRIST | TX | CT | ORIG | 0000 | MO | 1 | Y | N | Y | 9.0 | | | | 39 | 17 | 26.1 |
| ODEM | TX | | 0039 | 0040 | MO | 1 | N | N | N | 9.0 | | | 1 | 39 | 8 | 12.3 |
| SINTON | TX | | 0119 | 0120 | MO | 1 | N | N | N | 9.0 | | | 1 | 119 | 57 | 43.2 |
| BLOOMINGT | TX | | 0239 | 0240 | MO | 1 | N | N | N | 9.0 | | | 1 | 119 | 65 | 49.3 |
| BAYCITY | TX | | 0359 | 0400 | MO | 1 | N | N | N | 9.0 | | | 1 | 59 | 59 | 60.0 |
| ALGOA | TX | | 0459 | 0500 | MO | 1 | N | N | N | 9.0 | | | 1 | 15 | 5 | 20.0 |
| ALVIN | TX | | 0515 | DEST | MO | 1 | Y | N | N | 9.0 | | | | | | |

Description:

LITE ENGINES CORPUS CHRISTI - BAY CITY - ALGOA - ALVIN (VIA UP RAILROAD)

Total Run Time 5 hours 15 mins 211 miles 40.1 MPH

***** End of Data *****

| Station | St | Block | Train | Cut | Sun | Mon | Tue | Wed | Thr | Fri | Sat |
|---------|----|-------|-------|------|------|------|------|------|------|------|------|
| | | | Off | Type | Cut | Cut | Cut | Cut | Cut | Cut | Cut |
| | | | | | Time | Time | Time | Time | Time | Time | Time |

***** No Cutoff Data Found *****

Train ID Z CPAN1 1 - Blocking Alt 1

Station W Block SO Stn Description

***** No Block Data Found *****

TSPPTSP
G D AGNEW

***** Train System *****
- TSP Train Schedule -

06/27/97
11:12:16CT

Days of operation

Origin To Destination
CORCHRIST KANCITY

Effective Date 11/07/96
Expiration Date 12/31/99
Train ID Z CPKC1 Alt 1

Service Type X

| Station | St | T Z | Arr Tm | Dpt Tm | Exmpl | Day | C F I R U N E E S W L P | Max Hpt | Max Lgth | Max Wgt | Yard Time | Road Time | Miles | AVG MPH |
|-----------|----|-----|--------|--------|-------|-----|----------------------------------|---------|----------|---------|-----------|-----------|-------|---------|
| CORCHRIST | TX | CT | ORIG | 0001 | MO | 1 | Y N Y | 1.5 | 7000 | 3500 | | 427 | 147 | 33.0 |
| BAYCITY | TX | | 0428 | 0429 | MO | 1 | N N N | 1.5 | 7000 | 3500 | 1 | 45 | 59 | 78.6 |
| ALGOA | TX | | 0514 | 0529 | MO | 1 | Y N N | 1.5 | 7000 | 3500 | 15 | 15 | 5 | 20.0 |
| ALVIN | TX | | 0544 | 0554 | MO | 1 | N N N | 1.5 | 7000 | 3500 | 10 | 606 | 192 | 31.4 |
| TEMPLE | TX | | 1200 | 1400 | MO | 1 | Y N N | 2.0 | 8000 | 12000 | 200 | 530 | 100 | 18.1 |
| CLEBURNE | TX | | 1930 | 2030 | MO | 1 | N N N | 1.5 | 8000 | 10000 | 100 | 144 | 46 | 26.5 |
| ALLIANCE | TX | | 2214 | 2315 | MO | 1 | N N N | 1.5 | 8000 | 10000 | 101 | 150 | 46 | 25.0 |
| GAINESVIL | TX | | 0105 | 0135 | TU | 2 | Y N N | 1.5 | 8000 | 10000 | 30 | 424 | 140 | 31.8 |
| OKLCITY | OK | | 0559 | 0600 | TU | 2 | N N N | 1.5 | 8000 | 10000 | 1 | 330 | 120 | 34.2 |
| ARKCITY | KS | | 0930 | 1030 | TU | 2 | Y N N | 1.5 | 8000 | 10000 | 100 | 731 | 225 | 29.9 |
| KANCITY | KS | | 1801 | DEST | TU | 2 | Y N N | 1.5 | 8000 | 10000 | | | | |

Description:

LITE ENGINES- CORPUS CHRISTI TO KANSAS CITY

Total Run Time 42 hours 0 mins 1080 miles 25.7 MPH

***** End of Data *****

| Station | St | Block | Train Off | Cut Type | Sun Time | Mon Time | Tue Time | Wed Time | Thr Time | Fri Time | Sat Time |
|---------|----|-------|-----------|----------|----------|----------|----------|----------|----------|----------|----------|
|---------|----|-------|-----------|----------|----------|----------|----------|----------|----------|----------|----------|

***** No Cutoff Data Found *****

Train ID Z CPKC1 1 - Blocking Alt 1

Station W Block SO Stn Description

***** No Block Data Found *****

TSPPTSPP
G D AGNEW

***** Train System *****
- TSP Train Schedule -

06/27/97
11:12:30CT

Days of operation

Origin To Destination
CORCHRIST TEMPLE

Effective Date 11/06/96
Expiration Date 12/31/99
Train ID Z CPTE1 Alt 1

Service Type X

| Station | St | T Z | Arr Tm | Dpt Tm | Exmpl | Day | C F I R U N E E S W L P | Max Hpt | Max Lgth | Max Wgt | Yard Time | Road Time | Miles | AVG MPH |
|-----------|----|-----|--------|--------|-------|-----|----------------------------------|---------|----------|---------|-----------|-----------|-------|---------|
| CORCHRIST | TX | CT | ORIG | 0001 | MO | 1 | Y N Y | 1.5 | 7000 | 3500 | | 428 | 147 | 32.9 |
| BAYCITY | TX | | 0429 | 0430 | MO | 1 | N N N | 1.5 | 7000 | 3500 | 1 | 45 | 59 | 78.6 |
| ALGOA | TX | | 0515 | 0530 | MO | 1 | Y N N | 1.5 | 7000 | 3500 | 15 | 15 | 5 | 20.0 |
| ALVIN | TX | | 0545 | 0555 | MO | 1 | N N N | 1.5 | 7000 | 3500 | 10 | 520 | 192 | 36.0 |
| TEMPLE | TX | | 1115 | DEST | MO | 1 | Y N N | 1.0 | 7000 | 3500 | | | | |

Description:

LITE ENGINES- CORPUS CHRISTI TO TEMPLE

Total Run Time 11 hours 14 mins 403 miles 35.8 MPH
***** End of Data *****

| Station | St | Block | Train | Cut Off Type | Sun Cut Time | Mon Cut Time | Tue Cut Time | Wed Cut Time | Thr Cut Time | Fri Cut Time | Sat Cut Time |
|---------|----|-------|-------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|---------|----|-------|-------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|

***** No Cutoff Data Found *****

Train ID Z CPTE1 1 - Blocking Alt 1

Station W Block SO Stn Description

***** No Block Data Found *****

Attachment 2

STEVE BARKLEY
ASST VICE PRESIDENT
HARRIMAN DISPATCHING CENTER

UNION PACIFIC RAILROAD COMPANY

850 JONES STREET
OMAHA, NE 68102



May 24, 1997

To: All Harriman and NOC General Managers, General Superintendents, General Directors, Superintendents, Directors, Chief Dispatchers, Corridor Managers, and Train Dispatchers

It is absolutely necessary that trains of foreign carriers running over UP/SP - BNSF joint tracks be given equal dispatch without any discrimination in promptness, quality of service, or efficiency, and that the competitiveness of the foreign line operations on joint trackage is not adversely affected by the fact that the other railroad owns the track.

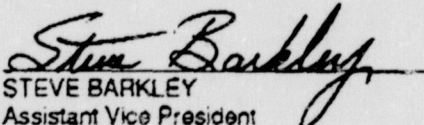
Train Dispatchers will ensure that trains of the foreign road are dispatched exactly as if they were trains of the same class of the owner and given equal treatment with trains of the owner. At points where foreign line trains enter joint trackage, entry will be provided by the dispatcher on a first come, first served basis. Dispatchers should take into consideration the relative priorities of affected trains and the specific needs and operating characteristics of individual trains of both railroads.

Owning road will provide timely information to tenant road of any service interruption which will affect the movement of their trains. Corridor Managers and Chief Dispatchers will immediately notify the tenant road of any derailment or unusual delay to tenant's trains.

UP/SP - BNSF, Chief Dispatchers, and Corridor Managers will communicate with each other regarding requirements of specific trains and shipments. Chief dispatchers and Corridor Managers will be responsible to give this information to the Dispatching Center employees responsible for handling these trains.

In evaluating the performance of dispatchers and supervisors responsible for dispatching joint trackage, both BNSF and UP/SP will consider train performance of tenant trains and effectiveness in cooperating with tenant personnel and meeting tenant service requirements.

If there are any questions about these instructions, contact Steve Barkley at 636-7400.


STEVE BARKLEY
Assistant Vice President
Harriman Dispatching Center



Date: June 9, 1997

To: General Superintendents Transportation - NOC
Asst. General Superintendents Transportation - NOC
Corridor Superintendents - NOC
General Director - SOC
Directors - SOC
Managers Corridor Operations - SOC
Chief Dispatchers - NOC
Train Dispatchers - NOC/SOC
Managers Dispatcher Practices and Rules - NOC

From: Chris A. Roberts, AVP Operations South
Mark A. Kotter, AVP Operations North

Subject: Dispatching Protocol

It is absolutely necessary that trains of foreign carriers running over UP/SP - BNSF joint tracks be given equal dispatch without any discrimination in promptness, quality of service or efficiency and that the competitiveness of the foreign line operations on joint trackage is not adversely affected by the fact that the other railroad owns the track.

Train Dispatcher's will ensure that trains of the foreign road are dispatched exactly as if they were trains of the same class of the owner and given equal treatment with trains of the owner. At points where foreign line trains enter joint trackage, entry will be provided by the dispatcher on a first come, first served basis. Dispatchers should take into consideration the relative priorities of affected trains and the specific needs and operating characteristics of individual trains of both railroads.

Owning road will provide timely information to tenant road of any service interruption which will affect the movement of their trains. Corridor Managers and Chief Dispatchers will immediately notify the tenant road of any derailment or unusual delay to tenants trains.

UP/SP - BNSF, Chief Dispatchers and Corridor Managers will communicate with each other regarding requirements of specific trains and shipments. Chief Dispatchers and Corridor Managers will be responsible to give this information to the dispatching center employees responsible for handling those trains.

In evaluating the performance of dispatchers and supervisors responsible for dispatching joint trackage, both BNSF and UP/SP will consider train performance of tenant trains and effectiveness in cooperating with tenant personnel and meeting tenant service requirements.

If there are any questions about these instructions contact Steve Barkley at 636-7400 (UP), Mark Kotter, BNSF North Operations at 352-1550, or Chris Roberts, BNSF South Operations at 352-1255.

cc: Rollin Bredenberg
Dave Dealy
Buck Hord

STB FD 32760 (Sub 21) 6-30-97 C

SERVICE DATE - LATE RELEASE JUNE 30, 1997

SURFACE TRANSPORTATION BOARD

STB Finance Docket No. 32760 (Sub-No. 21)

**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**

[OVERSIGHT]

(Decision No. 3)

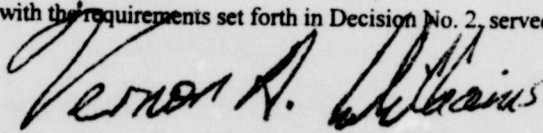
Dated: June 30, 1997

NOTICE TO THE PARTIES:

On June 19, 1997, a Notice to the Parties (Decision No. 2), was served in this proceeding. The service list was attached to the Notice, and was compiled from the notices of intent to participate submitted in accordance with the requirements of Decision No. 1, served and published in the *Federal Register* on May 7, 1997 (62 FR 25014). The Surface Transportation Board has received some additions/corrections to the service list. The following parties of record [POR] have been added to the service list for this proceeding:

- [POR] Jeffrey R. Moreland
The Burlington Northern Santa Fe Corporation
1700 East Golf Road
Schaumburg, IL 60173
- [POR] Richard E. Weicher
The Burlington Northern Santa Fe Corporation
1700 East Golf Road
Schaumburg, IL 60173
- [POR] Sidney L. Strickland, Jr.
The Burlington Northern Santa Fe Corporation
1700 East Golf Road
Schaumburg, IL 60173
- [POR] Janice G. Barber
The Burlington Northern Santa Fe Corporation
3017 Lou Menk Drive
Fort Worth, TX 76131-2830
- [POR] Michael E. Roper
The Burlington Northern Santa Fe Corporation
3017 Lou Menk Drive
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- [POR] William W. Whitehurst, Jr.
W. W. Whitehurst & Associates, Inc., Economic Consultants
12421 Happy Hollow Road
Cockeysville, MD 21030-1711

All PORs must comply with the requirements set forth in Decision No. 2, served June 19, 1997.

A handwritten signature in dark ink, appearing to read "Vernon A. Williams". The signature is fluid and cursive, with the first name "Vernon" being the most prominent.

Vernon A. Williams
Secretary

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HON. DON NICKLES
UNITED STATES SENATE

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HON. DAN COATS
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HONORABLE RICHARD BRYAN
UNITED STATES SENATE
~~WASHINGTON DC 20510 US~~

HONORABLE BYRON L DORGAN
UNITED STATES SENATE
~~WASHINGTON DC 20510 US~~

HONORABLE J. ROBERT KERRY
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HON CONRAD BURNS
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HONORABLE TIM JOHNSON
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HON. WAYNE ALLARD
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HON. PHIL GRAMM
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HON. EARL POMEROY
U S HOUSE OF REPRESENTATIVES
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HONORABLE ZOE LOFGREN
US HOUSE OF REPRESENTATIVE
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HONORABLE XAVIER BECERRA
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HONORABLE LUCILLE ROYAL-ALLARD
US HSE OF REPRESENTATIVES
WASHINGTON DC 20515 US

HONORABLE LYNN WOOLSEY
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HONORABLE PETE STARK
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HONORABLE NANCY PELOSI
US HSE OF REPRESENTATIVES
WASHINGTON DC 20515 US

HONORABLE TOM LANTOS
US HOUSE OF REPRESENTATIVES
WASHINGTON DC 20515 US

HONORABLE RICHARD W. POMBO,
US HSE OF REPRESENTATIVES
WASHINGTON DC 20515 US

HONORABLE KEN CALVERT,
US HSE OF REPRESENTATIVES
WASHINGTON DC 20515 US

HONORABLE SONNY BONO,
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON DC 20515 US

HONORABLE CHRISTOPHER COX,
US HOUSE OF REPRESENTATIVES
WASHINGTON DC 20515 US

HONORABLE RON PACKARD
US HSE OF REPRESENTATIVES
WASHINGTON DC 20515 US

HONORABLE DANA ROHRBACHER
US HSE OF REPRESENTATIVES
WASHINGTON DC 20515 US

HONORABLE HOWARD P. BUCK MCKEON,
US HSE OF REPRESENTATIVES
WASHINGTON DC 20515 US

HONORABLE FRANK MASCARA
U S HOUSE OF REPRESENTATIVES
WASHINGTON DC 20515 US

HONORABLE JOHN MURTHA
U S HOUSE OF REPRESENTATIVES
WASHINGTON DC 20515 US

HON MARCY KAPTUR
U S HOUSE OF REPRESENTATIVES
WASHINGTON DC 20515 US

HONORABLE DAVID MINGE
U. S. HOUSE OF REPRESENTATIVES
WASHINGTON DC 20515 US

HONORABLE JOHN HOSTETTLER
U. S. HOUSE OF REPRESENTATIVES
WASHINGTON DC 20515 US

HON TOM DELAY
US HOUSE OF REPRESENTATIVES
WASHINGTON DC 20515 US

HONORABLE PAUL MCHALE
U. S. HOUSE OF REPRESENTATIVES
WASHINGTON DC 20515 US

HONORABLE TIM HOLDEN
U. S. HOUSE OF REPRESENTATIVES
WASHINGTON DC 20515 US

HONORABLE MIKE DOYLE
U. S. HOUSE OF REPRESENTATIVES
WASHINGTON DC 20515 US

HONORABLE FRANK D. RIGGS
U. S. HOUSE OF REPRESENTATIVES
WASHINGTON DC 20515 US

HONORABLE CHARLES W. STENHOLM
U. S. HOUSE OF REPRESENTATIVES
WASHINGTON DC 20515 US

HONORABLE LLOYD DOGGETT
U. S. HOUSE OF REPRESENTATIVES
WASHINGTON DC 20515 US

HON DAVID L HOBSON
US HOUSE OF REPRESENTATIVES
WASHINGTON DC 20515 US

HON JOHN TANNER
US HOUSE OF REPRESENTATIVES
WASHINGTON DC 20515 US

HONORABLE RON LEWIS
U. S. HOUSE OF REPRESENTATIVES
WASHINGTON DC 20515 US

HON. IKE SKELTON
U S HOUSE OF REPRESENTATIVES
WASHINGTON DC 20515 US

HON. JAMES L. OBERSTAR
US HSE OF REPRESENTATIVES
WASHINGTON DC 20515 US

HON. MARTIN OLAV SABO
U. S. HOUSE OF REPRESENTATIVES
WASHINGTON DC 20515 US

HON. LANE EVANS
HOUSE OF REPRESENTATIVES
WASHINGTON DC 20515 US

HON. ROBERT A. BORSKI
U S HOUSE OF REPRESENTATIVES
WASHINGTON DC 20515 US

HON. MICHAEL OXLEY
U. S. HOUSE OF REPRESENTATIVES
WASHINGTON DC 20515 US

HONORABLE GEORGE E. BROWN, JR.
HOUSE OF REPRESENTATIVES
WASHINGTON DC 20515 US

HONORABLE RONALD V. DELLUMS
U. S. HOUSE OF REPRESENTATIVES
WASHINGTON DC 20515 US

HON. JERRY LEWIS
U S HOUSE OF REPRESENTATIVES
WASHINGTON DC 20515 US

HONORABLE SCOTT MCINNIS
U. S. HOUSE OF REPRESENTATIVES
WASHINGTON DC 20515-0603 US

HONORABLE TODD TIAHRT
HOUSE OF REPRESENTATIVE
WASHINGTON DC 20515-1004 US

HONORABLE SAM BROWNBACK
U. S. HOUSE OF REPRESENTATIVES
~~WASHINGTON DC 20515-1602 US~~

HON. JIM MCCREY
U S HOUSE OF REPRESENTATIVES
~~WASHINGTON DC 20515-1805 US~~

HONORABLE GEORGE MILLER
ATT: GARY BLAND
U S HOUSE OF REPRESENTATIVES
WASHINGTON DC 20515-2307 US

HON W J (BILLY) TAUZIN
ATTN: ROY WILLIS
U S HOUSE OF REPRESENTATIVES
WASHINGTON DC 20515-2601 US

HONORABLE JOHN ENSIGN
U. S. HOUSE OF REPRESENTATIVES
WASHINGTON DC 20515-2801 US

HON. ROBERT E ANDREWS
U S HOUSE OF REPRESENTATIVES
WASHINGTON DC 20515-3001 US

HONORABLE SHERROD BROWN
HOUSE OF REPRESENTATIVES
WASHINGTON DC 20515-3513 US

HON. FRANK D. LUCAS
U. S. HOUSE OF REPRESENTATIVES
WASHINGTON DC 20515-3606 US

HONORABLE THOMAS M. FOGLIETTA
U. S. HOUSE OF REPRESENTATIVES
WASHINGTON DC 20515-3801 US

HONORABLE CHAKA FATTAH
U. S. HOUSE OF REPRESENTATIVES
WASHINGTON DC 20515-3803 US

HONORABLE CURT WELDON
U. S. HOUSE OF REPRESENTATIVES
WASHINGTON DC 20515-3807 US

HON. JON CHRISTENSEN
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON DC 20515-4155 US

HONORABLE WILLIAM M (MAC) THORNBERRY
U. S. HOUSE OF REPRESENTATIVES
WASHINGTON DC 20515-4313 US

HONORABLE SHEILA JACKSON LEE
U. S. HOUSE OF REPRESENTATIVES
WASHINGTON DC 20515-4318 US

HON. HENRY BONILLA
US HOUSE REPRESENTATIVES
WASHINGTON DC 20515-4323 US

HONORABLE EDDIE BERNICE JOHNSON
U. S. HOUSE OF REPRESENTATIVES
WASHINGTON DC 20515-4330 US

MICHAEL D BILLIEL
ANTITRUST DIV, DEPT OF JUSTICE
325 SEVENTH ST NW STE 500
WASHINGTON DC 20530 US

PAUL SAMUEL SMITH
U. S. DEPT OF TRANSP
400 7TH ST SW , ROOM 4102 C-30
WASHINGTON DC 20590 US

JOSEPH R. POMPONIO
FEDERAL RAILROAD ADMIN.
400 7TH ST SW RCC-20
WASHINGTON DC 20590 US

LARRY R. PRUDEN
TRANS. COMM. INTL UNION
3 RESEARCH PLACE
ROCKVILLE MD 20850 US

WILLIAM W. WHITEHURST, JR
12421 HAPPY HOLLOW ROAD
COCKEYSVILLE MD 21030-1711 US

THOMAS E. SCHICK
CHEMICAL MANUF. ASSOC.
1300 WILSON BOULEVARD
ARLINGTON VA 22209 US

KENNETH E. SIEGEL
AMERICAN TRUCKING ASSOC.
2200 MILL ROAD
ALEXANDRIA VA 22314-4677 US

JAMES L BELCHER
PO BOX 431
200 SOUTH WILCOX DRIVE
KINGSPORT TN 37662 US

CHARLES E. MCHUGH, MANAGER TRANSP. PROCUREME
THE INTERNATIONAL PAPER CO.
6400 POPLAR AVENUE
MEMPHIS TN 38197 US

DANIEL R. ELLIOTT III
UNITED TRANSP. UNION
14600 DETROIT AVENUE
CLEVELAND OH 44107 US

MICHAEL P. FERRO
MILLENNIUM PETROCHEMICALS, INC.
11500 NORTHLAKE DRIVE
CINCINNATI OH 45249 US

HON. FRANK O'BANNON
GOVERNOR STATE OF INDIANA
STATE CAPITOL
INDIANAPOLIS IN 46204 US

JAMES S HANSON
2020 DOW CENTER
MIDLAND MI 48674 US

HONORABLE MARC RACICOT
GOV'S OFFICE, STATE CAP.
P O BOX 200801
HELENA MT 59620-0801 US

RICHARD E. WEICHER
BURLINGTON NORTHERN SANTA FE CORPORATION
1700 EAST GOLF ROAD, 6TH FLOOR
SCHAUMBURG IL 60173 US

SIDNEY L. STRICKLAND, JR.
THE BURLINGTON NORTHERN SANTA FE CORPORATION
1700 EAST GOLF ROAD
SCHAUMBURG IL 60173 US

JEFFREY R. MORELAND
THE BURLINGTON NORTHERN SANTA FE CORPORATION
1700 EAST GOLF ROAD
SCHAUMBURG IL 60173 US

C A MENNELL, PRESIDENT
LACKLAND WESTERN RR CO
31 OAK TERRACE
WEBSTER GROVES MO 63119 US

ROBERT K DREILING
KANSAS CITY SOUTHERN Rwy CO.
114 WEST 11TH STREET
KANSAS CITY MO 64105 US

JEFF BRIDGES
CITY OF ANDOVER
P. O. BOX 295
ANDOVER KS 67002 US

JUNIOR STRECKER, CHAIRMAN
MOUNTAIN-PLAINS COMMUNITIES & SHIPPERS COALIT
123 NORTH MAIN ST
HOISINGTON KS 67544 US

ROBERT K. GLYNN
HOISINGTON CHAM. OF COMM.
123 NORTH MAIN STREET
HOISINGTON KS 67544-2594 US

TERRY J VOSS - VICE PRESIDENT
AG PROCESSING, INC.
PO BOX 2047
OMAHA NE 68103-2047 US

LOUISE A. RINN
UNION PACIFIC RR CO.
1416 DODGE STREET ROOM 830
OMAHA NE 68179 US

HONORABLE E. BENJAMIN NELSON
GOV., STATE OF NEBRASKA
P O BOX 94848
LINCOLN NE 68509 US

GEORGETTE M DUGAS
SUPREME RICE MILL INC
PO BOX 490
CROWLEY LA 70527 US

HON M J "MIKE" FOSTER JR
GOVERNOR
P O BOX 94004
BATON ROUGE LA 70804 US

MIKE SPAHIS
FINA OIL & CHEMICAL CO.
PO BOX 2159
DALLAS TX 75221 US

WRENNIE LOVE
1601 W LBJ FREEWAY
DALLAS TX 75234 US

MICHAEL E ROPE
BURLINGTON NORTHERN SANTA FE CORPORATION
3017 LOU MENK DRIVE
FT WORTH TX 76131 US

JANICE G BARBER
BURLINGTON NORTHERN SANTA FE CORPORATION
3017 LOU MENK DRIVE
FORT WORTH TX 76131 US

STEVE M COULTER
EXXON COMPANY USA
PO BOX 4692
HOUSTON TX 77210-4692 US

ERIC W. TIBBETTS
P O BOX 3766
1301 MCKINNEY ST
HOUSTON TX 77253 US

THOMAS B CAMPBELL JR
PO BOX 3272
HOUSTON TX 77253 US

JOHN P. LARUE, EXECUTIVE DIRECTOR
THE PORT OF CORPUS CHRISTI
P O BOX 1541
222 POWER STREET
CORPUS CHRISTI TX 78403 US

CRAIG ELKINS
BROWNSVILLE NAV DIST LESSEE ASSOC
PO BOX 5808
BROWNSVILLE TX 78523 US

REBECCA FISHER
ASST ATTY GENERAL
~~PO BOX 12548~~
AUSTIN TX 78711-2548 US

BARRY JOHNSON, SENIOR ENGINEER
SOUTHWESTERN PUBLIC SERVICE COMPANY
P. O. BOX 1261
AMARILLO TX 79170 US

RICHARD J ELSTON
CYPRUS AMAX COALS SALES CORP
9100 EAST MINERAL CIRCLE
ENGLEWOOD CO 80112 US

HONORABLE ROY ROMER
GOVERNOR
136 STATE CAPITOL
DENVER CO 80203 US

HON. JIM GERINGER
GOVERNOR
STATE CAPITOL BUILDING
CHEYENNE WY 82002 US

F MARK HANSEN
F MARK HANSEN, P.C.
624 NORTH 300 WEST SUITE 200
SALT LAKE CITY UT 84103 US

HONORABLE MICHAEL O. LEAVITT
ATTN: ROBIN L. RIGGS, GC TO GOVERNOR
210 STATE CAPITOL
SALT LAKE CITY UT 84114 US

CARL E. KINGSTON
RAILCO, INC.
3212 SOUTH STATE STREET
SALT LAKE CITY UT 84115 US

RALPH RUPP
PO BOX 2500
PROVO UT 84603 US

PATRICIA A LYNCH
CITY ATTORNEY - RENO CITY HALL
490 SOUTH CITY STREET
RENO NV 89501 US

HON. BOB MILLER
GOVERNOR
STATE OF NEVADA
CARSON CITY NV 89710 US

JAMES T. QUINN
CALIFORNIA PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE
SAN FRANCISCO CA 94102-3298 US

CLAUDIA L HOWELLS
OREGON, DEPT. OF TRANS.
MILL CREEK OFC BLDG
555 13TH STREET NE
SALEM OR 97310 US

HONORABLE JOHN KITZHABER
GOVERNOR OF OREGON
STATE CAPITOL
SALEM OR 97310-0370 US

DAVID W SHERROD
PNWR FIRST INTERSTATE CENTER
999 3RD AVENUE SUITE 1050
SEATTLE WA 98104 US

FRITZ R. KAHN
1100 NEW YORK AVENUE NW SUITE 750 WEST
WASHINGTON DC 20005-3934 US

Records: 178

STB

FD

32760

(Sub 21)

5-27-97

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179936

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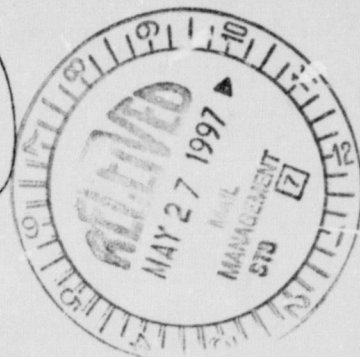
ENTERED
Office of the Secretary

MAY 28 1997

3 Part of
Public Record

Before the

SURFACE TRANSPORTATION BOARD



Finance Docket No. 32760 (Sub-No. 21)

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
(OVERSIGHT)

179936

NOTICE OF INTENT TO PARTICIPATE

United Transportation Union-General Committee of Adjustment
(GO 386), ^{1/} United Transportation Union-General Committee of Adjustment
(GO 401), ^{2/} United Transportation Union-General Committee of Adjustment
(ALS), ^{3/} and United Transportation Union-Illinois Legislative Board, ^{4/}
hereby give notice of their intent to participate in the entitled
proceeding. 62 Fed. Reg. 25014. (May 7, 1997).

Gordon P. MacDougall
GORDON P. MacDOUGALL
1025 Connecticut Ave., N.W.
Washington DC 20036

May 27, 1997

Attorney for above-named participants

- 1/ John D. Fitzgerald, 400 E. Evergreen Blvd.-#217, Vancouver, WA 98660 (Burlington Northern & Santa Fe Railroad Company)
- 2/ Charles W. Downey, 1301 1/2 Morrissey-Unit 4, Bloomington, IL 61701. (SPCSL Corp., Gateway Western Railway Company, Illinois Central Railroad Company)
- 3/ Charles D. Bolam, 1400 20th Street, Granite City, IL 62040 (Alton & Southern Railway Company)
- 4/ Joseph C. Szabo, 8 So. Michigan Ave.-#2006, Chicago, IL 60603.

