

STB FD 32760 (Sub 26) 9-23-98 B 191326

COVINGTON & BURLING

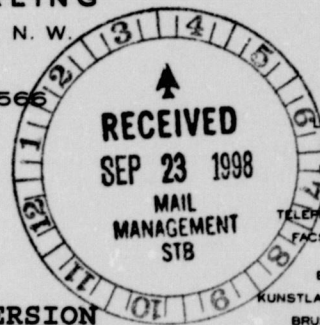
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BRUSSELS OFFICE
KUNSTLAAN 44 AVENUE DES ARTS
BRUSSELS 1040 BELGIUM
TELEPHONE: 32-2-549-5230
FACSIMILE: 32-2-502-1598

ARVID E. ROACH II

DIRECT DIAL NUMBER

(202) 662-5388

DIRECT FACSIMILE

(202) 778-5388

REDACTED -- PUBLIC VERSION

September 23, 1998

B

BY HAND

Hon. Vernon A. Williams
Secretary
Surface Transportation Board
Room 711
1925 K Street, N.W.
Washington, D.C. 20423-0001

ENTERED
Office of the Secretary

SEP 24 1998

Part of
Public Record

Re: Finance Docket No. 32760 (Sub-No. 26),
and Related Sub-Dockets

Dear Secretary Williams:

Please note the following additional corrections in
UP's Opposition to Condition Applications, filed on September
18, 1998:

Volume 2 (UP/SP-357):

Barber V.S., following page 29: Replace Exhibit 1
with the attached

Barber V.S., following page 58: Replace Exhibit 8
with the attached

Barber V.S., page 59, line 12: Change [redacted
material]

Barber V.S., page 59, line 13: Change [redacted
material]

Barber V.S., page 59, line 17: Change [redacted
material]

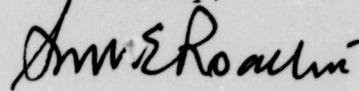
Barber V.S., page 59, line 18: Change [redacted
material]

Barber V.S., page 63, line 10: Delete "BNSF
cooperation."

Hon. Vernon A. Williams
September 23, 1998
Page 2

Please note that the attached tables and the various numbers set forth above are Highly Confidential. Accordingly, this letter is being filed under seal and served only on counsel entitled to receive Highly Confidential material. A redacted version is being submitted for the public docket, and is being served on all other parties.

Sincerely,

A handwritten signature in dark ink, appearing to read "Arvid E. Roach II". The signature is fluid and cursive, with the first name "Arvid" and last name "Roach" being the most prominent parts.

Arvid E. Roach II

cc: All Parties of Record

STB FD 32760 (Sub 26) 9-21-98 B 191279

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September 21, 1998

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BRUSSELS 1040 BELGIUM

TELEPHONE: 32-2-549-5230

FACSIMILE: 32-2-502-1598

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Office of the Secretary

SEP 22 1998

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BY HAND

Hon. Vernon A. Williams
Secretary
Surface Transportation Board
Room 711
1925 K Street, N.W.
Washington, D.C. 20423-0001

Re: Finance Docket No. 32760 (Sub-No. 26),
and Related Sub-Dockets

Dear Secretary Williams:

Please note the following errata in UP's Opposition
to Condition Applications, filed September 18:

Volume 1 (UP/SP-356)

Page 12: The last 2 lines on the page were dropped
in printing, though they are on the disk. They read:
"unimpeached -- and indeed ignored -- by these condition
applicants. No basis is offered to doubt the Board's"

Page 14, line 16: Change "its" to "their"

Page 15, line 17: "1979-82" should read "1978-80"

Page 17, next-to-last line: Change "175" to "185"

Page 18, line 18: Change "seven" to "eight"

Page 18, lines 19-20: Change "Utah and Wisconsin"
to "Utah, Wisconsin and Wyoming"

Page 19, after line 16: Add a new paragraph:
"Hoechst Celanese, a major chemical manufacturer with
facilities at Bayport in the Houston terminal and at nearby
points, says: 'The UP/SP merger has not proved to be a
hindrance to competition or competitive pricing in the markets

Hon. Vernon A. Williams
September 21, 1998
Page 2

in which we participate. We do not believe that the service crisis was a result of a loss of competition; therefore, we do not believe that new conditions are justified.'"

Page 24, line 3: Change "82" to "83"

Page 53, sixth line from bottom of text: Delete "on each other"

Page 60, line 3: Change "dispatcher" to "dispatchers"

Page 66, line 15: Change "abandoned" to "discontinued operations on"

Page 77, line 18: Change "train" to "trains"

Page 79, line 5: Add "in" before "the"

Page 101, third line from bottom: Add "6" after "Map"

Page 114, line 5: Change "build-in" to "build-ins"

Page 115, sixth line from bottom: Add "9" after "Map"

Page 116, seventh line from bottom: Add "not" after "does"

Page 117, last line: Delete "continue"

Page 118, line 1: Delete "to"

Page 136, footnote 28, line 2: Delete "most recently"

Page 136, footnote 28, line 4: Add "and updates in charts attached to Mr. Peterson's verified statement" before comma

Page 139, line 12: Change "are" to "was"

Page 174, line 2: Change "does" to "do"

Page 191, line 16: Add a quotation mark before "and"

Hon. Vernon A. Williams
September 21, 1998
Page 3

Page 191, line 17: Add a hyphen after "storage"

Page 211, line 6: Delete "that"

Page 218, next-to-last line of text: Delete "only causes minor delays,"

Page 222, line 12: Change "sometime" to "sometimes"

Page 224, last line: Add "and" after "filing"

Page 226, footnote 86, line 1: Change "the" to "their"

Page 227, line 10: Delete "to" after "seeking"

Volume 2 (UP/SP-357)

Barber V.S., page 32, fifth line from bottom:
Change "diversion. A" to "diversion, a"

Barber V.S., page 40, line 4: Change "Beamont" to "Beaumont"

Barber V.S., page 65, last line of first paragraph:
Delete parenthesis before period

Barber V.S., page 73, line 14: Change "BN" to "BNSF"

Barber V.S., page 73, fifth line from bottom:
Change "lower term" to "longer-term"

Barber V.S., page 85, sixth line from bottom:
Change "\$768" to "\$769"

Peterson V.S., following page 5: The attached map
should be inserted

Peterson V.S., page 15, line 4: Add "and SP" after
"UP"

Appendix B, page 5, line 19: Change "with" to
"without"

Hon. Vernon A. Williams
September 21, 1998
Page 4

Volume 3 (UP/SP-358)

Duffy V.S., page 2, line 9: Change "up" to
"improved"

Handley V.S., page 12, next-to-last line: Change
"Rhom" to "Rohm"

Handley V.S., page 46, line 5: Change "that is what
it should be" to "BNSF should make that expenditure if it
wants to handle heavier loads"

Handley V.S., page 47, third line from bottom:
Change "shorted" to "shorten"

Norman V.S., page 2, 8: Change "Loredo" to "Laredo"

Ongerth V.S., page 12, line 14: Change "Cheney" to
"Chaney"

Ongerth V.S., page 13, line 7: Change "as" to "was"

Rebensdorf V.S., page 4, lines 17-18: Change
"Dennis Duffy" to "Eddy Handley"

Slinkard V.S., page 8, third line from bottom:
Delete brackets

Wilmoth V.S., page 1, line 6: Add "Region" after
"Central"

Wilmoth V.S., page 2, fourth line from bottom:
Change "own" to "owns"

Wilmoth V.S., page 8, line 9: Change "beneficial
results" to "concrete improvement"

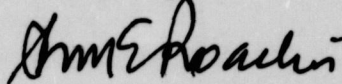
Volume 4 (UP/SP-359)

The attached statements should be added and the
attached corrected table of contents substituted. Also,
the separate page of signatures following the letter from New
Mexico Senator Mary Jane M. Garcia should have been included

Hon. Vernon A. Williams
September 21, 1998
Page 5

as an attachment to the preceding letter from Nevada
Assemblyman Bernie Anderson.

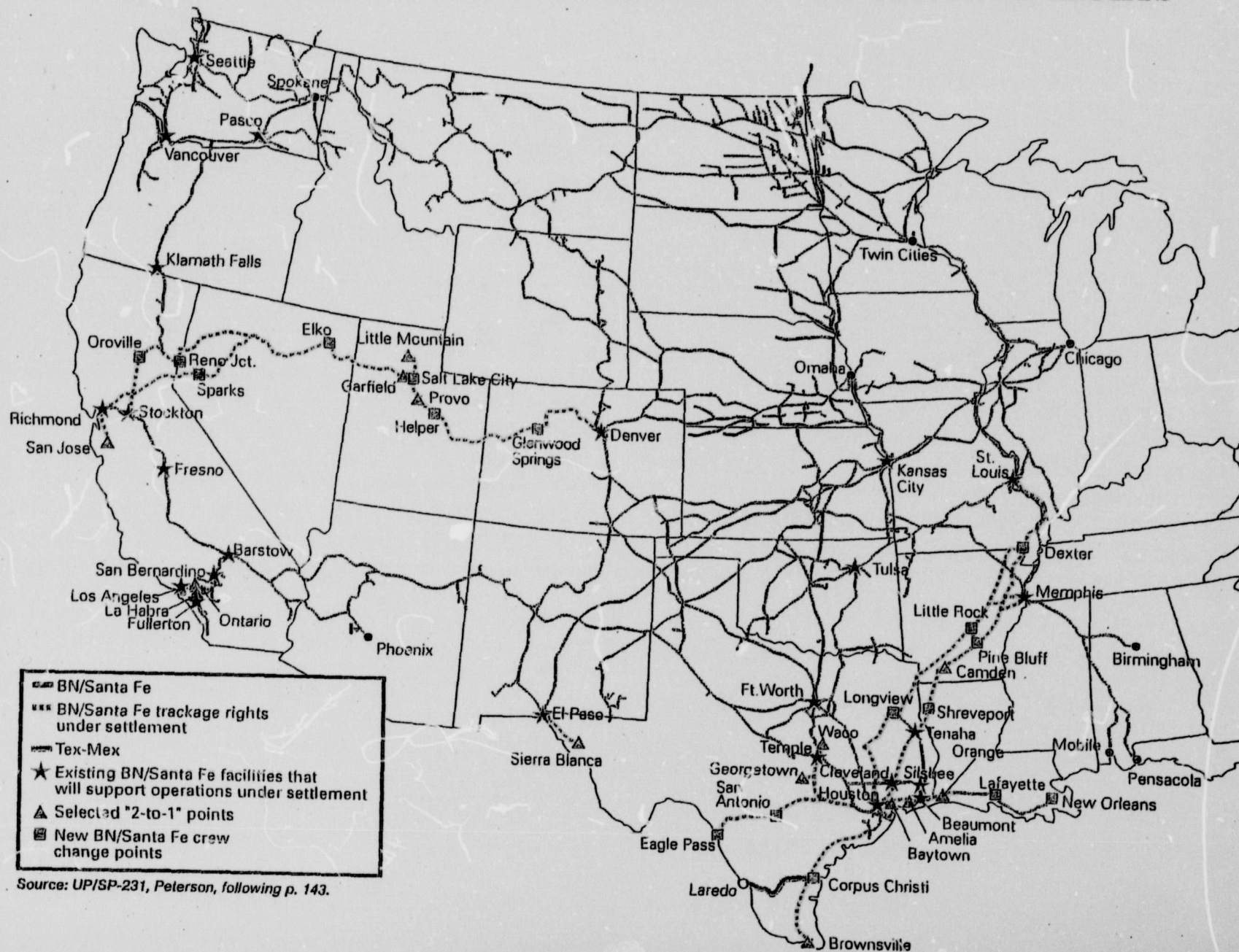
Sincerely,

A handwritten signature in dark ink, appearing to read "Arvid E. Roach II". The signature is written in a cursive, somewhat stylized script.

Arvid E. Roach II

cc: All Parties of Record

BNSF NETWORK, INCLUDING TRACKAGE AND HAULAGE RIGHTS



Source: UP/SP-231, Peterson, following p. 143.

VOLUME 4

STATEMENTS OF SHIPPERS, RAILROADS
AND GOVERNMENT OFFICIALS

SHIPPERS

Ag Partners
Alimentos Balanceados Proan
Alliance Shippers
Alternative Distribution Systems, Inc. *
American Continental Freight
American Plant Food Corp.
Ancor Transportation Services
APL
Arenas y Barros, S.A.
Arkansas Steel Associates
Ash Grove Cement
Atlas Tube
Azteca Milling
Badger Mining
Baroid Drilling Fluids
Bay Area Piggyback
Behr Iron & Steel
Ben-Trei
Borden Chemicals and Plastics
Brokers Logistics
Builder Marts of America
C&D Lumber
California Portland Cement
Capitol Cement
Carrizozo Chamber of Commerce
Cascade Wood Components
Celanese Ltd. *
Central Marketing Coop
Chem-Rail Transport International
Chicago Dairy Corp.
Chicagoland Chamber of Commerce
Chickasha Chamber of Commerce
Chippewa Valley Bean
Chrysler
CMC Steel Group
Colorado Association of Commerce and Industry,
Colorado State Chamber of Commerce, and State
Manufacturers Association
Columbus Metal Industries
Commonwealth Edison
Continental General Tire
Cryo-Trans
Dal-Tile Mexico
Darling International

Deming-Luna County Chamber of Commerce
Distribution Services of America
Dixie Plywood & Lumber
Eades Commodities
Eastport Industries
Eaton Metal Products
Elementis Chromium
Elkhart Grain
Erb Lumber
Exxon
Farmers Commodities
Farmers Coop Elevator (Buffalo Center)
Farmers Coop Elevator (Ruthven)
Farmers Cooperative Co.
Farmers Cooperative Society
Ferex Metals Recycling
Ferrell North America
Fibras Quimicas
First Coop
Forest Products Supply
L.B. Foster Co.
Four Way Transportation
Foxley Grain
Framing Square Lumber
Galveston Chamber of Commerce
GAP Roofing
General Iron Industries
Geon
M. Gervich & Sons
Gopher State Scrap & Metal
Granite Mountain Quarries
Greater Omaha Chamber of Commerce
GTI Materials, L.L.C.
Hampton Lumber Sales
Heinz
H.E.L.P. Transportation Co.
Hill Bros. Intermodal Logistics
Hunt Forest Products
Hylsa
Idaho Grower Shippers Ass'n
Imperial Holly
Independent Salt
Industrial Storage Warehouse
Innovative Logistics
ISP Mineral Products
JD Lumber
Kaiser Aluminum
Keep on Trucking Co.
Koppers Industries
Lange-Stegmann Co.
Laramie Economic Development Corp.
Leiser-Mabe
Lipton
LMS International

Louisiana-Pacific Corporation
Manke Lumber
Market Transport
Master Halco Company
MBIS
McGrann Paper Corporation *
McLean County Service Co.
Mervis Industries
MFP of Oregon
Minnesota Mining & Manufacturing
Mitech
F.W. Myers & Co.
NationsBanc Auto Leasing
Nebraska Public Power District *
Neste Trifinery
NGL Supply
NIK Non-Stock Marketing Coop
Nissho Iwai American Corporation *
North Central Coop
North Platte Chamber of Commerce
Northwest Container Services
Northwest Iowa Coop
Northwestern Steel & Wire
Occidental Chemical
Olympic Steel
OmniSource
Osburn Sand
Pavlich, Inc.
Pioneer Chlor Alkali
Planters Cotton Oil Mill
Port of Montana
Potash Corp. of Saskatchewan
Prairie Central Coop
Prairie Land Coop
ProFlame
Pronto Pig
Quality Liquid Feeds
Rail Van
Raven Logistics
Redland Stone
The Rice Company *
RMC Lonestar
Roberts & Dybdahl
Robertson's
Rock Springs Chamber of Commerce
Ross Logistics
RSG Forest Products
Samuels Recycling
Savage Industries
Shintech
Sierra Pine Limited *
Slater Steels
South Central Industrial Association of Wyoming
StateLine Coop

Stelco McMaster
Stroh Brewery Co.
Sun Valley Energy
Superior Coop
Sweetwater Economic Development Association
Tamko Roofing Products
Taylor Forge
Tetra
Texas Gas & Oil
Texas Petrochemicals
TexPar Energy
Top of Iowa Cooperative *
Transit Mix
Transload Services
Transportation Consultants
Tri Line Logistics Company
Trinity Chemical Industries
Twin Falls Chamber of Commerce
Unimin
Union Pacific Resources
United Clays
United States Gypsum
United States Shippers
Universal Forest Products, Inc.
U.S. Commodities
Vista Trading
Wallace County Co-Op
Watco
Welded Tube
West Bend Elevator
West Central Coop
Wheeler Bros. Grain
White Sands Forest Products
Winnebago Industries
WTD Industries
Yarbrough's Material & Construction
Zeb Pearce Cos.
Zeneca Ag Products

RAILROADS

Acadiana Railway
Arkansas & Missouri Railroad
Arkansas-Oklahoma Railroad
AT&L Railroad
Central Oregon & Pacific Railroad
Dallas, Garland & Northeastern Railroad
Delta Southern Railroad
Ferrocarril Mexicano
Georgetown Railroad
Guilford Rail System
Ironhorse Resources
Louisiana & Delta Railroad

Metra
Rail Link
Sabine River & Northern Railroad
Salt Lake Garfield & Western Railway
Willamette & Pacific Railroad
Willamette Valley Railway
Wisconsin & Southern Railroad

GOVERNMENT OFFICIALS

U.S. Sen. Chuck Hagel
Arkansas Gov. Mike Huckabee
Hope, Arkansas, Mayor Dennis Ramsey
Little Rock, Arkansas, Mayor Jim Dailey
North Little Rock, Arkansas, Mayor Patrick Henry Hays
Pine Bluff, Arkansas, Mayor Jerry Taylor
Pulaski County, Arkansas CEO F.G. Villines
Searcy, Arkansas, Mayor David Evans
California Reps. Dick Ackerman, Barbara Alby,
Roy Ashburn, Steve Baldwin, James Battin, Jr.,
Scott Baugh, Tom Bordonaro, Jr., Larry Bowler,
Marilyn Brewer, Bill Campbell, Jim Cunneen,
Brooks Firestone, Peter Frusetta, Jan Goldsmith,
Brett Granlund, George House, Lynne Leach,
Bill Leonard, Bob Margett, Gary Miller, Jim Morrissey,
Bill Morrow, Rico Oller, Robert Prenter, Curt Pringle,
Bernie Richter, George Runner, Bruce Thompson,
Tom Woods
Colfax, California, Mayor Scott Perry
Dunsmuir, California, Mayor Ivan Young
Roseville, California, Mayor Claudia Gamar
Tehachapi, California, Mayor John H. E. Rombouts *
Truckee, California, Mayor Ron Florian
Colorado Gov. Roy Romer
Colorado Sen. Don Ament
Colorado Sen. Tilman M. Bishop
Colorado Sen. Ray Powers
Colorado Rep. Norma Anderson
Colorado Rep. Bob Bacon
Colorado Rep. Gary L. McPherson
Colorado Rep. Carl Miller
Colorado Rep. Paul D. Schauer
Colorado Rep. Jack Taylor
Club 20
Idaho Sen. John C. Andreason
Idaho Sen. Evan S. Frasure
Idaho Sen. Gary J. Schroeder
Idaho Sen. Jerry Thorne
Idaho Sen. Lin Whitworth
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Idaho Rep. Ron G. Crane
Idaho Rep. Charles D. Cuddy
Idaho Rep. Julie Ellsworth

Idaho Rep. Steve Hadley
Idaho Rep. Kent S. Kunz
Idaho Rep. Bert C. Marley
Idaho Association of Counties
Lincoln County, Idaho, Assessor
Nampa, Idaho, Mayor Maxine Horn
Illinois Gov. Jim Edgar
Illinois DOT
Illinois Sen. Arthur L. Berman
Illinois Sen. Marty Butler
Illinois Sen. Earlean Collins
Illinois Sen. Kirk W. Dillard
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Illinois Sen. Robert A. Madigan
Illinois Sen. Kathleen K. Parker
Illinois Sen. William E. Peterson
Illinois Sen. Christine Radogno
Illinois Sen. William Shaw
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Illinois Rep. Bob Biggins
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Illinois Rep. Michael J. Brown
Illinois Rep. Robert J. Bugielski
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Illinois Rep. Suzanne L. Deuchler
Illinois Rep. James B. Durkin
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Illinois Rep. Todd H. Stroger
Illinois Rep. Ronald A. Wait
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Berkeley, Illinois, Village President Michael A. Esposito

Chicago, Illinois, Alderman Carrie M. Austin
Chicago, Illinois, Alderman Brian G. Doherty
Chicago, Illinois, Alderman Percy Z. Giles
Crete, Illinois, Village President Michael S. Einhorn
Elmwood Park, Illinois, Village President

Peter N. Silvestri

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Melrose Park, Illinois, Mayor Ronald M. Serpico
Northlake, Illinois, Mayor Jeffrey T. Sherwin
Palatine, Illinois, Mayor Rita L. Mullins
South Chicago Heights, Illinois, Mayor David L. Owen
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Westchester, Illinois, Village President John J. Sinde

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Iowa Rep. Brent Siegrist

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Louisiana Sen. Ron Bean

Louisiana Sen. Jay Dardenne

Louisiana Sen. B.G. Dyess

Louisiana Sen. Noble E. Ellington

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Louisiana Sen. Don Hines

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Louisiana Sen. Paulette Riley Irons

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Louisiana Rep. Stephen J. Windhorst
Louisiana Rep. Diane Winston
Louisiana Rep. T.D. Wright
Montana Sen. Chuck Swysgood
Nebraska Gov. E. Benjamin Nelson
Nebraska State Auditor John Breslow
Nebraska Department of Agriculture
Nebraska Department of Roads
Nebraska Public Service Commission *
Nebraska Public Service Commission Commissioner
Frank E. Landis
Nebraska Secretary of State Scott Moore
Nebraska State Treasurer David Heineman
Nebraska Sen. Chris Abboud
Nebraska Sen. Kermit A. Brashear
Nebraska Sen. Curt Bromm
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Nebraska Sen. D. Paul Hartnett
Nebraska Sen. Joyce Hillman
Nebraska Sen. Jim Jensen
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Nebraska Sen. Edward J. Schrock
Nebraska Sen. Elaine Stuhr
Nebraska Sen. Nancy Thompson
Nebraska Sen. Jerry D. Willhoft
Nebraska Sen. Kate Witek
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Kathy Augustine, Doug Bache, Vonne Chowning,
Jack D. Close, Bob Coffin, Tom Collins, Vivian Freeman,
Don Gustavson, David Humke, Lawrence Jacobsen,
Mark James, John Lee, Mark Mandendo, John Marvel,

Bernice Mathews, Harry Mortenson, Jon Porter,
Rob Price, Ray Rawson, Jack Regan, Dean Rhoads,
Mike Schneider, Ray Shaffer, Maurice Washington
Boulder City, Nevada, City Manager John M. Sullard
New Mexico Cabinet Secretary Pete K. Rahn
New Mexico Sen. Dianna J. Duran
New Mexico Sen. Mary Jane M. Garcia
New Mexico Sen. Don Kidd
New Mexico Sen. Patrick H. Lyons
New Mexico Sen. Roman M. Maes, III
New Mexico Sen. Leonard Lee Rawson
New Mexico Sen. John Arthur Smith
New Mexico Rep. Mary Helen Garcia
New Mexico Rep. J. Andrew Kissner
New Mexico Rep. G.X. McSherry
New Mexico Rep. Michael Olguin
New Mexico Rep. Murry Ryan
New Mexico Rep. Raymond G. Sanchez
New Mexico Rep. Daniel P. Silva
New Mexico Rep. W.C. Williams
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Tularosa, New Mexico, Mayor Demetrio H. Montoya
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Portland, Oregon Mayor Vera Katz *
Oregon Rep. Richard Devlin
Oregon Rep. Bob Montgomery
Oregon Sen. Marilyn Shannon *
Texas Lieut. Gov. Bob Bullock
Texas Sen. David Cain
Texas Sen. Mario Gallegos, Jr.
Texas Sen. Eddie Lucio, Jr.
Texas Sen. Frank Madla
Texas Sen. Drew Nixon
Texas Sen. Eliot Shapleigh
Texas Sen. John Whitmire
Texas Rep. Kevin Bailey
Texas Rep. Bill G. Carter
Texas Rep. Joe Crabb
Texas Rep. Tom Craddick
Texas Rep. Charles Finnell
Texas Rep. Toby Goodman
Texas Rep. Patrick B. Haggerty
Texas Rep. Talmadge Heflin
Texas Rep. Allen Hightower
Texas Rep. Paul J. Hilbert
Texas Rep. Fred Hill
Texas Rep. Bob Hunter
Texas Rep. Mike Jackson
Texas Rep. Jim Pitts
Texas Rep. Gilbert Serna
Texas Rep. Bill Siebert
Texas Rep. Todd Staples
Texas Rep. Buddy West
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Marshall, Texas, Mayor Audrey Kariel
Mineola, Texas, Mayor Celia Boswell
Nacogdoches, Texas, Mayor Richard D. Johnson
Palestine, Texas, Mayor R.E. McKelvey
Victoria, Texas, Mayor Gary Middleton and
Judge Helen Walker
Utah Gov. Michael O. Leavitt
Utah DOT
Utah Sen. Lane Beattie
Utah Sen. Scott N. Howell
Utah Sen. Al Mansell
Utah Rep. Melvin R. Brown
Utah Rep. Judy Ann Buffmire
Utah Rep. Don E. Bush
Utah Rep. Beverly Evans
Utah Rep. Brent H. Goodfellow
Utah Rep. David M. Jones
Utah Rep. Peter C. Knudson
Utah Rep. Lowell A. Nelson
Utah Rep. Joseph G. Murray
Utah Rep. Raymond W. Short
Utah Rep. Howard Stephen
Utah Rep. John E. Swallow
Utah Rep. John L. Valentine
Salt Lake City, Utah, Mayor Deedee Corradini
Salt Lake County, Utah, Chair Brent Overson
Salt Lake County, Utah, Commissioner Mary Callaghan
Washington Sen. Eugene A. Prince
Wisconsin Gov. Tommy G. Thompson
Wisconsin Railroad Commission
Wyoming Governor Jim Geringer *
Wyoming Sen. Hank Coe
Wyoming Sen. Irene Devin
Wyoming Sen. Robert Grieve
Wyoming Sen. Rae Lynn Job
Wyoming Sen. Grant C. Larson
Wyoming Sen. E. Jayne Mockler
Wyoming Sen. Greg Phillips
Wyoming Sen. Vincent V. Picard
Wyoming Rep. Rodney Anderson
Wyoming Rep. Guy Cameron
Wyoming Rep. Ross Diercks
Wyoming Rep. Floyd Esquibel
Wyoming Rep. Leo Garcia
Wyoming Rep. John Hanes
Wyoming Rep. Ray Harrison
Wyoming Rep. Bruce A. Hinchey
Wyoming Rep. Roger Huckfeldt
Wyoming Rep. Wayne H. Johnson
Wyoming Rep. Mac McGraw
Wyoming Rep. George B. McMurtrey
Wyoming Rep. R. Larry Meuli
Wyoming Rep. Wayne Reese
Wyoming Rep. Tony Ross

Wyoming Rep. Peggy L. Rounds
Wyoming Rep. Marlene Simons
Wyoming Rep. Bill Stafford
Wyoming Rep. Jack Steinbrech
Wyoming Rep. Harry B. Tipton
Wyoming Rep. Lonie Tomassi
Wyoming Rep. L.H. Willford
Carbon County, Wyoming, Board of Commissioners
Cheyenne, Wyoming, Mayor Leo A. Pando
Green River, Wyoming, Mayor Norman C. Stark
Laramie, Wyoming, Board of County Commissioners
Rock Springs, Wyoming, Mayor Paul S. Oblock

* Submitted with UP's letter of errata dated
September 21, 1998.



ALTERNATIVE DISTRIBUTION SYSTEMS, INC.

855 West 175th Street
Homewood, Illinois 60460-6000
Tel 708-799-4900
Fax 708-799-8895
E-mail: adsinfo@adainet.com

September 17, 1998

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Suite 760
Washington, DC 20423-0001

RE: HOUSTON/GULF COAST OVERSIGHT PROCEEDING
FINANCE DOCKET NO. 32760 (SUB-NO. 26)

Dear Secretary Williams:

My name is Gordon D. Gustafson. I am the Vice President - Logistics for Alternative Distribution Systems, Inc., a provider of transportation, distribution and logistics services to the metals industries through its subsidiary companies: Area Transportation Company, Roll & Hold Warehousing & Distribution Corp., and Western Intermodal Services, Ltd. Western Intermodal Services supported the proposed merger of the Union Pacific and Southern Pacific Railway Companies (SP) with the trackage rights conditions that were granted to the BNSF.

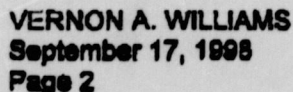
At this time, I am writing to express our continued support of the UP post merger entity. Our observation is that the service problems in Texas resulted from pre-existing conditions in inadequate infrastructure that existed on the SP before the SP operations were effectively merged into the UP operations, and an implementation plan that proved ineffective. The entire system was taxed beyond its ability to respond effectively.

Today, the two operations are merged and appear working. Transit times on our shipments from the Chicago area to Mexico gateways in Texas have greatly improved. Transit times from our Houston facility moving to California are also much improved since earlier this year. The UP has applied resources, and with effective STB oversight, has established an effective service plan for the Gulf Coast.

We believe there are still more benefits to come as the merger is more fully implemented.

We recognize the service difficulties the UP has encountered with the SP franchise and do not minimize the impact on us and other shippers. The solution proposed by the "Houston Coalition" and other rail carriers however seems self-serving, and appears to us that it would actually interfere with the ability of the UP to efficiently operate their system and send the Texas recovery backwards.

Subsidiary Companies:
Area Transportation Company
Freight Connections International, Ltd.
Roll & Hold Warehousing & Distribution Corp.
Western Intermodal Services, Ltd.



VERNON A. WILLIAMS
September 17, 1998
Page 2

Alternative Distribution Systems urges the STB to reject requests for new conditions on UP's operation around Houston and the Gulf Coast. Let's let the UP demonstrate the benefits anticipated when this merger was first considered now that the worst of times is hopefully behind us. To inject conditions such as proposed by the Houston Condition would, in our opinion, only prolong the problems as the railroads tried to work out how to implement them.