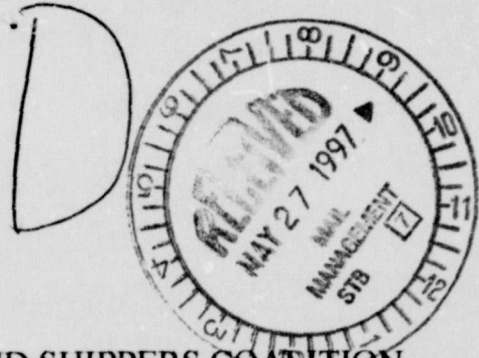
STB FD • 32760 (Sub 21) 5-27-97 D 179935

ENTERED
Office of the Secretary

MAY 26 1997

Part of
Public Record

179935



MOUNTAIN/PLAINS COMMUNITIES AND SHIPPERS COALITION
123 NORTH MAIN
HOISINGTON, KANSAS 67544

May 19, 1997

Office of the Secretary
Case Control Branch
Attn: Finance Docket No. 32760 (Sub No.21)
Surface Transportation Board
1925 K Street N.W.
Washington, D.C. 20423-0001

RE: Finance Docket No. 32760 (Sub No.21) -Union
Pacific Corp., et al. - Control and Merger Southern
Pacific Corp., et al.

Dear Mr. Secretary:

The Mountain/Plains Communities and Shippers Coalition wishes to participate, as a Party of Record, in the pending proceedings of Finance Docket No. 32760 (Sub No.21)

Enclosed for filing in the docket are the original and twenty-five copies, in accordance with the Board's requirements.

In addition, at the Board's request, we are also enclosing a copy of this document on a 3.5 inch diskette.

Sincerely yours,

Junior Strecker
Junior Strecker
Chairman

CERTIFICATE OF SERVICE

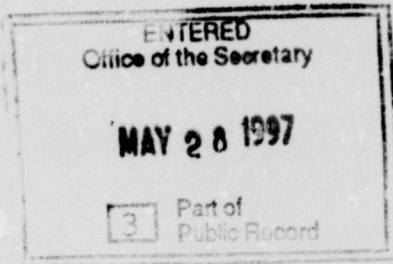
I, Junior Strecker, certify that, on this 20th day of May, 1997, I caused a copy of the foregoing document to be served by first-class mail, postage prepaid, on Administrative Law Judge, Applicant's Attorney of Record, and all parties of record in Finance Docket No. 32760.

Junior Strecker
Junior Strecker

STB FD • 32760 (Sub 21) 5-27-97 D 179934



BEFORE THE
SURFACE TRANSPORTATION BOARD



Finance Docket No. 32760 (Sub No. 21),

UNION PACIFIC CORPORATION, et al.

-- CONTROL AND MERGER --

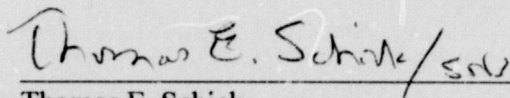
SOUTHERN PACIFIC RAIL CORPORATION, et al. [oversight]

179934

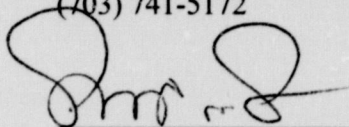
NOTICE OF INTENT TO PARTICIPATE

The Chemical Manufacturers Association ("CMA") hereby gives notice that it intends to participate as a party of record in the oversight providing instituted in Docket No. 32760 (Sub. No. 21), Union Pacific Corp. et al. v. Southern Pacific Rail Corp., et al. (decision served May 7, 1997). Enclosed with the original and 25 copies of this Notice is a 3.5 inch diskette formatted in WordPerfect 5.1.

Respectfully submitted,



Thomas E. Schick
Assistant General Counsel
Chemical Manufacturers Association
1300 Wilson Boulevard
Arlington, VA 22209
(703) 741-5172

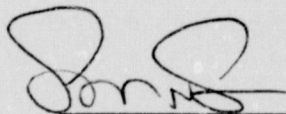


Scott N. Stone
Patton Boggs, L.L.P.
2550 M Street, N.W.
Washington, DC 20037
(202) 457-6335

Counsel for the Chemical
Manufacturers Association

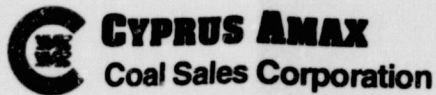
CERTIFICATE OF SERVICE

Copies of this notice have been served by hand this 27th day of May 1997 upon Washington counsel for the Union Pacific, Southern Pacific, and Burlington Northern Santa Fe, and by mail upon in-house counsel for those parties.



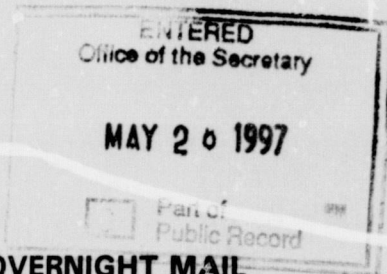
Scott N. Stone
Patton Boggs, L.L.P.

STB FD • 32760 (Sub 21) 5-27-97 D 179933



Cyprus Amax Coal Sales Corporation
9100 East Mineral Circle
Englewood, Colorado 80112
(303) 643-5114
Fax: (303) 643-5002

Richard J. Elston
Vice President Logistics



May 23, 1997

BY OVERNIGHT MAIL

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423-0001

Re: Finance Docket No. 32760, Union Pacific
Corp., et al. -- Control & Merger -- Southern
Pacific Rail Corp., et al.



Dear Secretary Williams:

Enclosed is our Notice of Intent to Participate giving notice that we intend to participate actively as a party of record in the oversight providing instituted in Docket No. 32760 (Sub. No. 21), Union Pacific Corp. v. Southern Pacific Rail Corp.

Enclosed is an original and 25 copies of this Notice together with a 3.5 diskette formatted in WordPerfect 6.1 format.

Very truly yours,

Richard J. Elston

cc: All Parties of Record

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 32760 (Sub. No. 21)

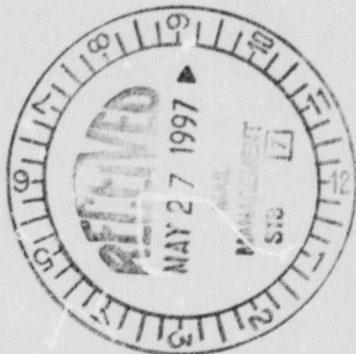
UNION PACIFIC CORPORATION, UNION PACIFIC RAILROAD COMPANY
AND MISSOURI PACIFIC RAILROAD COMPANY

- CONTROL AND MERGER -

SOUTHERN PACIFIC RAIL CORPORATION, SOUTHERN PACIFIC
TRANSPORTATION COMPANY, et al

NOTICE OF INTENT TO PARTICIPATE

Cyprus Amax Coal Sales Corporation hereby gives notice that it intends to participate actively as a party of record (POR) in the oversight proceeding instituted in Docket No. 32760 (Sub. No. 21), **Union Pacific Corp. v. Southern Pacific Rail Corp.**, (decision served May 7, 1997). An original and 25 copies of this Notice is being sent to the Office of the Secretary, together with a 3.5 inch diskette formatted so that it can be converted to WordPerfect 6.1.



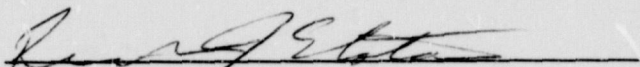
Respectfully submitted,

Richard J. Elston, Vice President
Cyprus Amax Coal Sales Corporation
9100 East Mineral Circle
Englewood, Colorado 80112

Dated: May 23, 1997

Certificate of Service

I hereby certify that I have on this, the 23rd day of May, 1997, caused to be mailed upon all parties a copy of the foregoing Notice of Intent to Participate by first-class mail, postage prepaid.


Richard J. Elston

STB FD 32760 (Sub 21) 5-27-97 D 179922

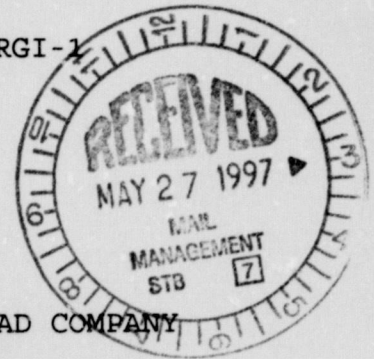
179922

BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 32760 (Sub-No. 21)

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

BRGI-1

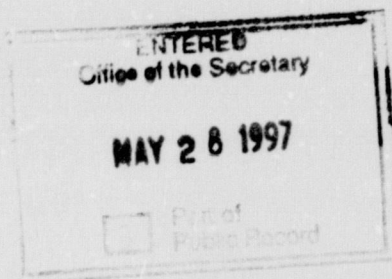


NOTICE OF INTENT TO PARTICIPATE

BROWNSVILLE AND RIO GRANDE INTERNATIONAL RAILROAD

The Brownsville and Rio Grande International Railroad
(self-designated acronym, pursuant to 49 CFR 1180.4(a)(2) --
"BRGI") hereby gives notice that it intends to participate in the
above-captioned oversight proceeding as a Party of Record.

Respectfully submitted,



Robert A. Wimbish

Robert A. Wimbish
REA, CROSS & AUCHINCLOSS
Suite 420
1920 "N" Street, N.W.
Washington, D.C. 20036
(202) 785-3700

Counsel for the Brownsville and Rio
Grande International Railroad

DATED: May 27, 1997

STB FD 32760 (Sub 21) 5-27-97 D 179920

179920

BEFORE THE
SURFACE TRANSPORTATION BOARD



FINANCE DOCKET NO. 32760 (Sub. No. 21)

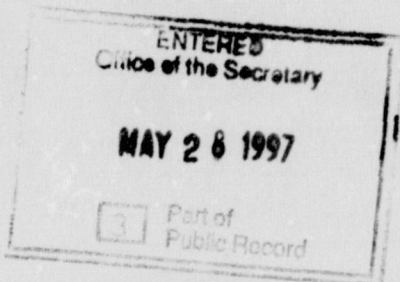
UNITED PACIFIC CORPORATION, UNION PACIFIC RAILROAD COMPANY
AND MISSOURI PACIFIC RAILROAD COMPANY

--CONTROL AND MERGER--

SOUTHERN PACIFIC RAIL CORPORATION, SOUTHERN PACIFIC
TRANSPORTATION COMPANY, et al.

AMTRAK'S NOTICE OF INTENT TO PARTICIPATE

The National Railroad Passenger Corporation (Amtrak) hereby
gives notice that it intends to participate as a party of record
(POR) in the above-captioned proceeding.



Respectfully submitted,

Richard G. Slattery
NATIONAL RAILROAD PASSENGER
CORPORATION
60 Massachusetts Avenue, N.E.
Washington, D. C. 20002
(202) 906-3987

Counsel for National Railroad
Passenger Corp.

Date: May 27, 1997

STB FD 32760 (Sub 21) 5-27-97 D 179919

BEFORE THE SURFACE TRANSPORTATION BOARD

SPP-1

FINANCE DOCKET NO. 32760 (Sub-No. 21)

**UNION PACIFIC CORPORATION, UNION PACIFIC RAILROAD
COMPANY AND MISSOURI PACIFIC RAILROAD COMPANY**

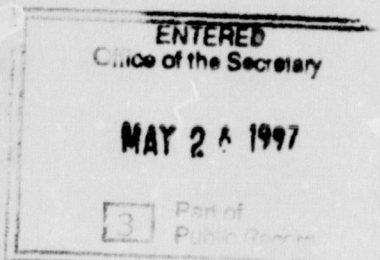
--CONTROL AND MERGER--

**SOUTHERN PACIFIC RAIL CORPORATION, SOUTHERN PACIFIC
TRANSPORTATION COMPANY, et al.**



Notice of Intent to Participate

Sierra Pacific Power Company and Idaho Power Company hereby provide notice that they intend to jointly participate actively as Parties of Record in the oversight proceeding instituted in this sub- docket. In accordance with Decision No. 1 served on May 7, 1997, the original and 25 copies of this Notice are being sent to the Office of the Secretary. This Notice is also being submitted on a 3.5 inch diskette which is formatted for Word Perfect 7.0.



Respectfully submitted,

Thomas W. Wilcox

Thomas W. Wilcox
Jeffrey O. Moreno
DONELAN, CLEARY, WOOD
& MASER, P.C.

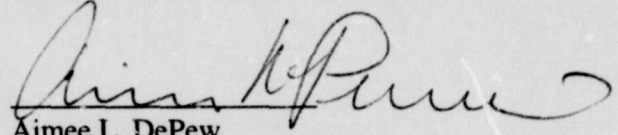
1100 New York Ave., Suite 750
Washington, D.C. 20005-3934
(202) 371-9500

*Counsel for Sierra Pacific Power Company and
Idaho Power Company*

Dated: May 27, 1997

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing Notice of Intent to Participate have been served this 27th Day of May, 1997 by first class mail, on all Parties of Record in Finance Docket No. 32760.


Aimee L. DePew

STB FD • 32760 (Sub 21) 5-27-97 D 179918

DONELAN, CLEARY, WOOD & MASER, P.C.

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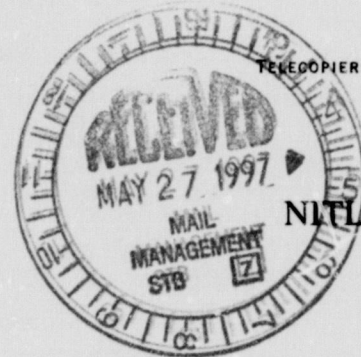
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May 27, 1997

VIA MESSENGER

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, NW
Washington, DC 20423-0001

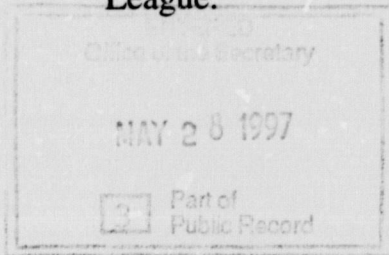


179918

Re: Finance Docket No. 32760 (Sub-No. 21), *Union Pacific Corp., et al. — Control and Merger — Soputhern Pacific Rail Corp., et al*

Dear Mr. Williams:

This letter is to notify the Board that, pursuant to the decision served on May 7, 1997, in the above proceeding (62 Fed. Reg. 25014) that The National Industrial Transportation League intends to actively participate in this proceeding as a party of record. Please include the following on the service list as representatives of the League:



Frederic L. Wood
Nicholas J. DiMichael
Donelan, Cleary, Wood & Maser, P.C.
1100 New York Avenue, NW, Suite 750
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In accordance with 49 C.F.R. §1180.4(a)(2), the League selects the acronym "NITL-x" for identifying all documents and pleadings it submits in this proceeding.

In accordance with 49 C.F.R. §1104.3, as amended, we respectfully request that all parties to this proceeding, to the extent they are able, also serve on the above representatives a computer diskette with copies of all pleadings and documents filed with the STB. Diskettes can be in either Macintosh or DOS format, but should be on 3.5 inch floppy diskettes. Document files can be in any

Letter to Secretary Williams

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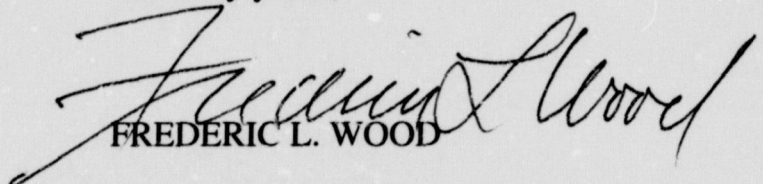
May 27, 1997

widely used word-processing format, such as WordPerfect or Microsoft Word for Macintosh, DOS or Windows.

Enclosed with this letter are 25 copies, and a computer diskette with a copy of this letter in WordPerfect 7.0 for Windows.

Copies of this letter are being served on all persons presently on the Board's service list for Finance Docket No. 32760.

Sincerely yours,



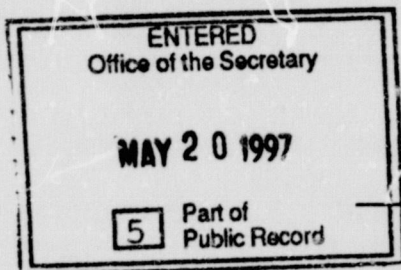
FREDERIC L. WOOD

cc: Parties of Record
Finance Docket No. 32760

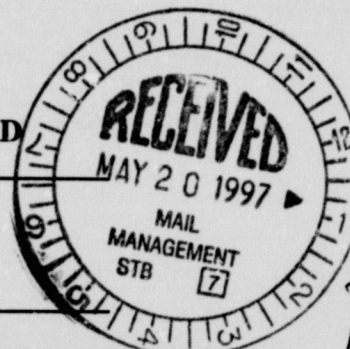
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STB FD • 32760 (Sub 21) 5-20-97 D 179809

179809



**BEFORE THE
SURFACE TRANSPORTATION BOARD**



Finance Docket No. 32760
(Sub-No. 21)

**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**

**RAILCO, INC'S
NOTICE OF INTENT TO
PARTICIPATE IN OVERSIGHT PROCEEDINGS**

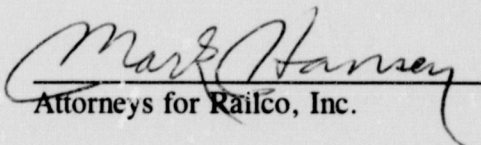
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Attorneys for Railco, Inc.

Pursuant to the Surface Transportation Board's May 1, 1997 Decision No. 1 (Notice of Oversight Proceeding, and Request for Comments from Interested Persons on any Effects of the Merger on Competition and Implementation of the Conditions Imposed to Address Competitive Harms), Railco, Inc. hereby notifies the Board of Railco, Inc.'s intent to participate in the oversight proceeding.

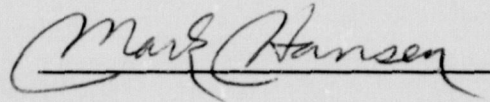
DATED this 16 day of May, 1997.


Attorneys for Railco, Inc.

CERTIFICATE OF SERVICE

I certify on May 16, 1997 an original plus 25 copies of the attached RAILCO, INC'S NOTICE OF INTENT TO PARTICIPATE IN OVERSIGHT PROCEEDINGS, together with a 3.5-inch diskette containing files of the same document formatted for WordPerfect 7.0, WordPerfect 6.0, and ASCII, was sent by certified mail, postage prepaid, to :

Office of the Secretary
Case Control Unit
ATTN: STB Finance Docket No. 32760 (Sub-No. 21)
Surface Transportation Board
1925 K Street, N.W.
Washington, DC 20423-0001



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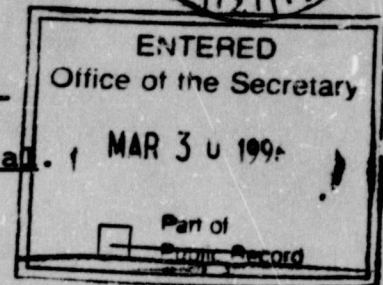
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Mr #832

UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION
SURFACE TRANSPORTATION BOARD

Finance Docket No. 32760

UNION PACIFIC CORP., et al. --
CONTROL AND MERGER --
SOUTHERN PACIFIC RAIL CORP., et al.



COMMENTS AND SUPPORTING EVIDENCE OF WESTERN SHIPPERS' COALITION
IN OPPOSITION TO APPLICATION OF UNION PACIFIC CORP., ET AL.
UNLESS RESPONSIVE APPLICATIONS ARE GRANTED OR
COMPETITIVE CONDITIONS ARE IMPOSED

* * *

"That's who the ICC's here to protect . . . It's the shippers."
-- Mr. Philip D. Anschutz, Chairman of the Board, Southern
Pacific Transportation Company, Deposition Testimony
(Feb. 16, 1996), Tr. 207.

Question: "Would it refresh your recollection if I were to tell
you that there were attendees at that meeting who recall very
specifically your statement that, if the merger is approved, that
the cash flow pricing of the SP would be terminated?"

Answer: "That could well be right. . . ."
-- Mr. Richard K. Davidson, Chairman of the Board, Union
Pacific Railroad Company, Deposition Testimony
(Feb. 28, 1996), Tr. 87.

* * *

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INTRODUCTION AND SUMMARY

Without exaggeration, this is the most important railroad proceeding in the 109-year combined history of the Interstate Commerce Commission ("ICC") and the Surface Transportation Board ("STB") because it poses the greatest threat to competition, and therefore to the public interest, of any prior merger. At particular risk is the existing competition in the "Central Corridor"¹ on the lines of SP and the former D&RGW where the merged entity will displace current, vigorous competition between UP and SP for the transportation of some of the country's most vital commodities. The Western Shippers' Coalition ("WSC") is participating in this proceeding to protect competition for the rail transportation of these bulk commodities. WSC urges the Board to fulfill its mandate to preserve the remaining vestiges of railroad competition in the Western United States.² WSC opposes the proposed UP/SP merger

¹ By "Central Corridor," we mean both (a) SP's line from California to Colorado (including all of the D&RGW lines), with trackage rights from Pueblo, Colorado to Kansas City, Missouri, and (b) UP's East-West line. When we refer to "SP's Central Corridor," we refer only to SP's lines and trackage rights.

² The WSC, a large group of shippers on the lines of SP and UP in Utah, Colorado, Nevada, and other Western States, filed a Notice of Intent to File an Inconsistent or Responsive Application on January 29, 1996 in support of the divestiture of one of UP/SP's lines between Oakland or Stockton, California and Ogden or Salt Lake City, Utah, all of the lines of the D&RGW in Utah and Colorado, and one of Applicants' three lines between Denver or Pueblo, Colorado and Kansas City, Missouri, to protect the competition with UP that WSC's members now experience on those lines from SP. WSC has now determined that it need not file its own Application, because it is supporting the responsive Applications filed by Montana Rail Link ("MRL"). Some carriers are not filing applications but are urging conditions to accomplish similar objectives, which WSC supports.

unless the Board requires divestiture of (or, in the alternative, trackage rights over) SP's Central Corridor to Montana Rail Link, Inc. ("MRL") or another carrier not affiliated with Applicants.

WSC's evidence, and that of other parties opposing the proposed merger, demonstrates that the merged UP-SP entity will dominate the market in the Central Corridor to the exclusion of competitive transportation alternatives for Western shippers. WSC's traffic analysis concludes that UP-SP would effectively control nearly 80 percent of the traffic in Colorado, Nevada, and Utah, notwithstanding the UP/BN Settlement Agreement. WSC Ex. 2, Fauth v. S. at 9. The elimination of an independent SP, and UP/SP's market power in the Central Corridor, will inevitably lead to higher rates for rail transportation. A study by The Kingsley Group of the effects of the merger on transportation in Utah, commissioned by WSC, concluded that the merger would adversely affect the economies of Utah and other neighboring States.

WSC's other evidence, as well as The Kingsley Group Study, demonstrates that the merger will eliminate the competition that has developed between SP- and UP-origin coals. This competition has placed a competitive cap on the price UP can charge for coal from its Powder River Basin ("PRB") origins in Wyoming and Montana. WSC's evidence shows that the consolidation of two sources of competing coals with one railroad company threatens the viability of the rapidly growing Colorado and Utah coal industry. Moreover, according to the Kingsley Study, the consequent reduction in rail transportation for SP-origin coal

would threaten the economies of Utah, Nevada, and Colorado, because that area of the country is unusually sensitive to commercial rail transportation.

The harm to competition for Western coal and other vital commodities should not be lost in Applicants' rhetoric about operational efficiencies and the creation of single-line routings. While Applicants' shareholders will derive the benefits, Western shippers and consumers would lose the current prices that are the product of a normal, competitive marketplace. Consequently, the merger of UP and SP should not be approved, unless the Board adopts conditions protecting competition in the Central Corridor, because the proposed merger threatens to deprive Western shippers of competitive options for rail transportation and, in fact, threatens the viability of the rail transportation in the Central Corridor.

As SP Chairman Anschutz admitted in his deposition in this proceeding (at 207), "That's who the ICC's here to protect It's the shippers." The role of the Board is, indeed, to protect the public interest, especially shippers, by preserving existing competition threatened by a merger. The Board may not approve the proposed transaction absent conditions adequate to protect or restore the lost competition. The proposed UP/SP merger may not be approved unless it is conditioned on divestiture of SP's Central Corridor to a carrier independent of Applicants. Only an independent carrier will have the incentive to restore the rail competition that would be lost in the Central Corridor by this proposed merger.

STATEMENT OF INTEREST OF WESTERN SHIPPERS' COALITION

WSC is an ad hoc coalition of approximately 25 large shippers of bulk commodities,³ located primarily in SP's Central Corridor, as well as three associations of such shippers -- Utah Mining Association, Colorado Mining Association, and Western Coal Transportation Association. WSC's members are vital to the economies of Utah and Colorado and represent a cross-section of the Western shippers that are adversely affected by this merger. The commodities shipped by WSC's members include many of the bulk commodities which are the underpinning of the Nation's economy, including coal, grain, copper, iron ore, steel, taconite ore, and barites. These bulk commodities feed and fuel the Nation and provide the foundation for other essential goods, machines, and equipment that provide the basis for our collective prosperity. Indeed, the SP owes its recent profitability -- and, in large part, its attractiveness as a merger partner -- to the traffic provided to it by some of WSC's members.

The example of WSC member Geneva Steel Company demonstrates the importance of WSC's members to SP, and thus to this proceeding. Less than two years ago, Geneva Steel switched its business from UP to SP and is now one of the larger shippers on SP. It moves taconite ore approximately 2000 miles from northern Minnesota to Geneva, Utah via a shortline to the

³ The members of WSC are set forth in Appendix AHJ-1, attached to WSC Ex. 1, Witness Jordan's Verified Statement. Certain members have withdrawn from WSC, apparently after arriving at settlements with Applicants. The circumstances of such companies, however, are nevertheless typical of other companies who are still members of WSC.

Wisconsin Central Railroad ("WC"), and then to the SP. Sharp V.S., Application, Vol. 2 at 687-88. Where UP saw empty trains that must be returned or "backhauled" to the taconite ore mines in the Minnesota, SP saw a marketing opportunity. SP solicited bids for the transport of SP coal in the empty taconite ore trains returning to the Midwest. The "backhaul" created by that taconite ore movement allowed SP to offer a discount on the transport of its coal to the Midwest and compete with cheaper UP and BN-SF coal from the PRB despite the obvious geographic and minehead price advantage of PRB coal. SP was able to win the Geneva Steel taconite ore account from UP, even though UP route was 600 miles shorter than the WC-SP route from northern Minnesota. As WSC Witness Vaninetti shows, SP learned a great deal about the market for SP-origin coal from the Geneva Steel experience.

As WSC shows herein, SP has gained many new customers like Geneva Steel in recent years by implementing aggressive pricing arrangements, which has allowed it to compete against larger competitors, including UP, that have more efficient routings and access to less expensive (although somewhat lower BTU) sources of Western coal. After the merger, however, the merged entity would have little incentive to compete against itself, jeopardizing the unique relationships SP has recently forged with new customers like Geneva Steel. The loss of the competitive rates offered by SP to Western shippers threatens the economies of Utah, Nevada, and Colorado, which are highly sensitive to railroad transportation.

THE INCREASING IMPORTANCE OF WESTERN COAL

Coal is the most important commodity on the nation's railroads, accounting for approximately \$7 billion out of gross revenues in excess of \$32 billion annually. The combination of efficient and competitive coal mines and transportation coupled with an increasing demand for low-sulfur coal has caused a substantial expansion of the Western coal industry. The market for Western coal has further expanded in recent years as electric utilities and others have shifted to cleaner, low-sulfur, Western coals in order to comply with the Clean Air Act Amendments of 1990 ("CAAA").⁴

The increased reliance on Western coal has been significant. Since 1989, production of Western coal has increased by about 100 million tons and its market share has increased as a percentage of total U.S. coal production. Coal is the largest commodity group for freight originated from Colorado and Utah, with approximately 33 million tons originated annually and \$434 million in annual freight charges, which is approximately 23 percent of annual freight charges (\$434 million

⁴ The CAAA became effective (for purposes relevant here) in two "Phases" -- Phase I became effective on January 1, 1995, and Phase II takes effect on January 1, 2000. The two Phases required substantial reductions in sulfur dioxide emissions from so-called "stationary sources." Many electric utilities achieved those reductions through the increased use of low-sulfur Western coal. When further reductions become effective on January 1, 2000, the demand for Western coal will increase again. Moreover, some utilities are "overachieving" their compliance with the CAAA to "bank" sulfur dioxide credits, which may then be traded or saved for future years. That "banking" feature results in some increased, anticipatory demand for Western coal before the effective date of the statutory requirements.

out of \$1.925 billion) in these two States. WSC Ex. 2, Fauth
V.S. at Appendix GWF-3.

The Western coal industry involves two major types of low-sulfur coal, which is best described on the basis of relative heat content: sub-bituminous (8,000 to 9,500 Btu/lb.) and bituminous (in excess of 10,000 Btu/lb.). The majority of Western sub-bituminous coal is mined from large-scale, surface mines in the PRB. PRB mines are served by both UP and BN-SF. Western bituminous coal is mined from four major regions: (1) Southern Wyoming -- served by UP; (2) the Uinta Basin in Colorado and Utah -- served largely by SP; (3) the Raton Basin (Southeast Colorado and Northeast New Mexico) -- served by BN-SF; and (4) Four Corners (in Southeast Colorado and Northern Arizona) -- served by BN-SF.⁵ Most of the mines in the Uinta and Raton Basins are underground, whereas the majority of the mines in the Southern Wyoming and Four Corners regions are surface mines.

The heating value, ash, and sulfur content of coal largely determines its value in the marketplace, with those coals having high heat content and low ash and sulfur contents commanding the highest value. In general, the Raton coal is the most highly valued, followed in order by coal from the Uinta Basin, Southern Wyoming, and the Four Corners regions. The availability of economically minable coal is widespread in the Uinta Basin and Southern Wyoming regions, but is limited in the

⁵ UP and Utah Railway serve the Western edge of the Uinta Basin. The Utah Railway's movements traditionally have been joint movements with the UP, although in the past few years, shipments via the SP have been developed.

Raton and Four Corners regions. Thus the Uinta Basin and Southern Wyoming regions have the greatest potential for future market growth. See WSC Ex. 3, Vaninetti V.S.

Most of the purchasers of Western bituminous coal are electric utilities, consisting of traditional customers, namely plants within the Rocky Mountain region. In recent years, however, numerous additional electric utilities have begun to purchase Western bituminous coal, with plants located at more distant locations from the Western bituminous coal fields to states such as Kentucky, Missouri, Iowa, Mississippi, Florida, Michigan, Tennessee, Oregon, and Washington. As WSC shows below, the two regions of Western coal -- bituminous coal from the Uinta Basin and sub-bituminous coal from the PRB -- compete for many utility customers.

As WSC also shows below, the merger of UP and SP would deprive shippers of the lower rates offered by SP because a combined UP/SP would dominate the Western bituminous coal industry. While the combined market share of UP/SP for Western bituminous coal would exceed 63 percent, the effective control of the market by a combined UP/SP effectively would be much greater, due to the limitations in the Utah Railway's limited trackage and interconnection options and in the production capacity of BN-SF-served mines. Western Bituminous Coal Industry: Analysis of Coal & Transportation Markets, WSC Ex. 3, Appendix GEV-1 at 9. The proposed merger would effectively position a combined UP/SP to control most Western bituminous coal shipments to traditional markets and nearly all shipments to new and emerging markets.

The Board must require that a carrier independent of Applicants be allowed to acquire SP's Central Corridor, to ensure continued competition for coal and the other bulk materials moved by SP today.

Argument

I.

THIS TRANSACTION IS PROHIBITED IF IT WOULD BE ANTI-COMPETITIVE OR CONTRARY TO THE PUBLIC INTEREST.

The ICC has assured shippers and the public that they would be protected against the loss of competition from a UP/SP merger:

We can and we will effectively guard against harm to competition, and if necessary take appropriate steps to preserve competition, in the decision we ultimately will issue in the UP/SP proceeding.⁶

As will be shown below, the UP/SP merger would cause a loss of competition in SP's Central Corridor, which the Board therefore must protect before the merger is approved.

A. The Interstate Commerce Act and the Board's Regulations Require the Board to Protect Competition That Would Be Adversely Affected by the Merger.

The Board cannot approve the proposed UP/SP merger unless it determines that it is "consistent with the public interest." 49 U.S.C. § 11344(c)(1988).⁷ In assessing the

⁶ Burlington Northern Inc. and Burlington Northern Railroad Company -- Control and Merger -- Santa Fe Pacific Corporation and the Atchison, Topeka and Santa Fe Railway Company, Finance Docket No. 32549, Decision No. 38 (served August 23, 1995) ("BN/SF") at 58.

⁷ This proceeding is subject to the Interstate Commerce Act as it existed on November 30, 1995, the date of the filing of the Application.

numerous elements of the public interest, the Commission has employed a balancing test in which it "weighs the potential benefits to applicants and the public against the potential harm to the public," and considers "whether the benefits claimed by applicants could be realized by means other than the proposed consolidation that would result in less potential harm to the public." 49 C.F.R. § 1180.1(c) (1995); Railroad Consolidation Procedures, 366 I.C.C. 75 (1982).

1. The Statute and Regulations Establish That the Adverse Competitive Effects of a Proposed Merger Are Paramount Considerations.

A primary consideration in determining if a merger is in the public interest is "whether the proposed transaction would have an adverse affect on competition among rail carriers in the affected region." 49 U.S.C. § 11344(b) (5);¹ see also 49 C.F.R. § 1180.1(c) (2); Missouri-Kansas-Texas R. Co. v. United States, 632 F.2d 392, 395 (5th Cir.), cert. denied, 451 U.S. 1017 (1980) ("MKT") (Commission must consider as an element of the "public interest" the anti-competitive effects of a proposed merger).

Over the years, the Commission considered numerous factors in determining whether a proposed merger would have adverse effects on competition in the markets it has identified

¹ The other factors set out in the statute are: 1) the effect of the proposed transaction on the adequacy of transportation to the public; 2) the effect on the public interest of including, or failing to include, other rail carriers in the area involved in the proposed transaction; 3) the total fixed charges that result from the proposed transaction; and 4) the interest of carrier employees affected by the proposed transaction. 49 U.S.C. §§ 11344(b) (A)-(D).

as relevant. Most recently, the Commission explained its overarching test in BN/SF at 54:

Competitive harm results from a merger to the extent the merging parties gain sufficient market power to raise rates or reduce service (or both), and to do so profitably, relative to premerger levels.

The Board's regulations also address competitiveness concerns and provide that consolidations are not favored if they would "substantially reduce the transport alternatives available to shippers unless there are substantial and demonstrable benefits to the transaction that cannot be achieved in a less anti-competitive fashion." 49 C.F.R. § 1180.1(a).

The Board is also guided by the Rail Transportation Policy in reviewing this merger application, which emphasizes the importance of ensuring competition within the railroad industry in a variety of contexts. Specifically, Congress provided that it is the policy of the United States Government to:

ensure the development and continuation of a sound rail transportation system with effective competition among rail carriers and with other modes, to meet the needs of the public and the national defense; and

prohibit predatory pricing and practices [and] to avoid undue concentrations of market power. . . .

49 U.S.C. §§ 10101a(4) & (13).

2. Key Markets for Purposes of Determining the Competitive Effects of the Proposed Merger Are
(a) Rail Freight Transportation in SP's Central Corridor and (b) the Market for Western Coal.

In prior merger proceedings, the Commission evaluated competitive effects by (a) defining the existing markets, (b)

measuring the anticipated effects on those markets, and (c) then determining whether the anticipated effects in those markets would be substantial. Union Pacific Corporation, Pacific Rail System, Inc., and Union Pacific Railroad Company -- Control -- Missouri Pacific Corporation and Missouri Pacific Railroad Company, 366 I.C.C. 2d 459, 503 (1982) ("UP/MP/WP"). The Commission typically assumed that the relevant market has two components -- product and geographic. UP/MP/WP at 503; Santa Fe Southern Pacific Corporation -- Control -- Southern Pacific Transportation Company, 2 I.C.C.2d 709, 737 (1986) ("SF/SP").

The Commission has used a variety of approaches and tests for identifying the relevant markets.⁹ Similar to other merger proceedings, the product in this proceeding is rail freight transportation. Unless the facts justify, motor and water carrier freight transportation should not be included in the same product market for purposes of determining the competitive effects of this proposed merger, because those "products" (motor and water carrier transportation) are not

⁹ For example, the Commission often used the Department of Justice ("DOJ") Merger Guidelines to assist in defining what is a relevant market. The Guidelines define a market as a "product or group of products and a geographic area in which it is sold such that a hypothetical, profit-maximizing firm, not subject to price regulation, that was the only present and future seller of those products in that area would impose a 'small but significant and nontransitory' increase in price above prevailing or likely future levels.'" In most cases, DOJ uses a price increase of 5% lasting one year as the measure of a "small but significant nontransitory increase." SF/SP at 737-38; see also UP/MP/WP at 504 (the relevant geographic market has been defined as "areas in which providers of a particular product or service operate to which purchasers can turn for such products or services").

likely to provide sufficient constraints on the Applicants' market power over the shipments of bulk commodities in the Central Corridor after the merger. See, e.g., UP/MP/WP at 504; SF/SP at 738. Here, it is clear that railroads have an inherent advantage over the other modes for the long-distance of bulk commodities.

a. The Central Corridor.

Consistent with Commission precedent, one of key geographic markets in this proceeding is SP's Central Corridor. In several merger proceedings, the Commission has identified the Central Corridor as a distinct geographic market or submarket. For example, in SF/SP the Commission identified the Central Corridor (which it there defined as "Northern California and Oregon through Ogden and Salt Lake City to the Chicago, Kansas City and St Louis gateways") as a geographic market. Id. at 758; see also UP/MP/WP at 505, 507 (the Central Corridor has "traditionally been recognized as a separate market with a 'natural advantage' for certain transcontinental traffic"); Rio Grande Industries, et al. -- Control -- SPT Co., et al., 4 I.C.C.2d 834, 888 (1988) ("Rio Grande").¹⁰

¹⁰ The Commission has on occasion examined whether users of Central Corridor rail freight transportation services could "practicably turn to other routes" for services that are currently obtained over the Central Corridor. As in other cases, even when the geographic market is defined broadly to include alternative routes such as the Southern Corridor, the proposed UP/SP merger would still "significantly enhance market share" and is therefore anti-competitive. See UP/MP/WP at 517; see also Rio Grande at 889.

b. The Market for Western Coal.

In addition to looking solely at the impact of a proposed merger on geographic markets, the Commission has increasingly emphasized the importance of assessing the competitive impacts of proposed mergers on coal markets. As the Commission noted in UP/MP/WP, "in light of the importance of railroads in the transportation of coal, we will discuss the impact of the proposed transaction on coal separately after examining the general competitive effects." Id. at 503. In this proceeding, as discussed below, it is particularly important to examine the anti-competitive effects of the proposed merger on coal markets, because coal, and particularly low-sulfur coal found in abundance in the West, has become and will continue to be an indispensable commodity in part due to the CAAA."

3. Market Share Increases and the Parallel Nature of the Proposed Merger Are Principal Determinants in Evaluating Anti-Competitive Effects.

The Commission has often focused on the market shares of merger applicants when it assesses competitive impacts and the changes in market power that would result from the proposed merger. UP/MP/WP at 510-12. The Commission has raised competitiveness concerns in proceedings in which the market share

" Applicants recognize the importance of evaluating the impact of the merger on Western coal, but they mistakenly identify two separate coal markets -- one for bituminous and one for sub-bituminous coal. Sharp V.S., Application, Vol. 2. As discussed below, both types of coal should be considered as one market because they compete with one another to a large extent. WSC Ex. 3, Vaninetti V.S.

of the combined railroad after the proposed merger would be substantially less than in this proceeding. See WSC Ex. 2, Fauth v.S. at 2 (UP/SP would be the origin and/or destination carrier for over 75 percent of the Colorado, Utah and Nevada traffic); SF/SP at 786-89; see also UP/MP/WP at 510 ("market share statistics of the magnitude present in the [C]entral [C]orridor traffic east of Denver . . . are extremely high by conventional antitrust standards and indicate a substantial competitive effect arising from the proposed transaction").

In addition to market share, a key factor that the Commission has considered in looking at anti-competitive effects among rail carriers in the affected region is whether the merger is primarily parallel or horizontal (*i.e.*, combining routes between the same points) or whether it is "end-to-end" or vertical (*i.e.*, combining routes that may serve some of the same points but generally in separate, if neighboring, parts of the country).¹² Recently, in BN/SF, the Commission explained:

Horizontal effects occur where applicant carriers currently offer competing service within a defined market. These effects can range from loss of direct, head-to-head competition between railroads, serving the same origin/destination pair to loss of geographic competition between railroads, as would occur if each of the merging parties excluding serves a different

¹² In antitrust cases, courts examine the horizontal and vertical aspects of proposed consolidations. Borrowing from antitrust law, the Commission has adapted the same mode of analysis but has modified the terminology to better fit the railroad merger context by using the terms "parallel" and "end-to-end" rather than horizontal and vertical. The Commission, however, often used the terms interchangeably. See, e.g., UP/MP/WP at 505-06.

competing port from the same origin. Vertical effects occur where the merging parties connect end-to-end or form alternative routings for interline movements in which a single railroad controls a "bottleneck" at origin or destination.

BN/SF at 55.

According to the Commission, when the proposed merger is parallel, as it is in this proceeding with respect to the SP Central Corridor, competitiveness concerns are heightened.¹³

BN/SF at 52; UP/MP/WP at 506.

B. The Board Has the Obligation to Impose Conditions on the Transaction to Remedy Anti-Competitive Effects.

The Board has broad authority under the Interstate Commerce Act to impose conditions on this transaction that will address harm to the public interest from, inter alia, anti-competitive effects. 49 U.S.C. § 11344(c); see also MKT, 632 F.2d at 395; UP/MP/WP at 503; SF/SP at 308. The Commission considers several factors in determining whether to impose such conditions:

1. The conditions imposed must ameliorate the harmful, anti-competitive effects of the proposed merger on the public;
2. The conditions must produce benefits that outweigh any harm that may result from imposing conditions on the merger;
3. The conditions must be operationally feasible; and
4. The conditions cannot create a broad restructuring, but should be tailored to address the anti-competitive concerns.

¹³ As discussed supra, the end-to-end effects of the proposed merger also raise competitiveness concerns.

See, e.g., BN/SF at 56.¹⁴ As discussed below, all of these factors favor adoption of the conditions supported by WSC and dictate the rejection or substantial modification of the UP/BN Settlement Agreement as a means of ameliorating the anti-competitive effects of the merger.

In Lamoille Valley R. Co. v. ICC, 711 F.2d 295, 322 (D.C. Cir. 1983), the Court held:

If the Commission believes that an unconditioned merger would harm the public interest but finds a proposed condition inappropriate, its duty to advance the public interest requires it to devise appropriate conditions, if such conditions can be developed with reasonable effort.

See also Baltimore & Ohio Railroad v. United States, 386 U.S. 372, 430 (1967) (Brennan, J. concurring) ("the ICC is not the prisoner of the parties' submissions" and "the agency's duty is to weigh alternatives and make its choice according to its judgement how best to achieve and advance the goals of the National Transportation Policy").

In SF/SP, SF and SP proposed to enter into an agreement with BN to mitigate the anti-competitive effects of the proposed consolidation. The Commission rejected the proposed agreement and voiced many of the same concerns that apply to the UP-BN Settlement Agreement in this proceeding. For example, in SF/SP

¹⁴ In BN/SF, the Commission declined to adopt a sweeping pro-competitive condition with respect to coal, finding that "intramodal rail source competition will remain largely undisturbed." BN/SF is thus distinguishable from this proceeding because of the source competition for coal between UP and SP discussed elsewhere in these comments. See BN/SF at 69.

the Commission found that the proposed agreement with BN would not mitigate the anti-competitive effects of the proposed merger because BN would be an ineffective competitor with a combined SF/SP for the following reasons:

- 1) The charges BN would have to pay (equal to 150 percent of variable costs) would make it an ineffective competitor -- particularly when taking into account a minimum profit and that BN's actual costs would be even greater due to solicitation, record keeping, and other overhead costs; and
- 2) The merged railroads' variable costs would be reduced by the merger but the compensation level was based on variable costs prior to merger.

Accordingly, the Commission concluded that BN would "probably be discouraged from transporting much traffic" and that a merged SF/SP would be able "to raise rates to the level at which BN became interested in the traffic before facing any competitive constraint." Id. at 810.

The Commission also rejected the proposed agreement in SF/SP on the grounds that the applicants' "entire approach of selecting highly specific traffic flows for protection" was inadequate, because protective measures that respond only to existing conditions cannot be "relied on to remain equally effective for the indefinite future." SF/SP at 813. The same is true of the UP/BN Settlement Agreement in this proceeding. As the Commission explained, for example, the market areas served on the Southern Corridor in the SF/SP case were expected to grow considerably, creating the potential for the applicants to monopolize substantially increased future traffic after the

merger. Here, as discussed below, the Western coal market in the aggregate will continue to grow and the anti-competitive effects of the proposed merger would be even more significant in the future.

Finally, there is no dispute that the Board has plenary authority to take all actions necessary to protect WSC's interests in SP's Central Corridor. In Decision No. 22 in this proceeding, the Board held (at 2) that:

we already have all the authority needed (1) to require divestiture of, or trackage rights over, or some other similar relief with respect to, some or all of the lines operated by DRGW, and (2) to undo, in whole or in part, the Finance Docket No. 32805 transaction (if necessary to effectuate the divestiture, the trackage rights, or the other similar relief).

II. THE ICC'S PRIOR DECISIONS PROVIDING THE D&RGW WITH PROTECTION FROM THE ANTI-COMPETITIVE EFFECTS OF PRIOR MERGERS AND CONSOLIDATIONS MUST BE FOLLOWED.

The Commission consistently recognized that competition in SP's Central Corridor must be preserved and took actions to do so on numerous occasions. The Board may not alter the Commission's historical approach toward the D&RGW in this proceeding, as no new facts or circumstances warrant a departure from the Commission's precedents. In fact, relatively recent market developments, particularly with respect to coal markets, makes preservation of competition in the SP Central Corridor even more critical than it has been in the past.¹⁵

¹⁵ The D&RGW was built largely to serve the mining regions of Utah and Colorado. It existed well on its own, until the mergers of the 1980s threatened its independence and ability to compete.
(continued...)

A. The SP/CP Consolidation Proceeding.

SP's involvement in the Central Corridor consistently has been subjected to elevated scrutiny since the SP first leased Central Pacific ("CP") in 1885 and purchased CP's stock in 1899. SF/SP at 779. Over seventy years ago, the Supreme Court prevented the merger of SP and CP, in part because of the anti-competitive impact on Central Corridor traffic. United States v. Southern Pacific Co., 259 U.S. 214, 229-32 (1922).¹⁵ Although the Commission later approved a combined SP/CP, it did so only after ensuring that conditions were imposed that protected competition in the Central Corridor. Control of Central Pacific by Southern Pacific, 76 I.C.C. 508 (1923), modified, 328 I.C.C. 345 (1966).

Although the Commission agreed to remove several of the conditions it imposed on the original SP/CP merger in 1986, it refused to revoke the condition with respect to the D&RGW that

¹⁵(...continued)

In 1982, therefore, the Commission granted trackage rights to the D&RGW between Pueblo, Colorado and Kansas City, Missouri, when it approved the merger of the UP and MP, to allow it eastern access to neutral carriers. UP/MP/WP at 572-78. Mr. Anschutz, now Chairman of SP, then bought the D&RGW in 1984. In 1988, Mr. Anschutz's Company, Rio Grande Industries, Inc., bought Southern Pacific Railroad, with the ICC's approval, leaving Mr. Anschutz with about a 25 percent interest in the combined entity. It is that 25 percent interest which Mr. Anschutz is selling to UP in the transaction at issue.

¹⁶ Ironically, given the proposed UP/SP merger here, the Supreme Court in United States v. Southern Pacific, supra, relied on its decision in United States v. Union Pacific R.R., 226 U.S. 61 (1912), which held that control of SP by UP would be anti-competitive and thus in violation of the Sherman Act. Id. at 85-89.

"requires SP to cooperate with all carriers connecting at Ogden preferentially to solicit traffic moving between defined territories for movement via that gateway." Control of Central Pacific by Southern Pacific, 2 I.C.C.2d 685, 689 (footnote omitted). The reason the Commission retained the D&RGW condition was that the Commission was still concerned about anti-competitive impacts and did not believe that adequate evidence had been presented with respect to the impact on the D&RGW and traffic in the Central Corridor to merit revoking the condition. Id. at 706; see also, SF/SP at 781.

B. The UP/MP/WP Merger Proceeding.

In the UP/MP/WP proceeding, the Commission again recognized the importance of preserving competition in the Central Corridor. The Commission found that the proposed merger created "a serious level of industry concentration in the central corridor" and that "concentration of this magnitude represents a substantial lessening of competition in these markets and must be redressed if we are to approve the proposed transactions." UP/MP/WP at 517. As discussed below, the level of concentration that would result from the merger in this proceeding is far greater than that at issue in the UP/MP/WP.

The Commission further recognized in UP/MP/WP that the merger would create "a situation where D&RGW, and indirectly SP, may be foreclosed from offering effective competitive responses to the consolidation through loss of neutral connections to the east." Id.

To address these concerns, the Commission determined that "the anticompetitive results we have identified regarding transcontinental traffic can be successfully ameliorated" by granting trackage rights conditions favoring D&RGW and SP. Id. at 525. Specifically, in UP/MP/WP the Commission granted trackage rights to the D&RGW between Pueblo, Colorado and Kansas City, Missouri to ensure the continuation of competitive outlets at the Central Corridor's East end.¹⁷ Yet, the transaction proposed here would destroy the competition with UP presented by SP over the lines of the D&RGW, and would even abandon portions of the Tennessee Pass line west of Pueblo and a portion of the old MP line east of Pueblo on which the D&RGW was awarded trackage rights.¹⁸

In this proceeding, the same areas are affected and, therefore, the Commission must give careful scrutiny to the proposed merger's impact on SP's Central Corridor and reject the proposed merger unless appropriate conditions are adopted. As discussed below, the UP/BN Settlement Agreement does not

¹⁷ In UP/MP/WP, the Commission allowed the merger to be consummated prior to negotiation by the parties of a specific trackage rights compensation agreement. Id. at 590. It should not do so here, because of the critical importance to shippers on SP's Central Corridor of competitive rail traffic, as well as to the Nation's utilities and their customers of uninterrupted competition from SP-origin, low-sulfur coal.

¹⁸ In UP/MP/WP, the Commission found that, "[B]ecause there is no significant actual or potential competition between [UP and MP] for coal traffic, we conclude that the proposed consolidations would not have an adverse impact on coal traffic competition between [UP and MP]." UP/MP/WP at 535.

adequately ameliorate the adverse effects of the proposed merger on competition in SP's Central Corridor, but other proposed conditions could satisfactorily address the proposed merger's adverse effects on competition.

C. The SF/SP Proceeding.

One of the primary reasons that the Commission denied the application to approve the merger of SF and SP was the adverse competitive impacts in the Central Corridor. Specifically, the Commission found that the proposed merger would result in an "unacceptable" "reduction or elimination of Central Corridor routing options." SF/SP at 789. The Commission also found that, although the merged railroad would continue to route a certain amount of West Coast traffic over the Central Corridor, "we have reason to be concerned about the preservation of Central Corridor competition even for this traffic." Id. at 790.

The Commission was specifically concerned that the SF/SP merger would result in the loss of SPT-D&RGW Central Corridor traffic "substantial enough to reduce the efficiency of the route." Id. As the Commission explained, "DRGW would no longer be an effective competitor for UP in the Central Corridor for shippers that depend upon the Central Corridor as the most efficient, direct, and natural route for transcontinental traffic." Id. The Commission also recognized that "DRGW's ability to provide effective intra-corridor service would be diminished along with reductions in transcontinental service." Id. (emphasis in original).

In summarizing its finding that the proposed SF/SP merger would have unacceptable anti-competitive impacts, the Commission referred to its decision in the UP/MP/WP proceeding:

It was to assure the existence of a competitive alternative in the Central Corridor that we imposed trackage rights for DRGW and SPT in UP Control, and we cannot ignore the reason for that decision here. . . . [T]hose shippers who must rely upon the Central Corridor would suffer the consequences of a loss of effective SPT-DRGW competition if this merger were approved with no assurance that the Central Corridor competition would be maintained. Applicants' proposal fails to address this problem in any meaningful way and thus can only be found to be highly anticompetitive.

Id. at 791. The Commission was generally concerned about the re-routing of traffic away from D&GRW's lines, leaving an inadequate traffic base. Id. at 789-91. As discussed below, the proposed UP/SP merger raises many of the same issues and anti-competitive concerns in the Central Corridor.

D. The Rio Grande/SP Consolidation Proceeding.

The Commission's efforts to protect competition in the Central Corridor were again evident in Rio Grande in which the consolidation of D&GRW and SP was approved because the Commission found that UP was effectively competing with SP in the Central Corridor. Of course, in this proceeding the competition between UP and SP would be entirely eliminated.

In Rio Grande, the Commission first dispensed with the argument that the Central Corridor is not a distinct market

within which effectively competitive routing needed to be maintained:

The Commission has previously found a core of (heavy loading) transcontinental traffic moving to or from Oregon and Northern California area for which motor carriers do not provide effective competition and for which the Central Corridor provides the most efficient routing alternative. For this traffic, the Commission has considered the Central Corridor a distinct market and has been concerned about preserving competition within that market.

Id. at 838.

In reviewing its earlier decision in UP/MP/WP the Commission explained that, in a situation similar to the one in this proceeding, it had taken measures to protect competition because

parallel lines of UP and MP running between Pueblo, CO and Kansas City, KS and MO were to be combined eliminating an independent provider of rail service between those two cities and creating a monopoly link or "economic bottleneck" in the Central Corridor. The commission granted D&GRW trackage rights over the MP line to prevent this anticompetitive outcome.

Id. at 891.

The Commission concluded in Rio Grande that "[u]nlike the UP/MP/WP merger, an unconditioned DRGW/SPT combination will create no monopoly links, so a competitive problem such as the one the DRGW trackage rights were intended to solve does not exist here." Id. A merger of UP and SP without appropriate conditions would create exactly the type of situation that the Commission sought to avoid in UP/MP/WP and which was not present in Rio Grande.

In fact, in Rio Grande, the Commission specifically ased its conclusion that the merger of DRGW and SP would not be anti-competitive on the grounds that strong competition existed in the Central Corridor between UP and SP:

The UP/MP/WP merger left a UP/MP single-line route competing against a DRGW/SPT joint-line within the Central Corridor, an acceptable but not ideal situation. The UP/MP/WP merger also led naturally to the DRGW/SPT solicitation arrangement. The DRGW/SPT consolidation fosters the Commission's overall goal in the UP/MP/WP decision of two strong efficient competitors in the Central Corridor by formalizing and strengthening that arrangement. It can be seen as a response to the earlier merger, completing the rationalization of the Central Corridor by creating a second single-line alternative.

Id. at 908. The proposed merger of UP/SP would eliminate that second, single-line alternative.

The Commission should adhere to the principles it espoused in Rio Grande and continue its efforts to preserve competition in the Central Corridor when it is necessary to do so, as it is in this proceeding. Most certainly, after recognizing the importance of an alternative Central Corridor via SP, the Board may not ignore those precedents here.

III.

THE BOARD MAY NOT APPROVE THE PROPOSED TRANSACTION WITHOUT PROTECTIVE CONDITIONS IN THE CENTRAL CORRIDOR BECAUSE THE TRANSACTION IS ANTI-COMPETITIVE AND CONTRARY TO THE PUBLIC INTEREST.

The proposed transaction is anti-competitive because it would diminish competition for rail transportation between SP's Central Corridor and other sources of Western coal, as well as eliminate SP as an aggressive competitor for the carriage of coal

and other bulk materials. See WSC Ex. 2, Fauth V.S., Appendix WF-3. Although Applicants have claimed that their Agreement with BN-SF rectifies the anti-competitive effects of the merger by granting trackage rights to BN-SF on many of the current parallel lines, the Agreement will not allow BN-SF to compete effectively against the merged UP-SP entity.

A. The Merger Would Cause Anti-Competitive Effects in the Central Corridor.

1. There Is No Dispute That the Proposed Transaction Would Destroy Competition Without the UP/BN Settlement Agreement.

Applicants concede that this merger would have anti-competitive effects without providing rights to another carrier where competition would be reduced. See e.g., Application, Vol. 1, Rebensdorf V.S.; Rebensdorf Deposition (Jan. 23, 1996), Tr. 432-33. Indeed, there is no dispute that the merger of UP and SP will result in lessened rail competition in many parts of the country. The proposed UP/SP merger would be the biggest in railroad history and would involve more parallel lines than any prior merger. In fact, about 11 percent, or over 3,800 miles, of the combined system would involve parallel lines, such as SP's Central Corridor and UP's Central Corridor. See UP/BN Settlement Agreement following Rebensdorf V.S. in Volume 1 of the Application, especially at 292. As proposed, a combined UP/SP would own approximately 75 percent of the total miles of rail lines and would serve over 72 percent of the freight stations in Colorado, Utah, and Nevada. WSC Ex. 2, Fauth V.S. at 9.

Moreover, UP/SP would own over 97 percent of the rail lines in Utah. Id.

Applicants obviously realized that the proposed merger would not pass muster with the Board unless its adverse competitive effects were addressed, and thus they entered into their Settlement Agreement with BN-SF in the hopes that the Agreement would satisfy competitive concerns. As WSC demonstrates below, however, the UP/BN Settlement Agreement will not remedy most of the anti-competitive effects in the Central Corridor, thus causing rates to rise. WSC Ex. 4, Schrodtt V.S. at 3.

2. The UP/BN Settlement Agreement Will Not Restore the Loss of Competition in the Central Corridor.

UP claims that the UP/BN Settlement Agreement resolves all legitimate concerns about effects on competition resulting from the UP/SP merger.¹⁹ The evidence, however, is to the

¹⁹ There is a simple explanation why BN-SF might have entered into such an Agreement, even though it may have little interest in the Central Corridor. The Agreement provides BN-SF with substantial benefits in certain locations, such as the "I-5" Corridor along the Pacific Coast. BN-SF may have agreed to accept haulage or trackage rights in various other corridors, such as SP's Central Corridor, whether or not BN-SF intended to use those rights, because those rights only require payment by BN-SF to UP/SP if BN-SF actually uses them. Therefore, BN-SF may have had to take trackage rights in SP's Central Corridor, so that Applicants could claim that the Agreement "solves" the competitive problem there, to get what it really wanted elsewhere. It was a "package deal," but Intervenor were largely unable to inquire into BN-SF's interest, or lack thereof, in certain parts of the "package" (such as SP's Central Corridor) because Judge Nelson upheld Applicants' claimed settlement privilege except where a particularized need was shown to override the privilege.

contrary. As WSC demonstrates below, BN-SF will not be an effective competitor in the Central Corridor under the terms of the BN-SF Settlement Agreement because it has no investment or presence there, its access to shippers is severely restricted, the trackage rights fees are too high, and BN-SF would have insufficient incentive to compete with its landlord.

The Agreement provides BN-SF with trackage rights over virtually the entire Central Corridor (except for those portions being abandoned, including portions of the Tennessee Pass Line west of Pueblo and the MP line east of Pueblo), but BN-SF's rights are severely circumscribed. BN-SF is limited to the movement of overhead traffic and is permitted access "only to industries which are presently served (either directly or by reciprocal switch) only by both UP and SP and by no other railroad." Application, Vol. 1 at 319.²⁰ The Agreement defines the points to which BN-SF obtains access as geographic points on the combined UP/SP system where both UP and SP and no other railroad provided service to one or more customers. Id.,

²⁰ Under the UP/BN Settlement Agreement, UP has agreed to grant BN-SF overhead trackage rights only on the following lines in the Central Corridor if the merger is approved: (1) SP's line between Denver, Colorado and Salt Lake City, Utah; (2) UP's line between Salt Lake City, Utah and Ogden, Utah; (3) SP's line between Ogden, Utah and Little Mountain, Utah; (4) UP's line between Salt Lake City, Utah and Alazon, Nevada; (5) UP's and SP's lines between Alazon and Weso, Nevada; (6) SP's lines between Weso, Nevada and Oakland via SP's line between Sacramento and Oakland (subject to certain traffic restrictions; (7) UP's line between Weso, Nevada and Stockton, California; and (8) SP's line between Oakland and San Jose, California. Application, Vol. 1, at 318-19.