Sincerely,

Gordon D. Gustafson
Vice President - Logistics

GG/cae

H07C0906

cc: K. H. Adams
Union Pacific - Omaha

Chemicals Division

Celanese Ltd.
1601 West LBJ Freeway
PO Box 819005
Dallas, TX 75381-9005

Telephone: 972-443-4000

Celanese

September 10, 1998

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, DC 20423

Re: Houston / Gulf Coast Oversight Proceeding Finance Docket No. 32760
(Sub-No 26)

Dear Secretary Williams:

I am Wrennie Love, the Rail Commercial Manager of Celanese, a commodity chemical manufacturer headquartered in Dallas, TX. Celanese ships approximately 15,000 railcars per year from manufacturing sites located in Bayport, TX, Bishop, TX and Bay City, TX (all utilizing the Houston area as a junction point). In addition, Celanese has manufacturing sites in northern Texas, Alabama, Mexico, and Canada all of which ship rail cars of our chemical products. Celanese also operates chemical terminals in North Carolina, New Jersey, Texas, Illinois, and California. I am responsible for contracting freight rates with the various railroads and determining the most efficient routings for our rail cars.

It is the opinion of Celanese that the recently requested conditions are not justified. The UP/SP merger has not proved to be a hindrance to competition or competitive pricing in the markets in which we participate. We do not believe that the service crisis was a result of a loss of competition therefore, we do not believe that new conditions are justified.

The conditions imposed on the UP/SP merger by the Surface Transportation Board seem to have worked well and competition between the UP and the BNSF has been healthy. We have benefited from this competition at our Bay City, TX facility and are pleased with the results. We expect that, in the future, we will continue to benefit from the conditions imposed on the UP/SP merger but, not with the new conditions that are proposed. Celanese believes that these conditions will interfere with UP's operations by putting additional trains on UP's already crowded tracks. This, we believe, will disrupt service rather than enhance it and ultimately, only add to the congestion.

Hoechst 

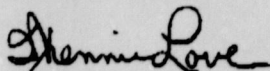
Celanese
A member of the Hoechst Group

Our traffic is moving more efficiently as time progresses and we would like for that trend to continue. Transit times to key customers have been reduced to normal (pre-merger) levels and we have noticed overall improvement in transit times to major gateways.

Again, Celanese suggests to you that the improvement in competitive pricing, the improved service (e.g., transit times), and more efficient equipment utilization are not indications that new sanctions should be imposed.

I declare that the foregoing is true and that I am authorized to file this statement.

Regards,

A handwritten signature in cursive script, appearing to read "Wrennie Love".

Wrennie Love
Manager, Rail Commercial
Celanese
Dallas, TX



MCGRANN PAPER WEST INC.

4501 Mitchell St., Suite B, N. Las Vegas, NV 89031
702-644-3438 fax 702-644-3491

9 September 1998

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

Re: Houston / Gulf Coast Oversight Proceeding
Finance Docket No. 32760 (Sub - N. 26)

Dear Secretary Williams,

I am Thomas Ierlan, the Plant Manager of McGrann Paper West Corporation. We are a merchant / converter of all types of groundwood and free-sheet paper. Our facility can accept and deliver from and to mills via railcar.

McGrann Paper West Corporation is opposed to the proposals to impose new conditions on UP's operations around Houston and in the Gulf Coast area. Effective rail competition depends on a strong UP competing against a strong BNSF. These new conditions would go in the wrong direction, by weakening UP at a time when it has already suffered large financial and traffic losses over the last year due to its service problems.

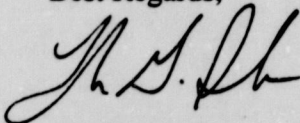
The best answer to service problems in Houston and the Gulf Coast, and throughout the West, is to let UP fight its way out of them. Weakening UP with further conditions is a mistake. Furthermore, we are very concerned that added conditions in Houston and the Gulf Coast will undermine UP's ability to invest in service and infrastructure throughout its system. This will hurt our business and degrade our rail options.

We do not believe that further conditions are needed to protect competition in Houston and the Gulf Coast. The conditions imposed by the STB on the UP / SP merger have worked well. We have seen aggressive competition against UP by BNSF, KCS and Tex Mex since the merger. While these railroads may want still more opportunities, competition is working without imposing further conditions that would weaken UP.

For these reasons, McGrann Paper West opposes the requests for conditions on UP's operations around Houston and the Gulf Coast and urges that the STB reject them.

I declare under penalty of perjury that the foregoing is true and correct and that I am authorized to file this verified Statement. Date September 9, 1998.

Best Regards,

A handwritten signature in cursive script, appearing to read 'T. G. Ierlan', written in dark ink.

Thomas G. Ierlan
Plant Manager



Nebraska Public Power District
Nebraska's Energy Leader

September 17, 1998

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

Dear Mr. Williams:

Union Pacific (UP) serves as both a competitive and captive rail carrier for the generation plants of Nebraska Public Power District (NPPD). The service we receive is critically dependent on UP being a financially strong competitor of Burlington Northern Santa Fe (BNSF). Any regulatory action that unnecessarily weakens UP's capability to make capital improvements and meet service commitments is not in the best interest of NPPD. Consequently, this letter is intended to discourage the Surface Transportation Board (STB) from taking any action, specifically approving the Houston Coalition's Consensus Plan, that will reduce the competitiveness of Western Rail carriers or could reduce UP's ability to meet service commitments.

Sincerely,

Gary G. Stuchal
Fossil Fuels Manager

sj

c: W. J. Fehrman
UP (J. Halper)
H. L. Hadland

NIAC

**Nissho Iwai
American
Corporation**

Detroit Office

September 07, 1998

Honorable Vernon A. Williams, Secretary
SURFACE TRANSPORTATION BOARD
1925 K Street, N.W.
Washington, D.C. 20423

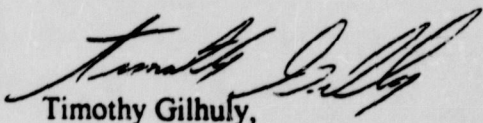
RE: HOUSTON / GULF COAST OVERSIGHT PROCEEDING
Finance Docket No. 32760 (Sub-No. 26)

Dear Secretary Williams,

Please accept the enclosed statement in support of the UNION PACIFIC RAILROAD. It is important that the SURFACE TRANSPORTATION BOARD not take any action that would weaken the recovery efforts of the UNION PACIFIC RAILROAD.

Thank you in advance for the consideration given to this request.

Sincerely,



Timothy Gilhuly,
Sr. Trading Representative
NISSHO IWAI AMERICAN CORP.
Detroit Steel Department

VERIFIED STATEMENT

OF NISSHO IWAI AMERICAN CORPORATION Detroit Steel Department

My name is Timothy Gilhuly, and I am a Senior Trading Representative for NISSHO IWAI AMERICAN CORPORATION'S Detroit Steel Department. My responsibilities include purchase of steel products from Canada and to arrange for their shipment to a forwarding company in South Texas with ultimate sale and consumption in Mexico.

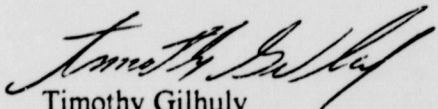
It has been suggested that competition in the rail industry has been reduced as a result of the rail merger between UNION PACIFIC RAILROAD and the SOUTHERN PACIFIC RAILROAD and further that the BURLINGTON NORTHERN SANTA FEE has been disadvantaged in competing for UNION PACIFIC business.

I would like to go on record with this letter to say that this does not appear to be the case based upon conversations with my customer in Mexico. In fact, BNSF has made contact with my customer with the expressed intention of converting their rail service from the UP to BNSF. The offer that was made to my customer suggested several advantages to making this change of service. The results of which are still pending. However the contact and resulting offer is evidence that, in fact, the BNSF is willing, able and capable of competing with the UNION PACIFIC.

In addition, for the service route of my product there is new competition coming from the CANADIAN NATIONAL RAILROAD. Their recent acquisition extends their reach to the Gulf of Mexico adding to the competition even further.

Although there have been delivery problems in the recent past with UP, the quality of information and customer service that I received during these troubles was outstanding. Within the last few weeks, the service being provided by the UNION PACIFIC on traffic to Mexico has improved significantly. It is clearly in my best interest to keep UP financially and operationally strong and I oppose any action that would jeopardize that recovery.

I declare under penalty of perjury that the foregoing is true and correct and that I am authorized to file this verified statement dated September 07, 1998



Timothy Gilhuly
Sr. Trading Representative
NISSHO IWAI AMERICAN CORP.
Detroit Steel Department

The Rice Company

1624 Santa Clara Street, Suite 330
Roseville, California 95661
U.S.A.

Telephone (916) 784-7745
Telex 6730750 RLC UW
Fax (916) 784-7681



WHITE RICE - BROWN RICE - ROUGH RICE

VERIFIED STATEMENT

OF MR. JAY KAPILA

THE RICE COMPANY

I am Jay Kapila, the President of The Rice Company in Roseville, CA. We are a privately held company that owns rice milling operations in Louisiana and Texas. We also export rough unmilled rice to Mexico.

The Rice Company is opposed to the proposals to impose new conditions on UP's operations around Houston and in the Gulf Coast area. Effective rail competition depends on a strong UP competing against a strong BNSF. These new conditions would, in essence, weaken the UP at a time when it has already suffered large financial and traffic losses over the last year due to its service problems.

We believe the best answer to service problems in Houston and the Gulf Coast, and throughout the West, is to let UP fight its way out of them. Weakening UP with additional conditions is a mistake. Furthermore, we are very concerned that added conditions in Houston and the Gulf Coast would undermine UP's ability to invest in service and infrastructure throughout its system. Longer term, this would hurt our business and degrade our rail options.

We do not believe that further conditions are needed to protect competition in Houston and the Gulf Coast. The conditions imposed by the STB on the UP/SF merger have worked well. We have seen aggressive competition against UP by BNSF, KCS and Tex Mex since the merger. While these railroads may want still more opportunities, competition is working without imposing further conditions that would weaken UP.

For these reasons, The Rice Company opposes the requests for conditions on UP's operations around Houston and the Gulf Coast and urges that the STB reject them.

I declare under penalty of perjury that the foregoing is true and correct and that I am authorized to file this verified statement. Dated September 11, 1998.

J.K. Kapila

SierraPine

L I M I T E D

PHONE (916) 772-3422

2151 PROFESSIONAL DRIVE, SUITE 200 • ROSEVILLE, CA 95661

FAX (916) 772-3415

September 8, 1998

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, DC 20423

Re: Houston/Gulf Coast Oversight Proceeding
Finance Docket No. 32760 (Sub:No. 26)

Dear Secretary Williams:

I am Jeff Lundegard, the Vice President of Marketing at SierraPine Ltd. We are in the business of manufacturing particleboard and medium density fiberboard.

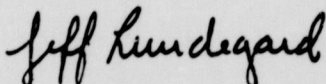
SierraPine Ltd. is opposed to the proposals to impose new conditions on the Union Pacific's operations around Houston and in the Gulf Coast area. Effective rail competition depends on a strong UP competing against a strong BNSF. These new conditions would go in the wrong direction by weakening the UP at a time when it has already suffered large financial and traffic losses over the last year due to it's service problems.

The best answer to service problems in Houston and the Gulf Coast, and throughout the West, is to let the UP fight it's way out of them. Weakening the UP with further conditions is a mistake. Furthermore, we are very concerned that added conditions in Houston and the Gulf Coast will undermine the UP's ability to invest in service and infrastructure throughout it's system. This will hurt our business and degrade our rail options.

Further conditions are not needed to protect competition in Houston and the Gulf Coast. The conditions imposed by the STD on the UP/SP merger have worked well. While their competitors want still more opportunities, competition is working without imposing further conditions that would weaken the UP>

For these reasons, SierraPine Ltd. opposes the requests for conditions on UP's operations around Houston and the Gulf Coast and urges that the STB reject them.

Respectfully,



Jeff Lundegard
Vice President - Marketing
SierraPine Ltd.

LARRY PETERSON
GENERAL MANAGER
PO BOX 181
104 S. FRONT ST.
JOICE, IA 50446

Top of Iowa Cooperative

JOICE, HANLONTOWN, LAKE MILLS, SCARVILLE, VENTURA, IOWA

Telephone 515-588-3131
Fax 515-588-3135

VERIFIED STATEMENT

OF LARRY PETERSON

TOP OF IOWA COOPERATIVE

I am Larry Peterson, the General Manager of Top of Iowa Cooperative. We are in the business of buying and selling corn and soybeans. In our agronomy department, most of our fertilizer is shipped in by rail. We ship 10-12 million bushel of grain from our facility each year and have been a part of our business community for fifty years.

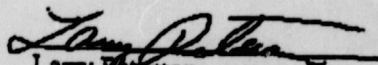
Top of Iowa Cooperative is opposed to the proposals to impose new conditions on UP's operations around Houston and in the Gulf Coast area. Effective rail competition depends on a strong UP competing against a strong BNSF. These new conditions would go in the wrong direction, by weakening UP at a time when it has already suffered large financial and traffic losses over the last year due to its service problems.

The best answer to service problems in Houston and the Gulf Coast, and throughout the West, is to let UP fight its way out of them. Weakening UP with further conditions is a mistake. Furthermore, we are very concerned that added conditions in Houston and the Gulf Coast will undermine UP's ability to invest in service and infrastructure throughout its system. This will hurt our business and degrade our rail options.

We do not believe that further conditions are needed to protect competition in Houston and the Gulf Coast. The conditions imposed by the STB on the UP/SP merger have worked well. We have seen aggressive competition against UP by BNSF, KCS and Tex Mex since the merger. While these railroads may want still more opportunities, competition is working without imposing further conditions that would weaken UP.

For these reasons, Top of Iowa Cooperative opposes the requests for conditions on UP's operations around Houston and the Gulf Coast and urges that the STB reject them.

I declare under penalty of perjury that the foregoing is true and correct and that I am authorized to file this verified statement. Dated August 18, 1998.


Larry Peterson

DARHELL V. DAUGHERTY
City Manager
RONALD D. CUNNINGHAM
Finance Director
DAVID A. JAMES, REA
Dir. of Planning & Econ. Dev.
DENNIS WAHLSTROM
Public Works Director
A. A. ANTHONY
Fire Chief
THOMAS F. SCHROETER
City Attorney
REX A. MASON
City Engineer



JOHN H.E. ROMBOUTS
Mayor
PHILIP A. SMITH
Mayor Pro-Tempore
MARIANA B. TEEL
Council Member
JAMES D. FRANKLIN
Council Member
WES KITCHEN
Council Member
JEANETTE M. HAUBRICH-KELLEY, CMC
City Clerk
ROSE B. FRENG
City Treasurer

September 8, 1998

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

RE: Houston/Gulf Coast Oversight Proceeding
Finance Docket No. 32760 (Sub-No. 26)

Dear Secretary Williams:

As Mayor of the City of Tehachapi, I am very aware of the value of rail transportation service in our area. Union Pacific Railroad is important to our community because of the close working relationship we have developed with Union Pacific and because of the vital nature of the railroad as it passes through the Tehachapi Mountains and also the Tehachapi Valley.

The City of Tehachapi's relationship with Union Pacific has been both positive and pro-active on several fronts. The railroad has just completed an aggressive roadbed rehabilitation project that relocated several large crews to our valley. Working with Union Pacific executives, Tehachapi's newly created Economic Development Office, headed by Economic Development Director, David James, has sited a major new business development which will utilize a new switching and rail spur. The Union Pacific has also worked to preserve Tehachapi's historic rail depot as part of the promotion of cultural tourism in the Tehachapi Valley. Finally, the railroad has extended its earlier commitment to historic preservation by offering to convey to the City of Tehachapi property to build our Heritage Park complex which will focus on Native American culture, wind energy technology and the engineering genius involved in the creation of the Tehachapi Loop.

Here in the Tehachapi Valley, rail improvements have been impressive and need to continue. We have seen positive results in the form of roadbed rehabilitation by the installation of cement ties over a 40-mile rail segment. A crew of over 100 Union Pacific employees moved into our community, utilizing our local lodging and restaurants, thereby enhancing the economic well-being of our community, at the same time, improving the infrastructure of the rail network.

We are strongly opposed to the proposals to impose new conditions on Union Pacific's operations around Houston and the Gulf Coast area. The STB established competitive conditions which were integrated into its approval of the Union Pacific/Southern Pacific merger. The proposed additional conditions would disrupt the competitive balance by altering a key portion of the original merged

Honorable Vernon A. Williams
September 8, 1998
Page 2

system, thereby weakening Union Pacific when it is recovering its operational capacity. This could result directly and negatively on UP's pro-active business involvement with Tehachapi and Kern County.

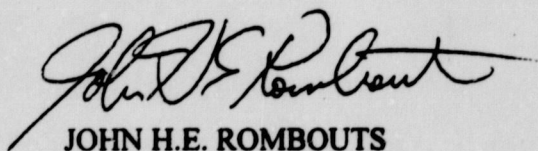
At the time of the Union Pacific-Southern Pacific merger, Southern Pacific was close to collapse. Union Pacific has been struggling to improve operations of the combined system and has made significant strides, ending the service crisis. To continue the progress, Union Pacific has to make further investments to improve service and infrastructure throughout the system as they have commenced here in Kern County. The conditions proposed before the Surface Transportation Board would deprive Union Pacific of the revenue necessary to make these investments and would make it more difficult for UP to continue the service improvements which I have described above.

In addition, I personally believe it would be unfair to grant special access conditions in one part of the country at the expense of Kern County and Tehachapi shippers. In particular, I am concerned that our community and economy will be adversely impacted if Union Pacific competitors are granted heavy-handed concessions in another part of the UP system. Certainly, if Union Pacific's competitors want direct access to Union Pacific customers, they can use their own capital to build the necessary track and facilities as is being done by businesses here in Tehachapi.

Again, the City of Tehachapi values our relationship with Union Pacific Railroad and are requesting, for the preservation of their economic vitality, that you oppose proposals for any new conditions on Union Pacific operations in the Texas Gulf Coast.

Tehachapi and Kern County have benefited from our association with Union Pacific Railroad. Our region's partnership should not be hindered by the imposition of heavy-handed mandates that will harm Union Pacific, the Tehachapi Valley, Kern County, California and throughout the country.

Sincerely,



JOHN H.E. ROMBOUTS
Mayor of the City of Tehachapi

DISTRICT OFFICE:
865 E. Wilmette Rd., Suite F1-B
Palatine, Illinois 60067
847/358-1829 TDD

SPRINGFIELD OFFICE:
2129 Stratton Building
Springfield, Illinois 62706
217/782-8026



COMMITTEES:
Human Services
Local Government
Appropriations
General Services
Consumer Protection

ROBERT L. BERGMAN
STATE REPRESENTATIVE • 54TH DISTRICT

August 16, 1998

Surface Transportation Board
Hon. Vernon L. Williams, Secretary
1925 K Street, N.W.
Washington, D.C. 20423

RE: Houston / Gulf Coast Oversight Proceeding
Finance Docket No. 32760 (Sub-No.26)

Dear Secretary Williams:

As a member of the Illinois General Assembly representing the northwest suburbs of Chicago, I am aware of the importance of good rail transportation to the Illinois economy. Chicago is the rail hub of the nation, and with the Union Pacific Railroad having four major lines entering the Chicago region it's financial health is vital to the citizens of Illinois.

The Union Pacific currently has plans to improve safety and efficiency on these lines, if new conditions on UP's operations in Texas and the Gulf Coast are imposed it could mean delay or cancellation of improvements in the nation's rail hub. Illinois industries and citizens should not be adversely affected by conditions proposed for the Texas and Gulf Coast areas, and I am opposed to them.

Sincerely,

A handwritten signature in cursive script that reads "Robert L. Bergman".

State Representative
54th District



STATE OF LOUISIANA
HOUSE OF REPRESENTATIVES

September 17, 1998

DIRK DEVILLE
District 38

Vernon A. Williams, Secretary
Surface Transportation Board
Room 711
1925 K. Street, N. W.
Washington, D. C. 20423-0001

RE: Houston/ Gulf Coast Oversight Proceeding
Finance Docket No. 32760 (Sub-No. 26)

Dear Mr. Williams,

As a member of The Louisiana State Legislature, I am writing you today out of concern over certain demands, filed with your board, by various Texas interests that seek special new operating rights over the Union Pacific Railroad in Texas.

In your decision to approve the Southern Pacific merger into Union Pacific, you have already provided for trackage rights to several competitors to preserve the pre-merger competitive level. It seems there can be no logical reason to burden the Union Pacific with additional conditions that can only adversely affect their performance. Union Pacific is important to us in Louisiana as a major investor, employer and provider of transportation services. They continue to build additional railroad capacity improvements, hire new employees and make a positive contribution to our state.

Despite its early service and congestion problems, the company has dedicated its resources to the extent that dramatic improvements have been made all over the Gulf Coast area. These efforts have also resulted in operating losses to Union Pacific while the service recovery is underway. Awarding competitors new rights in Texas on Union Pacific tracks is likely to further deteriorate the revenues of the company and make a healthy recovery much more difficult. As you study the requests being made to you by Texas, surely there can be no reasonable grounds for such action and I hope your decision will reflect that conclusion.

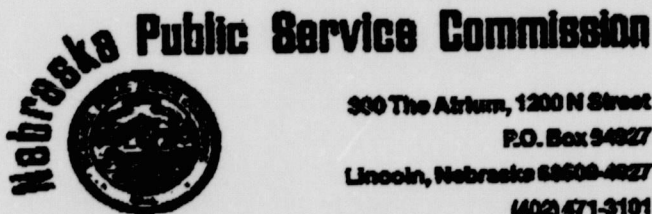
Thank you for your time as it concerns this matter.

Sincerely,

Dirk Deville
State Representative
District 38

P.O. Box 287
Villie Platte, Louisiana 70586
Telephone: (518) 383-6744
1-800-658-0744
Fax: (518) 383-0223

Appropriations
Labor & Industrial Relations
Natural Resources
Joint Legislative Committee on the Budget
Bond Commission



300 The Atrium, 1200 N Street
P.O. Box 94827
Lincoln, Nebraska 68509-4827
(402) 471-3101

LOWELL C. JOHNSON
COMMISSIONER, 3RD DISTRICT

September 18, 1998

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

Dear Secretary Williams:

I am writing as an individual Commissioner in reference to the pending decision of the Surface Transportation Board regarding whether to impose additional conditions on the Union Pacific Railroad's (UP) operations in the Houston and Gulf Coast area.

While Union Pacific's recent service problems have received a great deal of publicity and criticism, it appears that congestion in the Gulf Coast region has been virtually eliminated and that with some exceptions service is improving steadily throughout the UP system. These improvements are a direct result of the substantial investment of dollars and other resources the UP has dedicated to the problem. Given the dismal condition of the SP prior to its merger with the UP, the significant strides that have been achieved in only one year are noteworthy.

Here in Nebraska, we have felt the effects of UP's service problems and continue to experience some congestion due to the massive capacity expansion projects UP is currently installing. However, I am very concerned that if the federal government imposes additional conditions on an already-weakened railroad, UP will lack the necessary resources to continue its recovery, fund much needed infrastructure improvements, and reemerge as a strong, competitive presence in the rail system in the West. Our Nebraska industrial, commercial, and agricultural economy is critically dependent on the service which UP provides.

I urge the Surface Transportation Board to seriously consider the negative consequences additional conditions will generate throughout the Western rail network. A vibrant rail system requires two strong, competitive railroads, which we presently lack. I ask the Board to decline to impose additional conditions on Union Pacific Railroad.

Sincerely,


Lowell C. Johnson

LCJ:tsg



City of Portland
Vera Katz
Mayor

September 16, 1998

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

RE: Houston/Gulf Coast Oversight Proceeding
Finance Docket No. 32760 (Sub-No. 26)

Dear Secretary Williams:

I am writing to urge the Surface Transportation Board to decline to impose additional conditions on Union Pacific Railroad's operations in the Houston/Gulf Coast area.

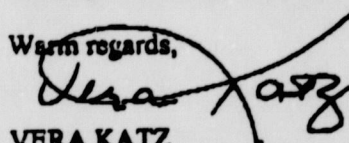
As Mayor of Portland, I am keenly aware of service problems from undercapitalized, poorly-performing railroads. The Southern Pacific merger with the Union Pacific has brought improvements. While service problems since that merger are still present, I feel strongly that good, consistent service will not be possible if UP cannot recover from its currently weakened condition. The imposition of the additional conditions contemplated will seriously threaten that recovery.

In addition to the large sums of money spent in the Gulf Coast area, Union Pacific has invested heavily in both infrastructure improvements and capacity expansion in Oregon and elsewhere throughout its system. Additional investment is still badly needed, and can only be made out of revenues generated by UP's present and future traffic base. UP experienced an unprecedented loss of \$230 million over the last three consecutive quarters. The proposed additional conditions would deprive UP of the revenues needed to continue its system investments to the detriment of Oregon shippers.

Competitive, dependable rail service in the West assumes two strong railroads. We currently have only one, the BNSF. I strongly caution the Board against taking any action that will contribute further to the current competitive imbalance that exists in the West, and urge the Board to forego additional conditions that will undermine UP's ability to reinvest future revenues in much needed infrastructure improvements and capacity expansion in Oregon and elsewhere.

Thank you for your consideration.

Warm regards,


VERA KATZ
Mayor



MARYLIN SHANNON

ASSISTANT SENATE MAJORITY LEADER
DISTRICT 15

REPRESENTING THE HEART OF
THE WILLAMETTE VALLEY



1995-1997 COMMITTEES
Education
Agriculture, Natural
Resources and
Environment
Transportation
Water and Land Use
Legislative Administration

OREGON STATE SENATE

SALEM, OREGON

97310

September 2, 1998

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

Re: Houston/Gulf Coast Oversight Proceeding
Finance Docket No. 32760 (Sub-No. 26)

Dear Secretary Williams:

I am writing to urge the Surface Transportation Board to decline to impose additional conditions on the Union Pacific Railroad's operations in the Houston/Gulf Coast area.

Here in Oregon, we experienced first-hand what it was like being served by an under-capitalized, poorly performing railroad prior to the Southern Pacific merger with the Union Pacific. While service problems since that merger are still present in some areas, we have seen continuing improvement and feel strongly that good, consistent service will not be possible if UP cannot recover from its currently weakened condition. The imposition of the additional conditions contemplated will seriously threaten that recovery.

In addition to the large sums of money Union Pacific has spent in the Gulf Coast area, Union Pacific has invested heavily in both infrastructure improvements and capacity expansion in Oregon and elsewhere throughout its system. Additional investment is needed, and it can only be made out of revenues generated by UP's present and future traffic base. UP experienced an unprecedented loss of \$230 million over the last three consecutive quarters. The proposed additional conditions would deprive UP of the revenues needed to continue these investments, to the detriment of Oregon shippers.

Competitive, dependable rail service in the West assumes two strong railroads. We currently have only one, the BNSF. I strongly caution the Board against taking any action that will contribute further to the current competitive imbalance that exists in the West, and I urge the Board to forego additional conditions that will undermine UP's ability to reinvest future revenues in much needed infrastructure improvements and capacity expansion in Oregon and elsewhere.

Thank you for your consideration.

Sincerely,

A handwritten signature in cursive script, appearing to read "M. Shannon".
Senator Marilyn Shannon



STATE OF WYOMING
OFFICE OF THE GOVERNOR

JIM GERINGER
GOVERNOR

STATE CAPITOL
CHEYENNE, WY 82002

September 18, 1998

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

RE: Houston/Gulf Coast Oversight Proceeding
Finance Docket No. 32760 (Sub-No. 26)

Dear Secretary Williams:

The Surface Transportation Board has a proceeding pending to determine if additional conditions need to be imposed upon the Union Pacific Railroad in the Gulf Coast area as a result of the Union Pacific merger with Southern Pacific Railroad.

Wyoming businesses involved in mineral extraction and agricultural production are particularly affected by access to shipping ports, rail lines and transportation terminals, and any resultant congestion in Texas. Access to markets and the return delivery of materials and goods are vital to Wyoming's economic success. We need viable and healthy rail service.

We have had difficulties in the past with timely and adequate positioning of UP rail cars and locomotives for our Wyoming commodity producers. We have listened to the concerns of mineral shippers with the freight rates charged by Union Pacific. We have also noted the concerns of our smaller shippers, particularly for non-mineral commodities, along with community concerns about blocked crossings and crossing safety. To their credit, Union Pacific has responded to our concerns by significant investments in technology and training along with capital investments in rolling stock and rail infrastructure and detailed explanations of market and freight conditions. I am pleased with the trend of improvement in their service within Wyoming. At this point, I discourage the imposition of any further conditions on Union Pacific in any area, including the Gulf Coast, as it might jeopardize the positive improvements that the Company has undertaken. We need strong, timely, and competitive rail service in Wyoming.



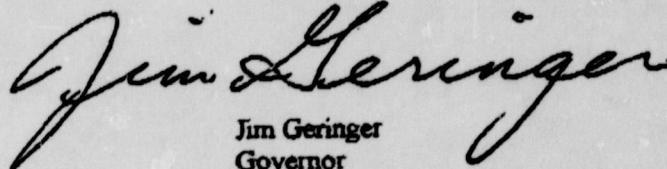
Page 2
September 18, 1998
Secretary Williams

Wyoming also supports Resolution 98-020 of the Western Governors' Association, in particular, the first three paragraphs of the resolution, which read:

- The Governors support the ongoing efforts of the Surface Transportation Board to address western railroad service and economic problems and the establishment of a cooperative resolution approach involving small and large shippers, short line railroads and Class 1 railroads.
- The Governors believe that at least two healthy Class 1 railroads, as well as a system of regional short line railroads and motor carrier providers, must serve the West in order to maintain a transportation system which provides efficient high capacity flexible and safe transportation at reasonable cost to western shippers.
- The Western Governors further believe that resolution and mitigation of the current problems caused by the merger of western railroads requires that the partnership of western shippers, agricultural, forest and mineral producers, STB, federal, state and local entities, regional short lines, and the two Class 1 railroads be continued as recommended in the Western Governors' Association Rail Freight Roundtable convened May 5-6, 1998.

Key to economic competitiveness is the availability of healthy rail service. Union Pacific has committed to a cooperative approach of resolving freight and shipping problems in Wyoming and the western states. We need partners and cooperation from all areas, including governments and the railroads. I ask again, that you not impose burdensome conditions on Union Pacific as they continue to improve their service to the western states.

Best regards,


Jim Geringer
Governor

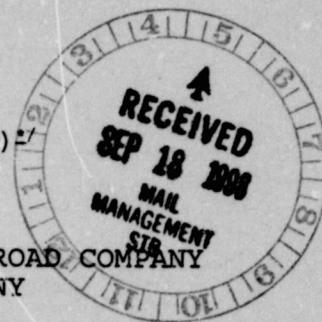
JG/nm

STB FD 32760 (Sub 26) 9-18-98 B 191210V4 1/11

18120

BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 32760 (Sub-No. 26)



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 --
HOUSTON/GULF COAST OVERSIGHT

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UP'S OPPOSITION TO CONDITION APPLICATIONS

VOLUME 4 - STATEMENTS OF SHIPPERS, RAILROADS
AND GOVERNMENT OFFICIALS

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(202) 662-5388

Attorneys for Union Pacific
Corporation, Union Pacific
Railroad Company and Southern
Pacific Rail Corporation

September 18, 1998

VOLUME 4

STATEMENTS OF SHIPPERS, RAILROADS
AND GOVERNMENT OFFICIALS

SHIPPERS

Ag Partners
Alimentos Balanceados Proan
Alliance Shippers
American Continental Freight
American Plant Food Corp.
APL
Arenas y Barros, S.A.
Arkansas Steel Associates
Ash Grove Cement
Atlas Tube
Azteca Milling
Badger Mining
Baroid Drilling Fluids
Bay Area Piggyback
Behr Iron & Steel
Ben-Trei
Borden Chemicals and Plastics
Brokers Logistics
Builder Marts of America
C&D Lumber
California Portland Cement
Capitol Cement
Carrizozo Chamber of Commerce
Cascade Wood Components
Central Marketing Coop
Chem-Rail Transport International
Chicago Dairy Corp.
Chicagoland Chamber of Commerce
Chickasha Chamber of Commerce
Chippewa Valley Bean
Chrysler
CMC Steel Group
Colorado Association of Commerce and Industry,
Colorado State Chamber of Commerce, and State
Manufacturers Association
Columbus Metal Industries
Commonwealth Edison
Continental General Tire
Cryo-Trans
Dal-Tile Mexico
Darling International
Deming-Luna County Chamber of Commerce
Distribution Services of America
Dixie Plywood & Lumber

Eades Commodities
Eastport Industries
Eaton Metal Products
Elementis Chromium
Elkhart Grain
Erb Lumber
Exxon
Farmers Commodities
Farmers Coop Elevator (Buffalo Center)
Farmers Coop Elevator (Ruthven)
Farmers Cooperative Co.
Farmers Cooperative Society
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Ferrell North America
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Greater Omaha Chamber of Commerce
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Heinz
Hill Bros. Intermodal Logistics
Hunt Forest Products
Hylsa
Idaho Grower Shippers Ass'n
Imperial Holly
Independent Salt
Industrial Storage Warehouse
Innovative Logistics
ISP Mineral Products
JD Lumber
Kaiser Aluminum
Keep on Trucking Co.
Koppers Industries
Lange-Stegmann Co.
Laramie Economic Development Corp.
Leiser-Mabe
Lipton
LMS International
Manke Lumber

Market Transport
MBIS
McLean County Service Co.
Mervis Industries
MFP of Oregon
Minnesota Mining & Manufacturing
Mitech
F.W. Myers & Co.
NationsBanc Auto Leasing
Neste Trifinery
NGL Supply
NIK Non-Stock Marketing Coop
North Central Coop
North Platte Chamber of Commerce
Northwest Container Services
Northwest Iowa Coop
Northwestern Steel & Wire
Occidental Chemical
Olympic Steel
OmniSource
Osburn Sand
Pavlich, Inc.
Pioneer Chlor Alkali
Planters Cotton Oil Mill
Port of Montana
Potash Corp. of Saskatchewan
Prairie Central Coop
Prairie Land Coop
ProFlame
Pronto Pig
Quality Liquid Feeds
Rail Van
Raven Logistics
Redland Stone
RMC Lonestar
Roberts & Dybdahl
Robertson's
Rock Springs Chamber of Commerce
Ross Logistics
RSG Forest Products
Samuels Recycling
Savage Industries
Shintech
Slater Steels
South Central Industrial Association of Wyoming
StateLine Coop
Stelco McMaster
Stroh Brewery Co.
Sun Valley Energy
Superior Coop

Sweetwater Economic Development Association
Tamko Roofing Products
Taylor Forge
Tetra
Texas Gas & Oil
Texas Petrochemicals
TexPar Energy
Transit Mix
Transload Services
Transportation Consultants
Trinity Chemical Industries
Twin Falls Chamber of Commerce
Unimin
Union Pacific Resources
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United States Gypsum
United States Shippers
U.S. Commodities
Vista Trading
Wallace County Co-Op
Watco
Welded Tube
West Bend Elevator
West Central Coop
Wheeler Bros. Grain
White Sands Forest Products
Winnebago Industries
WTD Industries
Yarbrough's Material & Construction
Zeb Pearce Cos.
Zeneca Ag Products

RAILROADS

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Arkansas & Missouri Railroad
Arkansas-Oklahoma Railroad
AT&L Railroad
Central Oregon & Pacific Railroad
Dallas, Garland & Northeastern Railroad
Delta Southern Railroad
Ferrocarril Mexicano
Georgetown Railroad
Guilford Rail System
Ironhorse Resources
Louisiana & Delta Railroad
Metra
Rail Link
Sabine River & Northern Railroad

Salt Lake Garfield & Western Railway
Willamette & Pacific Railroad
Willamette Valley Railway
Wisconsin & Southern Railroad

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Rob Price, Ray Rawson, Jack Regan, Dean Rhoads,
Mike Schneider, Ray Shaffer, Maurice Washington
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New Mexico Sen. Mary Jane M. Garcia
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Texas Rep. Buddy West
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Marshall, Texas, Mayor Audrey Kariel
Mineola, Texas, Mayor Celia Boswell
Nacogdoches, Texas, Mayor Richard D. Johnson
Palestine, Texas, Mayor R.E. McKelvey
Victoria, Texas, Mayor Gary Middleton and
Judge Helen Walker
Utah Gov. Michael O. Leavitt
Utah DOT
Utah Sen. Lane Beattie
Utah Sen. Scott N. Howell
Utah Sen. Al Mansell
Utah Rep. Melvin R. Brown
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Utah Rep. Beverly Evans
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Utah Rep. Peter C. Knudson
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Utah Rep. Joseph G. Murray
Utah Rep. Raymond W. Short
Utah Rep. Howard Stephen
Utah Rep. John E. Swallow
Utah Rep. John L. Valentine
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Salt Lake County, Utah, Chair Brent Overson
Salt Lake County, Utah, Commissioner Mary Callaghan
Washington Sen. Eugene A. Prince
Wisconsin Gov. Tommy G. Thompson
Wisconsin Railroad Commission
Wyoming Sen. Hank Coe
Wyoming Sen. Irene Devin
Wyoming Sen. Robert Grieve
Wyoming Sen. Rae Lynn Job
Wyoming Sen. Grant C. Larson
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Wyoming Rep. Wayne Reese
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Wyoming Rep. Peggy L. Rounds
Wyoming Rep. Marlene Simons
Wyoming Rep. Bill Stafford
Wyoming Rep. Jack Steinbrech
Wyoming Rep. Harry B. Tipton
Wyoming Rep. Lonie Tomassi
Wyoming Rep. L.H. Willford
Carbon County, Wyoming, Board of Commissioners
Cheyenne, Wyoming, Mayor Leo A. Pando
Green River, Wyoming, Mayor Norman C. Stark
Laramie, Wyoming, Board of County Commissioners
Rock Springs, Wyoming, Mayor Paul S. Oblock

SHIPPERS



30 East Main
P.O. Box 38
Albert City, IA 50510
712-843-2291
800-242-5022

Office 13 N Main
Alta, IA 51002
712-284-1011
800-642-6023

3364 Vail Ave
Ellsworth, IA 50075
515-836-2126

P.O. Box 8
Emmetsburg, IA
50536
712-852-3722
800-392-3538

205 W 4th
Box 48
Everly, IA 51338
712-834-2761

1st & Main
P.O. Box 220
Fonda, IA 50540
712-288-4453
800-474-9076

P.O. Box 68
Harris, IA 51345
712-349-2442

Box 154
Hartley, IA 51346
712-728-2382
800-242-5092

Box 78
Rembrandt, IA 50576
712-286-5426

101 Market St.
P.O. Box 19
Royal, IA 51357
712-933-2291
800-257-8938

1541 Western Ave.
Sheldon, IA 51201
712-324-4320
800-572-1008

1433 N Main
Sioux Center, IA
51250
712-722-1722
800-933-8387

202 Elevator St.
Box 218
Varina, IA 50593
712-288-4433

**Verified Statement
Of Francis O. Marron**

AG PARTNERS, L.L.C.

My name is Francis O. Marron and I am Vice President of Grain for Ag Partners, L.L.C., a grain marketing, storage, and crop input supply firm located in Northwest Iowa. We have warehouse and unit train loading facilities located on the Union Pacific Railroad at Albert City, Emmetsburg, Hartley, and Royal, Iowa.

Ag Partners ships 9,000 carloads annually on the Union Pacific, and a large amount of those shipments move out of state into other market corridors such as the Gulf and SouthWest.

Ag Partners, L.L.C. is opposed to the proposals to impose new conditions on Union Pacific's operations in the gulf coast area and around Houston. These new conditions would weaken Union Pacific at a time when it has already suffered large financial and traffic problems. Effective rail competition depends on a strong Union Pacific competing against a strong BNSF.

We feel the best answer to service problems in Houston, the Gulf Coast area, and throughout the West, is to let Union Pacific make the necessary changes to correct the problems. Weakening Union Pacific with further conditions will only undermine UP's ability to invest in service and infrastructure across the system. This would also hurt our business and degrade our rail options.

We do not believe that further conditions are needed to protect competition in Houston or the Gulf Coast. The conditions imposed on the UP/SP merger by the Surface Transportation Board have worked very well. They have preserved competition and allowed BNSF to effectively compete against UP throughout the West. BNSF is moving some 700 through trains per month and at least one train per day in every corridor covered by the trackage rights granted in the UP/SP merger.

Secondly, UP needs to invest \$1.4 billion over the next five years in the Houston and Gulf Coast infrastructure. UP must generate these funds from its current and future traffic base. These new conditions would severely undermine UP's ability to make these critical investments.

For these reasons, Ag Partners, L.L.C., opposes the requests for conditions on Union Pacific's operations around Houston and the Gulf Coast area and urges the STB to reject them.

I declare under penalty of perjury that the foregoing is true and correct and that I am authorized to file this verified statement. Dated September 3rd, 1998.

A handwritten signature in dark ink, appearing to read "Francis O. Marron", is written over a horizontal line.
NAME



ALIMENTOS BALANCEADOS PROAN, S.A. DE C.V.

R.F.C. ABP-940504-HV9

KM. 2 CARRETERA SAN JUAN - GUADALAJARA

TELS.: 513-27, 504-40 Y 509-13

47000 SAN JUAN DE LOS RIOS, JAL.

VERIFIED STATEMENT OF ISIDRO AVILA LUPERCIO ALIMENTOS BALANCEADOS PROAN, S.A. DE C.V.

My name is Isidro Avila Lupercio, I am the Administrative Manager for Alimentos Balanceados Proan, S.A. de C.V.

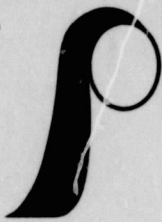
Alimentos Balanceados Proan S.A. de C.V. manufactures and processes animal feed in Mexico. We rely on numerous suppliers in the United States to provide us with the agricultural products, such as sorghum and corn, that we use to make our products.

A substantial requirement of our business is that we receive regular and consistent deliveries of the raw agricultural products that we process. We have relied on train transportation to meet this requirement for many years.

We receive our supplies by train from many locations, including several places in Kansas, Texas, Iowa, and Nebraska. These shipments all come through Laredo or the Eagle Pass gateways. We currently use UP, Tex-Mex, KCS, and BNSF for these shipments. Thus far this year, over 50% of our 1200 carloads of imported grain have come via BNSF, approximately 40% via KCS or Tex-Mex, and less than 10% via UP. We spread our business around in an effort to obtain the best, most reliable service at the lowest rates possible. Recently we have found that UP's service has been as good or better than Tex-Mex, KCS, and BNSF, and its prices are very competitive with those of other railroads.

Alimentos Balanceados Proan S.A. de C.V. opposes the request for new conditions in the Houston and Gulf Coast area. BNSF, KCS, and Tex-Mex have been effective competitors with UP to deliver grain products to us. Each of these railroads competes with UP on most or all of the routes that are important to us, and that competition has allowed us to keep our transportation cost low. If the requested conditions are granted, UP will be weakened relative to the other railroads, and will not be able to compete with these other railroads on the routes we use. New conditions will upset a balance among the railroads that has allowed us to obtain favorable rates and demand improved service. If UP cannot compete, then the other railroads will be able to raise the rates they charge us, and that would compromise our ability to provide low-cost feed to our customers.

Alimentos Balanceados Proan, S.A. de C.V. also opposes the request for conditions because they will greatly weaken UP's ability to invest in infrastructure upgrades. UP has suffered extensive losses from the past year's service crisis. But the conditions that were imposed on the merger have begun to work, and should be given more time to become fully effective. The requested conditions would make UP's recovery all the more difficult and slow. If UP cannot recover, UP will not have the funds it needs to be able to improve its border gateways, which are critical to our shipping needs.



ALIMENTOS BALANCEADOS PROAN, S.A. DE C.V.

R.F.C. ABP-940504-HV9

KM. 2 CARRETERA SAN JUAN - GUADALAJARA

TELS.: 513-27, 504-40 Y 509-13

47000 SAN JUAN DE LOS LAGOS, JAL.

Moreover, we do not think that it is right for certain carriers to obtain favorable benefits in limited areas of the country. These shippers appear to be exploiting the STB procedures for their own competitive advantages, and are not making their request with a genuine desire to improve service quality for everyone. Rather, they seek only to obtain a better deal through government action. Not only is this the wrong way to compete, but it is unfair to shippers who do not receive the benefits of the conditions simply because they operate elsewhere in the nation.

For these reasons, Alimentos Balanceados Proan S.A. de C.V. urges the STB to reject the request for new conditions.

I declare under penalty of perjury that the foregoing is true and correct and that I am authorized to file this verified statement.

Dated August 19, 1998.


C.P. Isidro Avila Lupercio

ALLIANCEshippers inc.

August 17, 1998

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1225 K Street, N.W.
Washington, D.C. 20423

RE: Finance Docket No. 32760 (Sub-No. 26)

Dear Secretary Williams:

I am Larry Henry, Vice President Logistics and Special Projects, of Alliance Shippers, Inc.

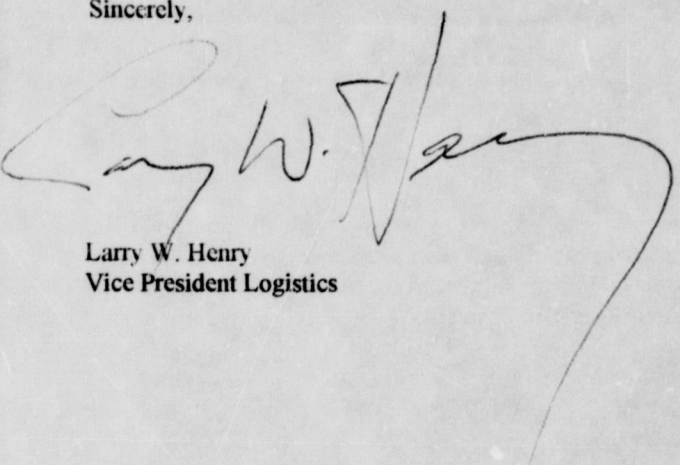
Alliance Shippers, Inc. is a worldwide provider of transportation services to its' customer base with combined annual sales of our services in excess of one-half billion dollars. In this capacity, we are a major user of services currently provided by rail-truck-water and air carriers including but not limited to Union Pacific Railroad (UP).

The proposals to impose new conditions and competitive pressures on UP's operations around Houston and the Gulf Coast area; and trackage rights on UP lines between St. Louis, MO and Texas on the one hand and Denver, CO and Northern CA on the other greatly concern us.

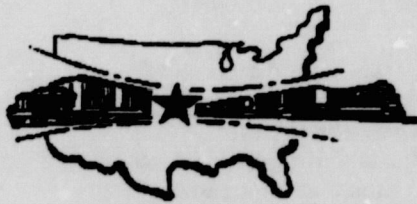
Alliance has reviewed materials relative to imposing these new conditions on the UP and it appears that Union Pacific could experience operating impediments and further erosion of revenue if other rail carriers are given access to trackage or markets now available exclusively to the UP. This could further hurt their business and weaken our rail options in the West and Southwest.

The conditions imposed by STB on the UP/SP merger should be allowed to continue and for these reasons, Alliance Shippers, Inc. opposes the requests for conditions by other railroads on UP's operations and we urge the STB reject them.

Sincerely,



Larry W. Henry
Vice President Logistics



NATIONAL WATS • 1-800-231-7926
STATE WATS • 1-800-325-8731

American Continental Freight

INC.

9725 EAST HAMPTON AVENUE
SUITE 400
DENVER, COLORADO 80231
PHONE (303) 388-8111 (7447)
FAX (303) 755-3811

September 16, 1998

The Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, NW
Washington, D.C. 20423

RE: Houston/Gulf Coast Oversight Proceeding
Finance Docket No. 32760 (Sub. No. 26)

Dear Secretary Williams:

The purpose of this letter is to strongly object to the predatory actions requested before your commission by the BNSF and other railroads to attempt to utilize the past service issues of the UPRR to muscle in on UP trackage rights and systems.

It is ironic that the BNSF is using competition as their argument in attempting to effectively seize control of UPRR property when the BNSF has done little to foster increased competition in the market. In fact, since selling their own merger on the premise of increased competition, they have closed several markets, restricted companies who can have contracts with them, and shown a short-term Wall Street pleasing management style at the expense of the shipping public. Numerous examples of their attempts to gouge the shipping public are abound, such as the huge price increases in the Chicago/Texas corridor when the UPRR temporarily suspended service in that lane in 1997.

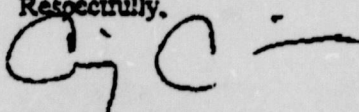
The obvious point is that the UPRR is very close to getting their system back in shape. This is not to say that they have always shown fairness to the shipping public. In fact their recent closure of the Denver/Pacific Northwest lane and price hikes into California, where they do not have sufficient equipment, show a lack of concern for all their customers in the first example and a lack of sound economic thought in the second. However, to selectively grant trackage rights to the BNSF and others from the UPRR would further add to the UPRR's problems. Throwing new trains on already congested track would potentially create increased congestion that could again begin a downward spiral in the system performance.

If, on the other hand, the BNSF and others want to open up their trackage to other railroads, treating all tracks as an open market, then we would have true competition. Allow all railroads to use the most efficient routing possible, regardless of track ownership. That would provide for true competition. I doubt the BNSF would agree to such a concept. Why should they expect that the UPRR should have that forced upon them.

It would be interesting for the Board to turn the hearing into how best to move the nation's freight as a whole, not how selective railroads can use a temporary problem to attempt to have the government appropriate private property at the expense of the UPRR. I guarantee the railroads would not like to hear talk of true open market/open access conditions.

From the beginning, our company has strongly supported the UPRR merger and still do. The problems rising from it are being addressed and the long term outlook is positive. Please don't provide for further intervention to occur when it is not needed at this time.

Respectfully,

A handwritten signature in dark ink, appearing to read 'C. Cormier', with a horizontal line extending to the right.

Craig Cormier
President



AMERICAN PLANT FOOD CORPORATION

P O BOX 584

GALENA PARK, TEXAS 77547

PHONE 713 675-2231

August 19, 1998

Honorable Vernon A. Williams

Secretary

Surface Transportation Board

1925 K Street, N.W.

Washington, D.C. 20423

Dear Secretary Williams:

I am writing on behalf of American Plant Food Corporation in Houston, with fertilizer manufacturing plants located on the UP/SP rail system throughout Texas.

My company, along with all other shippers in the Gulf Coast area, have experienced severe setbacks this past year due to UP/SP congestion. However, I do feel the UP's service is recovering and the situation in Houston and the Gulf Coast area is far better than it was three months ago.

We are opposed to the proposal to impose new conditions on UP's operations around Houston and in the Gulf Coast area. Effective rail competition depends on a strong UP competing against a strong BNSF. These new conditions would go in the wrong direction, by weakening UP at a time when it has already suffered large financial and traffic losses over the last year due to its service problems.

We feel that the UP/SP service problems have turned the corner and do not believe that further conditions are needed to protect competition in Houston and the Gulf Coast. The conditions imposed by the STB on the UP/SP merger have worked well. We have seen aggressive competition against UP by BNSF, KCS and Tex Mex since the merger. While these railroads my want still more opportunities, competition is working without imposing further conditions that would weaken UP.

For these reasons, American Plant Food Corporation opposes the requests for conditions on UP's operations around Houston and the Gulf Coast and urges that the STB reject them.

Sincerely,

AMERICAN PLANT FOOD CORPORATION

Donald R. Ford

Donald R. Ford

President

DRF/rg



Mailing Address
P.O. Box 908
Wilmington, CA 90746

Corporate Office
1810 S. Catalina Ave.
San Pedro, CA 90731
(310) 548-8300
FAX (310) 548-8887

Operations Facility
1022 Edwards Ave.
Wilmington, CA 90744
FAX (310) 549-8866

September 3, 1998

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20433

Dated September 3, 1998

Re: Houston/Gulf Coast Overhaul Proceedings
Finance Docket No. 32760 (sub-number 26)

Verified Statement of Ancon Transportation Services

Dear Secretary Williams:

My name is Ann Goodale and I am in Customer Service/Sales for Ancon Transportation Services. My company provides transportation warehousing services of metal and building products to the Western United States.

Ancon Transportation is opposed to any proposals or additional conditions, that will limit Union Pacific's ability to generate the funds needed to continue its aggressive capital investment programs. Effective rail competition between Union Pacific and BNSF in the western United States depends on the individual strengths of these companies. Any new conditions which hamper Union Pacific's ongoing service recovery effort would be adverse to increasing rail competition.

Competitive transportation rates depend upon the financial health of Union Pacific. Any additional Surface Transportation Board actions that restrict Union Pacific's ability to implement its service improvement programs are unnecessary and may prevent Union Pacific from generating appropriate revenue levels.

I encourage the Surface Transportation Board not to burden the Union Pacific with further conditions or restrictions and to allow this company to continue to finish the job of absorbing the Southern Pacific.

I declare that the aforementioned is true and correct and that I am authorized to file this verified statement.

With Best Regards,

Ann Goodale
Customer Service/Sales
Ancon Transportation Services

Foothill Facility
9601 Edwards Ave.
Foothill, CA 91739
(909) 357-7340
FAX (909) 357-7344

National City/Sea Stage
920 W. 24th Street
National City, CA 91960
(619) 548-8310
FAX (619) 477-8845

Long Beach Facility
1428 W. 13th Street
Long Beach, CA 90813
(310) 548-8310
FAX (310) 901-3276



**VERIFIED STATEMENT
OF
APL LIMITED**

I am Tim Rhein, the President and CEO of APL Limited ("APL"). APL's subsidiaries include an international steamship line and one of the largest providers of intermodal service in the U.S. We contract with various rail and motor carriers for inland movement of international cargo as well as for the movement of domestic containerized cargo throughout North America. APL's subsidiaries also provide domestic wholesale and retail transportation brokerage service, logistics services, and international consolidation services.

In 1998, APL will transport in excess of 1.3 million containerized shipments. Approximately seven hundred thousand of these shipments will move in rail service within the United States, Canada, and Mexico. APL maintains three major ocean terminals on the west coast of the United States and has over 100 locations throughout the U.S. where it maintains container depots. Rail capacity and reliable and efficient rail service over Union Pacific and other major railroads are critical components for the successful continuation of APL's business. It is for these reasons that APL opposes all additional conditions on Union Pacific's operations in connection with the UP/SP merger and the service problems that UP has experienced.

Effective rail competition in the West and in transcontinental markets depends on a strong UP competing against a strong BNSF. Having acquired a financially and physically weak Southern Pacific, Union Pacific, as it has itself estimated, needs to spend nearly a billion and a half dollars in capital improvements to be a strong western rail competitor. Imposing new merger conditions on UP would go in the wrong direction, by further weakening UP at a time when it has already suffered large financial and traffic losses over the last year due to its service problems.

APL considers these proposed new conditions to be a major threat to UP's ability to make the necessary investments in its service and infrastructure throughout the Western United States. By taking away important sources of traffic and revenue from UP, these conditions would clearly compromise UP's financial position and make it far more difficult for UP to make critical investments in the combined UP/SP infrastructure.

This is a matter of particular importance and concern for intermodal shippers such as APL. The intense competition between truck and rail for intermodal traffic means that our intermodal rail business is relatively low-yield and is highly dependent on railroads' ability to make heavy, ongoing investments in the quality of their rail service. Conditions that compromise UP's ability to invest in its rail infrastructure are therefore a major threat to APL's

rail traffic because they would degrade our rail options. Depleting the core financial and traffic resources of UP is a bad idea that would strike particularly hard at intermodal shippers such as APL.

UP's service is recovering. The situation in Houston and the Gulf Coast is far better than it was even three months ago, and it should continue to improve. Particularly in these circumstances, it would be unfair and counterproductive to grant favors to shippers or competing railroads on localized bases that will have harmful effects for competition generally and the overall quality of UP's rail service throughout the West. The best answer to service problems in Houston and the Gulf Coast, and throughout the West, is to let UP work its way out of them, as it has been doing.

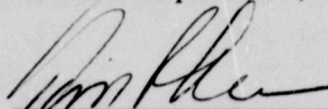
While APL opposes all the conditions sought by the intervening parties in this proceeding, I would specifically like to comment on BNSF's efforts to gain trackage rights to Laredo. APL does a significant amount of business into Mexico through the Laredo border crossing. Union Pacific service to and from Laredo has returned to pre-merger levels. The conditions at the border, however, remain fragile because of the rail infrastructure, particularly on the Mexican side of the border, and customs and immigration inspection issues on both sides of the border. Competitive options are available for shippers through Kansas City Southern (KCS) and BNSF routings connecting with the Texas-Mexican Railroad (Tex-Mex) and Union Pacific routings. While the UP route structure to Laredo is superior, the Tex-Mex has the advantages of a common ownership interest through KCS in the TFM Railroad which is the sole Mexican carrier serving Laredo. Granting BNSF trackage rights over Union Pacific into Laredo would create significant operating problems by bringing a new player into the delicately balanced equation at the border. BNSF operations would also create congestion on the UP line between San Antonio and Laredo which, even when upgraded with CTC, will be a capacity constrained route for UP, given projected traffic growth.

While one must admire BNSF's "chutzpah" in attempting to further leverage the service difficulties Union Pacific has faced into benefits for itself, there is no reason for the Board to act on its behalf. BNSF already has direct access to Eagle Pass and Brownsville, and its rights to Laredo are the same as SP had before the merger.

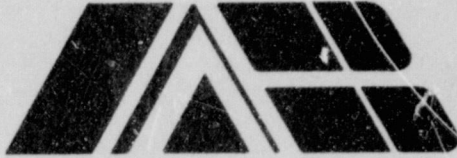
APL does not believe that any further conditions, including making any temporary service recovery related conditions permanent, are needed to protect competition in Houston and the Gulf Coast. The original conditions imposed by the STB on the UP/SP merger have worked well. While competing railroads may want still more opportunities, competition is working. We urge the Board not to impose further conditions that would weaken UP and would not result in any real short or long term service improvements.

For these reasons, APL opposes the requests for conditions on UP's operations around Houston and the Gulf Coast and urges that the STB reject them.

I declare under penalty of perjury that the foregoing is true and correct and that I am authorized to file this verified statement. Dated September 8, 1998.

A handwritten signature in dark ink, appearing to read 'Tim Rhein', is written over a horizontal line.

Tim Rhein
President and CEO
APL Limited



Arenas y Barros, S.A.

TELS. (5) 336-22-22
336-26-50
FAX. 336-36-85

BOULEVARD DIAZ ORDAZ No. 115
APO. POSTAL No. 54
SANTA CATARINA, N. L.
MEXICO C.P. 66350

VERIFIED STATEMENT

OF JAIME GARZA

OF ARENAS Y BARROS, S.A.

I am JAIME GARZA the PRESIDENT of ARENAS Y BARROS, S.A.
we are in the business of SILICA SAND.

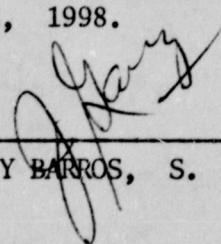
ARENAS Y BARROS, S.A. is opposed to the proposals to impose new conditions on UP's operations around Houston and in the Gulf Coast area. Effective rail competition depends on a strong UP competing against a strong BNSF. These new conditions would go in the wrong direction, by weakening UP at a time when it has already suffered large financial and traffic losses over the last year due to its service problems.

The best answer to service problems in Houston and the Gulf Coast, and throughout the West, is to let UP fight its way out of them. Weakening UP with further conditions is a mistake. Furthermore, we are very concerned that added conditions in Houston and the Gulf Coast will undermine UP's ability to invest in service and infrastructure throughout its System. This will hurt our business and degrade our rail options.

We do not believe that further conditions are needed to protect competition in Houston and the Gulf Coast. the conditions imposed by the STB on the UP/SP merger have worked well. We have seen aggressive competition against UP by BNSF, KCS and Tex Mex since the merger. While these railroads may want still more opportunities, competition is working without imposing further conditions that would weaken UP.

For these reasons, ARENAS Y BARROS, S. A. opposes the request for conditions on UP's operations around Houston and the Gulf Coast and urges that the STB reject them.

I declare under penalty of perjury that the foregoing is true and correct and that I am authorized to file this verified statement. Dated August 12, 1998.



ARENAS Y BARROS, S. A.

Arkansas Steel Associates

AS.

2800 Van Dyke Road
Newport, Arkansas 72112
U. S. A.
Telephone: (870) 523-8808
Fax: (870) 523-4618

TO: The Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N. W.
Washington, D. C. 20423

VERIFIED STATEMENT OF JOSEPH W. REARDON, JR. VICE PRESIDENT OF SALES ARKANSAS STEEL ASSOCIATES

My name is Joseph W. Reardon, Jr., and I am the Vice President of Sales for Arkansas Steel Associates. I have served in that capacity since the Company's formation in October 1989, having actually worked at this Mill location since 1981 in the same capacity under two previous owners.

Arkansas Steel Associates is North America's largest producer of steel tie plates. ASA presently rolls 19 sections, 49 different plates, supplying all major railroads in the United States and Canada with custom tie plates. Our business also extends into Mexico and further down into South America. ASA receives approximately 220,000 tons of inbound scrap and is projected to ship out approximately 200,000 tons of tie plates, blades and semi-finished products, with 70% to 80% inbound and outbound shipped by rail.

Arkansas Steel is opposed to recent requests to impose further conditions on Union Pacific around the Houston and Gulf Coast area. The recently requested conditions are completely unjustified. The UP/SP merger did not reduce competition and does not require new conditions. The service crisis did not, in our opinion, result from the loss of competition.

Southern Pacific was weak and heading for collapse before the UP/SP merger. The service crisis arose around the Houston and the Gulf Coast areas before the SP and UP operations were merged in Texas. The merger is the ultimate solution to the service crisis because it allows directional running and other efficiencies that have pulled Texas out of its congestion crisis. It would be completely counterproductive to add more burdens to the merger because of this series of events.