Rebensdorf at 296. Access for BN-SF is restricted to a limited number of points in the Central Corridor. Id. and Exhibit A to Agreement.²¹ WSC Ex. 2, Fauth V.S., Appendix GWF-5. Finally, the Agreement sets the trackage rights access fees at 3.1 mills per gross ton-mile for intermodal and carload traffic, and 3.0 mills per gross ton-mile for bulk traffic (defined as 67 cars or more of one commodity in one car type), which, as shown below, are excessive. WSC Ex. 2, Fauth V.S. at 6.

a. **BN-SF Has Insufficient Access Under the Agreement Because the Definition of "2 to 1" Points Understates the Loss of Competitive Alternatives.**

The most serious deficiency in the UP/BN Settlement Agreement is that BN-SF is given access to only a small subset of the shippers that would have reduced competitive rail options should the merger be approved without a change to the Settlement Agreement. The problem with the Settlement Agreement is that it restricts BN-SF's access points to so-called "2 to 1 points," meaning that BN-SF would have the option to serve only those points that are currently served only by both UP and SP and by no

²¹ BN is granted access to the following points in the Central Corridor: Provo, UT; Salt Lake City, UT; Ogden, UT; Ironton, UT; Gattex, UT; Pioneer, UT; Garfield/Smelter/Magna, UT (access to Kennecott private railway); Geneva, UT; Clearfield, UT; Woods Cross, UT; Relico, UT; Evona, UT; Little Mountain, UT; Weber Industrial Park, UT, points on paired track from Weso, NV to Alazon, NV; Reno, NV (intermodal and automotive only -- BN-SF must establish its own automotive facility); points between Oakland, CA and San Jose, CA; San Jose, CA; Warm Springs, CA; Fremont, CA; points in the Livermore, CA area (including Pleasanton, CA, Radum, CA, and Trevarno, CA); West Sacramento, CA; and Melrose Drill Track near Oakland, CA.

other railroad. WSC's analysis of traffic for the so-called "2 to 1" points to which BN-SF has access indicates that it will only be able to serve shippers responsible for less than 6 percent of the total Colorado, Nevada, and Utah tons. WSC Ex. 2, Fauth V.S. at 5.

Many shippers are left unprotected. The UP/BN Settlement Agreement provides no protection for producers and shippers who -- while not directly serviced by UP and SP -- have the ability to transport their goods via truck to rail load-outs serving either UP or SP. E.g., Rebensdorf Deposition (Jan. 23, 1996), Tr. 441-42.²² These shippers in the Utah coal fields are "2 to 1" in fact but are not included in the definition of "2 to 1" shippers under the UP/BN Settlement Agreement. WSC Ex. 2, Fauth V.S. at 5. WSC's traffic study demonstrates that this group generates approximately 51 percent of Colorado, Utah, and Nevada tons, but is nevertheless left unprotected by the UP/BN Settlement Agreement. WSC Ex. 2, Appendix GWF-4.²³

Excellent examples of such shippers are those coal producers (who sometimes also are the shippers) near Sharp, Utah.

²² Applicants' counsel subsequently confirmed to WSC's counsel by letter that only the defined "2 to 1" points are covered by the UP/BN Settlement Agreement. Applicants' counsel thus confirmed that the rail loading facilities in the Utah coal fields used by the coal producers are not "2 to 1" points.

²³ Another type of shipper left unprotected by the Agreement are shippers with more than one facility on UP and SP. These shippers have the ability to shift production between facilities to take advantage of competitive rates between UP and SP, but are nevertheless not defined as "2 to 1" points under the Agreement.

Such coal producers have direct access to UP, but also have the option to transport coal by truck to a rail load-out facility on the SP. See Sharp V.S., Application, Vol. 2 at 679-80. Other coal producers in Utah can now use Utah Railway to get to the lines of either SP or UP, but could not do so effectively after the UP/SP merger. In any such case, before the proposed merger, UP and SP compete for the business of these types of shippers, yet these shippers are not included in the narrow definition of "2 to 1" points under the UP/BN Settlement Agreement.²⁴ Numerous coal producers are left unprotected in this manner, including Consolidation Coal, Genwal Coal, Andalex Resources, C.W. Mining, and Kaiser Coal. WSC Ex. 3, Vaninetti V.S. at 15 n.14.

Applicants' Settlement Agreement with BN-SF is further deficient because it would have the Board address only the loss of direct intra-modal competition between UP and SP at particular facilities, but the market dominance determinations of the ICC recognize that other types of competition restrain rail rates as

²⁴ It does not help much, if at all, that Provo, Geneva, and Salt Lake City are "2 to 1" points for BN-SF, because they are much further from the Utah coal fields than most rail load-outs now used to load coal, and in any event, BN-SF has no facilities at any of those places (although it would get access to UP's facility at Salt Lake City, Rebensdorf Deposition, Tr. 441). Applicants concede that BN-SF gets no access to any existing rail load-outs near the coal fields.

well.²⁵ The circumstances of those coal producers and other shippers in WSC and on the merged systems demonstrate that the competition that truck-to-rail transportation (to UP or SP) creates today will be stifled by the merger.

WSC's traffic analysis in the Central Corridor demonstrates that a combined UP/SP would dominate the Central Corridor with a market share of 75 percent of Colorado, Utah, and Nevada freight traffic because the UP-BN Settlement Agreement provides insufficient access to BN-SF. WSC Ex. 2, Fauth V.S. at 7 and 8. Although the "2 to 1" points in the UP-BN Agreement

²⁵ The definition of "2-to-1" shippers in the UP/BN Settlement Agreement is at odds with the ICC's definition of competition shippers face. In Ex Parte No. 320 (Sub-No. 2), Railroad Market Dominance, 365 I.C.C. 118, 128-29 (1981) (discussing the constraint source competition places on rail rates), the ICC concluded that shippers benefit from competition in four respects, intra-modal, inter-modal, product, and geographic competition. See Western Coal Traffic League v. United States, 719 F.2d 772, 778-79 (5th Cir. 1983) (en banc). The highly restricted definition used by Applicants in their Settlement Agreement with BN-SF addresses only intra-modal competition from UP and SP. That narrow definition of competition, however, was rejected by the ICC in Market Dominance. To make the assumption Applicants made in UP/BN Settlement Agreement would be reversible error, because the Board (or its predecessor, the ICC) cannot say in one context that inter-modal, product, and geographic competition all restrain rates, and yet conclude in this proceeding that the loss of the same competition need not be addressed by protective conditions in this proceeding. In other words, the Board must define the same competition consistently.

The fact that the ICC may not have defined competition in some prior railroad merger proceeding as it defined it in Market Dominance is no reason not be consistent with the Commission's Market Dominance decision in this proceeding. As Justice Frankfurter once wrote: "Wisdom too often never comes, and so one ought not reject it merely because it comes late." Henslee v. Union Planters National Bank & Trust Co., 335 U.S. 595, 600 (1949) (Frankfurter, J., dissenting).

represent new customers for Western bituminous coal because of the attraction of low rates. The case of Kansas Power & Light Company is noteworthy, because it switched from its traditional UP-served suppliers in Southern Wyoming to SP-served mines in Colorado -- solely because of a difference in rates. WSC Ex. 3, Vaninetti V.S. at 29.

Applicants' Witness Sharp also denied that SP-origin coal competes with UP's Hanna Basin origins, claiming that coal from its Southern Wyoming Hanna Basin origins is of inferior quality in terms of Btu content. Application, Vol. 2, Sharp V.S. at 679. Again, this is wrong. Hanna Basin coal averages 10,946 Btu/lb. as compared to the average quality of SP-served mines in Colorado, which is 11,012 Btu/lb., with each having comparable sulfur content. WSC Ex. 3, Vaninetti V.S. at 7, 35-36. The difference is negligible.³¹

Hanna Basin coal is underutilized because UP favors PRB coal sources, not because it has a lower energy content, as Applicants' Witness Sharp claims. UP has the option to promote either source of coal, and has chosen to promote coal from the PRB. See WSC Ex. 3, Vaninetti V.S. UP's discriminatory

³⁰(...continued)
operational advantages to shippers, and the Union Electric example shows that UP will charge higher rates than SP at the same facility, even where UP has superior access.

³¹ Witness Sharp also claims that the heating value of coal from UP-served mines in Southern Wyoming is "modestly higher than PRB coal" when the differences are more like 1,000 Btu/lb. to 2,400 Btu/lb. for Hanna Basin coal. Application, Vol. 2, Sharp V.S. at 679; WSC Ex. 3, Vaninetti V.S., at 35-36.

practices are a precursor to what would happen if it also controlled SP-origin coal in the Uinta Basin. UP -- like any other carrier with alternative coal sources, including BN-SF -- will have no incentive to promote Uinta Basin coal in most markets in which PRB coal is an alternative. UP's noncompetitive rail rates (and the high prices charged by its affiliate, Union Pacific Resources, for coal from its Black Buttes Mine) -- not a difference in BTU content -- have limited the market potential and distribution of Southern Wyoming coal.

SP has been aggressive in competing with UP to secure the majority of new markets for Western bituminous coal, with most of these markets located in the Midwest (Illinois, Wisconsin, Kentucky, Missouri, Mississippi, Indiana, Florida, Michigan, and Tennessee). The SP's market share of new and changing utility markets for Western bituminous coal has increased substantially since 1989, partly at the expense of UP. A merged UP/SP would have little economic incentive to continue SP's aggressive pricing strategies which have largely been responsible for the recent expansion of the Western bituminous industry centered in Colorado and Utah.³²

³² SP Chairman Anschutz admitted in his deposition that SP's coal traffic in its Central Corridor is a "win/win situation for [SP] and the [coal] producers." Anschutz Deposition at 262, lines 6 and 10.

I began my professional career at Hill & Knowlton, a public relations firm, during a one-year break in my education in 1968-69. While continuing to pursue my education, I spent one year (1969-70) working in the Washington, D.C. office of Senator Clinton Anderson of New Mexico. Thereafter, I worked for Amtrak, in Government Relations, from 1973-81. During 1981-86, I worked in Government Relations for Kimberly-Clark, a large manufacturer and shipper of paper and consumer products. During 1986-89, I worked at the Interstate Commerce Commission ("ICC") in Congressional and Public Relations. During 1990-92, I was employed by SP and Rio Grande Industries (which owned the D&RGW), where I was employed in Governmental Relations. I left SP and D&RGW in 1992, and was a consultant from 1992-93. In 1994, I became President of the Utah Mining Association, a position I have held to the present. In 1995, I became the Director of the Western Shippers' Coalition, which was formed to try to prevent the adverse competitive impact of Western Shippers of the proposed UP/SP merger.

I.

INTERESTS OF WESTERN SHIPPERS' COALITION

WSC's interest in this proceeding stems from the loss of competition, and the potential for increased rates, and deteriorating service that the merger of UP and SP would cause in SP's "Central Corridor", which generally runs from Oakland, California to Kansas City, Missouri, including the lines of the D&RGW. Many of WSC's members ship bulk commodities over the

Many electric utilities now purchase coal from SP origins, including TVA, Central Power & Light Company, Mississippi Power, Kansas Power & Light Company, Union Electric Company, Northern Indiana Public Service Company, Central Illinois Public Service Company, Illinois Power Company, Intermountain Power Authority, Public Service Colorado, Nevada Power Company, Pacificorp, Utilicorp, Wisconsin Electric Power Company, Commonwealth Edison Company, Tri-State, Wisconsin Power & Light Company, Cajun Electric, and many others. The major SP-origin coal producers that would be affected by the UP/SP merger include the following: Cyprus Amax, Coastal, Kennecott, Arco Coal, Andalex, Commonwealth, Pacific Basin/Bear, Addington, Pittsburg & Midway, Co-op Mining, Pacificorp, and Peabody Coal. These producers have been successful in greatly increasing their coal sales because they and SP have been aggressive in marketing their coal, as WSC Witness Vaninetti explains. WSC Ex. 3, Vaninetti V.S., at 21.

It is highly significant that, despite SP's aggressive marketing of coal to Midwestern and Eastern utilities, Applicants' Witness Peterson (Application, Vol. 2, at 265, 285-87) could not identify a single new East-bound movement of SP-origin coal. UP's own evidence demonstrates that it does not intend to market SP-origin coal aggressively.

- b. Certain Commission Precedent Is Inapposite Because Source Competition Exists.

WSC recognizes that the Commission has found in other merger proceedings that source competition for coal did not exist and, therefore, with respect to coal traffic there was no anti-competitive effect. UP/MP/WP at 535; BN/SF at 69. WSC also recognizes that the Commission has relied upon a principle, often referred to as the "one lump" theory, to conclude that the "merger of a bottleneck destination carrier within one of several origin or bridge carriers will not enhance or extend the bottleneck carrier's market power, and thus will not harm shippers." BN/SF at 72. Because source competition exists between UP and SP, the Commission's prior precedents on this point do not apply in this proceeding.

The Commission has held on several occasions that the "one-lump" theory or presumption can be rebutted. See, e.g., BN/SF at 71 ("We have not altogether rejected the possibility that the benefits of origin competition might flow through to a utility, but we have presumed that they will not"); UP/MP/WP, 366 I.C.C. at 539 ("We do not reject the possibility that the benefits of origin competition might flow through to a utility despite a destination monopoly.")³³ The evidence of origin

³³ The Commission has established a two-part test to overcome the presumption that the benefits of origin competition do not flow through to a utility served by a destination monopoly: (1) it must be shown that, prior to the merger, the benefits of origin competition flowed through to the utility and were not captured by the destination monopoly carrier; and (2) that such a competitive flow-through will be significantly curtailed by the merger. BN/SF at 71; UP/MKT at 476; UP/MP/WP at 539.

competition, discussed above, effectively rebuts the "one-lump" theory presumption.

In any event, the Board should not rely on such an unsubstantiated presumption in evaluating the end-to-end effects of the merger. Among the fallacies of the "one-lump theory" is that it assumes perfect knowledge by the destination carrier of the total delivered price to destination, which is often not true. If the destination carrier does not know the total delivered price, it is not possible for the destination carrier to extract all of the monopoly rents associated with the movement.

Moreover, in his deposition in this proceeding (at 148), UP Chairman Davidson admitted that a sole destination carrier cannot reap all of the profit from the through movement:

Question: In other words, you think that, if a shipper is served by a single carrier at destination but another carrier might be involved at origin, that the destination carrier cannot extract all the profit from the move?

Answer: No way.³⁴

The Board cannot apply a theory that UP's own Chairman admits has no support in reality to allow it to ignore the loss of source competition in a merger.³⁵

c. UP Has Admitted That It Will Raise SP's Rates After the Merger.

UP Railroad Chairman Davidson also admitted in his deposition in this proceeding (Tr. 87) that he told members of the Chemical Manufacturing Association that SP's "cash flow" pricing would be "terminated" after the merger. Mr. Davidson also admitted in his deposition that he and others at UP have described SP's rates for coal as "cash flow-pricing" and wondered how SP could make a profit by charging rates lower than those offered by UP. Davidson Deposition, Tr. 150-51. It is obviously not in the public interest to allow UP to control its competitor, SP, so as to raise its prices, yet that is exactly what Mr. Davidson admits that UP intends to do.

Applicants' many "volumes of logic" are pure theory premised on factual inaccuracies.³⁶ For example, Applicants'

³⁵ Even when SP is the destination carrier, the "one-lump" theory is nevertheless wrong, to the extent that the coal producer shares in the profits associated with the delivered price, for the same reasons that the theory is wrong when two railroads share in the profits associated with the movement.

³⁶ "Upon this point a page of history is worth a volume of logic." New York Trust Co. v. Eisner, 256 U.S. 345, 349 (1921) (Holmes, J.). One of Witness Sharp's "volumes of logic" was that he assumed that SP-originated coal was not substitutable for PRB coal, because few utility powerplants are using more than 5 percent of both. The illogic in that assumption is that most railroad transportation contracts for large volumes of coal require that 95 percent or more of the coal going to the plant be
(continued...)

Witnesses Sharp and Willig assume perfect competition in PRB coal movements and further assume that, for the most part, PRB coal does not compete with sources of SP-origin coal in Utah and Colorado. Witness Willig -- who testified purely about theory -- asserted that rates will fall as a result of the merger (Application, Vol. 2 at 582). However, in his deposition in this proceeding (Tr. 619), UP Witness Peterson contradicted Professor Willig's theory, stating "You can't generalize that rates will fall on every commodity on every movement as a result of a merger, I would probably agree with that." There is no assurance on this record that, in fact, rates will fall, and every reason to believe they will rise, given Mr. Davidson's testimony.

d. BN-SF Will Be Unable to Offer the Competitive Rates Offered by an Independent SP.

SP was able to offer its aggressive prices to various shippers because it developed a close partnership with the coal producers in the Uinta Basin. Changes in operations resulting from the proposed UP/SP merger, however, may significantly alter the economies of east-bound coal shipments. Anticipated

¹⁶(...continued)

transported by the contracting railroad, thus producing the meaningless statistic that most plants do not use more than 5 percent of their coal from more than one location. The issue is not whether SP- and UP-originated coals are used at the same plant at the same time; the issue is whether SP has been successful in wresting coal transportation business away from UP and BN in recent years, and, as WSC Witness Vaninetti demonstrates, it has done so to a great extent. SP Chairman Anschutz admitted in his deposition that SP has been successful in recent years in marketing SP-originated coal to Midwestern and Eastern utilities that previously were served by coal originated by other railroads (Tr. 228-29).

diversions of all non-bulk traffic from the SP Central Corridor o the UP mainline through southern Wyoming will force the remaining traffic (coal and other minerals) to shoulder the full cost of track maintenance and operations.³⁷ This would require an increase in rail rates for both existing and new markets, with the burdens focused primarily on east-bound shipments. Should this occur, traditional shippers of Utah and Colorado coal would eventually suffer increased delivered coal prices and may ultimately be forced to switch to PRB coal. The UP's record of losing significant coal business to SP and the anticipated operational changes for the combined UP/SP system indicate that the potential exists for major disruptions in traffic now originating or terminating on SP's Central Corridor. BN-SF, on the other hand, will be unable to replicate the competition currently supplied by UP because it has insufficient access and the trackage rights fee is too high, as WSC describes above.

³⁷ In fact, as WSC Witness Jordan testifies, UP Witness Rebensdorf told the members of the WSC on November 27, 1995 that UP would do only essential maintenance on the D&RGW for the next five years in order to keep rates down. WSC Ex. 1, Jordan V.S. at 9-10 & Appendix AHJ-3. UP apparently now denies any such intent; if UP now intends to perform full maintenance on the D&RGW lines, the obvious implication of Witness Rebensdorf's statement to WSC is that UP would raise rates in SP's Central Corridor, just as UP Chairman Davidson stated that UP intends to do.

B. Commission Precedent Dictates That the Proposed Merger Should Be Rejected Unless the UP/BN Settlement Agreement Is Substantially Modified or Alternative Conditions Are Imposed to Preserve Competition in the Central Corridor.

All of the factors that the Commission relied upon in rejecting the proposed merger in SF/SP, even with conditions, apply in this proceeding with respect to the UP/BN Settlement Agreement. The same would be true here because of BN-SF's limited access points in SP's Central Corridor and the high trackage rights fee. Therefore, the Board must reject as inadequate the conditions proposed by the Applicants and disapprove the proposed merger, unless it adopts the conditions supported by WSC for the reasons outlined below. With respect to the UP/BN Settlement Agreement, WSC's Witnesses demonstrate that the trackage rights fees should be reduced substantially from 3.0 and 3.1 mills per GTM, and the number of "2 to 1" access points should increase substantially, even if no other changes were ordered in the transaction as proposed.

The Commission's findings in SF/SP with respect to the anti-competitive effects on service also apply in the current proceeding. As the Commission found in SF/SP, BN-SF will only be able to provide piecemeal services and will not be able to compete with the full commodity and territorial service Applicants could provide after the merger. Furthermore, BN-SF, like BN in SF/SP, will not be an effective competitor for traffic moving under rail contracts because of its "lack of flexibility to handle all commodities and serve all origins and destinations

reachable by the merged system. . . ." Id. at 811.

Moreover, in SF/SP the Commission noted, consistent with WSC's evidence in this proceeding about BN-SF in the Central Corridor, that it was questionable whether BN was even interested in the traffic in the area in which there were the most serious anti-competitive effects. Id. at 811. As in SF/SP, BN-SF will have insufficient opportunities in SP's Central Corridor for BN-SF, because of its lack of access points. Id. Here, BN-SF has no investment of facilities, equipment, employees, or even capital in SP's Central Corridor, and so far as is known it has made no commitment whatsoever to actually serving those customers in the Central Corridor for whom it will have access under the UP/BN Settlement Agreement.³⁸

C. The Commission Should Adopt WSC's Proposed Conditions.

1. **The Conditions Proposed by WSC Will Ameliorate the Harmful Effects on Competition in SP's Central Corridor.**

Under Commission precedent, the Board must exercise its authority to preserve competition for rail transportation in the Central Corridor and the market for Western coal. To accomplish this objective, the Board must either reject UP/SP's proposed

³⁸ WSC is aware, from communications with BN-SF, that BN-SF has now spoken to many of its members about serving them, but evidently BN-SF is not able to offer an acceptable rate and service package, because WSC is not aware of the existence of a single transportation contract between BN-SF and a shipper in SP's Central Corridor (even a contract contingent on the outcome of this proceeding). WSC has conveyed to BN-SF the problems that it will face under the UP-BN Settlement Agreement in SP's Central Corridor, and BN-SF may now better understand them.

merger or condition its approval upon an order of divestiture of P's Central Corridor lines.

WSC seeks divestiture, to a carrier unaffiliated with Applicants, of (a) one of UP-SP's two lines west of Ogden or Salt Lake City, Utah to Oakland or Stockton, California, (b) all of the lines of the D&RGW, and (c) one of UP/SP's three lines from Denver or Pueblo, Colorado to Kansas City, Missouri. Although divestiture is important because anything less than an ownership interest inhibits a carrier's ability to compete effectively, WSC proposes in the alternative that trackage rights should be granted to a carrier unaffiliated with Applicants if divestiture is not granted.

WSC's conditions will solve the competitive problems created by the merger in the Central Corridor because divestiture to a fit, able, and willing carrier unaffiliated with Applicants would provide Central Corridor shippers with a carrier dedicated to serve their needs. Moreover, the new carrier will replace SP as a competitor to UP for shipments of Uinta Basin coal and other Western commodities. Thus, adoption of WSC's recommended relief would maintain the competitive balance currently in force between SP and UP-origin coals and eliminate the detrimental impact of the merger in the Central Corridor.

2. WSC's Proposed Conditions Will Be Operationally Feasible.

WSC meets the Interstate Commerce Act's requirement that the proposed conditions be operationally feasible because

WSC conditions would replicate the existing service provided by P in its Central Corridor. In fact, WSC's conditions would be more feasible from an operational standpoint than the plan proposed by Applicants, because Applicants would both reroute traffic away from SP's Central Corridor and abandon certain portions of SP's Tennessee Pass line West of Pueblo and the MP line east of Pueblo, which would reduce service in the affected areas and lead to congestion on the lines to which traffic would be diverted. By contrast, WSC's conditions would involve no operational disruptions and no reductions in service.

3. WSC's Proposed Conditions Will Produce Public Benefits That Outweigh Any Benefits Claimed by a Combined UP/SP for Its Post-Merger Operations.

Applicants claim that the principal benefits of the proposed transaction are shorter routes, expanded single-line service, greater capacity, better equipment supply, faster and more reliable service, and lower cost. In an attempt to quantify the amount of purported benefits, Applicants claim annual public benefits of about \$750 million, of which about \$540 million represents operating efficiencies and cost savings. Application, Vol. 1 at 8.

While the proposed merger might provide a benefit to Applicants in certain portions of the country, such as the I-5 Corridor in California, the effect of the proposed merger in SP's

Central Corridor would be detrimental to the public interest.³⁹

Re WSC Ex. 1, Jordan V.S. & Appendix AHJ-2, and WSC Ex. 4, Schrodtt V.S. As shown above, UP/SP would divert traffic away from SP's Central Corridor, and the merged entity would have a significantly reduced incentive to ship coal and other vital commodities in this Corridor. Thus, the proposed merger will not benefit the Central Corridor, but rather threatens the viability of the economies of Utah and Colorado, which are extremely sensitive to rail transportation, WSC Ex. 1, Jordan V.S. at 6-8, and the grain industry. WSC Ex. 4, Schrodtt V.S.

The detrimental impact of the proposed merger in the Central Corridor underscores the importance of maintaining current levels of the rail transportation in this part of the country. WSC conditions seek the installation of an independent carrier in SP's Central Corridor. That independent carrier will have the incentive that UP/SP would lack to continue to market coal and other vital commodities from SP's Central Corridor.

The public would benefit from an independent carrier in the Central Corridor because the economies of Utah, Colorado, and Nevada are greatly dependent on vibrant rail transportation, and rail transportation is critical to other States, too, such as for

³⁹ Notwithstanding the fact that the Board has adopted the RCAF(A), which includes an adjustment for productivity gains, railroads adamantly refuse to use the RCAF(A) in their new contracts, which the Board could determine by looking at those still in its files, or by asking Applicants. Thus, Applicants have provided no proof that any of the productivity gains from the merger will be passed down to shippers.

grain traffic in Kansas. Consequently, WSC's conditions satisfy the Interstate Commerce Act's requirement that the benefits of conditions to a merger outweigh the benefits claimed by the Applicants for its post-merger operations.

CONCLUSION

WSC emphatically opposes the proposed merger of UP/SP unless divestiture of (1) the D&RGW lines, (2) of one of UP/SP's two lines west from Salt Lake City or Ogden to Oakland or Stockton, California, and (3) one of UP/SP's three lines east of Denver or Pueblo, Colorado to Kansas City, Missouri, is granted to a carrier not affiliated with UP or SP in order to preserve rail competition in SP's Central Corridor. In the alternative, the Board should grant trackage rights over the same lines to a carrier not affiliated with Applicants. If the Board does not adopt either remedy, it must alter the terms of the UP/BN Settlement Agreement to grant BN-SF additional access points, reduce the trackage rights fee to 2.0 mills (or less) per gross ton-mile, and adopt the other conditions proposed by WSC to UP and SP, as set forth in WSC Witness Jordan's Verified Statement.

WSC has also submitted a "Joint Shippers' Statement" (JSS-1) with other shipper parties, including the Mountain-Plains Communities and Shippers Coalition. The "Joint Shippers' Statement" further explains the relief WSC seeks, which would envision MRL, and perhaps Kansas City Southern as well, owning it and operating over it, thus providing a competitive solution in SP's Central Corridor to the adverse effects of the proposed

UP/SP merger. The Board is respectfully referred to the "Joint Shippers' Statement," which we hereby incorporate by reference, for further details.

Respectfully submitted,

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March 29, 1996

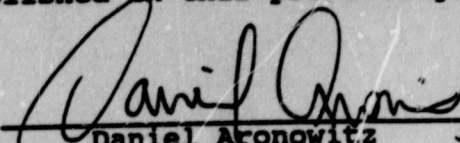
UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION
SURFACE TRANSPORTATION BOARD

Finance Docket No. 32760

UNION PACIFIC CORP., et al. --
CONTROL AND MERGER --
SOUTHERN PACIFIC RAIL CORP., et al.

CERTIFICATE OF SERVICE

I hereby certify that I have served, this 29th day of March, 1996, a copy of the foregoing Comments and accompanying Evidence of Western Shippers' Coalition by hand delivery to Arvid E. Roach, Esq. and Paul A. Cunningham, Esq. and on all other parties of record on the Service List in this proceeding by First Class mail, postage prepaid, or by a more expedited form of service. The "highly confidential" version was served on outside counsel only; a redacted version was served on all other parties, in accordance with procedures established in this proceeding.


Daniel Aronowitz

WESTERN SHIPPERS' COALITION'S SUPPORTING EVIDENCE

- WSC Ex. 1 Verified Statement of Alexander H. Jordan
- WSC Ex. 2 Verified Statement of Gerald W. Fauth, III
- WSC Ex. 3 Verified Statement of Gerald E. Vaninetti
- WSC Ex. 4 Verified Statement of Frederic E. Schrodt

NON-CONFIDENTIAL EXHIBITS

- WSC Ex. 5 "Colorado/Utah Market Watch, Competitive Prices, Low Rail Rates Push Coal East," Coal Transportation Report, February 19, 1996, p. 9
- WSC Ex. 6 "Can Drew Lewis Drive the Golden Nail," Forbes, December 18, 1996
- WSC Ex. 7 Excerpts from Union Pacific Railroad and Overnite Transportation, 1993 Financial and Operating Statistics
- WSC Ex. 8 SP Form 10-K (excerpts) for Fiscal Year ending December 31, 1994

HIGHLY CONFIDENTIAL EXHIBITS

- WSC Ex. 9 5-year Coal Plan (SP) 1996-2000 13-Jul-95
(HC65-000001 through HC65-000011)
- WSC Ex. 10 Commercial Implications of Combination March 2, 1995
(HC62-100001 through HC62-100013)
- WSC Ex. 11 Meeting - March 2, 1995 and Notes from March 2 Meeting (excerpts)
(HC52-000002 and HC52-000022)

constitute 31 percent of Colorado, Utah, and Nevada traffic, BN-SF would have access to only 6 percent of the total traffic in this area because of the limitations in the Agreement. Id., Appendix GWF-4.

b. The Trackage Rights Fee for BN-SF Is Too High.

Another factor that would cripple the ability of BN-SF to compete with a combined UP/SP in SP's Central Corridor is that the trackage rights fees are too high. WSC Witness Fauth's analysis demonstrates that these fees are exorbitant and will render most traffic in SP's Central Corridor unprofitable to BN-SF.

Witness Rebensdorf initially testified that these charges will generate revenue-to-variable cost ("R/VC") ratios ranging from 143 percent to 166 percent, but has since revised his estimates to 171 percent to 199 percent. Application, Vol. 1, Rebensdorf V.S. at 306-07. As indicated by WSC Witness Fauth, R/VC ratios at these levels for the trackage rights fee puts BN-SF at a severe disadvantage with respect to its landlord UP/SP, especially when the other traffic is currently moving at total R/VC levels equal to or below what BN-SF would pay for trackage rights. WSC Ex. 2, Appendix GWF-9.

Critically, the two per gross ton-mile charges translate into much higher fees per freight ton-mile -- more than 5.0 mills per net ton-mile on certain traffic segments, to in excess of 6.0 mills per net ton-mile on other segments, as shown

by WSC Witness Fauth (WSC Ex. 2, Fauth V.S. at 19). Such an exorbitant fee will minimize or eliminate BN-SF's incentive to compete, as Witness Fauth demonstrates. To eliminate BN-SF's handicap and allow it to compete, the trackage rights fee must be reduced to a more reasonable level, which Witness Fauth has concluded must be 2.0 mills or less per gross ton-mile. WSC Ex. 2, Fauth V.S. at 27; WSC Ex. 1, Jordan V.S. at 15.

c. **BN-SF Has No Investment in the Central Corridor and Thus No Incentive to Compete.**

Another factor that limits the ability of the UP/BN Settlement Agreement to solve competitive problems in the Central Corridor is that the trackage rights compensation is only a user fee. BN-SF has no obligation to utilize the lines for which it receives trackage rights in the Agreement, nor does it lose anything if it does not use those rights. Thus shippers have no assurance of a competitive alternative to a combined UP/SP.