Union Pacific needs to invest over \$1.4 billion over the next five years in Houston and Gulf Coast infrastructure. These funds must be generated from UP's current and future traffic base. These conditions would badly undermine UP's ability to make these critical investments. UP cannot be expected to make these and other necessary investments in its system if it loses the traffic base and revenues needed to support those investments.

*92nd... The Challenge For Today
The Goal For Tomorrow*

These proposed conditions will interfere with UP's operations by putting additional trains of other railroads on UP's already crowded tracks. It makes no sense to disrupt UP's operations when the need is to improve UP's service. These conditions will not solve service issues but will only add to the congestion.

While there have been disappointments with UP's service over the past year, the service has drastically improved over the past several months with bringing in switches and moving cars. It should also be noted that throughout this trying time, Union Pacific has always maintained a concerned, courteous and professional attitude in dealing with the problems as they arise. Arkansas Steel feels these service improvements will continue without the need for further Board intervention.

Emergency service relief is proper in appropriate circumstances, but such relief should not be granted as a permanent condition to a merger, especially when normal operations have been largely restored.

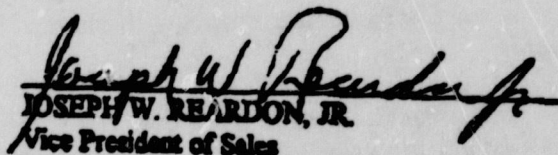
In conclusion, Arkansas Steel Associates would like to again state its opposition to the recent requests to impose further conditions on Union Pacific around Houston and in the Gulf Coast area.

Dated this 28th day of August, 1998.

AFFIRMATION

I, Joseph W. Reardon, Jr., Vice President of Sales of Arkansas Steel Associates, declare under penalty of perjury that the foregoing statements are true and correct to the best of my knowledge and belief. Further, I certify that I am qualified and authorized to file this verified statement.

Executed on this 28th day of August, 1998.


JOSEPH W. REARDON, JR.
Vice President of Sales

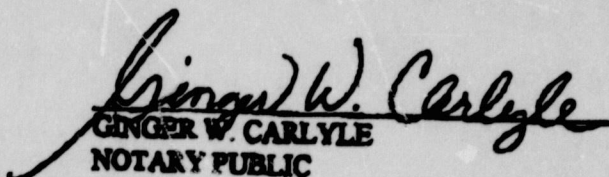
- page 3 -

VERIFICATION

STATE OF ARKANSAS
SS
COUNTY OF JACKSON

Joseph W. Reardon, Jr., being first duly sworn, deposes and state upon oath that he has read the foregoing document, knows the facts asserted therein, and that the same are true as stated.

Subscribed and sworn to before me, a Notary Public, by Joseph W. Reardon, Jr. on this 28th day of August, 1998.


GINGER W. CARLYLE
NOTARY PUBLIC

My Commission Expires:
January 30th 2003

(SEAL)

ASH GROVE CEMENT COMPANY



8800 INDIAN CREEK PARKWAY, SUITE 600, P.O. BOX 25300
OVERLAND PARK, KANSAS 66223
PHONE 913 / 451-8800
FAX 913 / 451-8897

September 12, 1998

GLENN R. GUMB
MANAGER-MARKETING SERVICES

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street NW
Washington, D.C. 20423

Re: Houston/Gulf Coast Oversight Proceeding
Finance Docket No. 32760 (Sub. No. 26)

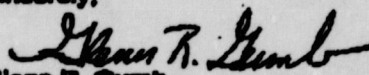
Dear Secretary Williams:

Ash Grove Cement Company is the fourth-largest cement producer in the United States. Ash Grove produces and markets cement in the Midwest and Western United States. We utilize the Union Pacific Railroad to transport significant volumes of our product, including shipments from the Houston and North Texas areas.

Based on direct involvement with these shipments, I can report that service levels and railcar supply have improved dramatically from 1997 levels. We have experienced continued service improvement in the 1998 summer months.

Government intervention that might jeopardize this improved Union Pacific service capability could seriously affect our ability to provide product to our customers in this region. As long as service levels in the area continue at improved levels we see no justification for further STB intervention.

Sincerely,


Glenn R. Gumb



PORTLAND CEMENT ASSOCIATION



I am Paul Webber, the Traffic Manager of Atlas Tube. We are in the business of manufacturing steel pipe tubing.

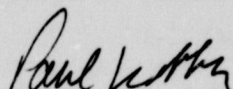
Atlas Tube is opposed to the proposals to impose new conditions on UP's operations around Houston and in the Gulf Coast area. Effective rail competition depends on a strong UP competing against a strong BNSF. The requested conditions would upset the competitive balance by weakening UP at a time when it has already suffered large financial and traffic losses over the last year due to its service problems. The new conditions would directly hurt our business and degrade our rail options. Weakening UP with further conditions is a mistake.

Furthermore, we are very concerned that added conditions in Houston and the Gulf Coast will undermine UP's ability to invest in service and infrastructure throughout its system. These conditions will interfere with UP's operations by putting additional trains of other railroads on UP's already crowded tracks. This will not solve service issues, it will only expand service problems. It makes no sense to disrupt UP's operations when the need is to improve UP's service and create better service to their customers.

We do not believe that further conditions are needed to protect competition in Houston and the Gulf Coast. The conditions imposed by the STB on the UP/SP merger have worked well. There has been aggressive competition against UP by BNSF, KCS and Tex Mex since the merger. While these railroads may want more opportunities, competition is working without imposing further conditions that would weaken UP.

For these reasons, ATLAS TUBE opposes the requests for conditions on UP's operations around Houston and the Gulf Coast and urges that the STB reject them.

I declare under penalty of perjury that the foregoing is true and correct and that I am authorized to file this verified statement. Dated August 18, 1998.



Paul Webber, Atlas Tube

200 CLARK ST., P.O. BOX 970, HARROW, ONTARIO NOR 1G0
HARROW - (519) 738-3541 FAX - (519) 738-3537

website: ¹www.atlastube.com



Azteca Milling Co., Inc.
%Transportation Consultants Co.

11072 West 98th Street • Overland Park, Kansas 66214-2808 • 913 888-7774 • Fax 913 888-4464

September 3, 1998

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
1925 K. St., N.W. Suite 760
Washington, D. C. 20423-0001

Re: Houston/Gulf Coast Oversight Proceeding
Finance Docket No. 32760 (sub-No. 26)

Dear Secretary Williams:

I am Thomas D. Williamson, President of Transportation Consultants Co. Transportation Consultants represents several companies in the agricultural and food industries, assisting them in the transportation of their products. We represent Azteca Milling Co. and have been authorized by their President to make this statement on their behalf. Transportation Consultants represents Azteca in all of their business dealings with Union Pacific, Burlington Northern Santa Fe and all other railroads in the movement of their shipments including corn, corn flour and packaging materials. Azteca is the largest processor of masa flour in the United States and have operations in Plainview and Edinburg, Texas and affiliated operations in Houston, Dallas and San Antonio which will be affected by any decisions the Surface Transportation Board makes. We represent Azteca in negotiations for side track agreements, rail rate contracts, demurrage agreements, car supply, leased railcar negotiations and operations, etc.

The Surface Transportation Board is holding a hearing on the status of the rail service in the Houston/Gulf Coast and to consider proposals for solving the service problems which existed. I ask you to consider my views on this issue and include this letter as a part of the record in this proceeding.

The service problems in the Western United States have been widely publicized. I am very familiar with many of the problems the Union Pacific has faced in the Gulf Coast and Houston area, particularly as they relate to Azteca Milling and their sister company Mission Foods.

Azteca Milling is opposed to the proposals to impose new conditions on UP's operations around Houston and in the Gulf Coast area. Effective competition depends on a strong Union Pacific to achieve viable competition against BNSF. Union Pacific has already been weakened by its large financial losses; the resulting depressed stock price which will hamper its ability to raise capital and any new conditions would work to further hurt UP.

We believe all railroads, especially UP, will have to make huge capital expenditures in infrastructure and service in the near future to handle the level of business demanded of them. We are very concerned that added conditions in the Houston and Gulf Coast area will undermine UP's ability to make the necessary capital investments, and this will affect their ability to adequately handle our business. This will hurt our business and reduce our rail options.

The conditions imposed by the STB on the UP/SP merger are working well. The BNSF, KCS and TM have become aggressive competitors in the Houston and Gulf Coast area. No further conditions are necessary.

Union Pacific's efforts in implementing their plans have shown results in solving the service delays congestion. In virtually every instance, the Union Pacific has responded to our service delays and have resolved every problem within a reasonable time from our requested assistance. This spring and early summer, shipments of corn cars from Illinois and Missouri to Texas experienced delays, but recent service is now better than we have had in years to our plant at Edinburg, Texas, a former Southern Pacific destination.

For these reasons Azteca Milling opposes the requests for conditions on UP's operations around Houston and the Gulf Coast and urges that the STB reject them.

I declare under penalty of perjury that the foregoing is true and correct and that I am authorized to file this verified statement.

Dated: September 2, 1998.

Sincerely,

Thomas D. Williamson
President



BADGER MINING CORPORATION

409 SOUTH CHURCH ST., P.O. BOX 328, BERLIN, WI 54923
(920) 361-2388 • FAX (920) 361-2826

VERIFIED STATEMENT OF ROBERT BARTOL BADGER MINING CORPORATION

I am Robert Bartol, the Traffic Manager of Badger Mining Corporation. As Traffic Manager, my responsibilities include negotiation of rail contracts, rail property leases, and rail equipment leases, and arranging for container on flat car shipments and LTL (less-than-truckload) shipments.

Badger Mining operates three mines in Wisconsin which produce silica sand, a specialty sand used in the oil, gas, foundry, glass, abrasive, and water filtration industries. Badger Mining Corp.'s three Wisconsin mines produce and ship by rail in excess of 600,000 tons of silica sand annually to points throughout the United States, Canada, Mexico, South America, Europe, and the Far East. Badger Mining Corp. pays over \$4,000,000 per year in rail freight charges.

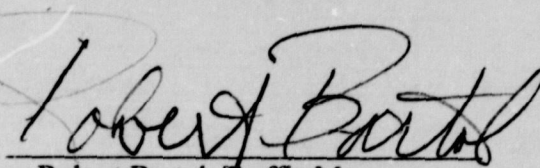
Badger Mining Corporation is opposed to the proposals to impose new conditions on UP's operations around Houston and in the Gulf Coast area. Effective rail competition depends on a strong UP competing against a strong BNSF. These new conditions would go in the wrong direction, by weakening UP at a time when it has already suffered large financial and traffic losses over the last year due to its service problems.

The best answer to service problems in Houston and the Gulf Coast, and throughout the West, is to let UP fight its way out of them. Weakening UP with further conditions is a mistake. Furthermore, I am very concerned that added conditions in Houston and the Gulf Coast will undermine UP's ability to invest in service and infrastructure throughout its system. Issues of "open access" should be addressed in a proceeding applicable to all railroads, rather than singling out UP for special adverse treatment.

I do not believe that further conditions are needed to protect competition in Houston and the Gulf Coast. The conditions imposed by the STB on the UP/SP merger have worked well. I have seen aggressive competition against UP by BNSF, KCS, and Tex Mex since the merger. While these railroads may want still more opportunities, competition is working without imposing further conditions.

For these reasons, Badger Mining Corporation opposes the requests for conditions on UP's operations around Houston and the Gulf Coast and urges that the STB reject them.

I declare under penalty of perjury that the foregoing is true and correct and that I am authorized to file this verified statement. Dated August 27, 1998.


Robert Bartol, Traffic Manager

Attest: Lynnette K. Almen

Date: 8/27/98



Baroid Drilling Fluids

ISO 9001 Registered Quality Management System

September 8, 1998

The Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K. Street, N.W.
Washington, DC 20423

Re: Houston/Gulf Coast Oversight Proceeding
Finance Docket No. 32760 (Sub. No. 26)

Dear Secretary Williams:

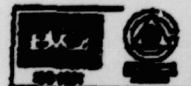
This is in response to requests by the BNSF and the TexMex Railroads to reopen the UP/SP merger conditions by allowing them to service additional destinations and obtain greater trackage right access. Accept this letter as Baroid's objection to the above request. When the UP/SP was allowed to merge, all major shippers in Texas had full knowledge of the SP's service problems. The transition to provide enhanced and more efficient service was going to take time to happen. There were some major business organizations that did not like the terms of the merger due to the fact that they felt they would still remain a captive shipper. Eventually, railroad trackage agreements were worked out whereby these shippers have seen more competition over the existing UP/SP lines by the BNSF and TexMex. When adverse operating conditions besieged the UP, these organizations jumped on the opportunity to complain and have requested reopening competitive concerns which were initially voiced prior to the merger of the UP/SP. The recent problems experienced by the UP have nothing to do with competitive access, just operational issues.

Even though the UP has made many tactical errors in merging the two railroads, there is no legitimate reason why they should not be given the opportunity to rectify the poor service levels the shipping public has had to endure until very recently. UP has made a conservative effort to work towards service levels enjoyed by the UP customers prior to the merger of the two rail carriers. Service levels in the Houston area and Southern Texas has improved dramatically but they still have a long way to go. The BNSF and TexMex are looking at obtaining additional trackage rights in areas where the UP has improved service. There is no logical reason why UP should have to relinquish total control over these requested rights-of-way. When the full effect of purchasing additional locomotives and the hiring of additional crews is felt, the UP will be a much stronger company.

The merger would not have been approved in its present form if there was a strong concern that competition would have been compromised. I cannot speak for the Houston, TX area but we have seen strong competition from the BNSF out of our Dunphy, NV plant. As a matter of fact, the BNSF moved over 18,000 tons of crude barite last year from Nevada to our W. Lake Charles plant where prior to the merger of the UP/SP this would not have been an option. Competition in my opinion has become keener since the merger.

3000 North Sam Houston Pkwy. East (77032) • P.O. Box 1675 • Houston, Texas 77251
(281) 871-5000

A Division of Dresser Industries, Inc.



September 8, 1996

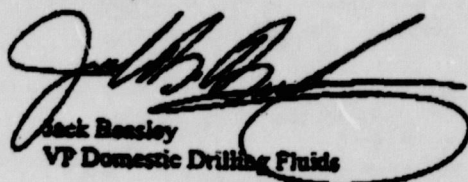
The BNSF and TexMex have not publicly outlined a program on financial contributions and service level commitments they would provide if they were successful in obtaining additional access to the UP's infrastructure. The UP would be saddled with the financial burden in making all of the improvements to the right-of-way and facilities where BNSF and TexMex would contribute nothing. Over the long run this could be a dangerous situation since proper maintenance may not be performed if the UP could not generate an acceptable financial return. Both the UPRR and shippers would lose if the joint access track structures and facilities were allowed to degrade.

The UP must generate sufficient revenue in order to pay the financial obligations they have incurred when they purchased the SP. By allowing other carriers free access to additional trackage rights and destinations would reduce cash flow resulting in reduced capital expenditures the UP wants to put into their infrastructure in order to make them more efficient and responsive to their customers needs. Also, UP's purchase price was predicated on being able to solely incorporate various SP assets into their system. If they have to share more assets than originally approved, the UP may have paid too much for the acquisition of the SP.

In summary, Baroid is against the reopening of the merger conditions by granting the BNSF or TexMex additional trackage rights and destinations. The Union Pacific should be given more time to improve their organization and operations. The UP is committed to spending capital for infrastructure improvements and the hiring of additional personnel. At this point in time, as far as I am aware, there are no competitive issues which need addressing. For the merger conditions, the Surface Transportation Board has three more years of close scrutiny of the UP if circumstances dictate. Let's first give the Union Pacific a reasonable amount of additional time to improve their operations before resorting to legislative action.

If I can be of further assistance, please advise.

Sincerely,



Jack Beasley
VP Domestic Drilling Fluids

jbl

Bay Area Piggyback, Inc.

560 Lennon Lane • Walnut Creek, California 94598-2415

James L. Francis
Chairman

Telephone (925) 932-1313
(800) 950-9009
FAX (925) 932-8661

VERIFIED STATEMENT

OF GEORGE W. FRANCIS

BAY AREA PIGGYBACK, INC.

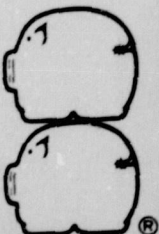
I am George W. Francis, the president of Bay Area Piggyback, Inc. We are a Shippers Agent and Property Broker arranging for transportation via exempt intermodal and contract highway carrier services. We utilize the intermodal services of the UP to service the transportation of customer's goods through out the United States, Canada and Mexico.

Bay Area Piggyback is opposed to the proposals to impose conditions on the UP's operations around Houston and in the Gulf Coast area. Government intervention will interfere with the progress of the free market. The proposed conditions will only weaken the UP's progress with no net relief in the long term.

The SP was headed for total destruction starting with the failed merger to the ATSF back in the 1980's. The plant maintenance was put off to show short-term gains. The deferred maintenance led to their ultimate demise. The UP was and is the best recovery option to the market. Had the merger happened 10 - 15 years earlier, there might not have been a service disruption as incurred the past two years. The plant maintenance recovery is a great burden that only the UP can overcome. The proposed conditions of trackage rites will only hamper and delay the recovery of the lines by the UP.

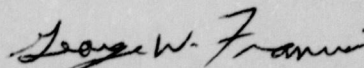
The UP has done an outstanding job with all things considered. The UP has made very sound operating decisions that have shown real progress in recovery. The BNSF service experience has not been any better than the UP's.

You will find that in any market area two strong suppliers co-exist and a third weak supplier ekes out a survival. This is true in the rail industry. Years past the SP and ATSF dominated the market. The SP declined and was replaced by the UP and ATSF and the SP became the weak supplier. The proposed new conditions could be the catalyst to cause the UP to fail and there is no supplier strong enough to take their place, which will leave the market with only one provider. Then we will all be in worse shape than we already are. Leave the UP alone to do their job effectively and they are recovering. The record of recovery speaks in their favor.



For these reasons, Bay Area Piggyback, Inc. opposes the requests for conditions on UP's operations around Houston and the Gulf Coast and urges that the STB reject them.

I declare under penalty of perjury that the foregoing is true and correct and that I am authorized to file this verified statement. Dated Augusts 20, 1998.


George W. Francis
President



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

Re: Houston/Gulf Coast Oversight Proceeding
Finance Docket No. 32760 (Sub-No. 26)

Dear Secretary Williams,

Verified Statement of

Behr Iron & Steel Company

My name is Roger Little, and I am the assistant Traffic Manager of Behr Iron and Steel Company. I have held my present position for three years. My duties include planning for rail service, negotiation of rail contracts, and arranging for carload shipments. I have worked in the transportation field for seven years.

Behr Iron and Steel Company is opposed to the proposals to impose new conditions on UP's operations around Houston and in the Gulf Coast area. Effective rail competition depends on a strong UP competing against a strong BNSF. These new conditions would further weaken UP at a time when it has already suffered large financial and traffic losses over the last year due to its service problems.

The best answer to service problems in Houston and the Gulf Coast, and throughout the West, is to let UP fight its way out of them. We are very concerned that added conditions in Houston and the Gulf Coast will undermine UP's ability to invest in service and infrastructure throughout its system. This will hurt our business and degrade our rail options.

We do not believe that further conditions are needed to protect competition in Houston and the Gulf Coast. The conditions imposed by the STB on the UP/SP merger have worked well. We have seen aggressive competition against UP by BNSF, KCS, and

Tex Mex since the merger. While these railroads may want still more opportunities, competition is working without imposing any additional conditions.

Issues of "open access" should be addressed in a proceeding applicable to all railroads in all areas, rather than singling out UP for special adverse treatment. It is wrong to give special conditions to shippers in one area of the country, because other shippers throughout the country will be adversely affected and relatively disadvantaged.

While there have been disappointments with UP's service over the past year, it has improved in the last several months, specifically regarding car order fulfillment. These service improvements will continue without the need for further Board intervention.

For these reasons, Behr Iron and Steel Company opposes the requests for conditions on UP's operations around Houston and the Gulf Coast and urges that the STB reject them.

I declare under penalty of perjury that the foregoing is true and correct and that I am authorized to file this verified statement. Dated September 1, 1998.

Sincerely,

Roger Little
Assistant Traffic Manager

RL/am

Ben-Trei

September 11, 1998

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

RE: Houston/Gulf Coast Oversight Proceeding
Finance Docket No. 32760 (Sub-No. 26)

Dear Secretary Williams:

VERIFIED STATEMENT OF BEN-TREI, LTD.

I am Kenneth R. Treiber, the Vice President of Ben-Trei, Ltd. We are in the business of marketing and distributing phosphate fertilizers in United States from the Agrifos, L.L.C. production facility at Pasadena, Texas (formerly owned by Mobil, Mining and Minerals);.

Ben-Trei, Ltd. is opposed to the proposals to impose new conditions on UP's operations around Houston and in the Gulf Coast area.

We are served from the Houston area by the BN/SF and the UP and need desperately to have two viable strong competing railroads with which to work.

When we, Ben-Trei Ltd., took over the marketing of the product output from the then Mobil Mining and Minerals facility at Pasadena, there were four railroads and the merger of these four into two, was seen as step in the right direction.

Most especially in the case of the SP, which was weak and unreliable, we saw the merger with the UP as a positive step for our business, bringing major investment in equipment and facilities and therefore, stronger, more reliable rail supplier.

We have, like all of the shippers in the Houston area, suffered through the problems that the UP has had in effecting the merger and making their railroad act as one unit. We have done our share of complaining about the service, however, we feel we see definite

7060 South Yale, Suite 999 • Tulsa, Oklahoma 74136
Telephone: 918-496-5115 • Telex: 203782 BENTRLIR • Telefax: 918-496-5568
E-Mail: Ben-Trei@worldnet.att.net

improvement in the service and the shipping times for our products, and we certainly favor allowing the UP to continue to improve their overall service and giving them the opportunity to render the kind of service that was promised prior to the merger.

We favor two strong competitive railroads and desperately need the strong competition, to assure us of not being totally in the hands of one carrier.

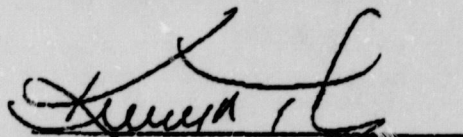
We should explain that most of our business is split and in most cases the two railroads do not truly compete to the customer delivery points, however, without two strong railroads servicing the area, we would be relegated to even worse service from the remaining railroad.

Where the BN/SF and the UP do compete for our business, we have seen better service and have been able to hold down the rate increases being imposed on the rest of the BN/SF system.

We do not believe that further conditions or restrictions are needed in the Houston area to protect competition, rather it is our feeling that any further restrictions on the UP would hamper their efforts to fully integrate and improve their services in the area. As mentioned previously in this letter, we favor two strong competitive railroads and feel this is our only protection, even if the number of specific competitive points are limited.

For these reasons we, Ben-Trei, Ltd., oppose the requests for conditions on UP's operations around Houston and the Gulf Coast and we urge that the Surface Transportation Board reject them.

I declare under penalty of perjury that the foregoing is true and correct and that I am authorized to file this verified statement. Dated September 11, 1998.

A handwritten signature in dark ink, appearing to read 'Kenneth R. Fleiber', is written over a horizontal line.

KENNETH R. FLEIBER
VICE PRESIDENT

VERIFIED STATEMENT

OF WILLIAM A TALMADGE

BORDEN CHEMICALS AND PLASTICS OPERATING LIMITED PARTNERSHIP (BCP)

I am William A. Talmadge, the Distribution Manager of Borden Chemicals and Plastics Operating Limited Partnership (BCP). We are in the business of manufacturing and distributing chemicals and plastics.

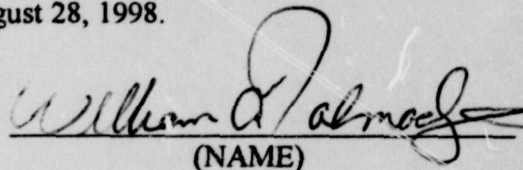
Borden Chemicals and Plastics Operating Limited Partnership (BCP) is opposed to the proposals to impose new conditions on UP's operations around Houston and in the Gulf Coast area. Effective rail competition depends on a strong UP competing against a strong BNSF. These new conditions would go in the wrong direction, by weakening UP at a time when it has already suffered large financial and traffic losses over the last year due to its service problems.

The best answer to service problems in Houston and the Gulf Coast, and throughout the West, is to let UP fight its way out of them. Weakening UP with further conditions is a mistake. Furthermore, we are very concerned that added conditions in Houston and the Gulf Coast will undermine UP's ability to invest in service and infrastructure throughout its system. This will hurt our business and degrade our rail options.

We do not believe that further conditions are needed to protect competition in Houston and the Gulf Coast. The conditions imposed by the STB on the UP/SP merger have worked well. We have seen aggressive competition against UP by BNSF, KCS and Tex Mex since the merger. While these railroads may want still more opportunities, competition is working without imposing further conditions that would weaken UP.

For these reasons, Borden Chemicals and Plastics Operating Limited Partnership (BCP) opposes the requests for conditions on UP's operations around Houston and the Gulf Coast and urges that the STB reject them.

I declare under penalty of perjury that the foregoing is true and correct and that I am authorized to file this verified statement. Dated August 28, 1998.


(NAME)



VARIFIED STATEMENT
OF JERRY T. WRIGHT, II
BROKERS LOGISTICS, INC.

My name is Jerry T. Wright, II. I am the President of Brokers Logistics, Inc.

Brokers Logistics is a logistics company that specializes in warehousing, transloading, and delivery services in the El Paso, Texas, and Northern Mexico area. We offer a variety of specialized transportation service packages, including customs house brokerage services, just in-time inventory delivery, import and export services, and general logistics management. We combine rail and truck delivery services, and offer transloading services between those forms of transportation. We also offer specialized service for non-standard shipments that require individualized attention.

We rely strongly on rail service to provide our customers with delivery service in El Paso. We require that any rail service we use offer consistently timely delivery of our shipments, and that it ensures both timely off loading and provisions of empty equipment for reloading. We also must have competitive rates from our railroads so that train transportation provides a viable alternative to the trucking industry.

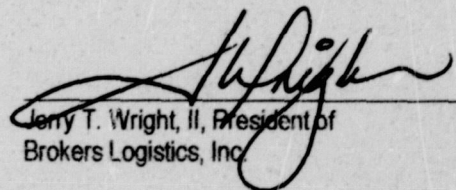
Brokers Logistics opposes the conditions that have been requested to be put on UP's operations in the Houston/Gulf Coast area. BNSF currently competes against UP in the El Paso area to provide us and our customers with transportation services. This competition requires that both UP and BNSF be strong, but the proposed conditions would weaken UP greatly, especially as it would come just as UP starts to recover from the service crisis. If UP is weakened, the competitive balance that keeps rates for us now will be upset. This will lead to higher costs for us and our shipping customers. Furthermore, weakening UP would hamper its ability to invest in improving its infrastructure in El Paso. This will hurt our business, as customers expect continuing improvements.

Brokers Logistics also believes that it is wrong to provide shippers in a limited area with special conditions. These conditions will not apply elsewhere, and will thus harm the competitive position of all shippers who cannot take advantage of these conditions. Some of our competitors will gain an advantage over us because of these conditions for no reason other than they happen to use transportation through the area for which conditions have been requested.

For these reasons, Brokers Logistics opposes the requested conditions in the Houston and Gulf Coast area.

I declare under penalty of perjury that the foregoing is true and correct and that I am authorized to file this verified statement.

Dated August 18, 1998



Jerry T. Wright, II, President of
Brokers Logistics, Inc.

CORPORATE OFFICE

6630 Industrial • El Paso, Texas 79915 • (915) 778-7751 • FAX (915) 779-1067 • Email: operations@brokersepw.com

September 4, 1998

VERIFIED STATEMENT
OF
E. KENNETH BOWERS
on behalf of
BUILDER MARTS OF AMERICA, INC.

My name is E. Kenneth Bowers. I am Manager, Transportation and Logistics for Builder Marts of America, Inc., (hereafter referred to as BMA), with corporate headquarters at One Independence Pointe, P. O. Box 47, Greenville, SC 29602. I am a graduate of the School of Management, Syracuse University with a BS degree in Transportation Management. For the past five years, I have directed BMA's Transportation and Logistics Activities. Prior to that, I served as Corporate Director of Transportation and Distribution for two Fortune 500 Companies.

For the past thirty nine years, I have been a witness to and scholarly advocate of the growth and changes to the North American railroad system. During the period when many U. S. railroads were reorganizing, emerging from bankruptcy and becoming acclimated to a new climate of lessened regulation, I served as chairperson of the National Industrial Transportation League's committee on Northeast Rail Reorganization and it's Legislative Committee. During this period, I testified on behalf of shippers before House and Senate Committees responsible for Transportation legislation.

BMA, which celebrates its' 32nd anniversary in 1998, functions as a buying group supplying lumber, building materials, millwork, hard lines and services to over 400 corporations operating over 1100 locations. Our collective buying power ranks among the nation's largest chains and co-ops. BMA operates its' own distribution centers at Sacramento, CA (served by UP), Conroe, TX (UP), Chicago, IL (UP), Springfield, IL (UP), Charleston, SC and Gainesville, VA.

We utilize all forms of transportation including more than 10000 shipments that moved by rail in 1998. Much of the Western Spruce Lumber and Fir Plywood that our customers sell, originates in Western Canada and the US Pacific Northwest Region.

Each year, hundreds of these carloads move to locations served by UP or utilize those railroads in their overhead routes. The majority of our customer's locations in Texas and Louisiana are served by UP.

BMA understands that the Surface Transportation Board is considering proposals to impose new conditions on UP's operations around Houston and in the Gulf Coast area. BMA opposes these proposals.

In October, 1995, BMA strongly supported the merger of the Union Pacific and Southern Pacific railroads as a means of improving service. We stated at that time our belief that the merger would bring much needed financial strength and management resources, result in faster transit times, improve equipment utilization and give overall better

customer service. In fact, the merger has brought to BMA greater single line access to lumber supplies, more direct deliveries to our customers and better competitive pricing.

We are well aware that the merger of the two properties brought significant service problems to Union Pacific management. The condition of the former Southern Pacific Railroad was such that any successor railroad would have faced daunting problems. Yet, we believe that these problems were short term and have been substantially remedied in many areas. We have not lost faith in the Union Pacific's ability to expend the necessary resources, both of finances and people to bring their new property to the highest standards of rail operations.

In 1995, I stated that "BMA is also mindful of the need to maintain effective competition in the railroad transportation business. Shippers need another strong carrier in the West to provide an effective competitive response to the recent BNSF merger." That statement applies as well today as it did in 1995. New conditions will only hamstring UP's efforts to achieve the service and infrastructure improvements which are needed at this time. Furthermore, new conditions may bring unwarranted competitive advantages to the requesting parties and weaken UP's ability to continue its recovery programs.