BN-SF's limited access under the Agreement exacerbates the problem. The lack of access points will never allow BN-SF to develop a sufficient traffic base that will allow it to achieve economics of density,²⁶ and therefore will never allow BN-SF to compete with a combined UP/SP in SP's Central Corridor.

Trackage or haulage rights are inferior to an ownership interest in a line. Mr. Gerald Grinstein, the then-Chairman of

²⁶ The Board recently explained the principle of economics of density in National Railroad Passenger Corporation and Consolidated Rail Corporation -- Application Under Section 402(a) of the Rail Passenger Service Act for an Order Fixing Just Compensation (served January 19, 1996) at 8 & n.4.

BN-SF, admitted as much to Forbes magazine in December 1995 (WSC Ex. 6), about the UP/BN Settlement Agreement and repeated those statements in his deposition in this proceeding (at 69-70, 120, and 124). Mr. Grinstein would not approve the UP/SP merger because of the number of "overlapping" lines. Id. at 81-82.

Despite the valiant attempts of Applicants' witnesses to attempt to demonstrate that the UP-BN Settlement Agreement will allow BN-SF to compete, SP witnesses have corroborated Mr. Grinstein in testimony filed in prior ICC proceedings. For example, in the UP/C&NW merger proceeding, Finance Docket No. 32133, SP submitted testimony that its trackage rights agreements with UP did not ensure a competitive environment. Mr. M. D. Ongerth, SP Vice President of Strategic Development (and a Witness for Applicants here), testified in UP/C&NW that "During the 1980's and since, UP's discrimination against SP in connection with SP's operations over trackage rights has been widespread and serious. . . . The pervasive discrimination we face . . . is the direct result of UP policies and management directives of several varieties over a 10-year period." Ongerth V.S. (filed November 29, 1993) at 4. Mr. Verl Schlessener, a conductor for the St. Louis Southwestern Railway (a unit of SP) echoed Mr. Ongerth's sentiment (V.S. filed November 29, 1993) at 3):

It seems -- and this happens so frequently that I cannot consider it coincidental -- that the hotter our train is, and the more competitive it is with Union Pacific's own services, the more probable it is that we

will be stuck with an unreasonable delay while a lower-priority Union Pacific train is moving out ahead of us. . . . I do not see how our company can provide a comparable, competitive service via this trackage rights segment until we are in fact treated equally.

As yet another SP employee explained in UP/CNW, UP has historically discriminated against its tenant railroads:

When the Cotton Belt (Southern Pacific) received authority to use the MP line . . . they were given the lowest-tier priority reserved for foreign line trains detouring over MP, a basement category in which they remained for the entire time I worked at the dispatching office.

Verified Statement of Mr. Larry H. Henley, Assistance Chief Dispatcher, Missouri Pacific (filed November 29, 1993) at 7.

Quite obviously, having an ownership interest allows a railroad control over dispatching, facilities, serving, switching, and the myriad other things that are associated with operating a railroad over substantial line segments. The UP/BN-SF "Joint Line" in the PRB is a classic example of a commonly-owned line, allowing each carrier to pursue its own destiny. Even in the PRB, disputes have arisen, but the two carriers have thus far resolved them without the need for regulatory intervention.

BN-SF, however, has no facilities or employees in the SF Central Corridor, and thus would have to develop them if it intended to serve customers adequately. But UP and SP own the properties in those areas, not BN-SF, and thus BN-SF is unlikely to fare as well as a combined UP/SP system. So the tenant railroad, BN-SF, will automatically be at a disadvantage. Even

if BN-SF is given the opportunity to develop such facilities, that would take time, and there is no assurance that it will ever do so.

d. The Trackage Rights Fee Should Be Adjusted for Productivity Gains over Time.

Applicants have indicated that the trackage rights fee to be paid by BN-SF for use of the lines of the merged UP/SP system will be adjusted annually based on the unadjusted Rail Cost Adjustment Factor ("RCAF(U)"). Application, Vol. 1, Rebensdorf V.S. at 307-08. The ICC abandoned use of the RCAF(U) for regulatory purposes several years ago. Railroad Cost Recovery Procedures -- Productivity Adjustment, 5 I.C.C.2d 434 (1989). Applicants cannot claim that the merger's purported benefits will be passed on to the public when the trackage rights fees will not be adjusted for productivity.

UP Witness Rebensdorf claims that it would not have been appropriate to use the RCAF (Adjusted) ("RCAF(A)") because he believes that it would be a "serious deficiency" to use the "productivity-adjusted RCAF." Id. at 308. Witness Rebensdorf argues that use of the RCAF(A) would somehow create a disincentive to BN-SF to make investments on the lines. Id.

This is almost a total replay of the arguments of UP (as part of the AAR) against adoption of the productivity adjustment to the RCAF for ratemaking purposes, which the Commission properly rejected. Productivity Adjustment, supra. The Court of Appeals was not persuaded either, and affirmed the

Commission's decision against such challenges by the railroads.

dison Electric Institute v. ICC, 969 F.2d 1221 (D.C. Cir. 1992).

The Board should certainly not redecide the issue that consumed so many years, and so many resources, but instead should substitute the RCAF(A) for the adjustment mechanism in the UP/BN Settlement Agreement (70 percent of the RCAF(U)). The reasons Mr. Rebensdorf gives for not using the RCAF(A) are simply not persuasive, and were rejected in Productivity Adjustment. Even if there were anything to his argument that the RCAF(A) is not weighted in favor of maintenance costs, that would only justify using a portion of the RCAF(A) of the adjustment mechanism, not ignoring productivity altogether in favor of the RCAF(U). Other parties will also demonstrate that the chosen adjustment mechanism is inappropriate, but suffice it to say that the RCAF(A) has been declining as railroad costs decline, whereas the RCAF(U) has been increasing as costs decline. WSC Ex. 4, Schrodts V.S. at 2. Accordingly, the trackage rights fees should be adjusted for productivity so that the fees do not diverge from costs.

3. SP's Aggressive Marketing for Coal Is Threatened by the Proposed Merger.

Before the Application herein was filed on November 30, 1995, WSC's coal consulting firm, Resource Data International, Inc. ("RDI"), conducted a study of Western bituminous coal in order to analyze why SP had been able to increase its market share of the low-sulfur Western coal market. WSC Ex. 3,

Vaninetti V.S., Exhibit GEV-2. As that Study shows, from 1989 through 1995, SP's share increased substantially at the expense of UP's transportation of bituminous coal.

The RDI Study concluded, and Mr. Vaninetti's testimony demonstrates, that coals from UP and SP origins competed on a price basis, but that SP had been more successful in attracting new customers for its coal than UP because SP has engaged in aggressive pricing strategies. RDI further concluded that companies, such as Kansas Power and Light Company and Tennessee Valley Authority, switched respectively from Southern Wyoming coal and PRB coal to SP-origin coal as the combined result of more competitive rail rates, and, to a lesser-extent, superior coal quality in the Uinta Basin. RDI's Study demonstrates that utility markets for Western bituminous coal have increased from less than 1 million tons per year in 1989 to more than 14 million tons in 1995.

The growth of SP's coal business, at the expense in part of UP, is the result of the contrasting business philosophies between the two companies. Since UP gained access to the PRB in 1984, UP's focus has been on serving the explosive growth of the PRB coal industry in competition with BN-3F, rather than on finding new customers for Western bituminous coal to which it has access in Southern Wyoming. See WSC Ex. 7. Thus UP has concentrated on the PRB and done little to market coal from the Hanna Basin, despite the fact that it has a 50 percent ownership interest in the Black Buttes Mine in the Hanna Basin

and despite the fact that UP is the only railroad which serves the Hanna Basin, including the Black Buttes Mine.²⁷

SP, by contrast, does not have access to the PRB and has continued to market Western bituminous coal.

This strategy includes reductions in rail rates, facilitated in part by the adoption of "reload" or "backhaul" pricing. The SP's "backhaul" program began with the integration of shipments of westbound iron ore and metallurgical coal to Geneva Steel in Utah with eastbound shipments of Central Rockies coal to Midwestern markets. Those efforts began in 1994 after SP was successful in displacing UP, which formerly routed the traffic through southern Wyoming. The SP's success in displacing UP, despite having a route of movement which is 600 miles longer, is indicative of the SP's aggressive and innovative market strategies. TVA and Wisconsin Electric Power Company are the two biggest beneficiaries of SP's aggressive pricing, as WSC Witness Vaninetti shows.

SP-origin coal has some logistical disadvantages for many movements, but this has not kept SP from increasing its market share. WSC Ex. 5. Indeed, SP-origin coal is typically

²⁷ Among the reasons for the lack of success in marketing Hanna Basin coal are its greater distance from many markets and the high price charged for the coal itself. WSC Ex. 3, Vaninetti V.S. at 7.

more expensive than PRB coal because it must be deep mined, and often SP-origin mines are farther away from most Midwestern and Eastern customers than UP's coal from the PRB. Nevertheless, SP has been able to capture an increasing share of the demand for low-sulfur coal -- at the expense of UP-origin coal in the PRB -- by aggressive pricing and innovative backhaul arrangements. After the merger, a combined UP/SP would have little incentive to offer such pricing discounts because no rational entity would compete against itself. Moreover, SP's aggressive pricing has served as a price cap limiting the amount PRB carriers can charge coal shippers. See WSC Ex. 3, Vaninetti V.S. at 16.

a. UP- and SP-Origin Coals Compete.

Applicants attempt to skirt the issue of competitive harm to SP coal sources altogether by arguing that SP- and UP-origin coal do not compete. See generally, Application, Vol. 2, Sharp V.S. As evidenced by the numerous utilities that have switched to SP coal in the last few years, and as further shown below, Applicants are wrong. UP- and SP-origin coals compete, as SP admitted in its 1994 Form 10-K filing with the SEC: "Coal. The company serves important sources of low-sulfur, high BTU coal in Colorado and Utah, which represents a growing share of the Company's commodity mix. The traffic is subject to intense competition from other coal sources, particularly the Powder River Basin in Wyoming and the Illinois Basin." WSC Ex. 8.

Applicants base their contention that the "UP/SP merger is procompetitive in its effects" on the market for Western coal

(Application, Vol. 2, Sharp V.S. at 670) on the premise that the coals originated by UP and SP do not compete: "Competition between Western coal transporters is constrained by the quality differences in the coals of different regions and the limited access some rail carriers have to a range of coal types." *Id.* at 677. Mr. Sharp's premise is flawed, and therefore his testimony is largely wrong.

Witness Sharp overlooks the basis on which coal is priced. Western coal does not compete solely on the basis of its delivered price as Sharp's testimony suggests. WSC Ex. 3, Vaninetti V.S. at 33. High-btu coal commands a premium relative to PRB coal at plants which are designed for high-Btu coal. Btu differentials allow SP-origin high Btu coal to compete with cheaper, but low-Btu PRB coal. Thus a utility is willing to pay more for SP-origin coal because SP-origin coal has a higher energy content. WSC Ex. 3, Vaninetti V.S. at 18.

The evidence is overwhelming -- from SP's own internal business plans -- that SP competes vigorously today with UP for Western coal movements to existing powerplants.²⁸

²⁸ Thus, the Commission's conclusion in some prior merger proceedings that "ex post competition" to existing utility powerplants "is usually rather limited," UP/MP/WP at 537, is inapposite here.

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EARY, WOOD & MASER, P.C.

YS AND COUNSELORS AT LAW
SUITE 750
1100 NEW YORK AVENUE, N.W.
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March 12, 1996

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
12th and Constitution Avenue, NW
Washington, D.C. 20423



Re: Finance Docket No. 32760;
Union Pacific Corporation, Union Pacific Railroad Company and Missouri Pacific Railroad Company -- Control and Merger -- Southern Pacific Railroad Corporation, Southern Pacific Transportation Company, St. Louis Southwestern Railway Company, SPCSL Corp. and the Denver and Rio Grande Western Railroad Company.

Dear Mr. Williams:

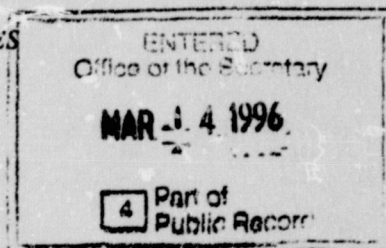
Enclosed for filing in the above-captioned proceeding are an original and twenty (20) copies of the KENNECOTT UTAH COPPER CORPORATION'S AND KENNECOTT ENERGY COMPANY'S INITIAL RESPONSES TO APPLICANTS' FIRST SET OF INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS, designated KENN-8. Also enclosed is a diskette formatted in WordPerfect 5.1 with a copy of the responses.

If you have any questions, please do not hesitate to contact me.

Sincerely,

Jeffrey O. Moreno

ENCLOSURES
3760-020



**BEFORE THE
SURFACE TRANSPORTATION BOARD**

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 COMP. NY, SPCSL CORP. AND THE
DENVER AND RIO GRANDE WESTERN RAILROAD COMPANY**

**KENNECOTT UTAH COPPER CORPORATION'S
AND KENNECOTT ENERGY COMPANY'S
INITIAL RESPONSES
TO APPLICANTS'
FIRST SET OF INTERROGATORIES AND
REQUESTS FOR PRODUCTION OF DOCUMENTS**



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*Attorneys for Kennecott Utah Copper
Corporation and Kennecott Energy Company*

March 12, 1996

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

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**

**KENNECOTT UTAH COPPER CORPORATION'S
AND KENNECOTT ENERGY COMPANY'S
INITIAL RESPONSES
TO APPLICANTS'
FIRST SET OF INTERROGATORIES AND
REQUESTS FOR PRODUCTION OF DOCUMENTS**

Kennecott Utah Copper Corporation and Kennecott Energy Company ("Kennecott") submit the following Initial Responses to the First Set of Interrogatories and Requests for Production of Documents propounded by Applicants on February 27, 1996. On March 4, 1996, Kennecott submitted Objections to this First Set of Interrogatories and Requests for Production of Documents. On March 8, 1996, in a discovery conference, the Administrative Law Judge in this proceeding ruled that certain of the discovery propounded by Applicants on February 27, 1996 was appropriate, but that certain of the discovery should be reformulated and resubmitted under an accelerated procedural schedule after the filing of evidence in this proceeding, currently scheduled for March 29, 1996. In other words, in the March 8 discovery conference, the ALJ ruled that the February 27 discovery should be conducted in two "phases," with "Phase I" discovery to be propounded now, and "Phase II" discovery appropriate for resubmission and reformulation in light

of the filings on March 29. Consequently, Kennecott hereby responds to the Phase I discovery identified by the ALJ to be answered on March 12, 1996.¹

Interrogatory No. 2

For each Kennecott facility that consumes coal, separately for each year 1993 through 1995, identify the originating mines for all coal burned at the plant and, as to each such mine, state: (a) the tonnage of coal from that mine burned at the plant; (b) the average delivered price of coal from that mine; (c) the average minehead price of that coal; (d) the rail transportation routings (including originating and interchange points) for all coal shipped from that mine to the plant; and (e) any transportation routings or modes other than rail used in shipping coal to the plant.

Initial Response to Interrogatory No. 2

This Interrogatory was not specifically ruled upon by the ALJ on March 8, 1996.² Kennecott believes that this Interrogatory is clearly a Phase II request that would be better propounded in more focused form after the submission of evidence on March 29, 1996. To the extent that there is disagreement on this point, Kennecott repeats the objections set forth on March 4, 1996.

Document Request No. 15

Produce all presentations, letters, memoranda, white papers or other documents sent or given to DOJ, DOT, any state Governor's, Attorney General's or Public Utilities Commission's (or similar agency's) office, any Mexican government official, any other government official, any security analyst, any bond rating agency, any consultant, any financial advisor or analyst, any investment banker, any chamber of commerce, or any shipper or trade organization relating to the UP/SP merger.

¹ As noted in the transcript of the discovery conference, certain of the "Phase I" discovery is required to be answered on March 12, 1996, while other "Phase I" discovery is required to be answered on April 1, 1996. The responses encompassed in these Initial Responses by Kennecott are limited to the discovery that is required to be answered on March 12, 1996. These Initial Responses will be supplemented on April 1 for all interrogatories and document requests identified by the ALJ for response on that date.

² In the March 8, 1996 discovery conference, the ALJ ruled upon the Interrogatories and Document Requests of Consolidated Rail Corporation. Interrogatory No. 1 and Document Requests Nos. 1-22 to Kennecott were exactly the same as the corresponding questions to Conrail. Furthermore, Document Request Nos. 24 and 25 were identical to Conrail's Document Request Nos. 23 and 24, respectively. With respect to "non-common" questions, the ALJ ruled that the parties should apply the principles applicable to the common questions to determine whether individual non-common questions should be answered in Phase I, or whether they were subject to reformulation and resubmission in Phase II.

Initial Response to Document Request No. 15

In the discovery conference on March 8, the ALJ ruled that presentations, letters, etc. to "security analysts" and other financial advisors are Phase I questions for which answers are due on March 12. Subject to the objections set forth on March 4, 1996, Kennecott states it has sent or given no presentations, solicitations, etc. to security analysts or other financial advisors relating to the UP/SP merger as sought in the Document Request.

Document Request No. 16

Produce notes of, or memoranda relating to, any meetings with DOJ, DOT, any state Governor's, Attorney General's or Public Utilities Commission's (or similar agency's) office, any Mexican government official, any other government official, any security analyst, any bond rating agency, any consultant, any financial advisor or analyst, any investment banker, any chamber of commerce, or any shipper or trade relating to the UP/SP merger.

Initial Response to Document Request No. 16

In the discovery conference on March 8, the ALJ ruled that presentations, letters, etc. to "security analysts" and other financial advisors are Phase I questions for which answers are due on March 12. Subject to the objections set forth by Kennecott on March 4, 1996, Kennecott states it has no notes or memoranda relating to any meetings with security analysts or other financial advisors relating to the UP/SP merger as sought in the Document Request.

Document Request No. 24

Produce all studies, reports or analyses relating to collusion among competing railroads or the risk thereof.

Initial Response to Document Request No. 24³

In the discovery conference on March 8, the ALJ ruled that studies, reports, or analyses relating to collusion (as defined in the discovery conference) among competing railroads and the risk thereof is an appropriate Phase I question. Subject to the objections set forth by Kennecott on March 4, Kennecott states that it has no such studies, reports or analyses.

³ This document request is identical to Document Request No. 23 propounded to Conrail.

Document Request No. 25

Produce all studies, reports or analyses relating to the terms for or effectiveness of trackage rights.

Initial Response to Document Request No. 25⁴

In the discovery conference on March 8, the ALJ ruled that studies, reports, analyses relating to the effectiveness of trackage rights (but not to the terms for trackage rights) is an appropriate Phase I question. Subject to the objections set forth by Kennecott on March 4, Kennecott states that it has no such studies, reports or analyses.

Document Request No. 26

Produce Kennecott's files regarding the transportation (including the transportation by non-rail modes) of all commodities that Kennecott has moved via UP or SP since January 1, 1993.

Initial Response to Document Request No. 26

This Document Request was not specifically ruled upon by the ALJ on March 8, 1996. Kennecott believes that this Document Request is clearly a Phase II request that would be better propounded in more focused form after the submission of evidence on March 29, 1996. To the extent that there is disagreement on this point, Kennecott repeats the objections set forth on March 4, 1996. This document request on its face would require Kennecott to copy thousands of documents relating to the movement of virtually every commodity produced by Kennecott at several locations nationwide.

Document Request No. 27

Produce all documents relating to the effect of the UP/SP merger on coal transportation service, competition or routings to or from any Kennecott facility or mine.

Initial Response to Document Request No. 27

This Document Request was not specifically ruled upon by the ALJ on March 8, 1996. Kennecott believes that this Document Request is clearly a Phase II request that would be better

⁴ This document request is identical to Document Request No. 24 propounded to Conrail.

propounded in more focused form after the submission of evidence on March 29, 1996. To the extent that there is disagreement on this point, Kennecott repeats the objections set forth on March 4, 1996.

Document Request No. 29

Produce all filings made with state utility commissions or state regulatory agencies that discuss sources of fuel.

Initial Response to Document Request No. 29

Subject to the objections set forth on March 4, Kennecott states that there are no documents responsive to this request.

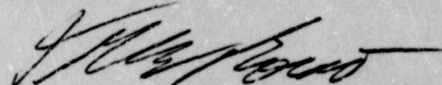
Document Request No. 30

Produce all studies, reports, analyses, compilations, calculations or evaluations of market or competitive impacts of the UP/SP merger or the BN/Santa Fe Settlement, or of trackage rights compensation under the BN/Santa Fe Settlement, prepared by L.E. Peabody & Associates, and all workpapers or other documents relating thereto.

Initial Response to Document Request No. 30

This Document Request was not specifically ruled upon by the ALJ on March 8, 1996. Kennecott believes that this Document Request is clearly a Phase II request that would be better propounded in more focused form after the submission of evidence on March 29, 1996. To the extent that there is disagreement on this point, Kennecott repeats the objections set forth on March 4, 1996. Responsive, non-privileged documents may be placed in Kennecott's document depository on April 1, 1996 as part of the work papers of L.E. Peabody & Associates.

Respectfully submitted,



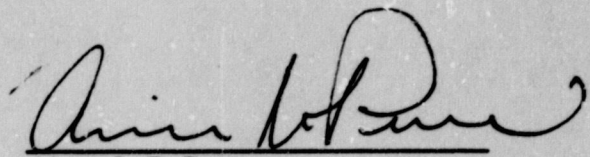
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(202) 371-9500

March 12, 1996

*Attorneys for Kennecott Utah Copper
Corporation and Kennecott Energy Company*

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing KENNECOTT UTAH COPPER CORPORATION'S AND KENNECOTT ENERGY COMPANY'S INITIAL RESPONSES TO APPLICANTS' FIRST SET OF INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS has been served via first class mail, postage pre-paid, on all parties on the restricted service list in this proceeding on the 12th day of March, 1996, and by facsimile to Washington, D.C. counsel for Applicants.


Aimee L. DePew

STB FD : 32760 3-12-96 D 61781

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BEFORE THE
TRANSPORTATION BOARD

UP/SP-182



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

APPLICANTS' RESPONSES TO WESTERN SHIPPERS' COALITION'S
SECOND SET OF INTERROGATORIES AND REQUESTS FOR
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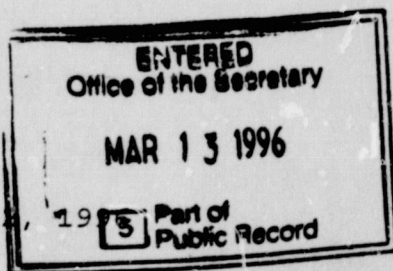
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March 13, 1996

5 Part of
Public Record

BEFORE THE
SURFACE TRANSPORTATION BOARD

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

APPLICANTS' RESPONSES TO WESTERN SHIPPERS' COALITION'S
SECOND SET OF INTERROGATORIES AND REQUESTS FOR
PRODUCTION OF DOCUMENTS AND FIRST REQUEST FOR ADMISSIONS

UPC, UPRR, MPRR, SPR, SPT, SSW, SPCSL and DRGW,
collectively, "Applicants," hereby respond to the discovery
requests served by Western Shippers Coalition on February 23,
1996.^{1/}

GENERAL RESPONSES

The following general responses are made with respect
to all of the interrogatories, document requests, and requests
for admission.

1. Applicants have conducted a reasonable search for
documents responsive to the interrogatories and document
requests. Except as objections are noted herein,^{2/} all

^{1/} In these responses Applicants use acronyms as they have
defined them in the application. However, subject to General
Objection No. 9, for purposes of interpreting the requests,
Applicants will attempt to observe WSC's definitions where they
differ from Applicants'.

^{2/} Thus, any response that states that responsive documents are
being produced is subject to the General Objections, so that, for
(continued...)

responsive documents have been or shortly will be made available for inspection and copying in Applicants' document depository, which is located at the offices of Covington & Burling in Washington, D.C. Applicants will be pleased to assist WSC to locate particular responsive documents to the extent that the index to the depository does not suffice for this purpose. Copies of documents will be supplied upon payment of duplicating costs (including, in the case of computer tapes, costs for programming, tapes and processing time).

2. Production of documents or information does not necessarily imply that they are relevant to this proceeding, and is not to be construed as waiving any objection stated herein.

3. Certain of the documents to be produced contain sensitive shipper-specific and other confidential information. Applicants are producing these documents subject to the protective order that has been entered in this proceeding.

4. In line with past practice in cases of this nature, Applicants have not secured verifications for the answers to interrogatories herein. Applicants are prepared to discuss the matter with WSC if this is of concern with respect to any particular answer.

^{2/}(...continued)
example, any documents subject to attorney-client privilege (General Objection No. 1) or the work product doctrine (General Objection No. 2) are not being produced.

GENERAL OBJECTIONS

The following objections are made with respect to all of the interrogatories, document request, and request for admission. Any additional specific objections are stated at the beginning of the response to each interrogatory, document request, or request for admission.

1. Applicants object to production of, and are not producing, documents or information subject to the attorney-client privilege.

2. Applicants object to production of, and are not producing, documents or information subject to the work product doctrine.

3. Applicants object to production of, and are not producing, documents prepared in connection with, or information relating to, possible settlement of this or any other proceeding.

4. Applicants object to production of, and are not producing, public documents that are readily available, including but not limited to documents on public file at the Board or the Securities and Exchange Commission or clippings from newspapers or other public media.

5. Applicants object to the production of, and are not producing, draft verified statements and documents related thereto. In prior railroad consolidation proceedings, such documents have been treated by all parties as protected from production.

6. Applicants object to providing information or documents that are as readily obtainable by WSC from its members' files.

7. Applicants object to the extent that the interrogatories and requests seek highly confidential or sensitive commercial information (including inter alia, contracts containing confidentiality clauses prohibiting disclosure of their terms) that is of insufficient relevance to warrant production even under a protective order.

8. Applicants object to the definitions of "relating" and "related" as unduly vague.

9. Applicants object to the definitions of "Applicants," "you", "your" and definition 7 as unduly vague and overbroad.

10. Applicants object to Instructions Nos. 1, 2, 4, 5, 6, 7, 8, and 9 to the extent that they seek to impose requirements that exceed those specified in the applicable discovery rules and guidelines.

11. Applicants object to Instructions Nos. 1, 2, 4, 5, 6, 7, 8 and 9 as unduly burdensome.

12. Applicants object to the interrogatories, document request and request for admission, to the extent that they call for the preparation of special studies not already in existence.

13. Applicants object to the interrogatories, document request and request for admission as overbroad and unduly

burdensome to the extent that they seek information or documents for periods prior to January 1, 1993.

SPECIFIC RESPONSES AND ADDITIONAL OBJECTIONS

Interrogatory No. 1

"Does UP (or any related holding company, subsidiary, or related corporate entity) have any ownership interest in a mine or mines in the Hanna Basin region in Wyoming ('Hanna Basin')?"

Response

Subject to the General Objections stated above,
Applicants respond as follows:

Yes. Black Butte Coal Co., a joint venture of Kiewit Mining Group and Union Pacific Resources Group Inc., ships coal from Black Butte Mine, located in the Rock Springs Uplift in the Hanna Basin region.

Interrogatory No. 2

"Is the mine (or one of the mines) referred to in Interrogatory No. 1 also known as Black Buttes?"

Response

Subject to the General Objections stated above,
Applicants respond as follows:

See the Response to Interrogatory No. 1.

Interrogatory No. 3

"Does UP market transportation services for coal from the Black Buttes mine (or from the Hanna Basin generally) as a competitive alternative to coal from the PRB?"

Response

Subject to the General Objections stated above,
Applicants respond as follows:

Not to any significant extent. UP does not market coals against one another but instead attempts to respond to customers' preferences regarding cost and quality of coal. PRB coal and Hanna Basin coal have significantly different cost and quality characteristics. PRB coal is low-sulfur, low-BTU sub-bituminous coal with low minehead prices. Hanna Basin coal is significantly more costly than PRB coal, while its BTU content is only slightly higher than that of PRB coal. Because of the major differences in production costs with only a slight difference in BTU content, Hanna Basin coal is significantly more expensive than PRB coal in terms of minehead price, delivered cost per ton, and delivered cost per million BTU. Utilities with the capability of burning PRB coal would not burn Hanna Basin coal except if needed for blending purposes or for other reasons unrelated to the relative delivered prices of the two coals. In this respect, Hanna Basin coal would not be a meaningful substitute or competitive alternative for PRB coal, but would instead be at most a complementary coal. See the Response to Interrogatory No. 4. Even as a complementary coal, Hanna Basin coal would generally be inferior to Uinta Basin coal because of its lower BTU content, except for local sales to minemouth operations or where short, low-cost truck or rail hauls can offset its cost disadvantages against Uinta Basin coal.

Interrogatory No. 4

"Does UP market transportation services for coal from the Black Buttes mine (or from the Hanna Basin generally) as a competitive alternative to coal from the Uinta Basin?"

Response

Subject to the General Objections stated above, Applicants respond as follows:

Not to any significant extent. UP does not market coals against one another but instead attempts to respond to customers' preferences regarding cost and quality of coal. Uinta Basin coal and Hanna Basin coal have different quality characteristics. As a general matter, Hanna Basin coal has significantly lower BTU content than Uinta Basin coal, and roughly comparable sulfur content. The minehead costs of Hanna Basin coal and Uinta Basin coal are comparable. As a result, in most cases Hanna Basin coal is not a meaningful substitute for Uinta Basin coal, since Uinta Basin coal offers significantly higher BTU content than Hanna Basin coal at comparable minehead prices. This is particularly true for coal from the western Hanna Basin, which is sold almost exclusively in local minemouth operations, where short, low-cost truck or rail hauls can offset its per-million BTU cost disadvantages against Uinta Basin coal, or where unusual circumstances exist. Coal from the eastern Hanna Basin is occasionally shipped longer distances but, due to its higher cost per million BTU, it is not a meaningful substitute for Uinta Basin coal except where the pre-existing

design of a particular boiler gives Hanna Basin coal an efficiency advantage.

Interrogatory No. 5

"Does UP consider coal from the Hanna Basin to be a competitive alternative to PRB coal at any utility power plant or other industrial facility?"

Response

Subject to the General Objections stated above,
Applicants respond as follows:

Not to any significant extent. See the Response to
Interrogatory No. 3.

Interrogatory No. 6

"Does UP consider coal from the Hanna Basin to be a competitive alternative to coal from the Uinta Basin at any utility power plant or other industrial facility?"

Response

Subject to the General Objections stated above,
Applicants respond as follows:

Not to any significant extent. See the Response to
Interrogatory No. 4.

Interrogatory No. 7

"Does UP consider PRB coal to be a competitive alternative to coal from the Uinta Basin at any utility powerplant or other industrial facility?"