BMA believes that the proposals for additional conditions will not provide any new benefits to shippers. We oppose their imposition.

VERIFICATION

I, E. Kenneth Bowers, declare under penalty of perjury that the foregoing is true and correct. Further I certify that I am qualified and authorized to file this verified statement. Executed on September 4, 1998.

Signature

VERIFICATION

STATE OF SOUTH CAROLINA)
) SS.
COUNTY OF GREENVILLE)

E. Kenneth Bowers, being first duly sworn, deposes and says that he has read the foregoing document, knows the facts asserted therein, and that the same are true as stated.

E. Kenneth Bowers

Subscribed and sworn to before me this _____ day of _____ 1998

Notary Public

My commission expires:

Post Office Box 27
Riddle, Oregon 97469



Office (541) 874-2281
Sales (541) 874-2241
Fax (541) 874-2385

August, 21, 1998

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, NW
Washington, D.C. 20423

Re: Houston/Gulf Coast Oversight Proceeding
Finance Docket No. 32760 (Sub-No. 26)

Dear Secretary Williams:

I am Thom Wright, the Marketing, Sales, and Shipping Manager of C&D Lumber Company. We are in the business of managing timberland. We also have a sawmill in Riddle, Oregon from which we produce between 40-50 million board feet of lumber annually.

C&D Lumber Company is opposed to the proposals to impose new conditions on the UP's operations around Houston and in the Gulf Coast area. Effective rail competition depends on a strong UP competing against a strong BNSF. These new conditions would go in the wrong direction, by weakening UP at a time when it has already suffered large financial and traffic losses over the last year due to its service problems.

We feel that the weakening of the UP with further conditions is a mistake. Furthermore, we are very concerned that added conditions in the Houston and the Gulf Coast will undermine UP's ability to invest in service and infrastructure throughout its system. This has the potential of hurting our business and degrading our rail options.

We do not believe that further conditions are needed to protect competition in the Houston and the Gulf Coast. The conditions imposed by the STB on the UP/SP merger have worked well. We have seen aggressive competition against the UP by BNSF, KCS, and Tex Mex since the merger. While these railroads may want still more opportunities, competition is working without imposing further conditions that would weaken UP.

For these reasons, C&D Lumber Company opposes the requests for conditions on UP's operations around Houston and the Gulf Coast.

I declare under penalty of perjury that the forgoing is true and correct to the best of my knowledge, and that I am authorized to file this verified statement. Dated August 21, 1998.

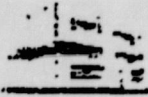
Sincerely,

A handwritten signature in dark ink, appearing to read "Thom Wright", is written over a horizontal line.

Thom Wright
C&D Lumber Company
P.O. Box 27
Riddle, Oregon 97469

Depend on Quality

Managers of Forest Resources & Manufacturers of Wood Products



CALIFORNIA PORTLAND CEMENT COMPANY

2000 E. FINANCIAL WAY, GLENORA, CA 91741 / TEL. (626) 652-5200

August 24, 1990

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

RE: Houston/Gulf Coast Overnight Forwarding
Finance Docket No. 32760 (Sub. No. 26)

Dear Secretary Williams:

The California Portland Cement Company is the largest producer of portland cement in its marketing areas of California, Nevada and Arizona. We utilize the Union Pacific Railroad to transport a significant portion of our product.

We are opposed to the proposals in the referenced proceeding that would impose new conditions on the Union Pacific's operations around Houston and in the Gulf Coast area. Effective rail competition, which is a benefit to all shippers, depends on a strong UP competing against a strong BNSF. The conditions would severely weaken the UP at a time when it has already suffered extensive financial and traffic losses due to its service crisis over the past year. The UP has lost \$250 million over the last three quarters because of the service crisis and the need to expand capacity immediately. These conditions would further seriously undermine the UP's financial position by exposing well over half a billion dollars in annual gross revenue to potential diversion to other railroads.

The harmful effects on the UP cannot be justified. The conditions are completely unnecessary in order to preserve competition between the UP and BNSF or KCS/Tex Mex. By weakening UP's overall competitive position against a very strong BNSF, these condition requests will greatly undermine UP's ability to be an effective, vigorous competitor throughout the entire West, not merely in the Houston and Gulf Coast area. The consequence would be that shippers throughout the country will ultimately suffer from these steps to weaken the UP's overall competitive position.

For these reasons, the California Portland Cement Company opposes the requests for conditions on the UP's operations around Houston and the Gulf Coast area and urges the STB to reject them.

Sincerely,

James R. Fines
Manager, Marketing & Traffic



**CAPITOL
CEMENT**

P.O. BOX 33240, SAN ANTONIO, TEXAS 78265-5240, AREA CODE 210 635 3910

August 12, 1998

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

RE: Houston/Gulf Coast Oversight Proceeding
Finance Docket No. 32760 (Sub - No. 26)

Dear Secretary Williams:

We respectfully ask that this letter be made a part of the record in the above proceeding.

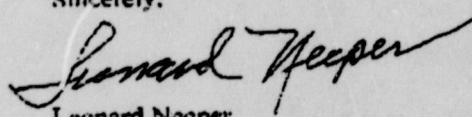
We are opposed to the proposals to impose new conditions on UP's operations around Houston and the Gulf Coast area. Even though service has not been restored to pre-merger level of service, we have seen great improvements. At the present time we are shipping cement clinker, which was imported, off the docks in Houston to our San Antonio cement plant without any service delays or problems. We will move some 100,000 + tons or approximately 1000 car loads by December of 1998 to our plant from (3) imported ship loads. We have a lot of dollars invested in this process and are very pleased with the way the UP is responding to our needs. It is my understanding that Booth yard, in Houston, is being used to stage our loaded and empty cement clinker cars.

Moreover, UP has advised us that they plan to invest over 1.4 billion dollars over the next five years in Houston and the Gulf Coast infrastructure. The proposed new conditions would probably undermine UP's ability to make these critical investments.

We believe the UP should be able to continue to work their plan to restore timely service to all shippers because they are making great progress toward this goal.

We believe it is appropriate that the Surface Transportation Board should continue to monitor the UP's actions. However, we do not believe that government intervention at this time would be of benefit to the UP or to us as a shipper.

Sincerely,


Leonard Neeper
Traffic Manager

LN/ca



CARRIZOZO CHAMBER OF COMMERCE
Post Office 567
Carrizozo, NM 88301
(505) 648-2736

August 19, 1998

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

Re: Houston/Gulf Coast Oversight Proceeding
Finance Docket #. 32760 (Sub-No. 26)

Dear Secretary Williams:

As a chamber of commerce president from UP's service area and being very attuned to the area's economic development issues, I know how important our total transportation system is to the economic well being of our State. We have UP and Burlington Northern/Santa Fe competing head-to-head in our State and that is best for shippers and our economy.

I feel that if UP is allowed to continue to make progress in operating the merged railroad, without new conditions on UP's operations around the Houston and Gulf Coast area, the UP can drastically improve service and go forward with needed capital improvements throughout their system, including planned rail improvements in New Mexico. Effective rail competition depends on a strong UP/SP competing against a strong merged Burlington Northern/Santa Fe Railroad. New conditions proposed to the Surface Transportation Board, if approved, would go in the wrong direction, by weakening UP/SP at a time when it has already suffered large financial and traffic losses over the last year due to its service problems.

The Honorable Vernon A. Williams

August 19, 1998

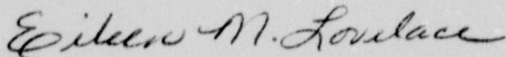
Page 2

I do not believe that further conditions are needed to protect competition in Houston and the Gulf Coast. Effective rail competition depends on a strong UP competing against a strong Burlington Northern/Santa Fe. New proposed conditions would go in the wrong direction by weakening UP at a time when it has already suffered large financial and traffic losses over the last year due to service problems. The conditions imposed by the Service Transportation Board on the UP/SP merger have worked well. The Houston and Gulf Coast has seen aggressive competition against UP, since the merger, by Burlington Northern/Santa Fe, Kansas Southern and Tex Mex railroads. While these railroads want still more opportunities, competition is working without imposing further conditions that would weaken UP. The best answer to the service problems in Houston and the Gulf Coast, and throughout the West, is to let UP work its way out of the problems, which I believe they can accomplish.

In conclusion, I oppose the requests for conditions on UP's operations around Houston and the Gulf Coast and urge that the STB reject them.

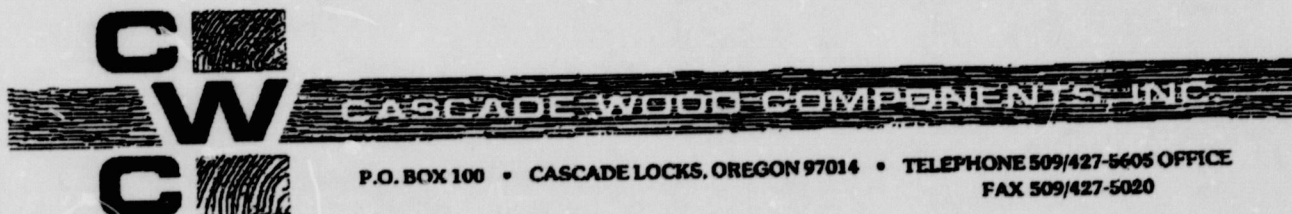
Thank you for your consideration.

Sincerely,



V. President

Carrizozo Chamber of Commerce



September 4, 1998

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

Re: Houston/Gulf Coast Oversight Proceeding
Finance Docket No. 32760 (Sub-No. 26)

Dear Secretary Williams:

This company is opposed to any proposal(s) to impose new restrictions or conditions on the U.P. operations in Houston and the Gulf Coast area or any other place for that matter.

To the contrary, they should be given laudatory comments for the outstanding job they have done at "digging out" from an almost impossible situation. We should remember the original goal of improving competition and opening new market areas for its customers. To do this they had to merge with a railroad that was headed for collapse. One with inadequate equipment in poor condition whose shipping times were outrageous. In other words the U.P. "inherited" this situation - they didn't cause it. Since the merger we have sold numerous cars of lumber into the Houston area for the first time in my 18 years with this company. That surely sounds like an improvement to me.

Now we propose to let the "vultures pick their bones". They have done the work, have mortgaged future revenues to fix the problems and to rebuild the infrastructure. So now it's time to dilute their revenue by reducing their traffic base. I think that proposal is ill advised. To the contrary, assist them by protecting what the U.P. has worked so hard to develop.

We here in the west now have new open markets with competitive rates. I sincerely hope we do not undermine the U.P.'s ability to be an effective, vigorous competitor in the Houston & Gulf Coast region as well as throughout the West and South Central regions. WE STRONGLY OPPOSE THIS PROPOSAL.

Sincerely,

Timothy O. Todd
Traffic Manager

Central Marketing Cooperative

150 East Park, P. O. Box 128
Shelby, Nebraska 68662

August 26, 1998

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

Re: Houston/Gulf Coast Oversight Proceeding Finance Docket No. 32760 (Sub-No. 26)

Dear Secretary Williams:

VERIFIED STATEMENT

OF Michael A. Peery, General Manager

Of Central Marketing Coop, Shelby, Nebraska 68434

I am Michael A. Peery, the General Manager of Central Marketing Cooperative Non-Stock, Inc. We are in the business of providing Grain Marketing and Transportation services to several Cooperatives in Nebraska and Iowa. We provide marketing services for grain purchased. Then we arrange for the shipment of this grain, both by truck and by rail. We work with several railroads to get this grain delivered to the many different destinations we work with.

Central Marketing Coop is opposed to the proposals to impose new conditions on UP's operations around Houston and in the Gulf coast area. Effective rail competition depends on a strong UP competing against other strong railroads. These proposed conditions would go in the wrong direction. They would by weaken the UP at a time when it has already suffered large financial and traffic losses over the last year due to its service problems.

The best way to improve problems in Houston and the Gulf Coast area is to let UP fight its way out of them. Putting further conditions on the UP would be a mistake, and would weaken its ability to recover from its recent problems. Weakening the UP's ability

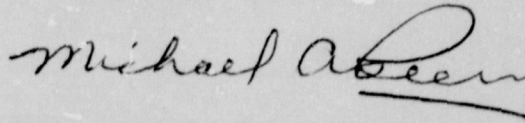
to recover would hurt our business and degrade our rail service at a critical time as we head into an anticipated record harvest period this fall.

We feel there is adequate competition to and through the Houston and Gulf Coast areas under current arrangements established by the STB on the UP/SP merger. While other railroads may want still more conditions on UP's operations around Houston and the Gulf Coast, we see very aggressive competition from other railroads already. Any further conditions would put our UP shippers in Nebraska and Iowa at a distinct disadvantage.

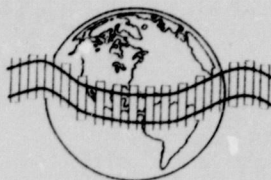
For these reasons, Central Marketing Coop opposes the requests for conditions on UP's operations around Houston and the Gulf coast and urges that the STB reject them.

I declare under penalty of perjury that the foregoing is true and correct and that I am authorized to file this verified statement. Dated August 26th, 1998

Respectfully Submitted,

A handwritten signature in cursive script that reads "Michael A. Peery". The signature is written in dark ink and is positioned above the printed name.

Michael A. Peery, General Manager
Central Marketing Coop Non-Stock, Inc.



CHEM-RAIL TRANSPORT INTERNATIONAL, L.C.

4510 West 89th Street - Suite 110
Prairie Village, Kansas 66207
(913) 341-4701 • Fax: (913) 341-7507

August 20, 1998

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

Re: Houston/Gulf Coast Oversight Proceeding
Finance Docket No. 32760 (Sub-No 26)

Dear Secretary Williams:

I have prepared on the attached Verified Statement a listing of the reasons we are opposed to the conditions requested in the above proceeding by BNSF, KCS and Tex Mex railroads.

I respectfully request these opposing remarks be given full consideration at the proceeding hearing.

Sincerely,

CHEM-RAIL TRANSPORT INTERNATIONAL, L.C.

By: 

Philip White

President

VERIFIED STATEMENT
OF
PHILIP WHITE
CHEM-RAIL TRANSPORT INTERNATIONAL, L.C.

I am Philip white, the president of Chem-Rail Transport International, L.C.

We are in the business of transporting hazardous waste by rail, which is a very time sensitive operation. Our movements of hazardous waste generally originate with the generators of the waste and terminate upon arrival at a TSD facility.

We are very concerned about these movements in the Gulf Coast area since many of them originate and end in and around Houston and Beaumont, Texas.

In the past several months the service by Union Pacific along the Gulf Coast has improved considerably and now other railroads are making demands of Union Pacific that could upset the balance that has been achieved.

The demands of the railroads are rather transparent, in our opinion, and are proposed in an attempt to expand their base for traffic into and out of Mexico, where trackage along the Gulf Coast and particularly around Houston is logistically crucial.

As an example, KCS, which owns 49% of Tex Mex, also has an interlocking directorship on Wisconsin Central. The requested expansion by Tex Mex would nearly complete a NAFTA connection from Canada to Mexico.

The Union Pacific facilities in this area are already serving as much of the traffic as they can reliably. Additional trackage assigned to BNSF, KCS or Tex Mex would strain their operational integrity.

In addition, the demands placed on Union Pacific and PTRR would impact and interfere with the contractual arrangements between these two railroads and adversely affect delivery and pick up.

Competition is stronger in this area than in a long time; we do not believe that further conditions are needed to increase competition.

Some of the crowded conditions existing along the Gulf Coast are of the petitioners' own doing. BNSF, for instance, requires Union Pacific to interchange in Texas for movements where BNSF makes delivery in Wyoming instead of permitting Union Pacific to take a northern

Page 2

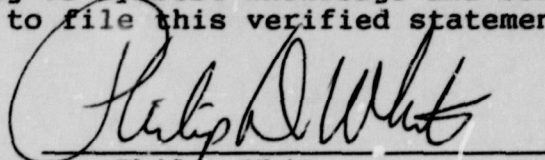
Verified Statement of Philip White
August 13, 1998

route from California. Why? BNSF's portion of the movement would not be as great.

For these reasons, Chem-Rail Transport International, L.C. opposes the conditions requested on Union Pacific's operations around Houston and the Gulf Coast and suggests the Surface Transportation Board should reject them.

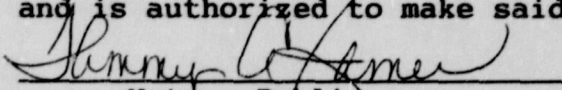
I declare under penalty of perjury that the foregoing is true and correct according to my best knowledge and belief and that I am authorized to file this verified statement.

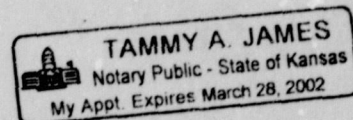
Dated: August 13, 1998


Philip White

STATE OF KANSAS)
) ss.
COUNTY OF JOHNSON)

Before me, the undersigned, a Notary Public, appeared Philip White, who upon his oath acknowledged to me that he is the person who executed the above verified statement for the purposes stated therein and that he is the president of Chem-Rail Transport International, L.C. and is authorized to make said statement.


Notary Public



My commission expires: March 28, 2002

CHICAGO DAIRY CORPORATION

INTERNATIONAL MARKETING OF DAIRY PRODUCTS

Wednesday, August 12, 1998

Honorable Vernon A. Williams
Secretary Surface Transportation Board
1925 K Street, N.W.
Washington DC, 20423

Houston Gulf Coast Oversight Proceeding
Finance Docket # 32760 (sub- no. 26)

Dear Sirs:

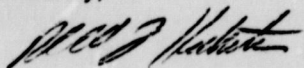
I am Reed Hoekstra, the President of Chicago Dairy Corporation. We are a major supplier of dairy products to food manufacturers throughout the U.S. and international markets. In the course of business we employ all means of shipment including significant volumes by rail.

It is our opinion that the proposal to impose new conditions on the Union Pacific's operations around Houston and the Gulf Coast area are counter to the best long term solution, which is to let the U.P. work through the problems and emerge a more able carrier of goods for our products. We have found the Union Pacific to be very responsive to our needs. Additionally, if allowed additional time the changes they have implemented will lead to the successful resolution of the issues of service and congestion in this area.

We strongly believe we do not need a weaker U.P., rather a stronger and more capable one to move forward. We are therefore opposing the request for conditions on the U.P.'s operations around Houston and the Gulf Coast and urge the STB to reject them also.

Thank you for this opportunity to state our views and we look forward to a decision which will be fair to all parties.

Sincerely,



Reed J. Hoekstra
President



CHICAGOLAND
CHAMBER OF COMMERCE

August 25, 1998

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

Re: Houston/Gulf Coast Oversight Proceeding
Finance Docket Number 32760 (Sub-No. 26)

Dear Secretary Williams:

As President of the Chicagoland Chamber of Commerce, I am well aware of the value of rail transportation in our region. The Chicagoland Chamber represents over 2,500 member firms and the 1-million individuals they employ. These business, both small and large, serve the more than 7-million residents that live in the Chicago statistical area. Union Pacific, and C&NW before it, have been members of this Chamber for many years and have worked with us to achieve our mission of "making Chicagoland the most business-friendly region in America".

A strong rail system in the Chicagoland is important to region and our members. Union Pacific is one of the larger rail carriers in Northeastern Illinois. Also, their relationship with Metra, in moving almost 100,000 people on commuter trains in and out of the city to work each day, is key to our city's businesses success and takes pressure off our already overcrowded expressways.

Union Pacific employs over 1,500 people in the Chicagoland and is vital in providing a rail link for business. Union Pacific contributes to our community through taxes paid, employee wages, purchasers of materials and services from other regional businesses and through their corporate giving program.

I am writing in response to the various requests filed by shippers and other requesting increased access to Union Pacific's traffic base in Texas and the Gulf Coast. The Chamber wants to go on record as opposed to the proposals to impose new conditions on the Union Pacific's operations in Texas and the Gulf Coast area, as this action could harm UP and its Illinois communities and customers.

At present, it appears that the initially-imposed pro-competitive conditions of the UP/SP merger have been working. This pro-competitive condition should be allowed to continue as initially designed without additional constraints.



The Chamber believes that Union Pacific could become financially weakened by the imposition of additional conditions not contemplated in the initial merger with Southern Pacific, specifically the loss of large amounts of traffic which will adversely affect UP's ability to serve the Chicagoland area. Additionally, it would be unfair to grant special access conditions in one part of the country at the expense of shippers and communities elsewhere.

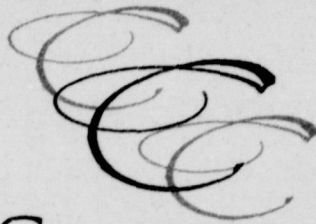
The Chicagoland region has benefited from the long-standing association of the Union Pacific Railroad. The service progress and community partnership should not be hindered by the imposition of new conditions that will harm Union Pacific, and the Chicagoland region. If you have additional questions, please contact Stacey Spencer, the Chamber's Transportation manager at 312/494-6733.

Thank you for your time and consideration.

Sincerely,

A handwritten signature in cursive script, reading 'Gerald J. Roper'.

Gerald J. Roper
President & CEO



CHICKASHA CHAMBER OF COMMERCE

P.O. Box 1717, Chickasha, Oklahoma, 73023 221 West Chickasha Avenue, 73018 405-224-0787 Fax 405-222-3750

August 27, 1998

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

Re: Houston/Gulf Coast Oversight Proceeding
Finance Docket No. 32760 (Sub-No. 26)

Dear Secretary Williams:

As President of the Chickasha Chamber of Commerce and the Grady County Economic Development Council, I am very aware of the value of rail transportation service in our area. The impact on the economic development of our area is evident through the direct employment of the rail service providers, the jobs created by our industry that requires rail transportation for their product, and the cash investment in our county through taxes, wages, purchases, and corporate giving.

We are strongly opposed to the proposals to impose new conditions on Union Pacific's operations around Houston and the Gulf Coast area. The STB established competitive conditions, which were integrated into its approval of the Union Pacific/Southern Pacific merger. The proposed additional conditions would disrupt the competitive balance by altering a key portion of the original merged system, thereby weakening Union Pacific when it is recovering its operational capability.

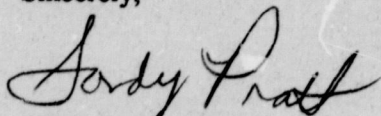
At the time of the merger, Southern Pacific was close to collapse. Union Pacific has been struggling to improve operations of the combined system and has made great strides, ending the service crisis. To continue the progress, Union Pacific has to make further investments to improve service and infrastructure throughout the system. The proposed conditions would deprive Union Pacific of the revenue necessary to make these investments and would make it more difficult for the company to continue the service improvements we have seen in recent months.

In addition, it would be unfair to grant special access conditions in one part of the country at the expense of shippers elsewhere. In particular, I am concerned that our community and economy will be adversely impacted if Union Pacific competitors are

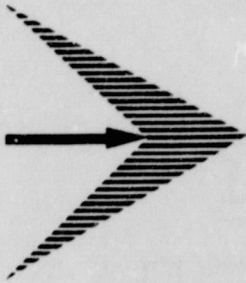
granted concessions in another part of the UP system. Certainly, if Union Pacific's competitors want direct access to Union Pacific customers they can use their own capital to build the necessary track and facilities.

Our area has benefited from our association with Union Pacific Railroad. The service progress and community partnership should not be hindered by the imposition of new conditions that will harm Union Pacific, our community and others around the country.

Sincerely,

A handwritten signature in cursive script, appearing to read "Sandy Pratt".

Sandy Pratt, C.E.D.
President



Chippewa Valley Bean Co.

VERIFIED STATEMENT

OF CHIPPEWA VALLEY BEAN CO., INC.

I am Russell C. Doane, the President of Chippewa Valley Bean Co., Inc. We are in the business of supplying canneries with kidney beans.

Chippewa Valley Bean Co., Inc. is opposed to the proposals to impose new conditions on UP's operations around Houston and in the Gulf Coast area. Effective rail competition depends on a strong UP competing against a strong BNSF. These new conditions would go in the wrong direction, by weakening UP at a time when it has already suffered large financial and traffic losses over the last year due to its service problems.

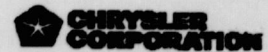
The best answer to service problems in Houston and the Gulf Coast, and throughout the West, is to let UP fight its way out of them. Weakening UP with further conditions is a mistake. Furthermore, we are very concerned that added conditions in Houston and the Gulf Coast will undermine UP's ability to invest in service and infrastructure throughout its system. This will hurt our business and degrade our rail options.

We do not believe that further conditions are needed to protect competition in Houston and the Gulf Coast. The conditions imposed by the STB on the UP/SP merger have worked well. We have seen aggressive competition against UP by BNSF, KCS and Tex Mex since the merger. While these railroads may want still more opportunities, competition is working without imposing further conditions that would weaken UP.

For these reasons, Chippewa Valley Bean Co., Inc. opposes the requests for conditions on UP's operations around Houston and the Gulf Coast and urges that the STB reject them.

I declare under penalty of perjury that the foregoing is true and correct and that I am authorized to file this verified statement. Dated August 24, 1998.

Russell C. Doane



Stephen M Walukas
Director Logistics
Procurement & Supply

**VERIFIED STATEMENT
OF STEPHEN M. WALUKAS**

On behalf of

CHRYSLER CORPORATION

My name is Stephen M. Walukas. I am the Director of Logistics for Chrysler Corporation and based at company headquarters in Auburn Hills, Michigan. In my capacity as Director of Logistics, I am responsible for the movement of all inbound parts and other material to our plants and the outbound shipment of finished vehicles to our dealers. In addition, I am responsible for the purchase of all transportation services for Chrysler Corporation.

Chrysler Corporation is opposed to recent proposals to impose additional conditions on UP's operations in Texas and the Gulf Coast region. We are particularly concerned about proposals to grant BNSF and KCS/Tex Mex new trackage rights over Union Pacific's line from San Antonio to Laredo, as well as requests by various special interests for new conditions in and around the Houston and Gulf Coast region.

The San Antonio to Laredo corridor is strategically important to Chrysler Corporation, both from a production and vehicle distribution standpoint. In 1998, we expect to move over 36,000 intermodal containers and 4,000 boxcar shipments of autoparts via the San Antonio to Laredo corridor. We also expect to move nearly 16,000 rail car shipments of vehicles through the corridor, with a large portion of those shipments terminating within or moving through the Houston and Gulf Coast region. Lastly, we expect to move nearly 10,000 rail car shipments of vehicles from our plants in the Midwest and Northeast to distribution facilities in Houston and the Gulf Region.

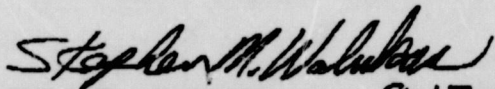
With respect to the San Antonio to Laredo corridor, we are very concerned that any additional volume will create congestion that will result in a deterioration of service for Chrysler shipments to and from Mexico. Without smooth operations at this critical gateway, Chrysler production in Mexico, the United States and Canada is in jeopardy.

Chrysler has gone on record with its support for the UP/SP merger. In July, we reaffirmed our support of the merger as originally approved by the STB and stated our view that additional government intervention or additional conditions were unwarranted. We continue to hold that view and believe that the original conditions imposed by the STB were appropriate and balanced.

STB FD 32769 (Sub 26) 9-18-98 B 191210V4 2/11

Further, we believe that rail service and competition in the West is ultimately best served by having two strong, balanced rail systems. BNSF has benefited significantly from the original conditions imposed by the STB and has demonstrated that they are a strong, vigorous competitor. Granting additional conditions to BNSF and KCS/TexMex will undermine UP's ability to fully restore its service and to invest heavily in infrastructure in critical lanes such as San Antonio to Laredo and the Houston/Gulf region. As we have stated previously, we see no need for the Board to revise the terms of its original merger approval, and we oppose any changes that would interfere with the benefits the UP/SP merger has brought.

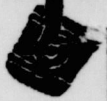
I declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement. Executed on September 17, 1998.



Stephen M. Walukas 9-17-98

CMC Steel Group

A Commercial Metals Company



Steel Mill
San Antonio, Texas
Steel Sheet, Inc.
Birmingham, Alabama
Steel Sheet - American
Magnolia, Arkansas
Steel Sheet South Carolina
Clyde, South Carolina
Commercial Metals - Austin
Austin, Texas
Steel Recycling
Austin, Texas
CMC - Clyde
Clyde, South Carolina
CMC - Lexington
Lexington, South Carolina
CMC - North Augusta
North Augusta, South Carolina
Steel Fabricator
Alamo Steel Company
Waco, Texas
Alamogordo Steel Tube Co., Inc.
Cotton, Pennsylvania
Capital City Steel Company
Austin, Texas
Capital Steel, Inc.
Baton Rouge, Louisiana
Shreve, Louisiana
Capital Steel, Inc.
Dallas, Texas
Houston Steel Service Company
Houston, Texas
Steel Fabricator Service
Tulsa, Oklahoma
Victoria, Texas
C. J. Steel Service, Inc.
Victoria, Texas
Cotton Steel, Texas
Shreve, Texas
San Antonio, Texas
Waco, Texas
The Georgia River
Lawrenceville, Georgia
The John
Hays, Arkansas
Steel Manufacturer
Clyde, South Carolina
Steel Sheet South Carolina
Clyde, South Carolina
Steel Sheet Florida
Clyde, Florida
Steel - Cape Fear Company
Columbia, South Carolina
Steel - Owen Supply Company
Columbia, South Carolina
Steel Fabricator North Carolina
Gastonia, North Carolina
Steel Fabricator South Carolina
Columbia, South Carolina
Steel Fabricator Virginia
Fayetteville, Virginia
Steel Fabricator
Columbia, South Carolina
Steel Sheet Fabricator
Wilmington, Florida
Southern Steel Company
Magnolia, Arkansas
Steel Fabricator, Texas
Birmingham City, Alabama
Columbia, South Carolina
Steel Fabricator South Carolina
Tulsa, South Carolina
Gastonia, North Carolina
Southern Steel Sheet Company
Houston, Texas
Steel Sheet Company
Houston, Texas

August 1, 1998

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

Re: Houston / Gulf Coast Oversight Proceeding
Finance Docket No. 32760 (Sub-No. 26)

Dear Secretary Williams:

My name is Monty L. Parker, Sr. and I am Vice President of Raw Materials & Rail Transportation for the CMC Steel Group, a division of Commercial Metals (NYSE: CMC) which is headquartered in Dallas, Texas. The CMC Steel Group is a vertically integrated family of over 5,000 employees in more than 50 locations nationwide involved in the entire steel production process from scrap recycling yards to steel minimills, fabrication plants and value added operations. Our operations depend on time and cost efficient transportation, with particular emphasis on rail, which is the reason for my writing today.

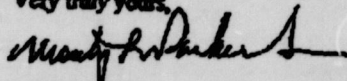
It disturbs me that competitors of the Union Pacific (UP) continue to nag at the Board about wanting a piece of the UP pie. Before the UP / SP merger, it was obvious to most all shippers that the SP was heading down the wrong track and needed to be rescued by a company with the financial and management resources necessary to serve the SP system. I supported the UP proposal to purchase the SP and although there have obviously been some problems, I have not abandoned the principles that led me to offer that support. When the STB granted emergency orders to help get the Houston region fluid again, the need for "something" to be done was obvious, however, the effect of the emergency orders, relating to how much other carriers actually assisted fluidity in the area, can be vigorously debated. Most in the region witnessed the UP making the changes necessary to get traffic moving again. The other carriers, although very vocal with claims of what they could do to get things moving, didn't contribute much to the eventual success of ridding the congestion in the area. It is astounding to me that these other carriers, who don't have the equipment necessary to serve their own customers, much less those served by the UP, would continue to boast that they are the answer to the congestion problems. I suppose their theory is to purchase necessary equipment to serve our users IF they are awarded expanded territory at the expense of the UP. In the steel industry, business isn't that easy, and neither should it be with the railroads.

Last year we were impacted by the UP problems in the region, but unlike many others, we chose to work with the UP to be part of the solution, not part of the problem. I found the UP to be very receptive to this partnership. I worked with and communicated with top managers at UP who made it clear to me their focus was to get things back to normal and beyond at the earliest possible date. I witnessed sincere regret for the problems we faced because of the rail

congestion and didn't get bombarded by excuses, which would have been the last thing anyone at my company would have wanted to hear. Using this working condition, our service problems dramatically improved over a four month period. Since June of this year, our service is better than it has ever been. Deliveries are more prompt. Turn-around time on our cars is the best ever. And best of all, the communication with UP management about further improvements has not diminished. For example, we are currently discussing concepts that will reduce shipment transit time from Houston to our flagship facility (located just outside San Antonio) from seven days to just two. Both UP and I are committed to making it happen; and it will.

In closing, government intervention at this stage of the game would be like firing the coach of a football team that just engineered a dramatic fourth quarter comeback to win a big game. The politicking that is going on with the other carriers needs to stop. They have their own problems that should be focused on, once again, without outside intervention. I respectfully suggest that the UP be left alone to run their business and serve their customers.

Very truly yours,



Monty L. Parker, Sr.
Vice President, Raw Materials & Rail Transportation
CMC Steel Group

1776 Lincoln St., Suite 1200
Denver, CO 80203-1029
FAX: (303) 860-1439
Phone: (303) 831-7411



**Colorado Association of
Commerce and Industry**

September 4th, 1998

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

**Re: Houston/Gulf Coast Oversight Proceeding
Finance Docket No. 32760 (Sub No. 26)**

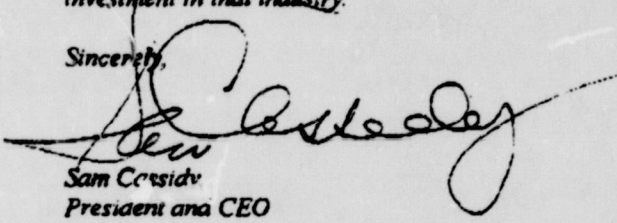
Dear Secretary Williams:

I am the President and CEO of the Colorado Association of Commerce and Industry, the Colorado State Chamber of Commerce and State Manufacturers Association. In this capacity, my primary concern, and the concern of our membership, is preserving a strong economic climate, one which encourages capital investment and entrepreneurial activity. In that regard, the investment of Union Pacific provides not only jobs for our citizens, but also essential infrastructure to commerce. Union Pacific's investment is of that essential nature, which we endeavor to encourage in our State.

I understand that the Surface Transportation Board is being asked to impose conditions on Union Pacific which would allow competing interests to obtain trackage rights. The result of such action can only be to dilute Union Pacific's market position, and to discourage this kind of capital investment by Union Pacific as well as other railroads in the future.

Furthermore, I fear that such an action will upset the competitive balance of rail service in the southern corridor, and ultimately impact other western states. In turn and as a consequence, Union Pacific's ability to spend needed funds in Colorado will be weakened. I encourage you to consider the adverse impact of such an anticompetitive regulatory environment on this basic transportation industry. We need railroad transportation, and we need a regulatory structure which encourages private sector investment in that industry.

Sincerely,


**Sam Cassidy
President and CEO**

SC/eob

cc: **J. Frederick Niehaus, President—Intermountain Partners, Inc.
Kent Kalb, General Tax Counsel—Union Pacific Railroad Company**

cmi Columbus Metal Industries, Inc.

3440 15th St. East, P.O. Box 292, Columbus, NE 68602
PHONE: (402) 564-2855 FAX: (402) 564-5952

VERIFIED STATEMENT
OF SAM JACOBS
COLUMBUS METAL INDUSTRIES, INC.

I am Sam Jacobs, the President of Columbus Metal Industries, Inc. We are in the business of scrap metal recycling and processing.

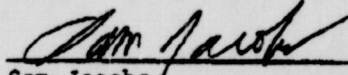
Columbus Metal Industries, Inc. is opposed to the proposals to impose new conditions on UP's operations around Houston and in the Gulf Coast area. Effective rail competition depends on a strong UP competing against a strong BNSF. These new conditions would go in the wrong direction, by weakening UP at a time when it has already suffered large financial and traffic losses over the last year due to its service problems.

The best answer to service problems in Houston and the Gulf Coast and throughout the West, is to let UP fight its way out of them. Weakening UP with further conditions is a mistake. Furthermore, we are very concerned that added conditions in Houston and the Gulf Coast will undermine UP's ability to invest in service and infrastructure throughout its system. This will hurt our business and degrade our rail options.

We do not believe that further conditions are needed to protect competition in Houston and the Gulf Coast. The conditions imposed by the STB on the UP/SP merger have worked well. We have seen aggressive competition against UP by BNSF, KCS and Tex Mex since the merger. While these railroads may want still more opportunities, competition is working without imposing further conditions that would weaken UP.

For these reasons, Columbus Metal Industries, Inc. opposes the requests for conditions on UP's operations around Houston and the Gulf Coast and urges that the STB reject them.

I declare under penalty of perjury that the foregoing is true and correct and that I am authorized to file this verified statement.
Dated: August 27, 1998.


Sam Jacobs

**VERIFIED STATEMENT
OF JAMES A. SMALL
COMMONWEALTH EDISON COMPANY**

I am James A. Small, Vice President of Commonwealth Edison Company ("ComEd") and am responsible for fossil fuel procurement. ComEd is the electric utility serving the northern third of Illinois including the Chicago Metropolitan Area.

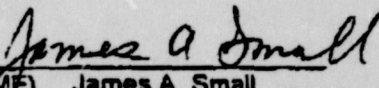
ComEd understands that the Surface Transportation Board ("STB") is considering proposals that would impose new conditions on UP's operations around Houston and in the Gulf Coast area. While we need and strongly support excellent rail transportation services, we believe that it is best achieved by ensuring effective rail competition. For ComEd, that means having a healthy Union Pacific Railroad Company ("UP") competing against a strong Burlington Northern Santa Fe Railway ("BNSF"). The requested new conditions, we fear, could work to discourage effective competition by weakening the UP while simultaneously strengthening the BNSF. We believe that a further weakening of the UP at a time when it has already suffered substantially due to its service problems would not help to foster effective rail competition.

The best answer to service problems in Houston and the Gulf Coast, without endangering service levels well beyond these areas, may be to let UP fight its way out of the problems. ComEd is concerned that added conditions on Houston and Gulf Coast operations will undermine UP's ability to invest in service and infrastructure throughout its system. If this were to happen, it would undermine ComEd's rail strategies and reduce our competitiveness.

We need a strong UP that can consistently meet our transportation requirements. ComEd has worked closely with the UP during the service crises and progress has been made. However, we are concerned that the request for new conditions could risk turning back the clock on the UP gains we've seen to date. We appreciate the UP's hard work to solve their problems and believe, if allowed the opportunity, they will emerge as an even stronger competitor eager to compete for ComEd's future business.

Before approving any new conditions on UP's operations around Houston and along the Gulf Coast, ComEd asks the STB to take a long, hard look at the new proposals and the potential for adverse consequences they hold for other shippers outside Houston and the Gulf Coast area.

I declare under penalty of perjury that the foregoing is true and correct and that I am authorized to file this verified statement. Dated September 8, 1998.


(NAME) James A. Small

Continental®

GENERAL TIRE

September 9, 1998

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

SUBJECT: Houston/Gulf Coast Oversight Proceeding
Finance Docket No. 32760 (Sub No. 26)

Dear Secretary Williams:

I am David J. Majdanski, the Transportation Manager of Continental General Tire. We are in the business of manufacturing and selling tires throughout the United States and North America. As related to the Houston and Gulf Coast area we receive vital raw materials necessary to produce our tires via the Union Pacific. Specifically, we rely on the UP to transport 24 cars of carbon black per week from Louisiana and the Beaumont/Orange, TX area to our Mt. Vernon, IL tire plant and 30 cars of natural rubber per week from the Port of New Orleans to Mt. Vernon, IL. In the reverse direction we use the UP for weekly tire shipments from Mt. Vernon, IL to Waco and Laredo, TX.

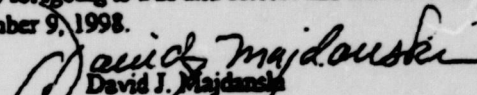
Accordingly, Continental General Tire is opposed to the proposals to impose new conditions on UP's operations around Houston and in the Gulf Coast area. Effective rail competition depends on a strong UP competing against a strong BNSF. These new conditions would go in the wrong direction by weakening UP at a time when it has already suffered large financial and traffic losses over the last year due to its service problems.

The best answer to service problems in Houston and the Gulf Coast, and throughout the West, is to let UP work its way out of them. Weakening UP with further conditions is a mistake. We're also concerned that added conditions in Houston and the Gulf Coast will undermine UP's ability to invest in service and infrastructure throughout its system. This will hurt our business and degrade our rail options.

We don't believe that further conditions are needed to protect competition in Houston and the Gulf Coast. The conditions imposed by the STB on the UP/SP merger have worked well. We've seen aggressive competition against UP by BNSF, KCS, and Tex Mex since the merger. While these railroads may want still more opportunities, competition is working without imposing further conditions that would weaken the UP.

For these reasons, Continental General Tire opposes the requests for conditions on UP's operations around Houston and the Gulf Coast and urges that the STB reject them.

I declare under penalty of perjury that the foregoing is true and correct and that I am authorized to file this verified statement. Dated September 9, 1998.


David J. Majdanski
Transportation Manager



**Verified Statement Of
Tim H. Lee
Director Of Marketing – CRYO-TRANS, INC.**

Address Reply To:
Kruse Woods Four
5665 SW Meadows Road, Suite 330
Lake Oswego, Oregon 97035-3292
(503) 639-6244 Fax (503) 639-0889

My name is Tim H. Lee and I am Director of Marketing for Cryo-Trans, Inc. Cryo-Trans is headquartered in Mt. Airy, MD. Cryo-Trans was responsible for developing and bringing to the rail industry, the first commercially successful cryogenically refrigerated ("CO₂") railcar in the mid-1980's. Today Cryo-Trans owns and operates on the US railroads a fleet of over 500 CO₂ railcars, which transport some 5,000 carloads of frozen traffic annually. Our CO₂ railcars operate on virtually all of the US major railroads with the majority of miles being transported on the Union Pacific ("UP") and the Burlington Northern Santa Fe ("BNSF's") railroad's lines.

Cryo-Trans believes strongly that the special oversight proceedings to impose additional conditions on the UP/SP merger is completely unjustified and can only reverse the competitive climate the merger was conditioned upon. The merging of the UP and SP did nothing to reduce competition. The existing service problems of the UP has allowed the BNSF to "cherry pick" customers providing the BNSF record earnings at the same time the UP suffers significant losses. To this end, imposing further restrictions on the UP can only inhibit competition further.

Our understanding is that the UP has made a commitment to invest some \$1.4 billion over the next few years to complete the Texas infrastructure which appears to have had the single largest impact on the UP's ability to provide the routine service that was maintained prior to the merger. Our experience over the past several months has shown continuing and significant improvement in the UP's service and equipment availability and gives good credence to the UP's intent to normalize service as quickly as possible.

The Surface Transportation Board is responsible for insuring that the US shipping public is provided a safe and competitive means of transporting our products throughout the US railroad system. While emergency relief is proper in appropriate circumstances, it should not be considered as a permanent condition to a merger, especially in a situation where normal operations have been largely restored.

Cryo-Trans and Cryo-Trans' customers suffered similar declines in service when the BN acquired the Santa Fe. While declines in service that naturally arise with the merging of operations the size of these companies is unfortunate, there is no set of circumstances prevalent that suggest the UP will not have normalized operations in the near future. The Surface Transportation Board must end these challenges that serve only to remove the UP's focus from dealing with the more serious matters of normalizing service to its customers. In our opinion, the rail-shipping public would be far better off by allowing the UP additional time to complete this merger and address the associated problems of integration. Relieve the UP of these proceedings and allow this very fine, strong and stable transportation company to be free of the bureaucratic influences that inhibit free enterprise and the natural forces that will direct the UP to adequately supply the demand for its service.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge and that I am authorized to file this statement.


Tim H. Lee, Director Of Marketing – CRYO-TRANS, INC.

8/28/98
Date

CORPORATE OFFICES

Three Hill Street • P.O. Box 417 • Mt. Airy, Maryland 21771-0417
Phone (410) 795-9200 • Fax (410) 795-9205

DAL-TILE MEXICO, S. A. DE C. V.

My name is Roberto Lozano, My title is Gerente de Trafico y Aduanas (Manager of Transportation and Customs) . For the last 16 years I have been responsible for international transport and customs for Dal-Tile Mexico, S.A. de C.V.

Dal-Tile manufacturers ceramic tiles. We ship raw materials such as clay, stone dust, and talc from Texas, Arkansas, and Tennessee to our manufacturing plant in Mexico, after producing tiles, we ship them back to the United States by truck. Rail service is critically important to our company. We recently spent over \$ 3 million in shipping charges in one year . We plan to increase our production capacity. And will therefore require even greater amounts of raw materials to be shipped to our plant.

We oppose the requests for new conditions in the Houston and Gulf Coast areas. BNSF has vigorously competed for our shipping business from Arkansas, the result of which was much more favorable rates from UP. Either way , as a result of conditions already placed on the UP/SP merger. There is strong competition to provide our service, and we benefit greatly, The requested conditions will weaken UP's competitive position. And hamper its ability to compete for our business if BNSF Tex-Mex, or KCS do not face effective competition from UP on the routes that carry our raw materials, our service quality will decline and our prices will increase.

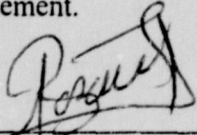
Furthermore, if the requested conditions are granted, then UP will not be able to invest in improving its infrastructure . We expect that UP will make improvements in its equipments and infrastructure that will benefit our company greatly. If the conditions are granted, UP will not have the money to make these investments, and our business will, in turn, be harmed.

The current competitive balance between UP and BNSF, Tex-Mex, and KCS is very good . Granting the requested conditions will upset that balance. Burdening UP, which is now beginning to recover from the service crisis, with added conditions will prevent it from further improvement. This will hurt UP's ability to provide effective competition against BNSF, Tex-Mex, and KCS, and provide us with competitive rail service.

For these reasons, Dal-Tile opposes the requests for conditions on the UP's operations around Houston and the Gulf Coast and urges that the STB reject them.

I declare under penalty of perjury that the foregoing is true and correct and that I am authorized to file this verified statement.

Dated August 12 Th 1998


Roberto Lozano





**VERIFIED STATEMENT
OF
DARLING INTERNATIONAL, INC.**

251 O'Connor Ridge Boulevard

Suite 300

Irving, TX 75038

I am Jeffrey L. Gunn, the Director of Rail Operations for Darling International Inc. We are the largest independent rendering company in the U.S. We have been in business since 1882 and have been dependent on the railroads for the transportation of our commodities. Darling International Inc. operates a private fleet of 850 rail cars.

Darling International respectfully requests that the Surface Transportation Board not subject Union Pacific to any further conditions in connection with the UP/SP merger and the railroad's operations in Texas. The new conditions proposed by the Houston interests and KCS and by BNSF represent a major threat to UP's ability to make investments in its rail operations in Texas and throughout its system. By diverting revenues from what is currently a financially struggling company, these conditions would undermine UP's financial recovery and make it difficult, if not impossible, to make the investments that UP needs to make to SP's rail plant and locomotive fleet.

As a shipper to Texas points and Mexico, Darling International has seen significant improvements in UP's operations in that region. The temporary service conditions awarded by the Board should not be made permanent. None of the new conditions sought are needed to protect competition. The Board's original decision adequately covered all the points where rail-to-rail competition was eliminated by merging UP and SP. BNSF, KCS and the Tex-Mex have all benefited from UP's misfortune. Effective rail competition is already taking place and opening UP's trackage to other railroads would create operational problems and impede UP's ability to continue to improve its service performance for us and other shippers.

While Darling International opposes all the conditions sought by the railroads and by certain shippers, I am particularly troubled by BNSF's request for trackage rights to Laredo. We do a significant amount of business through Mexico and it has been my experience that even a minor disruption on either side of the border will cause significant delay to our rail cars. The rail facilities at Laredo and Customs and Immigration issues on both sides of the Rio Grande make it difficult of rail operations to stay fluid. Putting a third U.S. railroad into Laredo by granting BNSF trackage rights would make the situation much more difficult.

972-717-0300

Telex: 734118 (DDHQ)

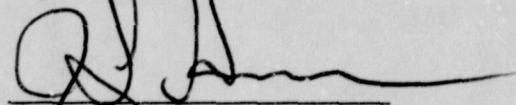
Fax: 972-717-1588

Verified Statement
Page 2

Sufficient competition for rail transportation into Mexico is already in place with BNSF and UP at Brownsville, UP and Tex-Mex at Laredo, and UP and BNSF at Eagle Pass and the separate Mexican rail systems at Brownsville/Laredo and Eagle Pass.

For the above reasons, Darling International opposes the request for conditions that have been requested against Union Pacific in Texas and urges that the Board reject such.

I declare under penalty of perjury that the foregoing is true and correct and that I am authorized to file this verified statement. Dated September 4, 1998.

A handwritten signature in black ink, appearing to read 'Jeffrey L. Gunn', written over a horizontal line.

Jeffrey L. Gunn
Director of Rail Transportation



August 19, 1998

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

Re: Houston/Gulf Coast Oversight Proceeding
Finance Docket #. 32760 (Sub-No. 26)

Dear Secretary Williams:

As a chamber of commerce executive director from UP's service area and being very attuned to the area's economic development issues, I know how important our total transportation system is to the economic well being of our State. We have UP and Burlington Northern/Santa Fe competing head-to-head in our State and that is best for shippers and our economy.

I feel that if UP is allowed to continue to make progress in operating the merged railroad, without new conditions on UP's operations around the Houston and Gulf Coast area, the UP can drastically improve service and go forward with needed capital improvements throughout their system, including planned rail improvements in New Mexico. Effective rail competition depends on a strong UP/SP competing against a strong merged Burlington Northern/Santa Fe Railroad. New conditions proposed to the Surface Transportation Board, if approved, would go in the wrong direction, by weakening UP/SP at a time when it has already suffered large financial and traffic losses over the last year due to its service problems.

The Honorable Vernon A. Williams

August 19, 1998

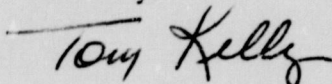
Page 2

I do not believe that further conditions are needed to protect competition in Houston and the Gulf Coast. Effective rail competition depends on a strong UP competing against a strong Burlington Northern/Santa Fe. New proposed conditions would go in the wrong direction by weakening UP at a time when it has already suffered large financial and traffic losses over the last year due to service problems. The conditions imposed by the Service Transportation Board on the UP/SP merger have worked well. The Houston and Gulf Coast has seen aggressive competition against UP, since the merger, by Burlington Northern/Santa Fe, Kansas Southern and Tex Mex railroads. While these railroads want still more opportunities, competition is working without imposing further conditions that would weaken UP. The best answer to the service problems in Houston and the Gulf Coast, and throughout the West, is to let UP work its way out of the problems, which I believe they can accomplish.

In conclusion, I oppose the requests for conditions on UP's operations around Houston and the Gulf Coast and urge that the STB reject them.

Thank you for your consideration.

Sincerely,

A handwritten signature in cursive script that reads "Tom Kelly".

Executive Director

Deming-Luna County Chamber of Commerce

DISTRIBUTION SERVICES OF AMERICA



**Verified Statement
of
JAMES R. ROGERS
On behalf of
DISTRIBUTION SERVICES of AMERICA, Inc.**

My name is JAMES R. ROGERS and I am VICE-PRESIDENT/GENERAL MANAGER for DISTRIBUTION SERVICES of AMERICA, Inc., who's headquarters are in Foxboro, Ma. I have been employed with Distribution Services of America (DSA) for 12 years and in the food business for 36 years. DSA is a licensed freight forwarding company involved in some 1300 rail car shipments annually.

Distribution Services of America depends on quality rail service and the use of numerous carriers, which makes us very interested in developments affecting the rail industry. I have submitted statements prior to this supporting all the mergers in which the UP has been involved. It has always been the policy of my company to remain neutral in matters effecting private enterprises, to the extent that competition remains intact. Over the years we have seen the best and the worst of the major rail carriers across the nation and wish to allow them to succeed or fail on their own merits, provided that competition amongst the carriers is preserved.

We believe the special oversight proceeding to impose additional conditions on the UP/SP merger is completely unjustified and not in the interest of preserving competition. The UP/SP merger did not reduce competition. In fact, the BNSF posted record earnings of \$750 million at the same time the UP reported a \$230 million loss. The service crisis on the UP did not result from a reduction of competition, but rather, an infrastructure that was inadequate to assume the business base of a merged operation. It appears that the BNSF has very successfully capitalized upon the merger conditions imposed upon the UP/SP.

More importantly, the coalition of competitors and customers opposing the merger of the UP/SP now appear to be motivated solely for their gain and does not represent the spirit of competition intended in this free enterprise environment. It is wrong to give conditions to an isolated group of shippers in one area of the country, and to exclude other shippers throughout the nation, from similar benefits.

DSA controls some 1300 boxcar shipments annually, representing shippers and receivers nationwide. Our area of expertise is focused on the transportation of raw materials and finished food products primarily in Central California, Washington, Idaho, Illinois, and Wisconsin and transported to the Midwest, East, South, and Canada. Even though our transportation focus is not in Texas, the outcome of these proceedings will impact the viability of the UP at all other locations.

UP needs to invest over \$1.4 billion in the next several years just to complete the Texas infrastructure. By granting the conditions requested in this proceeding, the STB would badly undermine the ability of the UP to generate the revenue necessary to complete the investments. I fail to see how the actions proposed protect the shipper and/or receiver and retains competition amongst carriers in the marketplace. Emergency relief is proper in appropriate circumstances, but such relief should not be granted as a permanent condition to a merger, especially where normal operations have been largely restored.

Distribution
Services of
America, Inc.



208 North St.
Foxboro, MA
02035

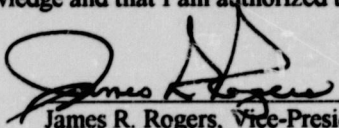


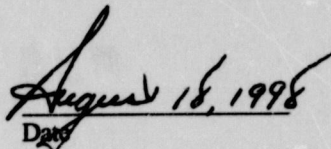
508-543-3313
Fax
508-543-4737

Shippers cannot accept the continued instability these actions bring to bear on the transportation marketplace. We are tired of being placed in the middle of disputes between the major rail carriers. The Surface Transportation Board has the obligation to exercise good judgment in these matters and remove these frivolous challenges from serious consideration, especially where there is no threat to competition in the rail industry.

Those of us in the commerce would enjoy relief from these proceedings and a return to the business as usual in a stable transportation environment. It is time to allow the UP an opportunity to focus all of its energy on building a strong transportation company. I look forward to many more benefits as the UP completes its merger implementation.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge and that I am authorized to file statement.


James R. Rogers, Vice-President/General Manager


Date

DIXIEPLY

A member of The Bradley Group

VERIFIED STATEMENT OF DIXIE PLYWOOD COMPANY**Dixie Plywood & Lumber Company**

Post Office Box 2328

Savannah, GA 31402-2328

Tel: 912-236-3385

I am Randall C. Collins, Director of Purchasing and Transportation of Dixie Plywood Company. Dixie Plywood Company is a wholesale distributor of building products headquartered in Savannah, Georgia with distribution operations in Atlanta, GA; Savannah, GA; Garland, TX; El Paso, TX; Houston, TX; San Antonio, TX; Fort Lauderdale, FL; Miami, FL, Orlando, FL, Riviera Beach, FL, and Tampa, FL.

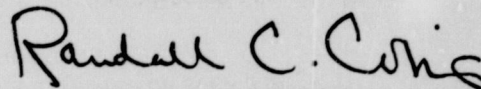
Dixie Plywood Company is opposed to the proposal to impose new conditions on the Union Pacific Railroad's operations in the Houston, TX and Gulf Coast areas. We believe that improvement of the railroad infrastructure in those areas is the ultimate answer to the service problems. Union Pacific has announced plans to invest approximately \$1.4 billion in such improvements over the next five years. Increasing competition in the area utilizing the same infrastructure will only cause further chaos and degrade the already poor levels of service. Furthermore, granting operating rights to other railroads over Union Pacific tracks would reduce the Union Pacific's opportunity to earn revenues and reduce the return on such a large investment, thus diminishing its desire to make such an investment.

For years the Southern Pacific was on the verge of collapse. Southern Pacific's service levels were so poor that cheap rates were its only means of attracting traffic. However, the Southern Pacific could not improve its service performance because the cheap rates did not provide sufficient profitability to invest in the necessary infrastructure. This situation was further exacerbated when the UP and SP merged and yet were still operating with different computer systems, different employee union agreements, etc. The current conditions did not develop overnight and the Union Pacific should be allowed ample time to correct the existing problems. While certainly the STB serves an important function in overseeing the nation's transportation systems and thus protecting the security of the nation in times of emergency, private businesses should operate with as little governmental interference as possible. Certainly Dixie Plywood Company would strenuously object if the government ordered that another wholesale distributor could utilize our facilities.

If the STB's mission is to stimulate competition, then we encourage the STB to review issues of open access in a proceeding applicable to all railroads. Allow all of the railroads equal access to all areas of Texas and the Gulf Coast with reciprocal switching. Then and only then, as in all forms of business, the customers have a choice and will ultimately decide which railroad offers the most value in terms of rates and service. However, it isn't fair to single out the Union Pacific upon which to impose operating conditions.

For the reasons stated above, Dixie Plywood Company opposes further conditions on the Union Pacific's operations in the Houston and Gulf Coast areas.

I declare under penalty of perjury that the forgoing is true and correct and that I am authorized to file this verified statement. Dated August 28, 1998.

Randall C. CollinsAtlanta ☐ Dallas ☐ Fort Lauderdale ☐ Houston ☐ Miami ☐ Orlando ☐ San Antonio ☐ Savannah ☐ Tampa ☐ West Palm Beach

VERIFIED STATEMENT

OF

ROBERT V. EADES, JR.
on behalf of
EADES COMMODITIES COMPANY

My name is Robert V. Eades, Jr. I am the President of Eades Commodities Company located at 10854 John Galt Blvd, Omaha, Nebraska. I have held this position for thirteen years. I have responsibility for all rail transportation decisions including freight contracts, track leases, and allocation of our private railcar fleet.

Eades Commodities Company is a merchandising company offering grain and grain by-products for feed ingredients to dairies, feed mills, and feed lots. These products include corn hominy feed, grain screenings pellets, wheat midds, beet pulp pellets, soyhull pellets, soybean meal and distillers dried grains.

Some of our customers are not directly served by rail. For these customers, products are moved from origin by rail to off-load sites close to them and then distributed to individual customers by truck. Eades has seven offices and unload locations throughout the country. Our rail unloading locations and the serving railroad include: Port of Stockton, Stockton, Ca., (UPSP and BNSF) Crestmore, Ca., (UP), Vado, Nm., (BNSF), South Springs, Nm., (BNSF) Strawn, Tx., (UP), and Stephenville, Tx., (CTE).

Origins of our rail shipped products include: Lincoln, Ne., (UP, BNSF) Hastings, Ne., (UP), Cedar Rapids, Ia., (CNW), Minneapolis, Mn., (BNSF) Kansas City, Ks/Mo., Chicago, Ill., St. Louis. (UP, BNSF, various others). Eades Commodities Company will ship approximately 4000 carloads per year representing 300,000 tons.

Eades Commodities Company is opposed to the proposals to impose new conditions on UP's operations around Houston Texas and in the gulf area. Effective rail competition depends on a strong UP competing against a strong BNSF. These new conditions would go in the wrong direction, by weakening UP at a time when it has already suffered large financial and traffic losses over the last year due to its service problems.

The best answer to service problems in Houston and the Gulf Coast, and throughout the West, is to let UP fight its way out of them. Weakening UP with further conditions is a mistake. Furthermore, we are very concerned that added conditions in Houston and the Gulf

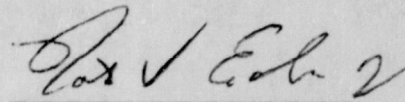
page 2.

Coast will undermine UP's ability to invest in service and infrastructure throughout its system. This will hurt our business and degrade our rail options.

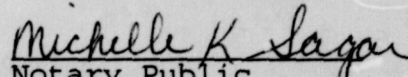
We do not believe that further conditions are needed to protect competition in Houston and the Gulf Coast. The conditions imposed by the STB on the UP/SP merger have worked well. We have seen aggressive competition against UP by BNSF, KCS and Tex Mex since the merger. While these railroads may want still more opportunities, competition is working without imposing further conditions that would weaken UP.

For these reasons, Eades Commodities Company opposes the requests for conditions on UP's operations around Houston and the Gulf Coast and urges that the STB reject them.

I declare under penalty of perjury that the foregoing is true and correct and that I am authorized to file this verified statement. Dated August 19, 1998.

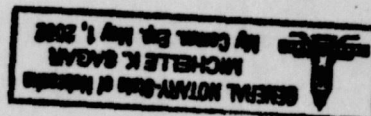

Robert V. Eades, Jr.

Subscribed and sworn to before me this 31st day of August, 1998.


Notary Public

My Commission Expires:

May 1, 2002



EASTPORT INDUSTRIES, INC.
P.O. Box 26
Eastport, Idaho 83826

Tele. No. (208) 267-8969 FAX No. (208) 267-2560

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

August 28, 1998

Re: Houston/Gulf Coast Oversight Proceeding
Finance Docket No. 32760 (Sub-No. 26)

Dear Secretary Williams:

Please receive this letter as a VERIFIED STATEMENT OF
EASTPORT INDUSTRIES, INC.