Response

Subject to the General Objections stated above,
Applicants respond as follows:

Not to any significant extent. PRB coal and Uinta
Basin coal have significantly different cost and quality

characteristics. PRB coal is low-sulfur, low-BTU sub-bituminous coal with low minehead prices. Uinta Basin coal is much higher in BTU content than PRB coal and is far more expensive at minehead than PRB coal. Because of the substantial differences between PRB coal and Uinta Basin coal in terms of quality, minehead prices, delivered prices, and delivered cost per million BTU, these coals are not meaningful substitutes for each other. Utilities with the capability of burning PRB coal would not burn Uinta Basin coal except if needed for blending purposes or for other reasons unrelated to relative prices of the two coals. Even those relatively few customers that burn both PRB coal and Uinta Basin coal consider them to be complements rather than substitutes. In this respect, Uinta Basin coal would not be a meaningful substitute or competitive alternative for PRB coal, but would instead be at most a complementary coal.

Interrogatory No. 8

"Identify any facility or facilities as to which UP has marketed or attempted to market coal from (1) the PRB or (2) Black Buttes Mine (or any other mine in the Hanna Basin) to any utility powerplant or other industrial facility, in competition (in whole or in part) with coal from SP origins."

Response

Applicants object to this interrogatory as unduly vague and unduly burdensome, and overbroad in that it includes requests for information that is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence. Without waiving this objection, and subject to the General Objections stated above, Applicants respond as follows:

See the Responses to Interrogatories Nos. 3-7. UP does not market coals in competition against one another but instead attempts to respond to customers' preferences for different types of coal. Invariably, customers do not view Uinta Basin coal as a meaningful alternative for PRB coal, and for the most part they do not regard Uinta Basin coal and Hanna Basin coal as meaningful alternatives. The reasons can be summarized as follows: (a) there are substantial differences between PRB coal and Uinta Basin coal in terms of quality, minehead prices, delivered prices, and delivered cost per million BTU; (b) there are substantial differences between Hanna Basin coal and Uinta Basin coal in terms of delivered cost per million BTU; and (c) boiler configurations can make it more efficient for a customer to use a particular type of coal.

Interrogatory No. 9

"Who is the UP officer or employee (or who are the UP officers or employees) most knowledgeable about the subjects of Interrogatories 1-8?"

Response

Subject to the General Objections stated above,
Applicants respond as follows:

William E. Nock, General Director-Logistics.

Interrogatory No. 10

"Does SP consider coal from the Uinta Basin to be a competitive alternative to coal from the Hanna Basin at any utility power plant or other industrial facility?"

Response

Subject to the General Objections stated above,
Applicants respond as follows:

Not to any significant extent. Mines in the western Hanna Basin rarely ship coal outside a limited geographical area, so that the western Hanna Basin coal cannot be regarded as a meaningful alternative to Uinta Basin coal. On some individual moves, there are bids for transportation of eastern Hanna Basin coal to more distant utilities. However, the two mines located in the eastern Hanna Basin have limited production capacity and are not in a position to be involved in bids on large contracts. Thus, the eastern Hanna Basin coal may be a meaningful alternative to Uinta Basin coal in only a limited number of situations and only to the extent the relatively small volume of production is not otherwise committed.

Interrogatory No. 11

"Does SP consider coal from the Uinta Basin to be a competitive alternative to coal from the PRB at any utility power plant or other industrial facility?"

Response

Subject to the General Objections stated above,
Applicants respond as follows:

Not to any significant extent. Because of the substantial differences between PRB coal and Uinta Basin coal in terms of quality, minehead prices, delivered prices, and delivered cost per million BTU, these coals are not regarded as meaningful alternatives for each other. Utilities with the

capability of burning PRB coal would not burn Uinta Basin coal except if needed for blending purposes or for other reasons unrelated to the relative prices of the two coals. Even those relatively few utilities that burn both coals consider them to be complements rather than substitutes.

Interrogatory No. 12

"Identify the shippers of coal from the Uinta Basin being transported in whole or in part by SP to electric utilities or other coal consumers who could or did use PRB or Hanna Basin coal in the same facilities that are now receiving Uinta Basin coal."

Response

Applicants object to this interrogatory as unduly vague and unduly burdensome, and overbroad in that it includes requests for information that is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence. Without waiving this objection, and subject to the General Objections stated above, Applicants respond as follows:

It is unreasonably burdensome and infeasible to identify all coal consumers who "could or did" use PRB or Hanna Basin coal in facilities now receiving Uinta Basin coal. However, even if certain coal customers "could or did" use PRB coal in a facility now receiving Uinta Basin coal, this does not mean that these coals are meaningful alternatives. See the Response to Interrogatory No. 11. Similarly, even if certain coal customers "could or did" use Hanna Basin coal in a facility now receiving Uinta Basin coal, except in limited circumstances

Hanna Basin coal is not a meaningful alternative to Uinta Basin coal. See the Responses to Interrogatories Nos. 10-11.

Interrogatory No. 13

"Who is the SP officer or employee (or who are SP officers or employees) most knowledgeable about the subjects of Interrogatories 10-12?"

Response

Subject to the General Objections stated above, Applicants respond as follows:

J.T. Hutton and W.K. Berry.

Document Request No. 1

"Produce all documents that relate to any of WSC's Second Set of Interrogatories."

Response

See the responses to the above interrogatories.

Admission Request No. 1

Admit that SP has secured business transporting (in whole or in part) coal from the Uinta Basin in Utah and Colorado to electric utilities and other coal purchasers who could or did use coal from the PRB or Hanna Basin in the same facilities that are now receiving Uinta Basin coal."

Response

Applicants object to this request as unduly vague. Without waiving this objection, and subject to the General Objections stated above, Applicants respond as follows:

Admitted only as follows, and otherwise denied: In a limited number of instances, Uinta Basin coal has been transported to customers that "could or did" use coal from the PRB or the Hanna Basin. However, this does not mean that Uinta Basin

coal is a competitive alternative for PRB coal, and it does not mean that Hanna Basin coal is in general a competitive alternative for Uinta Basin coal. Because of the substantial differences between PRB coal and Uinta Basin coal in terms of quality, minehead prices, delivered prices, and delivered cost per million BTU, these coals are not meaningful alternatives for each other. Utilities with the capability of burning PRB coal would not burn Uinta Basin coal except if needed for blending purposes or for other reasons unrelated to relative prices of the two coals. Even those relatively few utilities that burn both coals consider them to be complements rather than substitutes. Similarly, as a practical matter, western Hanna Basin coal is not a meaningful alternative to Uinta Basin coal. In a limited number of cases SP may have transported Uinta Basin coal to customers who have used eastern Hanna Basin coal in the same facilities. See the Response to Interrogatory No. 12. The

production capacity of the eastern Hanna Basin mines is limited, and this has occurred relatively infrequently.

Respectfully submitted,

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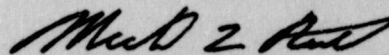
March 12, 1996

CERTIFICATE OF SERVICE

I, Michael L. Rosenthal, certify that, on this 12th day of March, 1996, I caused a copy of the foregoing document to be served by hand on Michael F. McBride, counsel for Western Shippers' Coalition, at LeBoeuf, Lamb, Greene & MacRae, 1875 Connecticut Avenue, N.W., Suite 1200, Washington, D.C. 20009-5728, and by first-class mail, postage prepaid, or by a more expeditious manner of delivery on all parties appearing on the restricted service list established pursuant to paragraph 9 of the Discovery Guidelines in Finance Docket No. 32760, and on

Director of Operations
Antitrust Division
Suite 500
Department of Justice
Washington, D.C. 20530

Premarmer Notification Office
Bureau of Competition
Room 303
Federal Trade Commission
Washington, D.C. 20580



Michael L. Rosenthal

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July 25, 2001



VIA HAND DELIVERY

The Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street NW
Washington, DC 20423-0001

Re: Finance Docket No. 32760, Union Pacific Corporation, et al. -- **202983**
Control and Merger -- Southern Pacific Rail Corporation, et al.

Finance Docket No. 32760 (Sub-No. 21), Union Pacific Corporation, et al. -- **202984**
Control and Merger -- Southern Pacific Rail Corporation, et al. (Oversight)

Dear Secretary Williams:

Enclosed for filing in the above-captioned proceeding are the original and twenty-five (25) copies of The Burlington Northern and Santa Fe Railway Company's Comments on Unresolved Issues Relating to the Restated and Amended BNSF Settlement Agreement (BNSF-93). Also enclosed is a 3.5 inch disk containing the text of the filing in WordPerfect 9 format.

I would appreciate it if you would date-stamp the enclosed extra copy of this filing and return it to the messenger for our files.

Sincerely,

Erika Z. Jones/dls

Erika Z. Jones

Enclosures

ENTERED
Office of the Secretary

JUL 26 2001

Part of
Public Record

cc: All Parties of Record

CHARLOTTE CHICAGO COLOGNE FRANKFURT HOUSTON LONDON
LOS ANGELES NEW YORK PALO ALTO PARIS WASHINGTON
INDEPENDENT MEXICO CITY CORRESPONDENT: JAUREGUI, NAVARRETE, NADER Y ROJAS

BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 32760 - 202983

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

Finance Docket No. 32760 (Sub-No. 21) - 202984

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

(OVERSIGHT)

BNSF COMMENTS ON UNRESOLVED ISSUES
RELATING TO THE
RESTATED AND AMENDED BNSF SETTLEMENT AGREEMENT

Jeffrey R. Moreland
Richard E. Weicher
Sidney L. Strickland, Jr.
Michael E. Roper

Erika Z. Jones
Adrian L. Steel, Jr.

ENTERED
Office of the Secretary

JUL 26 2001

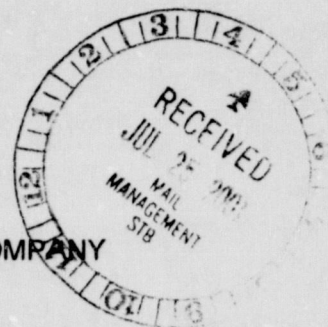
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Part of
Public Record

Attorneys for The Burlington Northern and Santa Fe Railway Company

July 25, 2001



BEFORE THE
SURFACE TRANSPORTATION BOARD

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

Finance Docket No. 32760 (Sub-No. 21)

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

(OVERSIGHT)

BNSF COMMENTS ON UNRESOLVED ISSUES
RELATING TO THE
RESTATED AND AMENDED BNSF SETTLEMENT AGREEMENT

The Burlington Northern and Santa Fe Railway Company ("BNSF") submits the following comments on the issues that remain unresolved between BNSF and UP with respect to how the BNSF Settlement Agreement should be modified in order to incorporate the conditions imposed by the Surface Transportation Board ("Board") on the UP/SP merger and subsequent agreements between the parties.

INTRODUCTION

As reported to the Board and in accord with its direction, BNSF and UP have engaged in negotiations over the last several months to restate and amend the original BNSF Settlement Agreement. The process which BNSF and UP have undertaken is focused on updating the original September 25, 1995 Settlement Agreement so that it incorporates the terms of the First and Second Supplemental Agreements as well as the conditions imposed by the Board in Decision No. 44 and subsequent Board decisions interpreting and clarifying those conditions.

BNSF and UP have reached agreement on the majority of the changes to be made to the Settlement Agreement, and are jointly submitting a separate pleading which restates the Settlement Agreement, identifies all of the proposed changes, and sets forth BNSF's and UP's separate proposed alternatives concerning matters on which the parties have not reached final agreement.¹ These comments address the reasons why BNSF believes that its proposed alternatives should be adopted by the Board in order to ensure that BNSF is able to provide the full and effective replacement competition that the Board envisioned when it approved the UP/SP merger in 1996.

¹ It should be noted that BNSF and UP have resolved their differences with respect to the definition of "New Shipper Facilities" since their July 2, 2001 submissions.

A. Definition of "2-to-1" Points

BNSF has proposed that the Settlement Agreement be modified to include a definition of "2-to-1" points. Such points (which include, but are not limited to, the points listed in Section 8(i) of and on Exhibit A to the Settlement Agreement) are critical to the determination of the rights BNSF received pursuant to the merger. For example, BNSF received the right to serve "2-to-1" shippers, existing transloads and new shipper facilities at "2-to-1" points. Thus, a clear definition of the term is vital to ensuring that shippers will receive the full benefit of the Board's conditions.

BNSF's proposed language defines a "2-to-1" point to be all geographic locations (as defined by 6-digit Standard Point Location Codes ("SPLCs")) served in any manner by both UP and SP before the merger, regardless of how long before the merger shippers may have availed themselves of that service, and regardless of whether any shipper at such a location was open to or served by both UP and SP pre-merger. This approach reflects the fundamental economic fact that rate and service competition existed pre-merger at "2-to-1" points regardless of whether a particular shipper received or was open to service from both UP and SP. For instance, a shipper interested in constructing a new facility at a geographic location served only by UP and SP before the merger could have negotiated with each carrier to obtain the most favorable rate and service package it could, and the fact that some other shipper at that location may or may not have been receiving (or been open to) service by both carriers would have been totally irrelevant to the shipper's negotiations with UP and SP.

UP characterizes BNSF's proposal as an effort to significantly broaden the definition, and asserts that a geographic location is not a "2-to-1" point if no shipper at the location was actually served by or open to service by both UP and SP and no other

carrier prior to the merger. UP's proposed restriction, however, would deprive shippers and communities of the pre-merger rate and service competition which existed at such geographic locations. Such competition was driven by the availability of, for instance, build-out and transloading options for such shippers, as well as the flexibility shippers had in locating new facilities on UP or SP lines, thereby enabling such shippers to play UP and SP off against each other. Moreover, UP's position directly contradicts the deposition testimony of its principal witnesses given during the UP/SP merger proceeding that UP intended to preserve all forms of pre-merger competition at "2-to-1" points.² Accordingly, the Board should hold UP to the representations made by its witnesses to the Board in the UP/SP merger review proceeding. See Decision No. 44 at 12 n.14 ("Applicants must adhere to all of their representations.").

In Decision No. 44, the Board found that the UP/SP merger, as conditioned by the Board, would not diminish competition at "2-to-1" points. Decision No. 44 at 121-24. In reaching this conclusion, the Board identified and addressed several kinds of pre-merger competition that needed to be preserved at such points. These included direct service, service via reciprocal switching, siting competition, transloading competition, build-in/build-out competition, plant switching, and source competition. Id. at 122-24.

² In addition, UP's position is contrary to the position expressed by the Applicants in their pleadings to the Board that there was no "location, anywhere, where a shipper has the option of transloading from UP to SP, or vice versa today, or of trucking from a non-rail served point to either UP or SP today" that will not continue to have such an option via BNSF after the merger. UP/SP-231, Vol. 2, Part B, V.S. Peterson (Tab 17) at 77 (emphasis original). See also UP/SP-260 at 24 ("there is simply no . . . instance" of a shipper being left without an independent transloading option comparable to its pre-merger UP or SP option). Shippers at 6-digit SPLC locations served by both UP and SP had such a transloading option before the merger regardless of whether another shipper actually received service from both carriers, and UP's current position would not preserve that option.

See also Decision No. 61 at 9-10. In so concluding and in determining which conditions to impose on the merger in order to preserve these various forms of competition, the Board never suggested (nor did its reasoning imply) that there must have been at least one shipper at a location that actually received, or was open to, both UP and SP service prior to the merger for a location to qualify as a "2-to-1" point for purposes of the Board's conditions (as UP now claims).³ To the contrary, such a condition would have undermined the policy of preserving competition by failing to address the fact that, regardless of whether any shipper at such points had direct service from both UP or SP prior to the merger, various forms of indirect competition existed at such points.⁴

³ In this regard, NIT League argued to the Board in the UP/SP merger proceeding that the "2-to-1" shipper concept, as provided for in the original BNSF Settlement Agreement, was too narrow because the Agreement only protected shippers presently receiving service from both UP and SP (and no other carrier). See Decision No. 44 at 39. UP has asserted in the parties' negotiations that the Board rejected NIT League's argument on this point and thus that BNSF's position on the definition of a "2-to-1" point should correspondingly be rejected. However, the reason the Board did not accept NIT League's use of 6-digit SPLCs to evaluate the "2-to-1" impact of the merger was not because there was no loss of pre-merger competition at 6-digit SPLC locations served by only UP and SP before the merger, but because NIT League's analysis aggregated traffic that would experience different types of competitive problems that the Board thought were susceptible to different types of remedies. Dec. No. 44 at 123. In fact, the Board then acted to preserve exactly the type of indirect competition which NIT League claimed would have been lost at 6-digit SPLCs, and there is nothing in the Board's decision which would support UP's position that there had to be at least one dual-served shipper at such locations before the Board's remedies should apply.

⁴ Indeed, the inclusion of Reno, NV as a "2-to-1" point on Exhibit A to the BNSF Agreement disproves UP's argument. There, BNSF received access to "only intermodal, automotive, transloading . . ., and new shipper facilities located on the SP line" (emphasis added). No shippers at Reno received service from both UP and SP at the time of the merger. Nonetheless, the parties recognized that BNSF access to transload and new shipper facilities was necessary to preserve the pre-merger indirect competition which was provided by the proximity of the SP line to the UP line, even though no shipper at Reno was actually served by or open to both UP and SP before the merger.

Further, UP's position that, in order for a geographic location to qualify as a "2-to-1" point for the purposes of the Board's conditions, there must have been at least one shipper at the location that was served by (or open to) UP and SP and no other carrier before the merger is inconsistent in several ways with the testimony given by its principal witnesses in the UP/SP merger proceeding.

First, Richard B. Peterson, UP's Senior Director - Interline Marketing at the time of the merger, testified that UP/SP "looked broadly, as broadly as we could imagine, at identifying two-to-one points" and that UP/SP intended to preserve all pre-merger competition at "2-to-1" points. Deposition of Richard B. Peterson (February 5-6, 1996) at 72-73 (hereinafter "Peterson Dep. at ____").⁵

Second, UP's position is at odds with the process that Mr. Peterson and John H. Rebensdorf, UP's Vice President of Strategic Planning at the time of the merger, used (and on which the Board relied) to identify the "2-to-1" points where pre-merger competition would need to be protected. Mr. Peterson testified that UP/SP began this process by including as "2-to-1" points all points that could be served by both UP and SP and no other railroad prior to the merger, regardless of whether any traffic was actually served by one or both of the two carriers. Peterson Dep. at 213. See also Deposition of John H. Rebensdorf (January 22-23, 1996) at 188 (hereinafter "Rebensdorf Dep. at ____") (a "2-to-1" point is "where both UP and SP and no other railroad has access"). Mr. Peterson then explained that 6-digit SPLCs were used to

⁵ Excerpts of deposition testimony cited herein are included in Appendix 1 filed with these Comments.

identify the geographic locations that would qualify as a "2-to-1" point. In Mr. Peterson's own words:

And so we as I say embarked on an effort that was a joint effort with SP to identify all these standard point location codes on a six digit basis, where UP and SP were both present. Now, that would, in effect, identify all the cities and towns and suburbs, anyplace where our tracks happened to be there, whether or not the tracks crossed, whether or not they connected, or whatever. But we got all those points identified.

Peterson Dep. at 74. See also Id. at 215 ("we looked first for all of these six-digit SPLCs where both UP and SP were present ... with no other railroad"); Rebensdorf Dep. at 396 (the so-called "Open and Prepay List" was used to identify "2-to-1" points).

Then, only after all geographic "2-to-1" points were identified, did UP/SP look to see exactly which customers were benefiting from two-carrier competition at those points. Peterson Dep. at 74; Rebensdorf Dep. at 398. The most obvious customers benefiting from such competition were those customers who were being served by both carriers either directly or by reciprocal switch before the merger. Peterson Dep. at 74. These were the traditional "2-to-1" shippers, and BNSF received access to them.

However, as Mr. Peterson noted, "it would have been a mistake to stop there." Id. at 75. There were other ways in which competition at these "2-to-1" points could be lost other than by the loss of direct or reciprocal switch service. This included transloads and source competition (as well as several other forms of competition.) Id. at 86-88. Nowhere in his discussion of competition at "2-to-1" points did Mr. Peterson state that the presence of an actual "2-to-1" shipper was a prerequisite to the existence of such competition (or for the definition of a "2-to-1" point). The reason he did not do

so is obvious -- such competition existed pre-merger whether or not such a shipper was present.⁶

Thus, it is clear that, under both the Board's requirement that indirect pre-merger competition be preserved and the process and definition used by Messrs. Peterson and Rebensdorf, 6-digit SPLC geographic locations where both UP and SP provided service before the merger are "2-to-1" points for purposes of the Board's conditions. Any other conclusion will perpetuate a clear loss of pre-merger competition.⁷

⁶ At the time of Mr. Peterson's deposition testimony, UP/SP had not yet added language to the BNSF Settlement Agreement which expressly granted BNSF the right to serve existing transloads at "2-to-1" points. At that time, the Agreement merely gave BNSF the right to build new "industries" at "2-to-1" points. See, e.g., Original BNSF Agreement at § 1c. However, at the rebuttal deposition of Mr. Rebensdorf, UP's lead counsel expressly stated that the BNSF Settlement Agreement would be amended to clarify that BNSF would have the right to serve both existing and new transload facilities at "2-to-1" points. See Deposition of John H. Rebensdorf (May 13, 1996) at 10-12. Neither UP's counsel nor the Second Supplemental Agreement, however, conditioned the additional right to serve existing transloads in any way on the presence of an actual "2-to-1" shipper.

⁷ In its Report on Issues Arising Under the BNSF Settlement Agreement (UP/SP-385) filed on July 2, 2001, UP asserted that until recently the concept of "2-to-1" points has produced "little or no debate" and that there is no reason to expand the concept. UP/SP-385 at 11-12. There have, however, been instances where UP's position has resulted in the loss of pre-merger competition.

For example, a dispute arose in 1998 between BNSF and UP as to whether BNSF should have the right to serve a transload at Tracy, CA owned and operated by Refrigerated Distribution Specialists ("RDS"). This transload existed at the time of the UP/SP merger. Although Tracy is a 6-digit SPLC geographic location served by only UP and SP pre-merger, UP refused to allow BNSF access to the RDS facility because no other shipper at Tracy received (or was open to) service from both carriers. However, the RDS facility clearly provided pre-merger rate and service competition to shippers located on the nearby UP lines that could use its services, and UP's persistent refusal to acknowledge the loss of such competition eventually led to the shipper involved making other arrangements, thereby losing the benefits of the pre-merger competition that existed. Other examples of how UP's position has deprived shippers of such indirect pre-merger competition exist as well (e.g., situations where UP and SP competed pre-merger through captive short-lines).

B. Definition of "Existing" and "New Transload Facilities"

The BNSF Settlement Agreement granted BNSF the right to serve existing and new transload facilities at "2-to-1" points. In Decision No. 44, the Board expanded the "new facilities" condition to also grant BNSF access to new transload facilities on trackage rights lines. Dec. No. 44 at 146. BNSF believes that, in order to provide greater certainty as to what types of facilities qualify as transload facilities under the Settlement Agreement, a definition of both existing and new transload facilities should be included in the Agreement. UP, on the other hand, believes that it is unnecessary to include a definition of existing transload facilities, asserting that all such facilities should have been identified by now.⁸

Even apart from this dispute between the parties as to whether definitions for both terms are necessary, there is a fundamental area of disagreement that separates the parties. The dispute centers around UP's position that, for a facility to qualify as a transload facility pursuant to the Settlement Agreement, the operator of the facility – whether existing or new – may not have any ownership of the product being transloaded and the facility must be open to the public.⁹ As explained below, UP's position would

⁸ With respect to this point, while the majority of existing transload facilities at the "2-to-1" points listed on Exhibit A to the Settlement Agreement may well have been identified, such facilities at all other 6-digit SPLC locations where only UP and SP provided service pre-merger have not been identified because UP has refused to accept BNSF's definition of "2-to-1" points. The RDS facility at Tracy, CA discussed in Footnote 7 above is one example of such existing transload facilities.

⁹ The requirement that the transload facility be open to the public is not expressly stated in UP's proposed alternative for the definition of a new transload facility, but it is inherent in UP's position that the owner can have no ownership of the transloaded product, and UP has argued on that basis. See UP's July 2 Report at 10.

significantly undercut the effectiveness of the Board's transload condition in preserving pre-merger competition.

First, when applied to existing and new transloads at "2-to-1" points, there is little doubt that a transload facility operated by a single shipper or receiver at a "2-to-1" point with an ownership interest in the product being transloaded would lose the UP versus SP competition it enjoyed before the merger if UP's position is accepted. For instance, a shipper located at a "2-to-1" point on a UP line pre-merger which also owned and operated a private transload facility located on an SP line pre-merger that handled the shipper's own products would clearly lose the benefit of the competition between UP and SP that it enjoyed pre-merger. It enjoyed that competition notwithstanding the facts that the shipper owned the product being transloaded and that its transload facility was not open to the public.

Second, with respect to new transload facilities on trackage rights lines, the Board has interpreted and applied the transload condition in a literal manner to require that BNSF have access to any new legitimate transload facility built on the trackage rights lines. See Decision No. 61 at 7 ("The transload condition should . . . be read literally"). The Board was aware of and took into consideration UP's concern – expressed once again in UP's July 2 Report (UP/SP-385 at 10) – that a literal reading of the new transload condition would enable BNSF to operate as if it had access to all exclusively-served shippers on UP's lines. Dec. No. 61 at 12-13. However, the Board concluded that the imposition of limitations that require the construction of improvements and operating costs above and beyond the cost of what it would cost to provide direct rail service would sufficiently protect UP against such a result without

compromising the Board's policy of ensuring that general pre-merger siting competition is preserved¹⁰ and that BNSF is able to secure adequate traffic density over the long term.¹¹ The Board, however, nowhere indicated that the costs of new legitimate transloads should be artificially inflated by a gratuitous requirement that shippers wishing to construct new transloads must open them to the general public.

Third, UP's argument is contrary to the Board's prior decisions on this issue. Initially, in Decision No. 44, the Board noted that pre-merger transloading competition would be preserved "by allowing BNSF or third parties to locate transloading facilities anywhere on the lines where BNSF will receive trackage rights." Decision No. 44 at 124. Then, as noted, the Board stated in Decision No. 61 that: "[t]he transload condition should . . . be read literally: BNSF may serve any new transload facility, including those owned and operated by BNSF itself". Dec. No. 61 at 7 (emphasis added). The Board drew no distinction in either decision between public and private transloads as UP now proposes should be done. Likewise, in Decision No. 75, the Board did not hold that a distinction should be made between public and private transload facilities.

¹⁰ In fact, the Board expressly stated in Decision No. 61 that, by expanding BNSF's access rights to include all new facilities and transloads on trackage rights lines, it sought to "guarantee" that all pre-merger siting and transload competition would survive the merger. Decision No. 61 at 10.

¹¹ In this regard, it is not accurate to state – as UP has done in its July 2 Report (UP/SP-385 at 10) – that the Board did not anticipate or intend that some exclusively-served UP shippers would be opened to BNSF as a result of the new transload condition. Indeed, the Board expressly stated that "BNSF will be allowed to access exclusively served shippers only by a legitimate transload operation." Dec. No. 61 at 12.

Thus, the Board should reject UP's effort to restrict transload facilities to only public facilities where the operator has no ownership of the product being transloaded. Transloading is a means of transportation which offers competition and is not dependent upon the identity of the party doing the transloading. The Board should therefore recognize that transloads operated by a single shipper or receiver with an ownership interest in the product being transloaded both benefitted from pre-merger competition and serve the purposes of the Board's new transload condition in exactly the same manner as other transloads.

C. Restrictions on BNSF's Trackage Rights

BNSF and UP disagree as to whether certain trackage rights which BNSF received pursuant to the Settlement Agreement and the Board's conditions should be restricted to overhead trackage rights or should otherwise be limited. In particular, UP contends that the trackage rights which BNSF received under Section 1a of the 1995 Agreement between Elvas (near Sacramento) and Stockton, CA should be overhead trackage rights only. UP also contends that the prohibition placed by Section 6c of the 1995 Agreement on BNSF's ability to enter or exit the UP and SP lines between Memphis and Valley Junction, IL in the Houston-Memphis-St. Louis corridor and the geographic limit on traffic that BNSF can handle on those lines to traffic to, from or through Texas and Louisiana should remain in place. There is, however, no legitimate basis for either of UP's contentions, and BNSF should be entitled to fully utilize the trackage rights lines at issue.

1. Elvas-Stockton Trackage Rights

With respect to BNSF's trackage rights between Elvas and Stockton, UP contends that BNSF's rights on those lines should be restricted to overhead rights only

because the rights were granted "voluntarily" by UP to BNSF "solely to save BNSF substantial amounts of money". UP/SP-385 at 10. However, as shown below, these trackage rights were not granted solely for such purpose and, more importantly, the rights are no different from any of the other trackage rights which the Board determined needed to be enhanced in order to enable BNSF to provide effective replacement competition.

As originally contemplated by BNSF and UP in their negotiations leading to the BNSF Settlement Agreement, BNSF was to receive Central Corridor trackage rights over not only UP's line from Weso, NV to Stockton, CA (via Sacramento), but also over SP's line from Weso to Oakland, CA (also via Sacramento). The principal reason for these dual trackage rights was UP's desire to limit BNSF's use of the UP line to high speed intermodal traffic and to require BNSF to route its merchandise trains over the SP line. While BNSF was agreeable to UP's proposal, BNSF advised UP that, since BNSF's base for much of its operations in Northern California is in Stockton, the trackage rights over the SP line would not be viable unless BNSF had a competitive routing to Stockton from the SP line. The parties initially believed that such a routing could be achieved by allowing BNSF to connect with the UP line at Sacramento (over which, as mentioned above, BNSF was to be granted trackage rights) and operate over the UP line into Stockton.

An inspection of the site, however, revealed that, while a connection might be technically possible, it would not be practical to construct since it would involve the closing of a street in Sacramento, and the City of Sacramento was opposed to any project that would increase train traffic in the city. In addition, the cost of construction

was thought to be prohibitive, and it was BNSF's position that forcing its trains to leave the SP line at Sacramento and operate through the existing connection to the UP line would significantly undercut BNSF's ability to compete via the SP line.

Given the situation and BNSF's concern as to its ability to provide competitive service, the parties decided that BNSF Central Corridor trains using the SP line should simply stay on the SP line at Sacramento and use that line to reach Stockton. In granting BNSF additional trackage rights on the SP line, the Second Supplemental Agreement provided that BNSF would not have access to new facilities on that portion of the SP line. It is UP's position that this restriction should remain in force.

However, the actions of the Board in Decision No. 44 modifying and enhancing the access rights which BNSF received under the Settlement Agreement and the CMA Agreement supercede the original understandings of the parties and any intent that UP may have had to try to limit the scope of certain of the trackage rights. The Board found that full BNSF access to all of the trackage rights lines was necessary to ensure the preservation of the indirect competition that would otherwise have been lost as a result of the merger and to ensure that BNSF could obtain sufficient traffic density to implement and maintain a fully competitive replacement service for SP.

Further, the Board has in the past rejected similar attempts by UP to constrict BNSF's trackage rights. For instance, in Decision No. 61, the Board rejected UP's efforts to restrict BNSF's trackage rights between Harlingen and Placedo, TX as well as BNSF's rights between Craig Junction and SP Junction at San Antonio, TX to overhead rights only. The Board held that the conditions that it imposed should be read literally to provide BNSF the right to serve new facilities (including transload facilities) anywhere

on the trackage rights lines and that it would not act to "jeopardize BNSF's ability to achieve sufficient traffic density". Decision No. 61 at 11.

Moreover, before the present dispute between the parties arose, UP itself recognized and agreed with BNSF that BNSF should have the right to serve new shipper facilities on the line between Elvas and Stockton and granted BNSF access to two such facilities on the line. For example, on January 5, 2000, BNSF requested access to and notified UP of its plan to serve Southdown Cement's new cement distribution terminal at Polk, CA. UP approved BNSF's request for access to Southdown Cement on March 29, 2000. In addition, BNSF funded track repairs on UP's industrial track on which Southdown Cement is located in order to enable BNSF to provide safe and efficient service to Southdown Cement's facility. Similarly, later in the year, BNSF also requested access to and notified UP of its plan to serve a new facility owned and operated by Willamette Industries at Elk Grove, CA. UP approved BNSF's request and service plan for Willamette Industries on August 4, 2000. After having agreed that BNSF should have access to these two new shipper facilities on the line between Elvas and Stockton, UP has now reversed its previous position and adopted the new position that BNSF should not have access to any additional new shipper facilities that locate on the Elvas-Stockton line from this point forward. The Board should not countenance such an obviously anti-competitive change of position by UP.

Accordingly, the Elvas to Stockton trackage rights form a critical component of BNSF's overall trackage rights operations in the Central Corridor, and BNSF should have the right to serve new facilities on the line in order to both preserve pre-merger competition and maintain traffic density.

2. Houston-Memphis-St. Louis Corridor

The restrictions on BNSF's trackage rights on the UP and SP lines between Memphis and Valley Junction were imposed by the Second Supplemental Agreement. As noted above, however, the Board, in Decision No. 61, rejected a prior attempt by UP to restrict BNSF's right to serve new facilities on UP's line. The Board did so because such a restriction would be inconsistent with one of the principal purposes of the new facilities condition – i.e., ensuring that BNSF could achieve sufficient traffic density not only in the short term but also over the long term. Decision No. 61 at 11. ("We do not intend to jeopardize BNSF's ability to achieve sufficient traffic density on these lines.") As explained below, UP's current proposal to restrict BNSF's ability to enter and exit these portions of the trackage rights lines and place geographic limitations on the traffic BNSF can carry over the lines would have the same effect.¹²

Moreover, restricting BNSF's ability to connect with the trackage rights lines at points north of Bald Knob and Fair Oaks would adversely affect BNSF's ability to compete in the Houston-Memphis-St. Louis corridor. For instance, unit coal trains from

¹² In this regard, UP asserts that it is not making a new proposal, but that it is instead simply asserting that the existing language of the BNSF Settlement Agreement should be retained. UP's position is incorrect in a number of respects. First, it has proposed the deletion of a key phrase from the existing language. That phrase provides that the restriction on BNSF's right to connect with the UP and SP lines at issue is subject to the right of BNSF to connect with its own lines under Section 9l (Section 9(m) in the Restated and Amended BNSF Settlement Agreement). Thus, a literal reading of the existing language (which was drafted largely, if not entirely, by UP) indicates that, at least with respect to its own lines, BNSF can connect with the UP and SP lines north of Bald Knob and Fair Oaks. In the parties' negotiations, UP has asserted that this phrase is inconsistent with the imposed restrictions, and thus seeks to remove it from the language of the Settlement Agreement. While BNSF does not rest its argument that the restrictions should be discontinued solely on the presence of this qualifying phrase, it is disingenuous of UP to take the position that it is only seeking to retain the existing language.

the Powder River Basin ("PRB") that BNSF could move, in competition with UP, to electric utilities and generating stations located in the corridor, such as Entergy Services, Inc.'s White Bluff Station, near Pine Bluff, AR, would most efficiently move over BNSF's lines from the PRB to points of connection with the trackage rights lines at Hoxie and Jonesboro, AR. While BNSF may have other routes over which it could move such trains into the corridor, those routes are more circuitous and would not enable BNSF to compete as effectively against UP.¹³

In addition, UP's claim in its July 2 Report that BNSF and UP did not give BNSF the right to connect north of the two Arkansas junctions in the original Settlement Agreement because BNSF has its own network of lines in northeastern Arkansas and southeast Missouri (UP/SP-385 at 11) was rejected by the Board in Decision No. 61 as a basis for limiting BNSF's trackage rights. Decision No. 61 at 11. Similarly, UP's argument that BNSF's trackage rights were granted on UP's lines north of Bald Knob and Fair Oaks solely for purposes of operating convenience in order to allow BNSF to avoid problems that might occur from running "against the flow" in the Houston-Memphis corridor was likewise rejected by the Board. Ibid.

In sum, the restrictions on BNSF's right to connect with the UP and SP lines between Memphis and Valley Junction and the geographic limit on BNSF's rights to use those lines stem from a version of the BNSF Settlement Agreement that pre-dated the

¹³ Indeed, in Decision No. 88, the Board granted Entergy Services, Inc. the right to build out to an SP line from its White Bluff, AR station and to receive service from BNSF via that build-out line. The Board's decision to grant Entergy the ability to replicate its pre-merger build-in/build-out option would, however, be seriously undercut if UP could prevent BNSF from connecting with the SP line at Jonesboro, AR for in-bound unit trains and with the UP line at Hoxie, AR for out-bound unit trains.

expansion of BNSF's rights which the Board felt was compelled to ensure full replacement competition and long term traffic density. To the extent UP (and perhaps BNSF) originally intended BNSF's use of these trackage rights lines to be restricted, that intent has clearly been overridden by the Board's decisions. Accordingly, the Board should flatly reject the continuation of these artificial limitations.

D. Team Tracks

Before their merger, UP and SP competed at various locations through the use of public team tracks which function in a manner similar to transload facilities. For example, SP often competed for the traffic of shippers located on UP at or near "2-to-1" points by making available established public team tracks and then negotiating with shippers to handle traffic that they would have otherwise transported on UP. UP did likewise to compete for traffic that would have otherwise moved on SP. It is safe to say that, at nearly all recognized "2-to-1" points, both UP and SP maintained public team tracks for use by shippers not directly served by UP or SP at or near the "2-to-1" point. BNSF believes that, since the merger, UP has rationalized many such duplicate facilities because such intercarrier competition no longer exists.

While the original Settlement Agreement did not specifically address this loss of competition, there is no doubt that the competition provided by public team tracks was another form of competition that existed before the UP/SP merger. However, because the location and operation of team tracks are somewhat flexible and transitory, it would be difficult at this point to identify a specific list of team tracks that were used by UP and SP in 1995 prior to the merger and then, in order to preserve pre-merger competition, grant BNSF the ability to use those team tracks. Many of the tracks have likely been

closed, moved or modified, and thus it is necessary to devise another method of preserving the competition provided by team tracks.

BNSF's proposal for doing so is to change the Settlement Agreement to provide that UP would agree to sell team tracks that it no longer uses at "2-to-1" points to BNSF at normal and customary costs and charges. Having acquired any such team tracks, BNSF could replicate the pre-merger competition that was lost by offering shippers the option to move their traffic via the team tracks.

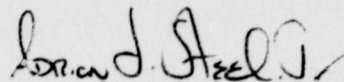
To the extent requiring UP to sell any team tracks it no longer uses to BNSF can be said to restrict UP's right to abandon, dispose of, or to make other use of the property, that is a consequence of the merger which UP and SP voluntarily proposed and entered into and, in any balancing of the interests at issue, the Board should seek to preserve the public's interest in preserving competition rather than UP's proprietary interests. Moreover, UP's claim in its July 2 Report that team tracks were excluded from BNSF access at "2-to-1" points because they can be easily constructed by BNSF (UP/SP-385 at 11) rests on a false premise. In order for BNSF to establish and serve a team track on its trackage rights lines in direct competition with UP, BNSF must negotiate with UP to locate and acquire property suitable for such a facility, seek UP's approval of BNSF's engineering plans for the track, rely upon UP's engineering department to install connecting and access tracks and switches, and seek UP's approval of BNSF's proposed service plan. As a practical matter, this process makes it extremely difficult, if not impossible, for BNSF to establish its own public team tracks on its trackage rights lines. BNSF is willing to forego imposing a requirement of BNSF access to all team tracks at "2-to-1" points, but there is no valid reason for not requiring

UP to offer team tracks that it no longer uses or needs at such points if – as it has represented numerous times to the Board – UP is willing to act to preserve all pre-merger UP versus SP competition.

CONCLUSION

For the reasons set forth above, the BNSF Settlement Agreement should be modified as proposed by BNSF to ensure that BNSF can, over both the short and long term, provide the effective competitive replacement which the Board envisioned and to which UP committed when the UP/SP merger was approved.

Respectfully submitted,



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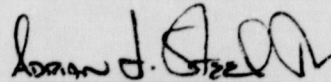
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July 25, 2001

CERTIFICATE OF SERVICE

I do hereby certify that copies of The Burlington Northern and Santa Fe Railway Company's Comments on Unresolved Issues Relating to the Restated and Amended BNSF Settlement Agreement (BNSF-93) are being served on all parties of record.

A handwritten signature in dark ink, appearing to read "Adrian L. Steel, Jr.", written over a horizontal line.

Adrian L. Steel, Jr.

APPENDIX 1

Richard B. Peterson February 5, 1996

PAGE 1 TO PAGE 196

**CONDENSED TRANSCRIPT AND CONCORDANCE
PREPARED BY:**

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- (1) something else.
 (2) BY MR. MOLM:
 (3) Q. I'm talking about two-to-one absent the
 (4) settlement.
 (5) A. Okay. At two-to-one locations,
 (6) two-to-one points, let's leave it with that for
 (7) now, two-to-one points, points where UP serves,
 (8) SP serves, no other railroad serves, we have
 (9) identified that that would open up to BN/Santa Fe
 (10) over a billion dollars of our revenue. And we
 (11) could translate that into tons, but it would be,
 (12) you know, some tonnage number that would match up
 (13) with that number.
 (14) Q. Is my understanding correct that that
 (15) billion dollars represents approximately 50
 (16) percent of the traffic?
 (17) A. No.
 (18) Q. So you did not assume that BN/Santa Fe
 (19) would take 50 percent of the traffic at those
 (20) points?
 (21) MR. ROACH: Object to the form of the
 (22) question.
 (23) THE WITNESS: I'm not sure what context
 (24) you're in here. But - I'm not trying to evade
 (25) your questions or anything. The statement

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- (1) regarding over a billion dollars of our traffic
 (2) is our estimate, it's not precise, because this
 (3) is a very complicated thing. But it's highly
 (4) conservative I believe that the traffic at the
 (5) two-to-one points, traffic at Salt Lake City,
 (6) Utah, for example, that will be available for
 (7) BN/Santa Fe to compete for will be such that,
 (8) when added with all the other two-to-one points,
 (9) would be well in excess of a billion dollars of
 (10) our current business.
 (11) Now, that was actually - that also
 (12) includes I believe the New Orleans-Houston
 (13) corridor which is a two-to-one corridor and
 (14) probably the Houston-Memphis corridor. But it's
 (15) primarily the two-to-one points that generate
 (16) that.
 (17) Just to try to move things along and to
 (18) be cooperative, in our traffic study we predicted
 (19) different percentages that BN/Santa Fe would get
 (20) of that business which in some cases were 50
 (21) percent, where in many cases were where they were
 (22) going to be a head-to-head competitor.
 (23) BY MR. MOLM:
 (24) Q. Let me move on to a new area. Would
 (25) you say that a diversion of revenue, for example,

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- (1) from Kansas City Southern to UP/SP that resulted
 (2) from this merger indicates an impact on
 (3) competition?
 (4) A. I believe that in my view it indicates
 (5) a positive impact on competition by providing
 (6) customers with an improved service product.
 (7) Q. So that, even if traffic is moved to
 (8) the UP/SP system and moved off of the KCS system,
 (9) that is not an effect on competition insofar as
 (10) KCS?
 (11) A. Well, I don't know about insofar as
 (12) KCS. But, as far as the customer is concerned,
 (13) he is going to have his traditional KCS
 (14) joint-line option or whatever it is, he'll have a
 (15) new UP/SP option. We look at those two, we
 (16) determine if the UP/SP option is going to be
 (17) materially better for the shipper. If it is, we
 (18) divert a percentage of the traffic over to the
 (19) new route.
 (20) It is procompetitive for the shipper,
 (21) procompetitive for the rail network. It may
 (22) result in some lost revenue for KCS, but I don't
 (23) see how that translates into KCS's
 (24) competitiveness. Whether or not KCS loses a few
 (25) million dollars should not affect its overall

- (1) competitiveness.
 (2) Q. How about competition in general, this
 (3) diversion of revenue?
 (4) A. How about it?
 (5) Q. Would there be an effect on
 (6) competition?
 (7) MR. ROACH: Asked and answered.
 (8) THE WITNESS: It would be enhanced,
 (9) competition would be enhanced. The shipper has,
 (10) in addition to his existing products, a new and
 (11) improved product to choose from.
 (12) BY MR. MOLM:
 (13) Q. What if, using this same example, KCS
 (14) would not be able to make all of the capital
 (15) investments it had planned to make because its
 (16) revenues are less? Would that be an effect on
 (17) competition?
 (18) A. I don't accept first of all that
 (19) assumption. I don't think first of all, when a
 (20) railroad loses business and gains business which
 (21) happens as you know every day in the marketplace,
 (22) we're probably winning or losing a contract and
 (23) getting a phone call in Omaha to that effect
 (24) while we're talking here today, that's more
 (25) significant than any money you might be talking

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- (1) about here.
 (2) So, on the one hand, the number you're
 (3) talking about is very minor and I can't envision
 (4) it affecting KCS's capital budget. Secondly, KCS
 (5) is one of the most profitable railroads in the
 (6) country. And thirdly, when you do lose business,
 (7) you adapt. You win some, you lose some. But, if
 (8) you lose a million dollars in revenue, you may
 (9) save \$700,000 in costs because you're not running
 (10) certain locomotives and consuming fuel and paying
 (11) crews to handle that business. So the net impact
 (12) here is not of a magnitude even beyond KCS's
 (13) senior management's radar scope.
 (14) Q. What if it caused KCS to reduce
 (15) service? Would that be an effect on competition?
 (16) A. If KCS's losses were so massive that it
 (17) actually had to reduce some train service,
 (18) possibly you could discuss that point further.
 (19) But these losses in this case are small, they're
 (20) fragmented, a lot of them are short-haul
 (21) movements, movements coming out of Lake Charles
 (22) and Port Arthur, and KCS is handing them off to
 (23) us or SP up at Shreveport or somewhere.
 (24) And, you know, keep in mind something,
 (25) our study was done on 1994 data. And we adjusted

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- (1) it as best we could to include KCS's settlement
 (2) in BN/Santa Fe. But the gains that your people
 (3) have talked about based on your settlement in
 (4) that case are going to be significant and create
 (5) far more business than you're going to lose
 (6) here.
 (7) Q. Let's go to your definition of
 (8) two-to-ones. We were discussing it earlier in
 (9) connection with parallelism. Is it my
 (10) understanding that UP looked at points served by
 (11) both carriers in defining what is a two-to-one
 (12) situation?
 (13) A. We looked broadly, as broadly as we
 (14) could imagine, at identifying two-to-one points.
 (15) And included in that broad analysis was an
 (16) identification of points by use of standard point
 (17) location codes, SPLCs, where we and SP served the
 (18) same point.
 (19) Q. And by point do I take that to mean a
 (20) customer at that point?
 (21) A. Well, it's a fairly complicated process
 (22) that we went through. If you'd like me to
 (23) explain it and that would shortcut some
 (24) questions, I would be glad to do that. It's not
 (25) as simple as - quite as simple as that.

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- (1) Q. Explain it.
 (2) A. Okay. Our goal was to identify all
 (3) two-to-one competitive situations between UP and
 (4) SP. We first looked at as you say two-to-one
 (5) points. And we thought now how are all the ways
 (6) that UP and SP compete for shippers' business at
 (7) these two-to-one points.
 (8) And we thought, well, one way is by
 (9) intermodal service, TOFC, COFC service, so we did
 (10) an analysis of that and found that, with new
 (11) intermodal service at Salt Lake City and at Reno
 (12) and BN/Santa Fe's very extensive existing network
 (13) of intermodal terminals, all intermodal
 (14) situations would be covered.
 (15) We then did the same for automotive
 (16) business and found pretty much the same answer.
 (17) With BN/Santa Fe's ability to put in intermodal
 (18) terminals - intermodal and automotive facilities
 (19) at any of the two-to-one points but especially
 (20) Salt Lake City and Reno, where we and SP both had
 (21) them, that would cover the SP/UP territory. And
 (22) we made a complete review of this.
 (23) Then we said, well, now we have carload
 (24) business, your individual carload shippers and
 (25) how are they served jointly. And really the

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- (1) primary way is through reciprocal switching. And
 (2) so we as I say embarked on an effort that was a
 (3) joint effort with SP to identify all these
 (4) standard point location codes on a six digit
 (5) basis, where UP and SP were both present.
 (6) Now, that would, in effect, identify
 (7) all the cities and towns and suburbs, anyplace
 (8) where our tracks happened to be there, whether or
 (9) not the tracks crossed, whether or not they
 (10) connected, or whatever. But we got all those
 (11) points identified. Then we said, okay, now
 (12) within those points as you're suggesting how do
 (13) you find out which customers are, in fact,
 (14) benefiting from two-railroad service and which
 (15) aren't.
 (16) And so we first looked at reciprocal
 (17) switching and we got all the reciprocal switching
 (18) tariffs of UP and SP which generally list all the
 (19) customers that are open to switching. And we
 (20) were fortunate because, in the last year and a
 (21) half, the AAR has led an industry effort for each
 (22) railroad to identify all its industries that are
 (23) open and provide them into a national database
 (24) which is going to become one of many national
 (25) railroad databases to streamline a lot of

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- (1) administrative functions in railroading.
 (2) And we're a participant in that study
 (3) and that was helpful because we had already done
 (4) a lot of that work and we put that to good use
 (5) and identified all the shippers who are open to
 (6) reciprocal switching at each of these terminals
 (7) and then got the SP people involved and that made
 (8) some good cross-checks and we did that.
 (9) But it would have been a mistake to
 (10) stop there. As we discussed earlier, joint
 (11) facility agreements between railroads allow joint
 (12) service. And so a guy on my staff got - and
 (13) again we're fortunate because our joint facility
 (14) group has in the last couple years computerized
 (15) all our joint facility agreements so we have them
 (16) on summaries of each one in a computer database.
 (17) We got those out, they're in my work
 (18) papers. We went through each one of them to
 (19) identify the actual areas and customers where
 (20) there is a joint facility agreement that says SP
 (21) will run a switch engine and serve the industries
 (22) on behalf of both UP or SP or whatever.
 (23) And we also cast out to our regional
 (24) salespeople and asked them if they could think of
 (25) anyplace that we might have missed. And then

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- (1) finally we looked for places which are generally
 (2) pretty well-known, where both UP and SP have a
 (3) direct rail spur into the shipper. So you
 (4) don't - you don't have a joint facility
 (5) agreement, you don't need reciprocal switching,
 (6) you just both go to the shipper. And there are a
 (7) few of those. Not many, but a few.
 (8) And those created our database which
 (9) initially was computed so that we could generate
 (10) volumes of business in a computer format that we
 (11) then provided to all the numerous parties that we
 (12) negotiated with, provided the data to KCS and to
 (13) Montana Rail Link and Wisconsin Central and Utah
 (14) Railway and BN/Santa Fe and others, RailTex and
 (15) others. So that has become our database of these
 (16) two-to-one shippers.
 (17) And then we looked for two-to-one
 (18) corridors where you have only two railroads
 (19) connecting towns that may or may not have more
 (20) than two railroads. And we found two, we found
 (21) New Orleans to Houston. New Orleans has a lot of
 (22) railroads, Houston has a lot of railroads, but we
 (23) and SP have the only direct routes between the
 (24) two. KCS as you know can connect them, but they
 (25) were a little too circuitous so we called that a

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- (1) two-to-one corridor. We could have argued that,
 (2) but we didn't.
 (3) And then New Orleans to Memphis we
 (4) identified as a two-to-one corridor. BN/Santa Fe
 (5) serves that corridor and I and others argued
 (6) internally that that was really a three-to-two
 (7) corridor. But in the end it was felt that we and
 (8) SP had the shorter routes and it was identified
 (9) also as a two-to-one corridor.
 (10) MR. ROACH: You said New Orleans to
 (11) Memphis.
 (12) THE WITNESS: Okay. I always do that.
 (13) Houston to Memphis, I'm sorry, Houston to
 (14) Memphis.
 (15) BY MR. MOLM:
 (16) Q. I thought that was a whole new area.
 (17) A. Sorry. And that identified our
 (18) two-to-one universe. Mr. Barber and others have
 (19) done a lot of work on source competition and so
 (20) forth to see if that would enter into the
 (21) decisions, but we didn't find any problems
 (22) there. So that created the two-to-one situation
 (23) which was used by our people that were involved
 (24) in the negotiations with the various railroads
 (25) for settlement.

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- (1) Q. Did you consult with Mr. Barber making
 (2) this analysis of two-to-one points and two-to-one
 (3) corridors?
 (4) A. No. He didn't - well, let me
 (5) qualify. As far as identifying the two-to-one
 (6) points, two-to-one shippers, intermodal,
 (7) automotive, we did that at UP with involvement
 (8) from SP. The only reason I mentioned Mr. Barber
 (9) is that he's been looking at source competition.
 (10) And I suppose, if he had come up with some, you
 (11) know, very difficult situation, that he and
 (12) others would have discussed with the attorneys
 (13) the significance of that in the case. But I'm
 (14) not aware of that, I'm just speculating that that
 (15) might have happened.
 (16) Q. Let's put aside the corridors for a
 (17) moment and talk about the points. You mentioned
 (18) three different ways both carriers could access a
 (19) shipper at a point, they were reciprocal
 (20) switching, joint facility agreements, or spur
 (21) lines; is that correct?
 (22) A. Correct.
 (23) Q. And that point was confined to that
 (24) point, you didn't look at whether that point was
 (25) within a BEA and whether all shippers located

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- (1) frac sand from the upper Midwest?
 (2) A. Oh, boy, do I ever.
 (3) Q. To the south Texas drilling fields?
 (4) A. Yes, I do remember that vividly.
 (5) Q. I represent to you this is a copy of
 (6) one of your verified statements in that
 (7) proceeding. Would you review the sentence I have
 (8) underlined at least partially on page 5.
 (9) MR. ROACH: This is verified on
 (10) July 10, 1987.
 (11) THE WITNESS: I just want to get the
 (12) context again. Yes.
 (13) BY MR. MOLM:
 (14) Q. And would you read that sentence I have
 (15) partially underlined into the record, please.
 (16) A. The start of a paragraph, second, frac
 (17) sand from Illinois origins provides intense
 (18) competition against frac sand from
 (19) Minnesota/Wisconsin origins for sales in these
 (20) south Texas drilling fields and must also be
 (21) included in the market.
 (22) Q. Does that suggest, in evaluating
 (23) competition, your analysis in that case was much
 (24) broader in origin point?
 (25) MR. ROACH: Object to the form of the

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- (1) question.
 (2) THE WITNESS: Our analysis here was in
 (3) response to Dr. Pittman's assertion that there
 (4) would be some competitive impact on the moving of
 (5) all frac sand from the upper Midwest to this BEA,
 (6) this big BEA in south Texas. Believe me, it's
 (7) big, it would take all day to drive across it.
 (8) And that was the purpose of this work,
 (9) to respond to that and to point out the factors,
 (10) you know, involved in these movements, as to why
 (11) the UP/Katy merger would not have a negative
 (12) impact on competition.
 (13) BY MR. MOLM:
 (14) Q. When you evaluated the markets in this
 (15) proceeding and which you identified them as
 (16) two-to-one, we have discussed some of the
 (17) factors, did we discuss all intermodal movements
 (18) where the shipper may use truck transload to
 (19) another carrier?
 (20) A. I did not get to that. And maybe that
 (21) was an omission on my part and I apologize. When
 (22) we finished -- all right. We looked at the
 (23) two-to-one points, then we looked at the
 (24) two-to-one corridors. And then the next step to
 (25) sort of complete the comprehensive look would

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- (1) involve transloading and source competition.
 (2) As far as transloading, we first made
 (3) sure that we understood that the BN/Santa Fe
 (4) settlement allows BN/Santa Fe to have bulk
 (5) transloading facilities, transloading facilities,
 (6) at each of the two-to-one points, at Salt Lake
 (7) City or San Antonio, wherever.
 (8) Then we looked at the coverage of that
 (9) network including all of BN/Santa Fe's existing
 (10) coverage against the current SP map and any
 (11) transloading opportunities and found that there
 (12) weren't any gaps, where a shipper today that
 (13) could say truck to SP and transload, even though
 (14) he is exclusively served on SP, where he would
 (15) lose that, he would be able to truck generally to
 (16) the same point and do it on BN/Santa Fe but, of
 (17) course, have the benefit of a much better
 (18) railroad to work with as far as getting to a
 (19) broader array of markets and being able to
 (20) provide good service.
 (21) Q. So you're saying that a shipper, even
 (22) though he might not truck transload today in
 (23) order to access SP, if he could have, you would
 (24) have counted that as a two-to-one?
 (25) A. Well, I mean our review indicates that

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- (1) the two -- I wouldn't state it the way you've
 (2) stated it. Okay. You've got all the two-to-one
 (3) points that are there, you've got the existing
 (4) BN/Santa Fe network. We could not identify any
 (5) existing customers nor the likelihood of any
 (6) significant customers that would be disadvantaged
 (7) from a truck transload standpoint versus where
 (8) they are today, by trucking in to the BN/Santa Fe
 (9) point as opposed to trucking to an SP point
 (10) today. We looked at the numerous existing
 (11) transloads and we also scoured the map by sort of
 (12) plotting semicircles over them and couldn't find
 (13) a place where even a future shipper would be
 (14) disadvantaged.
 (15) Q. Am I correct in understanding then
 (16) that, so long as the shipper was not
 (17) disadvantaged, he could reach BN/Santa Fe as well
 (18) as he could have reached SP?
 (19) A. Yeah, or maybe UP in a situation.
 (20) Q. In a reverse?
 (21) A. Yeah, UP or SP.
 (22) Q. Would you go to page 42 of your
 (23) testimony. I want to recall this correctly, but
 (24) earlier we were discussing a movement in a
 (25) corridor where you stated BN and Santa Fe had

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- (1) entered into a haulage agreement and that that
 (2) particular movement had taken a lot of business
 (3) away from SP. Do you recall that?
 (4) A. Yes.
 (5) Q. Is that a fair summary or do I need to
 (6) add anything to it?
 (7) A. Well, I don't -- I mean you haven't
 (8) listed all the factors that you pointed to for
 (9) the change in market shares. But, in fact, it
 (10) was a route that had a -- you know, Santa Fe
 (11) going from Memphis to Avard then Los Angeles to
 (12) Memphis so most of the route was Santa Fe's and
 (13) then the much smaller segment was haulage. That
 (14) route has been successful, had been successful,
 (15) now even more successful with the BN/Santa Fe
 (16) merger but had been successful in taking market
 (17) share from SP, that's right.
 (18) Q. So it was competitive?
 (19) A. In that particular case, given SP's
 (20) problems, their circuitry, their service problems,
 (21) their other problems, yes, it was certainly a
 (22) competitor in that market.
 (23) Q. And, on page 42 of your testimony,
 (24) correct me if I'm wrong, you discuss several
 (25) reasons why joint-line service is inferior, do

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- (1) you not?
 (2) A. Yes, inferior to -- you say inferior
 (3) but I think --
 (4) Q. Relative to single line?
 (5) A. Full single-line rail service, yes.
 (6) Q. And some of the reasons are the
 (7) mechanics of the interchange, delays because of
 (8) negotiations, coordination of billing, et cetera?
 (9) A. Yes. Many other factors, but those
 (10) would be included.
 (11) Q. Are there factors other than what's
 (12) listed here?
 (13) A. Well, we've listed other factors. And
 (14) I think importantly as we indicate that railroads
 (15) inevitably and inescapably have different
 (16) priorities, either based on length of haul, based
 (17) on the horizon of their decisions, where they're
 (18) trying to look to the near term to generate as
 (19) much as they can or whether they have a long-term
 (20) perspective on building up business and making
 (21) money.
 (22) Not only the interchange delays, but I
 (23) think we, if not here but elsewhere, sort of talk
 (24) about the watershed -- well, we do talk about it
 (25) here, I'm sorry, the gateway watershed problem,

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- (1) planned to reenter that market but now with their
- (2) merger with Santa Fe, of course they will be
- (3) reentering the market, which Santa Fe never left,
- (4) and they will just bring the strength of BN to
- (5) the merged system.
- (6) Q. Does this example reflect in part that
- (7) railroads sometimes may decide, in assessing
- (8) whether to serve a particular market, that their
- (9) opportunity costs associated with diversion of
- (10) equipment from other more profitable markets
- (11) might be a factor?
- (12) A. Could you repeat that question,
- (13) please? That was too long for me, I'm sorry.
- (14) THE REPORTER: "Question: Does this
- (15) example reflect in part that railroads sometimes
- (16) may decide, in assessing whether to serve a
- (17) particular market, that their opportunity costs
- (18) associated with diversion of equipment from other
- (19) more profitable markets might be a factor?"
- (20) THE WITNESS: The answer to that is
- (21) that the opportunity costs of diversion of
- (22) equipment from another market might be a factor.
- (23) The opportunity costs associated with diversion
- (24) of equipment might be a factor. I'm not sure
- (25) exactly what you mean by diversion of equipment,

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- (1) first of all.
- (2) BY MR. STONE:
- (3) Q. Let me try to rephrase the question.
- (4) In assessing whether to serve a particular market
- (5) in your experience, do railroads ever consider
- (6) whether serving that market might require them to
- (7) use equipment or facilities that might more
- (8) profitably be used to serve another market?
- (9) A. That is a consideration, can be a
- (10) consideration.
- (11) Q. I would like to refer generally to your
- (12) testimony yesterday, Mr. Peterson, about the
- (13) study that UP did on build-ins. And using that
- (14) general area of testimony as a point of
- (15) departure, could you tell me, in your experience,
- (16) whether shippers are ever successful in using the
- (17) threat of a build-in to obtain a lower rate on UP
- (18) or any other railroad?
- (19) A. Yes, they are.
- (20) Q. Have they sometimes been successful in
- (21) using that threat to obtain a lower rate on the
- (22) UP?
- (23) A. Yes.
- (24) Q. Have they been successful in obtaining
- (25) such lower rates, notwithstanding UP's study that

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- (1) build-ins were not economically feasible? And I
- (2) don't mean to do anything other than attempt to
- (3) paraphrase your testimony. Your testimony is
- (4) what it is on that subject.
- (5) A. Would you repeat that question,
- (6) please?
- (7) Q. Yes. Have shippers on the UP used the
- (8) threat of build-ins to negotiate lower rates,
- (9) notwithstanding that UP's own internal analysis
- (10) showed that build-ins in most circumstances were
- (11) not economically feasible?
- (12) A. I'll try to restate your question a
- (13) little more clearly. I'm not - I don't think
- (14) any UP study, general studies of build-outs are
- (15) relevant to the first part of your question. As
- (16) far as specific build-outs, typically if a
- (17) build-out is feasible or might be feasible, then
- (18) certainly UP will consider that in its decision
- (19) making. However, it's UP's own assessment as to
- (20) whether or not the build-in, that specific
- (21) build-in is feasible, whether it has any
- (22) likelihood of taking place as to whether or not
- (23) UP factors that into its decision making.
- (24) Q. Just so the record is clear, have any
- (25) shippers used the threat of build-ins or

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- (1) build-outs to obtain lower rates on the UP since
- (2) 1988?
- (3) A. I'm not an expert on this. I think
- (4) that there probably have been instances.
- (5) Q. Referring to page 164 of your
- (6) testimony, your verified statement in this
- (7) proceeding, you refer in the first full
- (8) paragraph, second sentence, to your position
- (9) that "some '2-to-1' shippers enjoy such strong
- (10) truck or source competition or make such minimal
- (11) use of one or both of their rail alternatives
- (12) that they will lose little or no competition as a
- (13) result of the merger."
- (14) Was that a fair reading of your
- (15) testimony?
- (16) A. Yes.
- (17) Q. Could you tell me which 2-to-1 shippers
- (18) enjoy this strong truck or source competition?
- (19) A. Well, we didn't undertake an exhaustive
- (20) analysis of all such shippers. I mean, it's
- (21) clearly some shippers at some 2-to-1 locations
- (22) ship predominantly by truck, use rail
- (23) occasionally, may use it only to one market and
- (24) truck to all other markets or the shipper can't
- (25) even compete in other markets.