I am Lowell K. Nail, the President of EASTPORT INDUSTRIES, INC. We are a snipping company in North Idaho using the Union Pacific Railroad, to load lumber products onto flat cars shipped into the destinations that are subject to your proceedings mentioned above. We also receive box cars from these areas, with loads of composition shingles.

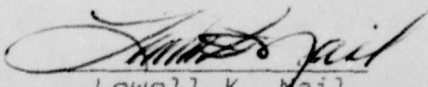
EASTPORT INDUSTRIES, INC. is opposed to any new conditions imposed on Union Pacific's operations in the Houston and Gulf Coast area. We know that the only way Union Pacific can rebuild the former S.P. is to maintain operations to its customers. If they are giving away business to their competitors, they have reduced revenues to complete the needed improvements to their infrastructure. We have seen improvements in service from U.P. and we are very confident in their ability to return to the excellent service level they maintained prior to the merger.

Please do not handicap this recovery with further conditions that may help only some limited number of customers temporally and hurt the overall recovery throughout the system which the majority of the business's such as ours will suffer with.

Union Pacific does not need any further conditions to protect competition in the Houston and the Gulf Coast. The conditions the STB imposed on the U.P. & S.P. merger have worked well. We see the opportunistic, and aggressive tactics of various competing railroads as a normal business practice, but in this instance it would needlessly weaken the Union Pacific and harm the recovery.

For these reasons, EASTPORT INDUSTRIES, INC. opposes the requests for conditions on UP's operations around Houston and the Gulf Coast and urges that the STB reject them.

I declare under penalty of perjury that the foregoing is true and correct and that I am authorized to file this verified statement. Dated August 28, 1998


Lowell K. Nail
President



Eaton Metal Products Company

ENGINEERS DESIGNERS FABRICATORS
PETROLEUM EQUIPMENT

(303) 296-4800 FAX: (303) 296-5736

Verified Statement

of Timothy J. Travis

Eaton Metal Products Company

I am Timothy J. Travis, the President and Chief Executive Officer of Eaton Metal Products Company. Eaton is a steel plate fabricator with manufacturing facilities in Denver, Colorado, Salt Lake City, Utah and Pocatello, Idaho. All are on the Union Pacific.

Eaton ships many railcars annually of inbound steel to its three manufacturing plants. We source our steel from U.S. Steel in Gary, Indiana and Lukens Steel in Coatesville, Pennsylvania.

After the expected confusion involved in merging two huge operations, Eaton is now seeing important benefits from the UP/SP merger. The rail transit times we are now experiencing for our inbound steel shipments are 14 days or less, and that is the best time we have ever enjoyed in our 80-year history.

Eaton expects that the benefits from the UP/SP merger will continue and, if anything, will increase as the merger is more fully implemented. Eaton opposes any conditions that would interfere with these critical merger benefits. UP and SP should be allowed to continue with the progress they are already making in achieving major improvements in Western rail service.

I declare under penalty of perjury that the foregoing is true and correct, and that I am authorized to file this verified statement.

Dated August 14, 1998.



Timothy J. Travis

ELEMENTIS
CHROMIUM

August 31, 1998

The Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, NW
Washington, D.C. 20423

Dear Secretary Williams:

**HOUSTON/GULF COAST OVERSIGHT PROCEEDING
FINANCE DOCKET NO. 32760 (SUB-NO. 26)**

**Verified Statement of
Jon L. Moon, President of Elementis Chromium
Corpus Christi, Texas**

My name is Jon L. Moon, and I am the President of Elementis Chromium, Corpus Christi, Texas. We are in the business of manufacturing chromium chemicals.

Elementis Chromium is opposed to the proposals to impose new conditions on UP's operations around Houston and in the Gulf Coast area at this time. Over the past three months, we have seen service performance improvements in the Gulf Coast area that strongly indicate the UP is well on their way to recovering from the UP/SP merger.

The proposals being requested would impose additional conditions that could upset the on-going recovery and negatively affect our business during the height of our railcar shipping season. These conditions also appear to undermine the UP's ability to invest in service and infrastructure improvements throughout the system.

We believe the UP needs more time to fight their way back to health. We are willing to give them until the end of the second quarter, 1999, to demonstrate they have truly regained control of their railroad. Let's not impose new conditions just when they seem to have a handle on the problem and a credible plan in place to improve service.

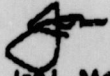
Elementis Chromium LP
3800 Buddy Lawrence Dr
Corpus Christi, TX 78407
P.O. Box 9712
Corpus Christi, TX 78406

Telephone: 361.271.8421
Facsimile: 361.271.8421
E-mail: chromium@elementis.com

The Honorable Vernon A. Williams
Page 2
August 31, 1998

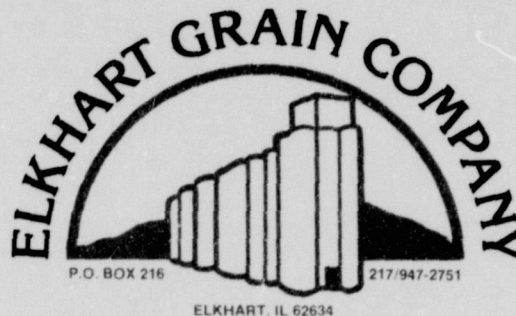
I declare under penalty of perjury that the foregoing is true and correct and that I am authorized to file this verified statement. Dated August 31, 1998.

Yours truly,



John L. Moon
President

JLM/dlr



**Verified Statement of
Elkhart Grain Company**

I am Donald Ludwig, the General Manager of Elkhart Grain Co., a country grain elevator in Elkhart, Illinois. We load 75 car trains and depend heavily upon the UP railroad for service.

Elkhart Grain Co. is opposed to the proposals to impose new conditions on UP's operations around Houston and in the Gulf Coast area. If we are to have effective rail competition with only two major West Coast railroads, we need to have a strong UP competing with a strong BNSF. These new conditions would go in the wrong direction, by weakening UP at a time when they are already struggling due to service problems.

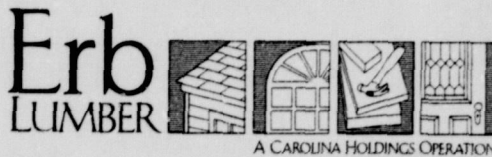
We think that the best answer to service problems in Houston and the Gulf Coast, and throughout the West, is to allow the UP to work its way out of them. Further weakening the UP with additional conditions would be a mistake. We are very concerned that added conditions in Houston and the Gulf Coast will undermine UP's ability to invest in service and infrastructure throughout its system. This will hurt our business and further reduce our rail options.

We do not believe that further conditions are necessary to protect competition in Houston and the Gulf Coast. The conditions imposed by the STB on the UP/SP merger have apparently worked well for competing railroads. We have seen aggressive competition against UP by BNSF, KCS and Tex Mex since the merger. While these railroads may want still more opportunities, competition is working without imposing further conditions that would weaken UP.

For these reasons, Elkhart Grain Co. opposes the request for conditions on UP's operations around Houston and the Gulf Coast and urges that the STB reject them.

I declare under penalty of perjury that the foregoing is true and correct and that I am authorized to file this verified statement. Dated August 17, 1998.

Donald Ludwig



Erb Lumber Inc. • 375 South Eton Road, Birmingham, MI 48009 • P. O. Box 3013, 48012 • (248) 644-5300

Vernon Williams, Secretary
Service Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423

Re: Houston Gulfcoast hearings, oversight proceedings – Finance Docket #32760
(sub-no 26).

September 2, 1998

Dear Secretary:

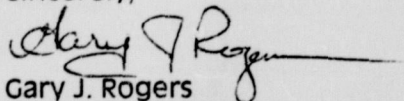
Erb Lumber Inc. is opposed to the proposals to impose new conditions on the Union Pacific Railroad's operations around Houston and the Gulfcoast area. Effective rail competition, in these days of mergers and a trend towards less competition, depends on a strong UP competing against a strong BNSF. Any new conditions would serve to diminish the competition that exists between these two carriers.

Erb Lumber Inc. is the Western Division of Carolina Holdings, Inc. As one of the largest distributors of forest products in the United States, we are very concerned with the competitiveness of the railroads. We purchase materials throughout the country and, not only do we transit via both the UP and the BN, we are also served as destinations by both carriers. As a company, Carolina Holdings receives in excess of 6,000 railcars per year.

A weakened UP would be detrimental to our business. The service levels of both the UP and the BNSF are improving, and further interference by imposing new conditions could prove to have a negative impact on the services provided by both carriers. The UP needs time to allow its plans to continue working. Further conditions would impede competition.

For these reasons, Erb Lumber opposes any new requests for conditions on the UP's operations and we urge the S.T.B. to reject them.

Sincerely,


Gary J. Rogers
Transportation Manager
Erb Lumber Inc.

cc: Bruce Fernandez, UPRR
Robin Green
Dick Rose

Materials and Services
B. Kenneth Townsend, Jr.
MANAGER

**VERIFIED STATEMENT
OF
B. KENNETH TOWNSEND, JR.
on behalf of
EXXON CHEMICAL AMERICAS**

My name is B. Kenneth Townsend, Jr. I am the Materials and Services Manager for Exxon Chemical Company (ECC), a division of Exxon Corporation, located at 13501 Katy Freeway, Houston, Texas 77079-1398.

Among other responsibilities, my department purchases and manages U. S. truck and rail transportation services, and U. S. and international marine transportation services for Exxon Chemical Americas (ECA), a division of ECC. Also, my department purchases and manages truck and rail transportation services, including management of the company owned and leased fleet of rail cars, for Exxon Company, U. S. A. (EUSA), a division of Exxon Corporation. Members of my department and I interact routinely with the railroads and other suppliers who provide these services.

Prior to holding my current position, I held sales, marketing, and business management positions in several ECC business areas. I have been employed with ECC for over 31 years, having graduated from Georgia Tech with a B. S. degree in Mechanical Engineering, and from the Wharton Graduate School, University of Pennsylvania, with an MBA degree.

ECA and EUSA (referred to below as Exxon), have seven plants located in Texas, Louisiana, Wyoming and California that are served by the Union Pacific Railroad (UP). Exxon is a major rail shipper of chemical and petroleum products, with approximately 70% of Exxon's 67,000 annual railcar shipments handled by the UP.

Following extensive study and discussions with UP and other involved railroads, Exxon supported the UP merger with Southern Pacific (SP). We judged that the SP lacked the financial strength to be a viable independent railroad longer term. We had experienced deteriorating SP service, and SP's financial strength had been on the decline prior to the merger. We were concerned that the trends of declining service and financial strength would

continue. We believed that without the UP/SP merger, SP assets could well have been sold piecemeal, and that such piecemeal sales would result in further service declines and would not assure long term service and competition as effectively as the merger coupled with giving the Burlington Northern Santa Fe Railway (BNSF) access to "2-to1" traffic.

We have been greatly disappointed in UP's service following the merger; however, we are encouraged by the recent progress in service recovery. Although the service is not fully recovered, the crisis is over for our Texas facilities and progress continues to be made. UP has committed substantial financial resources to address the service issues and has made public a plan for making significant infrastructure investments to provide further improvement. We believe these commitments may not have been made if the crisis had occurred on the former SP and, longer term, we believe service will be better than prior to the merger.

Following implementation of the UP/SP merger, we have been satisfied with the effectiveness of conditions imposed by the Surface Transportation Board (STB) to maintain competition at Exxon's sites in the Houston area. BNSF and Exxon entered into new contractual agreements during 1997 which provide competitive rates and service, and Exxon estimates BNSF will move approximately 4,000 cars per year (approximately 20% of the total business) from our Mont Belvieu Plastics Plant, our Baytown Plastics Plant, our Baytown Chemical Plant and our Baytown Refinery. Additionally, contractual arrangements have been concluded with UP which provide competitive commercial terms for Exxon's Houston-area facilities.

Some of the conditions of the merger which recently have been proposed go well beyond ensuring that the competitiveness existing prior to the merger is maintained. These conditions would bring competition to shipping sites where such competition did not exist prior to the merger and would provide a windfall for certain railroads. We believe that consideration of these proposals must include fair and equitable compensation to the UP. We are also concerned that some of the conditions being proposed could negatively impact the infrastructure improvement that is being planned by the UP, jeopardizing future services to our facilities and limiting their growth.

In closing, while we supported the UP/SP merger because of the special circumstances that existed with the weak SP, and we believe the conditions imposed by the STB to maintain competition have been effective, we continue to be concerned about the increasing complexity of railroad mergers and the disastrous service impacts that can occur if implementation is not

almost flawless. We believe that while further consolidation of Class I carriers may have some benefit, each such consolidation should be carefully and critically examined, with particular attention paid to ensuring smooth implementation and to improving competition in a manner that does not cause substantive harm to the benefits of the merger or the merger participants.

I declare under penalty of perjury that the foregoing is true and correct to the best of my belief and knowledge. Further, I certify that I am qualified and authorized to file this verified statement.

Executed this 11th day of September 1998.

B. Kenneth Townsend, Jr.

B. Kenneth Townsend, Jr.

STATE OF TEXAS
COUNTY OF HARRIS

I, Anna Lee Schendel, a notary Public in and for said state and county, do hereby certify that B. Kenneth Townsend personally appeared before me this day and acknowledged his due execution of the foregoing Verified Statement.

Witness my hand and official seal this 11th day of Sept., 1998.

Anna Lee Schendel

Notary Public

My commission expires: _____



**VERIFIED STATEMENT
OF
ROBERT W. J. MORTENSON**

**ON BEHALF OF
FARMERS COMMODITIES CORPORATION**

FINANCE DOCKET NO. 32760 (Sub-No 26)

UNION PACIFIC RAILROAD COMPANY

Houston / Gulf Coast Oversight Proceeding

VERIFIED STATEMENT
OF
ROBERT W.J. MORTENSON
ON BEHALF OF
FARMERS COMMODITIES CORPORATION

This statement is being filed by Robert W.J. Mortenson, Director of Transportation for Farmers Commodities Corporation of Des Moines IA. My background and professional experience are as follows:

- Twenty years transportation experience in the Grain Industry.
- Experienced Grain Trader on the Floor of the Minneapolis Grain Exchange.
- Past Director of the Minneapolis Grain Exchange.
- Past President and Director of the Northwest Association of Rail Shippers.
- Past President and Director of the Twin City Transportation Club Mpls,Mn.
- Past Member National Grain & Feed Association Transportation Committee.
- Current Committee Chair Transportation Committee National Council of Farmer Cooperatives.

As the Director of Transportation I am directly responsible for a 2,000 car Rail Fleet and the transportation of grain for our Cooperative Members.

Farmers Commodities Corporation is an agricultural Cooperative that represents over 700 Cooperative grain elevator companies across the United States. The primary focus of the company is agricultural trading in the Commodity Futures market, Cash grain trading, and Brokerage. (See map)

Farmers Commodities Corporation represents grain shippers on the Union Pacific system in the states of Kansas, Nebraska, Iowa, Minnesota, Illinois, Utah, Colorado, Oklahoma and Texas.

These Cooperative elevators represent a cross section of the shipping public with capabilities ranging from the ability to load 100 car unit trains within 15 hours, all the way down to the smaller single car shipper.

Farmers Commodities Corporation is opposed to proposals for new conditions to the Union Pacific's operations around Houston and in the Gulf Coast Area. The Union Pacific is a vital link for agriculture and any attempts at further weakening UP's ability to invest in service or infrastructure we feel would be ill advised.

The Southern Pacific was in poor condition at the time of the merger. The principal reason we have always supported this merger was because of the financial resources of Union Pacific and a Management willing to make the necessary long term investment in rail upgrades, locomotives, rail cars, and computerization to handle growth. The requests you are seeing would weaken the Union Pacific's ability to make these investments that are needed so badly.

From our view point the conditions that are being requested look more like an attempt to siphon off business from Union Pacific than to preserve competition.

Union Pacific needs to invest at least \$1.4 Billion over the next five years in Houston and Gulf Coast infrastructure. The money to make these investments has to come from revenue generated from Union Pacific's current and future traffic base. Investors in Union Pacific and Wall Street are both going to be very interested on a return on their investment.

If these proposed conditions are for competitive purposes it is our opinion that this is the wrong time and place. It is unfair to give special conditions to these customers that are not available to other shippers across the country. The Open Access issue should be addressed in a different proceeding applicable to all railroads and all shippers.

The emergency service relief that was granted by the Surface Transportation Board originally has done its job and no further action is necessary.

Service problems have had a ripple effect across the whole Union Pacific system and we have been hurt financially in the Agribusiness as well as the Industries in the Gulf Coast region. Union Pacific has aggressively undertaken building projects, and acquisition of new locomotives. Union Pacific Trainmen, Engineers and Management have spent an unprecedented amount of time in re-engineering the system to handle the needs of tomorrow. Benefits to the whole transportation system are happening daily across the Union Pacific system, directional running of trains, new labor agreements, double and triple tracking, etc. If these improvements are going to be completed Union Pacific needs time and support to do the job.

Shippers continue to make large investments in facilities on the Union Pacific system to improve efficiencies. Farmers Commodities has committed to over \$50 million dollars in rail equipment in the past two years and numerous members have invested in upgrading the loadout capabilities of grain elevators to handle 75 and 100 car trains. These efficiencies benefit everyone in the system.

The Gulf Ports and Texas will be key areas for agriculture this year. Export commitments are switching from PNW ports to the Gulf and with the severe drought in Texas we anticipate larger volumes of feed grains moving into this area than we have seen in the past. Midwest farmers and elevator operators can not afford to have operations jeopardized by any new conditions when service has been steadily improving.

Farmers Commodities is expanding its role in Mexico. Currently we are providing market information, education, risk management services, hedging, and cash grain marketing for a number of large processors, feed manufacturers, and milling companies. NAFTA , rail privatization, and competition between UP BNSF and KCS create marketing and shipping opportunities under the existing STB conditions. Our business and the opportunities for our Cooperative members to sell agricultural products to Mexico have never looked better.

In conclusion we believe that no new conditions should be imposed on Union Pacific in the UP/SP Merger proceeding.

VERIFICATION

STATE OF He MN
COUNTY OF Hennepin

ROBERT W.J. MORTENSON, being first duly sworn, deposes and says that he has read the foregoing document, knows the facts asserted therein, and that the same are true as stated.

Robert W.J. Mortenson
Robert W.J. Mortenson

Subscribed and sworn to before me this twenty seventh day of August,
1998

Sara A. Kelley
Notary Public

My Commission Expires:

1/31/00



FARMERS COMMODITIES CORPORATION

Offices, Members and Customers





RUTHVEN, IOWA 51358
Phone: 837-5231
GRAETTINGER, IOWA 51342
Phone: 859-3204
TERRIL, IOWA 51364
Phone: 853-6131
WALLINGFORD, IOWA 51365
Phone: 867-4115

VERIFIED STATEMENT

Of Farmer's Cooperative Elevator Company
Ruthven, IA

I am Kevin Hartkemeyer the General Manager of Farmer's Coop Elevator Company. We are in the business of buying grain from farmers for resale into the processor and export markets. Our annual volume of business in this enterprise is 10,000,000 bushels or potentially 3125 railcars. Also we are in the fertilizer business this past year we sold 14200 tons to farmers or 1420 railcars. As you can see the nation's rail system is imperative to our existence. For this reason I feel it is wrong to give special conditions to one part of the country's shippers, because shippers throughout the country will be adversely affected and at a disadvantage. Putting additional trains on the UP's already crowded lines will tax a system that is already in need of improved service not additional headaches. Our UP rail station at Graettinger, IA is a vital part of our business and our interests need to be recognized as well as protected.

Farmer's Coop is opposed to the proposals to impose new conditions on the UP's operations around Houston and in the Gulf Coast area. Effective rail competition depends on a strong UP competing against a strong BNSF. These new conditions would go in the wrong direction, by weakening the UP at a time when it has already suffered large financial and traffic losses over the last year due to its service problems. The best answer to service problems in Houston and the Gulf Coast, and throughout the west, is to let the UP fight its way out of them. Weakening the UP with further conditions is a mistake. We are very concerned that added conditions in those areas will undermine the UP ability to invest in service and infrastructure throughout its system. This will hurt our business and degrade our rail options.

We do not believe that additional conditions are needed to protect competition in Houston and the Gulf Coast. The conditions imposed by the STB on the UP/SP merger have worked well. We have seen aggressive competition against UP by BNSF, KCF and the Tex Mex since the merger. While these railroads may want still more opportunities, competition is working without imposing further conditions that would penalize us and weaken the UP.

For these reasons, Farmer's Cooperative Elevator Company opposes the requests for conditions on UP's operations around Houston and the Gulf Coast and urges that the STB reject them.

I declare under penalty of perjury that the foregoing is true and correct and that I am authorized to file this verified statement. Dated September 14, 1998.

Kevin Hartkemeyer

FARMERS COOPERATIVE ELEVATOR

115 SOUTH MAIN ST.
BUFFALO CENTER, IA 50424
PHONE 515-562-2404 OR 1-800-852-4718

LAKOTA, IA 50451
HIGHWAY 9.....EAST
PHONE 515-886-2461

SWEA CITY, IA 50590
501 - 3RD ST. NORTH
PHONE 515-272-4406

VERIFIED STATEMENT OF FARMERS COOPERATIVE ELEVATOR COMPANY

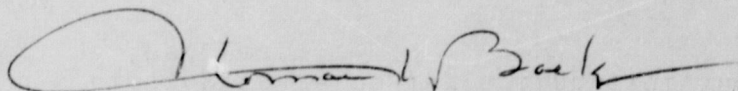
I am Thomas L. Boeka, the general manager of Farmers Cooperative Elevator Co., Buffalo Center, Ia. We are in the agricultural business, serving some 900 members. Our company ships approximately 2,800 cars of grain a year on the Union Pacific. These grain shipments represent about 70% of the \$45,000,000. total company sales volumes.

FCE company is opposed to the proposals to impose new conditions on UP's operations around Houston and in the Gulf coast area. Effective rail competition depends on a strong UP competing against an already strong BNSF. These new conditions would go in the wrong direction, by weakening UP at a time when it has already suffered large financial and traffic losses over the last year.

FCE company is located in north central Iowa. Over the past , including the very recent, service has been very acceptable to our company provided by UP. Our trackage is scheduled for upgrading in the future. This upgrading will allow our company to expand to ship 100 cars at a time, thereby allowing a greater profit for our company and yet at the same time allow us to pay more for the grain to the farmer/ owner of our company. The conditions that are proposed against UP will have a direct and negative impact on our company and the farmers it serves.

For these reasons, FCE Company opposes the requests for conditions on UP's operations around Houston and the Gulf Coast and urges that STB reject them.

I declare under penalty of perjury that foregoing is true and correct and that I am authorized to file this verified statement. Dated This August 31, 1998.

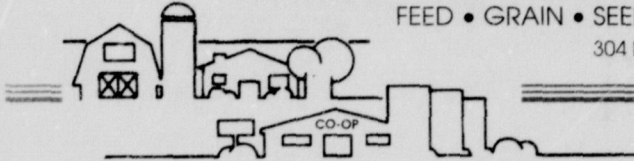


Thomas L. Boeka

FARMERS COOPERATIVE COMPANY

FEED • GRAIN • SEED • FERTILIZER • LP GAS • PETROLEUM

304 ELLSWORTH, DOWS, IOWA 50071



FAX# 515-852-4139

Dows Elevator Phone:
852-4136

Petroleum Phone:
852-4565

After 5:00 pm
852-4137

Rowan Town Mart Phone:
853-2242

Rowan Elevator Phone:
853-2214

Chemical Plant Phone:
852-4138

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street N.W.
Washington, DC 20423

RE: Houston/Gulf Coast Oversight Proceeding
Finance Docket No: 32760 (Sub-No 26)

VERIFIED STATEMENT OF

Farmers Cooperative Company, Dows, Iowa

I am, James A. Meek, the General Manager of the Farmers Cooperative Company, Dows, Iowa. We are in the business of buying and selling grain and other agronomy products to our 300 local members. We currently ship between 5,000,000 and 6,000,000 bushels of grain each year on the UP system.

The Farmers Cooperative Company is opposed to the proposals to impose conditions on the UP's operations around Houston and in the Gulf Coast area. Effective rail competition depends on a strong UP competing against a strong BNSF. These new conditions would go in the wrong direction, by weakening UP at a time when it has already suffered large financial and traffic losses over the last year due to its service problems.

The best answer to service problems in Houston and the Gulf Coast, and throughout the West, is to let UP fight its way out of them. Weakening UP with further conditions is a mistake. Furthermore, we are very concerned that added conditions in Houston and the Gulf Coast will undermine UP's ability to invest in service and infrastructure throughout its system. This will hurt our business and degrade our rail options.

We as a private shipper have no complaints about our UP service. All trains that have been ordered have been delivered either on-time or within a reasonable time frame. We have found that the UP has programs available for the delivery of equipment, and it is the shipper's responsibility to utilize these programs that match their needs.

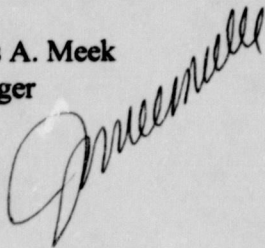
We have already made arrangements to ship grain this fall on the UP. We have confidence that the UP will deliver our equipment in a timely fashion. We would not make these arrangements if we were not confident in their ability to perform. Overall, since the UP and SP merged, our service has not disintegrated at all.

We do not believe that further conditions are needed to protect competition in Houston and the Gulf Coast. The conditions imposed by the STB on the UP/SP merger have worked well. We have seen aggressive competition against UP by BNSF, KCS, and Tex Mex since the merger. While these railroads may want still more opportunities, competition is working without imposing further conditions that would weaken UP.

For these reasons, the Farmers Cooperative Company opposes the request for conditions on UP's operations around Houston and the Gulf Coast and urges that the STB reject them.

I declare under penalty of perjury that the foregoing is true and correct and that I am authorized to file this statement. Dated: August 7, 1998.

James A. Meek
Manager

A handwritten signature in cursive script, appearing to read "J. Meek", is written over the printed name and title.

FARMERS COOPERATIVE SOCIETY

390 E. 5TH STREET
GARNER, IA. 50438
PH. 923-2695

122 W. MAIN
KLEMME, IA. 50449
PH. 587-2161

410 1ST. STREET
MESERVEY, IA. 50457
PH. 358-6131

"Owned by the people we serve"

VERIFIED STATEMENT

OF MICHAEL D. MOSER

FARMERS COOPERATIVE SOCIETY
GARNER, KLEMME, MESERVEY IOWA

I am Michael D. Moser, the General Manager of Farmers Cooperative Society located in Garner, Klemme, and Meservey Iowa. We are a Country Grain Elevator and Farm Supply Cooperative in North Central Iowa. Our facilities at Klemme can load 75 rail cars and our facilities at Garner can load 25 rail cars both of which are on UP Rail. Most of our fertilizer is shipped inbound by rail on the Union Pacific. Most of our grain is sold for the domestic market using shuttle trains. The service we have received since the Union Pacific purchased the CNW has been improving over the last 3 years to the point where the service is now satisfactory.

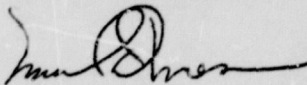
Farmers Cooperative Society is opposed to the proposals to impose new conditions on UP's operation around Houston and in the Gulf Coast area. Effective rail competition depends on a strong UP competing against a strong BNSF. These new conditions would go in the wrong direction, by weakening UP at a time when it has already suffered large financial and traffic losses over the last year due to its service problems.

The best answer to service problems in Houston and the Gulf Coast, and throughout the West, is to let UP fight its way out of them. Weaking UP with further conditions is a mistake. Futhermore, we are very concerned that added conditions in Houston and the Gulf Coast will undermine UP's ability to invest in service and infrastructure throughout its system. This will hurt our business and degrade our rail options.

We do not believe that further conditions are needed to protect competition in Houston and the Gulf Coast. The conditions imposed by the STB on the UP/SP merger have worked well. We have seen aggressive competition against UP by BNSF, KCS and Tex Mex since the merger. While these railroads may want still more opportunities, competition is working without imposing further conditions that would weaken UP.

For these reasons, Farmers Cooperative Society opposes the requests for conditions on UP's operations around Houston and the Gulf Coast and urges that the STB reject them.

I declare under penalty of perjury that the foregoing is true and correct and that I am authorized to file this verified statement. Dated 9 September 1998.



Michael D. Moser
General Manager



**VERIFIED STATEMENT
of Chad Laman
Ferex Metals Recycling**

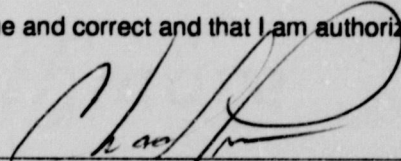
I am Chad Laman, Area Manager, of Ferex Metals Recycling. We are in the scrap metal business in the Tyler and Odessa, Texas, area. Ferex Metals Recycling is opposed to the proposals to impose new conditions on UP's operations around Houston and in the Gulf Coast area. Effective rail competition depends on a strong UP competing against a strong BNSF. The requested conditions would upset the competitive balance by weakening UP at a time when it has already suffered large financial and traffic losses over the last year due to its service problems. The new conditions would directly hurt our business and degrade our rail options. Weakening UP with further conditions is a mistake.

Furthermore, we are very concerned that added conditions in Houston and the Gulf Coast will undermine UP's ability to invest in service and infrastructure throughout its system. These conditions will interfere with UP's operations by putting additional trains of other railroads on UP's already crowded tracks. This will not solve service issues, it will only expand service problems. It makes no sense to disrupt UP's operations when the need is to improve UP's service and create better service to their customers.

We do not believe that further conditions are needed to protect competition in Houston and the Gulf Coast. The conditions imposed by the STB on the UP/SP merger have worked well. There has been aggressive competition against UP by BNSF, KCS and Tex Mex since the merger. While these railroads may want more opportunities, competition is working without imposing further conditions that would weaken UP.

For these reasons, Ferex Metals Recycling opposes the requests for conditions on UP's operations around Houston and the Gulf Coast and urges that the STB reject them.

I declare under penalty of perjury that the foregoing is true and correct and that I am authorized to file this verified statement. Dated August 21, 1998.



Chad Laman, Ferex Metals Recycling

FEREX CORPORATION



VERIFIED STATEMENT

I am Brian Rumbaugh, the Feedstocks Marketing Manager of Ferrell North America. Ferrell North America is in the business of marketing Liquefied Petroleum Gases throughout the United States. Ferrellgas our sister company is the second largest propane retailer in the nation.

Although, the initial decision to impose conditions on the Union Pacific Railroad's operations in Houston, TX and the Gulf Coast area may have been necessary do to emergency or national security issues, I am opposed to imposing any new conditions on the Union Pacific's operations.

First of all, I am against government involvement that impacts or dictates how a business conducts business. The marketplace is the efficient method of controlling a companies operations and business practices. If a railroad customer experiences continued problems and can not obtain the service level desired, there are plenty of legal avenues that can be pursued.