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- (1) And that's the basis for this
- (2) statement. I know in our specific work, we came
- (3) across a lot of shippers that are shipping very
- (4) small volumes. However, they're in the switching
- (5) tariff, they're open to two railroads and we
- (6) considered them competitive with two considers
- (7) but they may ship a trivial amount of traffic by
- (8) rail but, nonetheless, we've included those as
- (9) 2-to-1 shippers.
- (10) Q. Forgive me if I'm going over your
- (11) testimony yesterday but my understanding of your
- (12) testimony yesterday was that you had included as
- (13) 2-to-1 points all points that could be served by
- (14) both UP and SP and no other railroads prior to
- (15) the merger, regardless of whether or not there
- (16) was any traffic actually shipped by one or both
- (17) of those carriers. Is my understanding correct
- (18) or not correct?
- (19) A. Your understanding is correct, that as
- (20) far as 2-to-1 points, 2-to-1 locations, we
- (21) included all such locations. It's I think an
- (22) unprecedented step. I don't recall any prior
- (23) merger where all 2-to-1 points were opened to a
- (24) new competitor but we've done that.
- (25) Q. Since we're on this subject, I would

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- (1) like to have marked as an exhibit a list which I
- (2) prepared and is so marked at the bottom.
- (3) (Peterson Exhibit No. 1 was
- (4) marked for identification.)
- (5) BY MR. STONE:
- (6) Q. Now, for the record, I will say that
- (7) this list is a list - and let me just distribute
- (8) copies to the others, and first to your counsel,
- (9) Mr. Peterson.
- (10) This is a list that was prepared for my
- (11) client and it, to my understanding, is derived
- (12) from both publicly available sources of stations
- (13) and SPLCs and to some extent perhaps confirmed by
- (14) the UP and SP traffic tapes in this proceeding.
- (15) Could I just ask you to go down the list here,
- (16) and let me say further, because I perhaps didn't,
- (17) we believe that these are 2-to-1 points, that is,
- (18) these SPLCs are served by both the UP and the SP
- (19) and no other railroad currently.
- (20) Could you go down the list and tell me
- (21) whether you've considered these points and made
- (22) any determination about whether they are or
- (23) should be 2-to-1 points?
- (24) A. Okay. First, let me indicate our
- (25) process for identifying 2-to-1 points and I think

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- (1) that will help the explanation as we go along.
- (2) We looked first for all of these six-digit SPLCs
- (3) where both UP and SP were present and then
- (4) present with no other railroad. So you're
- (5) correct, this is a good jumping off point to the
- (6) analysis. This is the first of many steps
- (7) required to identify customers that are actually
- (8) 2-to-1 customers. Could take -- well, Woodland,
- (9) California is a good example. I could take
- (10) several others.
- (11) We would look at Woodland, California,
- (12) that SPLC would show both UP and SP. Actually,
- (13) it would show now probably an SP shortline
- (14) serving Woodland and a spinoff from SP. And then
- (15) we would embark on the real essence of our study
- (16) and that is to determine competitively served
- (17) customers. And those customers could be served
- (18) in a number of ways. They could be served by
- (19) TOFC/COFC service and would determine that
- (20) Woodland is near ramps of UP and SP and Santa Fe
- (21) so it's not 2-to-1 in that regard.
- (22) For automotive traffic, auto ramps
- (23) could be located at nearby points and cover a
- (24) town of this size. And then you turn to the car
- (25) load traffic. And I think, as we discussed

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- (1) yesterday, car load business can be served to
- (2) reciprocal switching, it can be served through a
- (3) joint facility agreement or, in fact, it can be a
- (4) case where an industry has direct industry spurs
- (5) from both carriers.
- (6) The situation at Woodland is that there
- (7) is no physical track connection between UP, and
- (8) again, it's a UP shortline, which is another
- (9) reason this wouldn't be a 2-to-1 point because
- (10) that shortline will be able to connect to
- (11) BN/Santa Fe at west Sacramento following the
- (12) settlement.
- (13) Q. You referred to a UP shortline and
- (14) previously you referred to an SP shortline.
- (15) A. Right.
- (16) Q. Did you mean UP shortline?
- (17) A. Yes. Woodland is actually on the north
- (18) California railroad, which is an SP shortline,
- (19) and the Yolo shortline, which is a UP spinoff.
- (20) But Yolo I believe will be free to interchange
- (21) with BN/Santa Fe at west Sacramento, California
- (22) after the settlement.
- (23) But leaving those factors aside, there
- (24) is no physical track connection at Woodland.
- (25) There is a highway between them. In fact, a

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- (1) quick store has been built between our track and
- (2) the SP's and along with some other things, would
- (3) make it impossible to build a track connection,
- (4) so that none of the industries have the benefit
- (5) of reciprocal switching because there is no
- (6) interchange there.
- (7) We then checked the joint facility
- (8) agreements to see if perhaps some industries were
- (9) covered by an agreement where SP would switch our
- (10) cars and deliver them to us at some point but no
- (11) such agreement exists and there are no industries
- (12) that have direct spurs from both UP and SP. So
- (13) there are no 2-to-1 customers at Woodland. I
- (14) believe the similar explanation would apply to
- (15) most of these points.
- (16) Most of these are -- many of these are
- (17) points where there is no rail traffic. I'm
- (18) looking at the second to the last City of
- (19) Industry, California is a place where there is a
- (20) lot of rail traffic. Again, there is no physical
- (21) track connection between UP and SP, no
- (22) interchange takes place, no jointly served
- (23) industries of any kind.
- (24) Texarkana, I believe that's an error.
- (25) KCS serves Texarkana. I would be glad to take

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- (1) your list back and provide information. I don't
- (2) have it all on the tip of my tongue but I think
- (3) what you're going to find, though, is that in
- (4) most cases, there are not any industries that are
- (5) served by SP and UP and no other carrier.
- (6) Austin, Texas is an interesting one.
- (7) Austin is served by UP. It's also served by a
- (8) shortline but the shortline only connects to UP,
- (9) hasn't operated to SP for many, many years. And
- (10) so while you will find in some cases that, yes,
- (11) there is UP there and then there is another
- (12) railroad there, maybe a shortline, that shortline
- (13) needs to be able to effectively connect to SP and
- (14) no other railroad for it to be a 2-to-1 point.
- (15) We did have a number of those.
- (16) We had, I believe some points in Kansas
- (17) where it would be on one railroad and then a
- (18) shortline feeder of the other and we counted
- (19) those as 2-to-1 points.
- (20) Q. Let me just say that I'm happy to get a
- (21) response on this in any way. We may just, to
- (22) protect ourselves, give a formal interrogatory,
- (23) and that may be to the applicant's liking too.
- (24) MR. ROACH: That may be the best.
- (25) MR. STONE: Is it best to handle this

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- (1) through interrogatory?
- (2) MR. ROACH: I think that might be best,
- (3) then everyone can have our response on each of
- (4) these in an orderly fashion.
- (5) BY MR. STONE:
- (6) Q. Let me ask you a few questions, though,
- (7) about your protocol, Mr. Peterson. You just
- (8) mentioned with respect to Austin that Austin is
- (9) served by a shortline that connects with SP but
- (10) hasn't operated for many years. Has there been a
- (11) formal abandonment of that shortline?
- (12) A. I don't know whether there has but
- (13) actually, there has been a total abandonment of
- (14) service on that shortline because the -- I
- (15) believe because the shortline operator that was
- (16) operating it under contract for the city is no
- (17) longer doing so and they're endeavoring to find a
- (18) new operator.
- (19) Q. To your knowledge, has there been an
- (20) ICC-approved embargo on service on the line?
- (21) A. There has been in effect an embargo,
- (22) whether it's been formal or informal, in that
- (23) there has been no service over the track. And of
- (24) course the track is impassable. But I don't know
- (25) whether the railroad has filed a formal embargo

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- (1) or not.
- (2) MR. ROACH: I'll just make a comment.
- (3) I think there may be some confusion here. The
- (4) witness said that the shortline had not connected
- (5) to SP for some years. He did not say it had not
- (6) connected to UP. Then there is the issue of the
- (7) most recent discontinuance of service and I think
- (8) you may be mixing two issues there. If that's
- (9) not helpful, you're free to ignore it.
- (10) BY MR. STONE:
- (11) Q. Well, let me perhaps clarify. Is
- (12) Austin served by the UP, Mr. Peterson?
- (13) A. Yes.
- (14) Q. Is it also served by a shortline that
- (15) connects to the Southern Pacific?
- (16) A. No. And because the track is -- that
- (17) goes quite a ways over to the SP interchange at
- (18) Giddings, Texas, it has been out of service for
- (19) many, many years, is impassable but I cannot
- (20) answer your specific question as to whether there
- (21) has been a formal abandonment of common carrier
- (22) service or an embargo. But as I said, it's been
- (23) effectively an embargo in that there has been no
- (24) service over there for many, many years.
- (25) Q. Just to clarify another portion of the

John H. Rebensdorf January 22, 1996

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- (1) SP, either directly or through reciprocal
(2) switch.
(3) Q. So that would BN/SF have access to a
(4) new customer where service would have been
(5) opened - where the facility would have been
(6) opened to service by both UP and SP but in this
(7) case also an additional railroad?
(8) A. Are you defining a three-to-two point?
(9) Q. I don't think so. I'm trying to get
(10) some particularity here and perhaps I'm not being
(11) precise. When you define two-to-one points, I
(12) thought you earlier told me that that was a point
(13) at which a customer was served by both UP and SP
(14) and no other railroad; is that right?
(15) A. That is correct.
(16) Q. In the situation described in paragraph
(17) C which relates to geographic limits on access to
(18) new industry, where UP and SP could have provided
(19) service to a newly constructed facility prior to
(20) the merger, does BN/SF have access to that new
(21) facility, whether or not it is only UP and SP
(22) that provided service prior to the merger?
(23) MR. ROACH: Well, I object to the form
(24) of the question. We're dropping the context,
(25) we're dropping the context. We're only talking

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- (1) about stations that are reached by only UP and
(2) SP. You're asking him a broad question. This
(3) isn't in the context.
(4) MR. HUT: That's what I'm asking. I
(5) guess I don't quite see the context and that was
(6) what the question attempted to get at. It was
(7) actually his answer that sort of suggested a new
(8) meaning from the context that you just posited,
(9) Arvid.
(10) MR. ROACH: I think it's plain. I
(11) shouldn't be jumping in, but it's a point open to
(12) BN/SF is the premise of all this. And those
(13) points are listed in Exhibit A. And then you get
(14) to the issue of new industries at those points.
(15) But none of those points are served by a third
(16) railroad.
(17) BY MR. HUT:
(18) Q. Is that right?
(19) A. That's correct.
(20) Q. And again I think you said this once
(21) before, let me just run over it one more time,
(22) you define a two-to-one point where both UP and
(23) SP and no other railroad has access either by
(24) direct or reciprocal switch; is that correct?
(25) A. That's correct.

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- (1) Q. And, with respect to the election to be
(2) made 45 days prior to initiating service, again,
(3) so far as you know, no such election with respect
(4) to any shipper has as yet been made?
(5) A. To the best of my knowledge.
(6) Q. So you have no knowledge how any
(7) particular shipper would be served when such
(8) service is available?
(9) A. No.
(10) Q. With respect to subparagraph 3 of
(11) paragraph D and the opportunity to use a third
(12) party contractor to perform switching for itself
(13) or both railroads, what factors will determine
(14) whether UP/SP gives its agreement?
(15) A. I think that would have to be addressed
(16) on a case-by-case basis. If I had to say what
(17) are the major factors that would be considered,
(18) it would, number one, be the service that could
(19) be provided and, number two, the costs.
(20) Q. Would you look at page 334. And let me
(21) turn your attention to what I believe is
(22) paragraph 9h on that page. It says, quote, if
(23) requested by BN/SF, UP/SP will provide the BN/SF
(24) reciprocal switching services at the two-to-one
(25) points covered in this agreement at rates which

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- (1) will fully reimburse UP/SP for its costs plus a
(2) reasonable return. In your understanding does
(3) that provision obligate UP/SP to provide
(4) reciprocal switching services to BN/SF on request
(5) for purposes of serving individual shippers?
(6) A. I believe that that was the intent,
(7) yes.
(8) Q. If you would turn to page 354, you'll
(9) see that the section 9h has been amended in its
(10) entirety. It now reads, quote, the rates for
(11) reciprocal switching services provided by UP/SP
(12) to BN/SF pursuant to the terms of the agreement
(13) shall fully reimburse UP/SP for its costs plus a
(14) reasonable return. Do you have any
(15) understanding, Mr. Rebensdorf, whether UP/SP
(16) under amended section 9h continues to be
(17) obligated to provide reciprocal switch services
(18) for BN/SF on request?
(19) A. I would think we're still obligated
(20) under the provision that says 45 days before
(21) initiating service BN/SF must elect whether its
(22) service shall be direct, through reciprocal
(23) switching, or without prior agreement through the
(24) use of a third party.
(25) Q. What is it about the language that you

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- (1) just read to me in your understanding obligates
(2) UP/SP to provide reciprocal switch?
(3) A. Because it's saying they will either
(4) provide it direct or we will provide it for them
(5) through reciprocal switching.
(6) MR. ROACH: We'll stipulate to that,
(7) that this language was deleted as redundant of
(8) the separate paragraphs 2, 3, 4 and, 5.
(9) BY MR. HUT:
(10) Q. And it's your understanding that
(11) BN/SF's requirement to elect whether it will
(12) provide direct or through reciprocal switch
(13) imposed upon UP/SP an obligation to provide it,
(14) if that is the election?
(15) A. That is correct.
(16) Q. Would you turn please to paragraph 7 on
(17) page 328. We earlier had some discussion about
(18) the BN/SF route Memphis to St. Louis. Would you
(19) describe for me whether it goes on the east or
(20) west side of the river?
(21) A. The BN/SF route is on the west side of
(22) the river.
(23) Q. And where are the UP or UP/SP routes?
(24) A. The UP/SP route is a trackage rights on
(25) the east side of the river.

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- (1) Q. Does the BN/SF route at some point
(2) utilize the MacArthur Bridge to cross the river
(3) before delivery at the yard used in St. Louis?
(4) A. They can use the MacArthur Bridge or
(5) they can use the bridge which is up river which
(6) comes into - or ties into the Madison yard.
(7) Q. Do you have an understanding which they
(8) use with greater frequency?
(9) A. I believe right now they're using the
(10) bridge up river that goes into Madison
(11) principally.
(12) Q. For what reason does UP want to secure
(13) dispatching authority for the bridge across the
(14) Mississippi River?
(15) A. What you have is a small stretch of a
(16) couple of miles over the MacArthur Bridge where
(17) UP/SP have the A&S yard on the other side and
(18) then have the dispatching beyond Gratiot Street
(19) in St. Louis.
(20) Q. When you say the other side, we're
(21) talking the east side?
(22) A. The Alton southern gateway yard is on
(23) the east side and Gratiot Street at the foot of
(24) the MacArthur Bridge on the west side. So what
(25) you have is a very short segment in here which is

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- (1) AFTERNOON SESSION
 (2) (1:10 p.m.)
 (3) Whereupon,
 (4) JOHN H. REBENSORF,
 (5) the witness on the stand at the time of recess,
 (6) having been previously duly sworn, was further
 (7) examined and testified as follows:
 (8) EXAMINATION BY COUNSEL FOR SAVE THE
 (9) ROCK ISLAND COMMITTEE, INC. (STRICT)
 (10) BY MR. SULLIVAN:
 (11) Q. Mr. Rebensdorf, my name is John
 (12) Sullivan from the law firm of Jackson & Jessup, I
 (13) represent a group called Save the Rock Island
 (14) Committee, Inc. Are you aware of the aims of
 (15) that group?
 (16) A. My understanding is that this is the
 (17) group that's trying to acquire the Kansas
 (18) City-St. Louis line.
 (19) Q. Or at least see it preserved as a unit
 (20) and reactivate it.
 (21) I'd just like to ask you a few
 (22) questions. If we can focus on the two-to-one
 (23) aspect, I believe probably the key sentence in
 (24) here is that, on page 296 of your statement,
 (25) under the bold heading, the second sentence, to

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- (1) that end we identified all geographic points on
 (2) the combined UP/SP system where both UP and SP
 (3) and no other railroad provided service to one or
 (4) more customers. Can you explain how you
 (5) identified those customers or actually I guess
 (6) identified the points?
 (7) A. We took a look at the station list for
 (8) both UP and SP and then our marketing folks went
 (9) through and identified specifically point by
 (10) point where there was a customer that was served
 (11) by both UP and SP.
 (12) Q. So by served do you mean that had in
 (13) the past gotten rail service from both UP and SP?
 (14) A. That currently at the present time is
 (15) being served by both UP and SP.
 (16) Q. I'm sure you'll agree that customers
 (17) get service on a periodic basis. How far back do
 (18) you have to go to find out whether UP or SP
 (19) currently served that customer?
 (20) MR. ROACH: Objection to form of the
 (21) question.
 (22) You can answer, if you can.
 (23) THE WITNESS: Restate the question.
 (24) BY MR. SULLIVAN:
 (25) Q. Well, let me try and understand, your

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- (1) last response was that your marketing people then
 (2) went down a list or whatever of stations and
 (3) identified that there were customers that both UP
 (4) and SP served at those stations, correct?
 (5) A. That's correct.
 (6) Q. Did the marketing people have any
 (7) instruction as to what was meant by served as far
 (8) a time period?
 (9) A. I believe there's such a thing as an
 (10) open and prepared list of stations that are
 (11) open. And that is maintained by both railroads.
 (12) It is a listing of stations that are currently
 (13) served by both railroads. Now, that doesn't
 (14) necessarily mean that anything has moved into
 (15) that station say within the last six months or 12
 (16) months, but it is an open station on that
 (17) railroad.
 (18) Q. Okay. So if a customer would get
 (19) service on one of the stations at the open and
 (20) prepared list?
 (21) A. Yes.
 (22) Q. And UP and SP both served that station,
 (23) you would consider that customer a two-to-one
 (24) customer?
 (25) A. That's correct.

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- (1) Q. So, for instance, and I don't have any
 (2) of the shipper statements with me, as you may be
 (3) aware there are a number of shipper statements in
 (4) there which shippers say they have basically
 (5) given up at least for the time being on SP
 (6) because of whatever problems, service problems,
 (7) whatever.
 (8) Despite that fact, that the shipper has
 (9) not used SP during that period of time, they
 (10) would still be considered a two-to-one shipper,
 (11) even though, as long as they fell under your
 (12) previous description of using a station that's on
 (13) the open and prepared list - if they fell under
 (14) your previous description of using a station that
 (15) is on the open and prepared list of both UP and
 (16) SP?
 (17) A. What is your question?
 (18) Q. That, even though they hadn't used SP
 (19) in awhile because of say, for example, the
 (20) problems cited in some of the shipper statements,
 (21) they would still be considered a two-to-one
 (22) shipper?
 (23) A. This is the second time I'm going to
 (24) answer that question. The answer is yes.
 (25) MR. ROACH: Can I hear the question

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- (1) before this one and the answer, please.
 (2) THE REPORTER: "Question: And UP and
 (3) SP both served that station, you would consider
 (4) that customer a two-to-one customer?
 (5) "Answer: That's correct."
 (6) MR. SULLIVAN: I'm happy with the
 (7) answer, I'm ready to move on.
 (8) MR. ROACH: Let's go off the record for
 (9) a second.
 (10) (Discussion off the record.)
 (11) MR. SULLIVAN: I'm ready to go.
 (12) THE WITNESS: Okay. Let me clarify
 (13) then. We identified the points that were served
 (14) by both UP and SP. At those points we identified
 (15) the shippers that were served by both UP and SP.
 (16) It is possible at a given point that a
 (17) customer - you could have UP and SP being the
 (18) only railroad serving that point, but the
 (19) customer is not served by both railroads.
 (20) What we looked at first identified the
 (21) two-to-one points then went through to identify
 (22) the specific customers at a given point that were
 (23) served by both UP and SP.
 (24) BY MR. SULLIVAN:
 (25) Q. And then I questioned you on what do

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- (1) you mean by served, historically served, could be
 (2) served?
 (3) A. What's the question?
 (4) Q. What do you mean in doing this
 (5) analysis, what was your definition of served?
 (6) A. That are currently served by both UP
 (7) and SP.
 (8) Q. To be currently served, how far past
 (9) going back in the past did they have to get
 (10) traffic from one or the other carrier?
 (11) A. I can't answer that. You'll have to
 (12) ask Mr. Peterson.
 (13) Q. Just a few more questions on this. You
 (14) said something to the effect that your marketing
 (15) people did this analysis of points and
 (16) customers?
 (17) A. That's correct.
 (18) Q. Would that have generated any - would
 (19) they have generated any documents or studies that
 (20) you used?
 (21) A. I was provided the two-to-one listing,
 (22) that's all I needed to do my job. You would have
 (23) to ask the people that did that study.
 (24) Q. Who would those people be?
 (25) A. Mr. Peterson.

REDACTED

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(1) that was included with the applicant's rebuttal
 (2) states that the applicants are negotiating with
 (3) parties regarding sale of all or some of the
 (4) former Rock Island line; is that still the case?
 (5) A. We have had negotiations with the party
 (6) that STRICT is looking to to operate this line if
 (7) STRICT is successful in acquiring it.
 (8) Q. One more thing, the service
 (9) commitments, do you know if these could, in fact,
 (10) be met if instead of using the UP lines the Rock
 (11) Island line was used? And I'm speaking
 (12) specifically about the B, St. Louis-Labadie.
 (13) A. I don't know.
 (14) MR. SULLIVAN: That's it. Thank you.
 (15) EXAMINATION BY COUNSEL FOR THE
 (16) KANSAS CITY SOUTHERN RAILWAY COMPANY
 (17) BY MR. MOLM:
 (18) Q. Mr. Rebensdorf, my name is John Molm,
 (19) I'm with Troutman Sanders, and we represent
 (20) Kansas City Southern in this case. I want to set
 (21) this line of questions in context. One of the
 (22) purposes of your statement is to describe the
 (23) process for implementing the settlement agreement
 (24) and, on page 2 of your testimony, in the second
 (25) full paragraph, you state, at the end of that

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(1) paragraph, that we made this a very high priority
 (2) project and that you began your efforts to
 (3) implement this agreement shortly after the first
 (4) of the year. Do you recall when this
 (5) implementing process or implementation process
 (6) commenced?
 (7) A. We assembled the teams on the UP/SP
 (8) side beginning in February. I believe BN/Santa
 (9) Fe assembled their teams in approximately the
 (10) same time period. There were several calls that
 (11) went back and forth. The first face-to-face
 (12) meeting that kicked off the process was in the
 (13) first week of March.
 (14) Q. Would it surprise you that BN/SP people
 (15) have a different date in mind?
 (16) MR. ROACH: Object to the form of the
 (17) question.
 (18) THE WITNESS: I don't know what BN/SP
 (19) people would have said.
 (20) BY MR. MOLM:
 (21) Q. On page 6, the top bullet, toward the
 (22) end of that description, if you will, the second
 (23) to the last sentence beginning toward the end of
 (24) the line, five lines up from the bottom, states
 (25) we will also clarify the definition of a new

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(1) facility to specify that it does not include
 (2) expansions of or additions to existing facilities
 (3) or loadouts or transload facilities.
 (4) Let's focus on the last two parts of
 (5) that. What's a loadout facility?
 (6) A. A loadout facility would typically be
 (7) where, in mining, for example, you would drive
 (8) with heavy load trucks to a facility where the
 (9) material would be loaded then onto railcars.
 (10) Q. And what distinguishes a loadout from a
 (11) transload facility?
 (12) A. A transload facility could be a
 (13) facility - typically it's looked upon as a
 (14) facility where you would load a railcar or unload
 (15) a railcar to another means of transportation.
 (16) They might be viewed as one and the same.
 (17) Q. So your definition of two-to-one, just
 (18) so I understand it, does not include loadout or
 (19) transload facilities?
 (20) MR. ROACH: Object to the form of the
 (21) question.
 (22) BY MR. MOLM:
 (23) Q. You may answer.
 (24) A. I'm not sure I understand your
 (25) question. If you could rephrase it.

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(1) Q. Does the definition of two-to-one:
 (2) points include loadout facilities or transload
 (3) facilities?
 (4) MR. ROACH: Same objection.
 (5) THE WITNESS: I don't recall that there
 (6) is any specific mention of a loadout facility in
 (7) the definition of a two-to-one.
 (8) MR. ROACH: Mr. Molm, if I could make a
 (9) statement for the applicants just for the record,
 (10) I think you may be taking this sentence out of
 (11) context. What this is saying is that, for the
 (12) overhead rights, where there is a new agreement
 (13) with CMA to serve new industries, that will not
 (14) include loadouts and transloads. We say very
 (15) clearly in the narrative that we're going to make
 (16) it clear for anyone who has any doubt about it
 (17) that, at the two-to-one points, BN/Santa Fe has
 (18) the right to serve existing and new transload
 (19) facilities.
 (20) MR. MOLM: But only where a new
 (21) facility is constructed, that then it does not
 (22) include?
 (23) MR. ROACH: No. The only place it
 (24) doesn't include transloads is on the overhead
 (25) portions of the rights, where we agreed with CMA

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(1) to extend a new right to BN/Santa Fe to serve new
 (2) industries on the SP owned lines where BN/Santa
 (3) Fe has overhead trackage rights.
 (4) MR. MOLM: I'm sorry, I'm confused
 (5) then. And I genuinely am, I'm trying to get it
 (6) straight. The statement reads we will also
 (7) clarify the definition of a new facility to
 (8) specify that it does not include expansions of or
 (9) additions to existing facilities. Oh, that's
 (10) existing facilities, not new facilities, is that
 (11) the distinction you're making?
 (12) MR. ROACH: What I'm saying is that
 (13) that sentence about clarifying the definition is
 (14) meant to modify the first couple of sentences of
 (15) that bullet point which deal with the new right
 (16) that we are granting to BN/Santa Fe to serve new
 (17) industries on the overhead portions of the SP
 (18) owned lines. That is not at two-to-one points,
 (19) that is on the overhead portions of the SP owned
 (20) lines, where BN/Santa Fe gets trackage rights.
 (21) In contrast, at the two-to-one points,
 (22) we have said that we will clarify the agreement
 (23) to make clear that BN/Santa Fe can serve existing
 (24) and new transloading facilities. And I do
 (25) apologize if this is ambiguous, but that is the

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(1) intent.
 (2) MR. MOLM: All right. I think I
 (3) understand that.
 (4) BY MR. MOLM:
 (5) Q. Going to page 9, the first full bullet
 (6) on that page, entitled segregated fund for
 (7) trackage rights fees, provides that UP/SP will
 (8) place 100 percent of the ton mile fees received
 (9) from BN/Santa Fe into two segregated funds, one
 (10) to Texas, Louisiana, Arkansas, and the other for
 (11) all other states.
 (12) MR. ROACH: I object to the form of the
 (13) question. The first one actually includes
 (14) Missouri and Illinois.
 (15) MR. MOLM: Missouri and Illinois, I'm
 (16) sorry.
 (17) BY MR. MOLM:
 (18) Q. The funds will be spent on, A,
 (19) maintenance of the lines and, B, offsetting
 (20) depreciation on the lines.
 (21) Stopping right there, what does
 (22) offsetting depreciation on the lines mean?
 (23) A. All railroads for maintenance of way
 (24) are under depreciation accounting. And there is
 (25) an element of depreciation on the investment base