Second, the answer at this time, to service problems is to let the Union Pacific Railroad work out its problems itself. Before the merger, the Union Pacific was a well run railroad. The Union Pacific did make mistakes during the merger and has learned lessons, but should be allowed to work its way back to pre-merger excellence. If you impose new conditions and give other companies an competitive advantage, you will reduce the Union Pacific's incentive to allocate additional capital resources to make the needed upgrades in their system.

For these reasons I oppose the requests for new conditions on Union Pacific's operations around Houston and the Gulf Coast and urge the STB to consider these above mentioned point too.

I declare under penalty of perjury that the foregoing is true and correct and that I am authorized to file this verified statement. Dated September 9, 1998.

Name Brian Rumbaugh



Fibras Químicas, S. A.

**VERIFIED STATEMENT
OF CARLOS URIEGAS
FIBRAS QUÍMICAS, S.A.**

My name is Carlos Uriegas. I am the Traffic and Logistics Manager for Fibras Químicas, S.A.

Fibras Químicas produces polyester and nylon chips which we both sell domestically and export to various countries, including United States. Our principal customer in the United States is Akzo-Nobel, which uses our product in producing tires. We have found over the years that rail transportation generally provides the most efficient method of delivering our product to purchasers, and have therefore invested in our own fleet of hopper cars to convey our products.

Our shipments into the United States start from Laredo, TX and go through Memphis, TN, to Scottsboro, AL., Wallace, VA and Fayetteville, NC. We use UP for approximately 370 carloads per year to Virginia and Alabama, and we use Tex-Mex and BNSF for about 90 carloads per year to North Carolina. During the UP service crisis we had to ship our product by truck, but since June we have return to shipping with UP because it has mostly recovered from its problems. We are now very happy with the transit times UP is providing, which it has reduced from 15 days to 5 or 6 for the Laredo-Memphis route. This is the large part due to the directional running that it has instituted. In comparison, we have been much less happy with the service we have received from Tex-Mex and BNSF to North Carolina, because the service has been slow and the return time for empty equipment have likewise been slow. Consequently, we have been negotiating with UP to carry that traffic for us.

Fibras Químicas opposes the requests for new conditions in the Houston and Gulf Coast area. BNSF, Tex-Mex, and UP all compete for our business on the routes over which we ship our product. That competition allows us to keep our transportation costs low and insist on high-quality service. If the requested conditions are granted, UP will be weakened relative to the other railroads, and will be less able to compete aggressively with these other railroads for transportation on the routes we use. Imposing new conditions will upset the competitive balance among the railroads that has allowed us to obtain favorable rates and demand improved service.

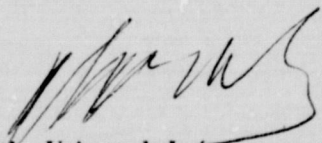
Fibras Químicas also opposes the requests for conditions because they will weaken UP's ability to invest in upgrading its infrastructure. The service crisis has caused UP to suffer extensive losses, but it is now beginning to recover. Imposing the requested conditions will slow down UP's financial recovery. This could threaten UP's ability to improve its border gateways in Laredo and tracking throughout Texas, which are critical to our shipping needs as well as the shipping needs of others.

Moreover, if the STB grants these requested conditions, even more trains will be placed on UP's tracks. UP has worked hard to improve traffic flows on its tracks, and adding trains to its tracks will disrupt this effort. Conditions imposed in the Houston and Gulf Coast area will not only disrupt traffic there, but will lead to a ripple effect on traffic that will cause disruptions throughout the UP system. Our service and the service of the other shippers, could be expected to suffer.

For these reasons, Fibras Químicas respectfully requests that the STB reject the requests for new conditions.

I declare under penalty of perjury that the foregoing is true and correct and I am authorized to file this verified statement.

Dated August 25, 1998.



Carlos Uriegas de León

Ave. Ruiz Cortines e Interior Cydsa, Monterrey, N. L., México 64400, Apdo. 790, Tel. 331-3120



FIRST COOPERATIVE ASSOCIATION



Corporate Office
5057 Highway 3 West
Cherokee, Iowa 51012
Phone: 712-225-5400 Fax: 712-225-5493

VERIFIED STATEMENT
Randy Dunn
First Cooperative Association

I am Randy Dunn, the Vice President of Grain Marketing for First Cooperative Association. We operate 15 country elevators, and handle in excess of 30 million bushels of grain annually.

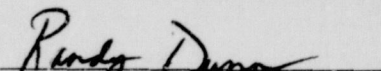
First Cooperative Association is opposed to the proposals to impose new conditions on UP's operations around Houston and in the Gulf Coast area. Effective rail competition depends on a strong UP competing against a strong BNSF. These new conditions would go in the wrong direction, by weakening UP at a time when it has already suffered large financial and traffic losses over the last year due to its service problems.

The best answer to service problems Houston and the Gulf Coast, and throughout the West, is to let UP fight its way out of them. Weakening UP with further conditions is a mistake. Furthermore, we are very concerned that added conditions in Houston and Gulf Coast will undermine UP's ability to invest in service and infrastructure throughout its system. This will hurt our business and degrade our rail options.

We do not believe that further conditions are needed to protect competition in Houston and the Gulf Coast. The conditions imposed by the STB on the UP/SP merger have worked well. We have seen aggressive competition against UP by BNSF, KCS and Tex Mex since the merger. While these railroads may want still more opportunities, competition is working without imposing further conditions that would weaken UP.

For these reasons, First Cooperative Association opposes the requests for conditions on UP's operations around Houston and the Gulf Coast and urges that the STB reject them.

I declare under penalty of perjury that the foregoing is true and correct and that I am authorized to file this verified statement. Dated August 7, 1998.


Randy Dunn

Eastern Regional Office
212 North Agora
Marathon, Iowa 50565
712-289-2191

Central Region Office
14 North Main
Alta, Iowa 51002
712-284-2332

Western Region Office
113 Lewis
Cleghorn, Iowa 51014
712-436-2224

Locations at
Alta, Aurelia, Brooke, Cherokee, Cleghorn, Larrabee, Laurens, Linn Grove, Marathon, Marcus, Meriden,
Peterson, Schaller, Sioux Rapids, Truesdale, Webb



FOREST PRODUCTS SUPPLY CO.

Forest Products Supply Company opposes the requests to impose new conditions on UP's operations around Houston and in the Gulf Coast area. Effective rail competition depends on a strong UP competing against a strong BNSF. These new conditions would go in the wrong direction, by weakening UP at a time when it has already suffered large financial and traffic losses over the last year due to its service crisis. For us to keep our costs low, our suppliers must have a full range of rail-service options. Weakening UP would reduce these options, causing our supply costs to go up, which would hurt our business.

The best answer to service problems in Houston and the Gulf Coast is to let UP fight its way out of them. Weakening UP with further conditions is a mistake. We have already seen UP nearly complete its recovery from the past year's service crisis. Imposing the requested conditions would impair UP's ability to finalize its recovery. Furthermore, we are very concerned that added conditions in Houston and the Gulf Coast will undermine UP's ability to invest in service and infrastructure throughout its system. UP plans to invest \$1.4 billion to upgrade its Texas infrastructure. To do this it needs to continue to generate revenue. These new conditions could cost UP over \$500 million in revenue, which will make it very difficult for UP to make these critical investments, in turn hurting our business and degrading our suppliers' rail options.

For these reasons, Forest Products Supply Company opposes the requests for conditions on UP's operations around Houston and the Gulf Coast area and urges that the STB reject them.

I declare under penalty of perjury that the foregoing is true and correct and that I am authorized to file this verified statement.

Dated September 9, 1998.



Patrick O. Sinclair

9264 MANCHESTER ROAD ST. LOUIS, MISSOURI 63144

(314) 961-6195
(800) 522-8905
FAX 961-3509
FAX (800) 992-3509



FOREST PRODUCTS SUPPLY CO.

September 8, 1998

VERIFIED STATEMENT
OF PATRICK O. SINCLAIR
FOREST PRODUCTS SUPPLY COMPANY

I am Patrick O. Sinclair, the General Manager of Forest Products Supply Company, located in St. Louis and the surrounding area. Our business strongly depends on reliable delivery of lumber and panel shipments by rail. Many of those shipments originate in the Houston/Gulf Coast area, but we also receive lumber and panels from the Pacific Northwest, Canada, and southeastern United States. Although the rail delivery of our product is arranged by the shippers, the price and quality of rail service these suppliers are able to obtain for their shipments to us have a direct impact on our costs and our business.

The merger of UP and SP has opened new markets for us. The improved competition between BNSF and UP that resulted from the merger and the original conditions has enhanced source competition for our supplies. With greater options as to where we obtain our products we have been able to keep our product costs low. Furthermore, single-line service, which was made possible by the merger, has improved the speed and reliability of the shipments we receive. We have been able to pass all these benefits along to consumers in the large metropolitan area we serve. Although our business experienced problems because of the recent service crisis on UP, over the past several months UP's service has improved significantly, particularly on traffic moving from the Houston/Gulf Coast area. We believe that UP will continue to work hard to provide the competitively priced and consistent service we need.

9264 MANCHESTER ROAD ST. LOUIS, MISSOURI 63144

(314) 961-6195
(800) 522-8905
FAX 961-3509
FAX (800) 992-3509

FOSTER

**L.B. FOSTER
COMPANY**

Foster Plaza
Transportation Department
P.O. Box 2808
Pittsburgh, PA 15230-2808
(412) 828-3463
(412) 928-8510 (FAX)

**VERIFIED STATEMENT
OF
DAVID H. STEINGRABER
ON BEHALF OF
L. B. FOSTER COMPANY**

My name is David H. Steingraber. I am Manager of Transportation & Logistics for L. B. FOSTER COMPANY, and am located at 415 Holiday Drive, Pittsburgh PA 15220. In this position, I have responsibility for overseeing all transportation related issues for FOSTER.

FOSTER is a manufacturer, fabricator and distributor of steel pipe and tubing, structural steel, steel railway track rails and related trackwork, and fabricated steel products related to highway and bridge construction.

As such, FOSTER ships from and to all geographic areas of the US, Canada and Mexico, and relies heavily on rail transportation to deliver its products.

On October 17, 1995, FOSTER filed a verified statement supporting the merger between the UNION PACIFIC and the SOUTHERN PACIFIC Railroads.

The purpose of this writing is to express FOSTER'S opposition to the proposals to impose new conditions on UP's operations around Houston TX and in the Gulf Coast area.

FOSTER is painfully aware of the service problems which have plagued UP in this area, and throughout the West, for the past year. We believe that our operations have suffered as a result of these problems, as much as have any significant consumer of railroad transportation services in these areas.

During this period, we have continued to work diligently with UP to resolve our problems, as we would work with any other supplier in a prudent problem resolution process.

FOSTER does not question the Board's discretion to grant emergency service relief; we in fact welcome it when appropriate. We do not believe, however, such relief should be granted as a permanent condition to a merger, especially where normal operations have been largely restored, and where we see UP continuing to invest significant resources to improve service for the long term.

Offices and
Service Centers
Worldwide

Pipe,
Rail & Track,
Piling,

Construction Equipment,
Highway Products,
Tranx Products

415 Holiday Drive, Pittsburgh, PA 15220

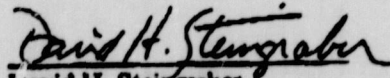
FOSTER'S views "OPEN ACCESS" as an issue which needs to be addressed as the Nation's railroads continue to rationalize their businesses, but we believe it should be addressed in a forum applicable to all railroads, as opposed to singling out any particular one.

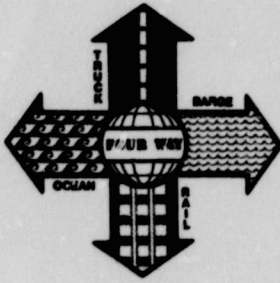
As a shipper to many destinations throughout the Western United States, FOSTER relies heavily upon both UP and ENSF to satisfy our transportation requirements. We need reliable, efficient and financially stable railroads to support our business. We fear the conditions now being considered will, in fact, weaken UP's long term position in this vitally important market area.

In conclusion, as FOSTER originally supported the merger between UP/SP in 1995, FOSTER now opposes the further conditions being considered by Houston/Gulf Coast Oversight Proceeding, Finance Docket No.32760(Sub-No.26).

I declare under penalty of perjury that the foregoing is true and correct and that I am authorized to file this verified statement.

Dated September 3, 1998


David H. Steingraber



FOUR WAY TRANSPORTATION INC.

THE TOTAL TRANSPORTATION COMPANY

VERIFIED STATEMENT OF Cameron Goodwin Four Way Transportation

I am Cameron Goodwin, President of Four Way Transportation. We are in the business of brokering transportation for various metal related businesses, typically originating in Houston and other areas in the state of Texas.

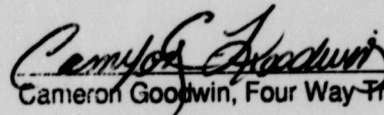
Four Way Transportation is opposed to the proposals to impose new conditions on UP's operations around Houston and in the Gulf Coast area. Effective rail competition depends on a strong UP competing against a strong BNSF. The requested conditions would upset the competitive balance by weakening UP at a time when it has already suffered large financial and traffic losses over the last year due to its service problems. The new conditions would directly hurt our business and degrade our rail options. Weakening UP with further conditions is a mistake.

Furthermore, we are very concerned that added conditions in Houston and the Gulf Coast will undermine UP's ability to invest in service and infrastructure throughout its system. These conditions will interfere with UP's operations by putting additional trains of other railroads on UP's already crowded tracks. This will not solve service issues, it will only expand service problems. It makes no sense to disrupt UP's operations when the need is to improve UP's service and create better service to their customers.

We do not believe that further conditions are needed to protect competition in Houston and the Gulf Coast. The conditions imposed by the STB on the UP/SP merger have worked well. There has been aggressive competition against UP by BNSF, KCS and Tex Mex since the merger. While these railroads may want more opportunities, competition is working without imposing further conditions that would weaken UP.

For these reasons, Four Way Transportation opposes the requests for conditions on UP's operations around Houston and the Gulf Coast and urges that the STB reject them.

I declare under penalty of perjury that the foregoing is true and correct and that I am authorized to file this verified statement. Dated August 18, 1998.


Cameron Goodwin, Four Way Transportation

August 28, 1998

**VERIFIED STATEMENT OF JIM MENDLIK
ON BEHALF OF FOXLEY GRAIN CO.**

I, Jim Mendlik, am President of Foxley Grain Co., 14353 Q Street, Omaha, NE 68137. My responsibilities include management of the Company's transportation.

Foxley Grain Co. is a wholly-owned subsidiary of Foxley Cattle Co. Its primary business relates to owning and operating grain elevators in Iowa, Nebraska & South Dakota. We ship 4-5,000 carloads per year, primarily in covered hoppers. These shipments move westward to the PNW, southward towards the Gulf and to Mexico, eastward to various grain processors as far away as New York.

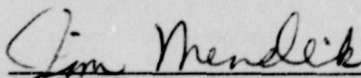
Foxley Grain Co. is opposed to the proposals to impose new conditions on UP's operations around Houston and in the Gulf Coast area. Effective rail competition depends on a strong UP competing against a strong BNSF. These new conditions would go in the wrong direction, by weakening UP at a time when it has already suffered large financial and traffic losses over the last year due to its service problems.

The best answer to service problems in Houston and the Gulf Coast, and throughout the West, is to let UP fight its way out of them. Weakening UP with further conditions is a mistake. Furthermore, we are very concerned that added conditions in Houston and the Gulf Coast will undermine UP's ability to invest in service and infrastructure throughout its system. This will hurt our business and degrade our rail options.

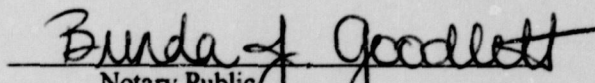
We do not believe that further conditions are needed to protect competition in Houston and the Gulf Coast. The conditions imposed by the STB on the UP/SP merger have worked well. We have seen aggressive competition against UP by BNSF, KCS and Tex Mex since the merger. While these railroads may want still more opportunities, competition is working without imposing further conditions that would weaken UP.

For these reasons, Foxley Grain Co. opposes the requests for conditions on UP's operations around Houston and the Gulf Coast and urges that the STB reject them.

I declare under penalty of perjury that the foregoing is true and correct and that I am authorized to file this verified statement. Dated August 28, 1998.

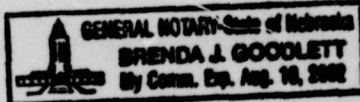

Jim Mendlik, President

Subscribed and sworn to before me this 28 day of August, 1998.


Notary Public

My Commission Expires:

Aug. 10, 2002



**Framing Square Lumber Co., Inc.
P.O. Box 80594
Midland, TX 79708
915-520-4646**

I am Russell Jones, Chief Executive Officer of Framing Square Lumber, located in Midland, Texas. We are a major lumber distributor in the West Texas area. We receive lumber and panel shipments via rail from origins throughout the United States and Canada. Although we have experienced problems during the past twelve months, Union Pacific has made considerable progress in eliminating the problems that resulted from the recent service crisis. We are now experiencing reliable and consistent service from UP, on shipments moving from the West through California as well as through the Midwestern routes.

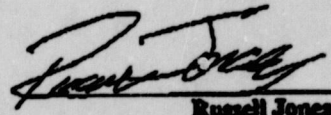
Framing Square Lumber Company opposes the requests to impose new conditions on UP's operations around Houston and in the Gulf Coast area. Effective rail competition depends on a strong UP competing against a strong BNSF. These new conditions would go in the wrong direction, by weakening UP at a time when it has already suffered large financial and traffic losses over the last year due to its service problems. If BNSF wants, or more importantly needs, additional tracking rights, they should have bought them outright rather than look to government intervention to accomplish what amounts to a seizure of property bought and paid for by UP on the open market.

The best answer to the service problems in Houston and the Gulf Coast area, and throughout the West, is to let UP fight it's way out of them. Weakening UP with further conditions is a mistake. Imposing the requested conditions will put additional traffic on UP's already congested tracks in Texas. The conditions are therefore likely to worsen, rather than improve our rail service in Texas. Non-intervention worked in California, and other parts of the country. I believe six months of concentrated efforts by management and staff will go a long way towards solving this situation. In the current conditions, too much of UP, BN, Tex Mex, and government employees time, energy and money is being expended on creating new problems. BN and Tex Mex certainly have their own operational problems existing that could use attention.

For these reasons, Framing Square Lumber Company opposes the requests for conditions on UP's operations around Houston and the Gulf Coast and urges the STB to reject them. If UP does not make substantial progress in six months, the same options are still available.

I declare under penalty of perjury that the foregoing is true and correct and that I am authorized to file this verified statement.

Dated September 16, 1998


Russell Jones



GALVESTON CHAMBER OF COMMERCE

Mission Statement: To Strengthen the business climate, Promote community development, Enhance the quality of life on Galveston Island and Expand and Diversify Galveston's economic base

August 27, 1998

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K. Street NW
Washington, DC 20006

RE: Houston/Gulf Coast Oversight Proceeding
Finance Docket No. 32760 (Sub-No. 26)

Dear Secretary Williams:

As President of the Galveston Chamber of Commerce, I am well aware of the value of rail transportation to our island community. The railroad is an important industry to our community as they transport goods into and out of the Port of Galveston. The Board of Directors has verified with the Port of Galveston and two major customers of Union Pacific and they are satisfied with the service provided by Union Pacific.

We are strongly opposed to the proposals to impose new conditions on Union Pacific's operations around Houston and the Gulf Coast area. The STB established competitive conditions which were integrated into its approval of the Union Pacific/Southern Pacific merger. The proposed additional conditions would disrupt the competitive balance by altering a key portion of the original merged system, thereby weakening Union Pacific when it is recovering its operational capability.

At the time of the merger, Southern Pacific was close to collapse. Union Pacific has been struggling to improve operations of the combined system and has made great strides, ending the service crisis. To continue the progress, Union Pacific has to make further investments to improve service and infrastructure throughout the system. The proposed conditions would deprive Union Pacific of the revenue necessary to make these investments and would make it more difficult for the company to continue the service improvements we have seen in recent months.

In addition, it would be unfair to grant special access conditions in one part of the country at the expense of shippers elsewhere. In particular, I am concerned that our community and economy will be adversely impacted if Union Pacific competitors are granted concessions in another part of the UP system. Certainly, if Union Pacific's competitors want to direct access to Union Pacific customers they can use their own capital to build the necessary track and facilities.

Our area has benefited from our association with Union Pacific Railroad. The service progress and community partnership should not be hindered by the imposition of new conditions that will harm Union Pacific, our community and others around the country.

Respectfully,

A handwritten signature in black ink, appearing to read "John Tindel", with a large, sweeping flourish extending from the end of the name.

John Tindel
President

JT/jgf



RT. 3, BOX 68-10
PRYOR, OK 74361
918/825-5200
FAX 918/825-5207

VERIFIED STATEMENT

of GAP Roofing, Inc. ~

I am Edith Lambert, the dispatcher of GAP Roofing, Inc. We are in the manufactured roofing business, and ship material by rail on the Union Pacific Railroad.

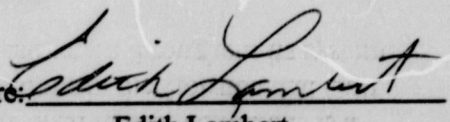
GAP Roofing, Inc., is opposed to the proposals to impose new conditions on UP's operations around Houston and in the Gulf Coast area. Effective rail competition depends on a strong UP competing against a strong BNSF. These new rail conditions would go in the wrong direction, by weakening UP at a time when it has already suffered large financial traffic losses over the last year due to its service problems.

The best answer to service problems in Houston and the Gulf Coast, and throughout the West, is to let the UP fight its way out of them. Weakening UP with further conditions is a mistake. Furthermore, we are very concerned that added conditions in the Houston and Gulf Coast will undermine UP's ability to invest in service and infrastructure throughout its system. This will hurt our business and degrade our rail operations.

We do not believe that further conditions are needed to protect competition in Houston and the Gulf Coast. The conditions imposed by the STB on the UP/SP merger have worked well. We have seen aggressive competition against UP by BNSF, KCS, and Tex Mex since the merger. While these railroads may want still more opportunities, competition is working without imposing further conditions that would weaken UP.

For these reasons, GAP Roofing, Inc., opposes the requests for the conditions on UP's operations around Houston and the Gulf Coast and urges that the STB reject them.

I declare under penalty of perjury that the foregoing is true and correct and that I am authorized to file this verified statement. Dated August 11, 1998

Signature: 

Edith Lambert

GENERAL IRON INDUSTRIES INC.

1909 NORTH CLIFTON AVENUE • CHICAGO, ILLINOIS 60614-4893 • 773-327-9600 • FAX 773-327-8732

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 2023

Re: Houston/Gulf Coast Oversight Proceeding
Finance Docket No 32760 (Sub-No. 26)

August 31, 1998

Dear Secretary Williams,

VERIFIED STATEMENT OF
Marilyn Labkon
General Iron Industries, Inc.

I am Marilyn Labkon, of General Iron Industries, Inc. We are in the business of recycling and processing scrap iron and steel for steel mill consumption.

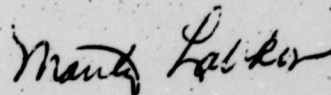
General Iron opposes the idea of subjecting the Union Pacific to additional conditions in Houston and the Gulf Coast area. The conditions originally imposed by the STB in the UP's merger with the SP have proven to be more than sufficient to preserve competition in their service territory. In fact, I believe additional conditions would go too far in the other direction and give BNSF an unfair advantage over UP. Additionally, such a move would weaken UP's financial ability to continue the needed investment in their system that they have begun.

While General Iron does not currently do business in the Gulf Coast area, we are dependent on a healthy Union Pacific to transact our business in the Midwest. Over the course of the last several months, we have seen dramatic improvements across the Union Pacific system, especially in the area of car supply which is impacted by system train speeds. I see absolutely no reason to later the course UP has already begun by imposing conditions which would only hamper their efforts. The conditions sought by BNSF as well as the Kansas City Southern and the Tex Mex are at best opportunistic and have no basis in the needs of the market place.

I also fear that in any attempt to assist customers in the Gulf Coast area, the STB risks harming customers in other parts of the country by weakening the Up system. It makes no sense to focus such attention on one segment of the shipping public to the detriment of shippers everywhere else.

For these reasons, General Iron is opposed to the requests for conditions on the UP system around Houston and in the Gulf Coast area and strongly urge the STB to reject them.

I declare under penalty of perjury that the foregoing is true and correct and that I am authorized to file this verified statement Dated August 31, 1998.



Marilyn Labkon

THE GEON COMPANY

One Geon Center
Aven Lake, Ohio 44012
216-930-1000

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, DC 20423

September 2, 1998

Re: Houston/Gulf Coast Oversight Proceeding
Finance Docket No. 32760 (Sub-No. 26)

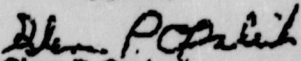
Dear Secretary Williams:

The Geon Company is opposed to the various proposals to impose new conditions on Union Pacific's operations around Houston, TX and the Gulf Coast area since they do little to provide improved service. To have effective competition, it requires a significant look at the physical plant in Houston, rather than just a change in how and who runs the trains on the tracks. Unless each of the competitors' rail lines operating in Houston installs significant additions to track and yard systems, the total Houston transportation system will be impeded each time one of the carriers has a service failure.

The best way to resolve the service problems in Houston is to find a way to align the rail superstructure growth to the industry expansions in the area. This would favor facilitating railroads and industry to add track and build out, instead of the sale or sharing of trackage rights that has become common in the past twenty years.

The UPSP merger may have been the flare up and be viewed as the cause of the Rail service meltdown in Houston. In reality, it was the final blow to an already overcrowded rail infrastructure.

Sincerely yours,


Glenn P. Opalenik
Manager, Rail Transportation



M. GERVICH & SONS
INCORPORATED

SCRAP IRON - METAL
STRUCTURAL STEEL

AREA CODE 515
PHONE 753-3359
901 EAST NEVADA STREET
P.O. BOX 67
MARSHALLTOWN, IOWA 50158

FAX (515) 753-3340

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

RE: Houston/Gulf Coast Oversight Proceeding
Finance Docket No. 32760 (Sub-No. 26)

Dear Secretary Williams:

I am Douglas Gervich, President and owner of M. Gervich & Sons. We are a scrap metal shipper located in Marshalltown, Iowa. M. Gervich & Sons forwarded 270 railcars in 1997, accounting for over \$213,000 in revenue for Union Pacific. Year-to-date 1998, we have shipped 151 railcars accounting for \$126,000 in revenue for Union Pacific.

M. Gervich & Sons is opposed to the proposals to impose new conditions on UP's operations around Houston and in the Gulf Coast area. Effective rail competition depends on a strong UP competing against a strong BNSF. The requested conditions would upset the competitive balance by weakening UP at a time when it has already suffered large financial and traffic losses over the last year due to its service problems. The new conditions would directly hurt our business and degrade our rail options. Weakening UP with further conditions is a mistake.

Furthermore, we are very concerned that added conditions in Houston and the Gulf Coast will undermine UP's ability to invest in service and infrastructure throughout its system. These conditions will interfere with UP's operations by putting additional trains of other railroads on UP's already crowded tracks. This will not solve service issues, it will only expand service problems. It makes no sense to disrupt UP's operations when the need is to improve UP's service and create better service to their customers.

We do not believe that further conditions are needed to protect competition in Houston and the Gulf Coast. The conditions imposed by the STB on the UP/SP merger have worked well. There has been aggressive competition against UP by BNSF, KCS and Tex Mex since the merger. While these railroads may want more opportunities, competition is working without imposing further conditions that would weaken UP.

For these reasons, M. Gervich & Sons opposes the requests for conditions on UP's operations around Houston and the Gulf Coast and urges that the STB reject them.

Douglas Gervich, President and owner, M. Gervich & Sons



Gopher State Scrap & Metal, Inc.

3401 3rd Ave.
Mankato, MN 56001
(507) 387-6504



September 4, 1988

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1885 K Street, N.W.
Washington, D.C. 10423

Re: Houston/Gulf coast Overide Proceeding
Finance Docket No. 32780 (Sub-No. 26)

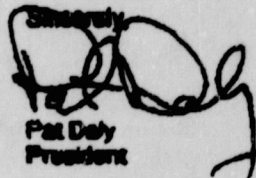
Dear Secretary Williams:

The recently requested conditions are completely unjustified. The UP/SP merger did not reduce competition and does not require new conditions. The service crisis did not result from any loss of competition.

The conditions imposed on the UP/SP merger by the STB in 1986 have worked extremely well. They have preserved competition and allowed BNSF to be a vigorous competitor against UP throughout the West. BNSF is not moving some 700 through trains per month and at least a train a day in every corridor covered by the trackage rights granted in the UP/SP merger. The proposed new conditions would give BNSF unjustified advantages, and weaken UP at BNSF's expense in ways that are unnecessary to preserve competition.

SP was weak and heading for collapse before the UP/SP merger. The service crisis arose around Houston and the Gulf Coast before the SP and UP operations were merged in Texas. The merger is the ultimate solution to the service crisis because it allows directional running and other efficiencies that have pulled Texas out of its congestion crisis. It would be completely counterproductive to add more burdens to the merger because of this series of events.

Emergency service relief is proper in appropriate circumstances, but such relief should not be granted as a permanent condition to a merger, especially where normal operations have been largely restored.

Sincerely,

Pat Daly
President



Plant & Sales
P. O. Box 138
Sweet Home, Arkansas 72164
501-490-1535

General Offices
P. O. Box 7008
Pine Bluff, Arkansas 71611
870-534-7120

September 1, 1998

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

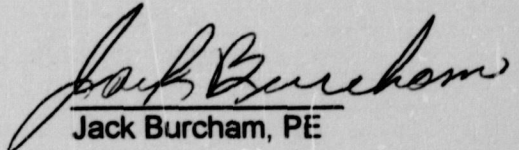
Re: Houston/Gulf Coast Oversight Proceeding
Finance Docket No. 32760 [Sub-no.26]

Dear Secretary Williams:

I am Jack Burcham, General Manager, Granite Mountain Quarries, a producer of crushed stone construction aggregates. Rail shipments are vital to our overall production and sales.

I am concerned that an adverse decision would not only impact the Union Pacific Railroad in the Houston/Gulf Coast area, but at other locations such as Arkansas. We work very closely with the U.P. and have benefited from the UP/SP merger in that it has opened new markets and opportunities for increased volume of our aggregate and ballast shipments.

Sincerely,


Jack Burcham, PE

Office of
The President

August 26, 1998

The Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 "K" Street, N.W.
Washington, DC 20005

Re: Houston/Gulf Coast Oversight Proceeding
Finance Docket No. 32760 (Sub-No. 26)

Dear Secretary Williams:

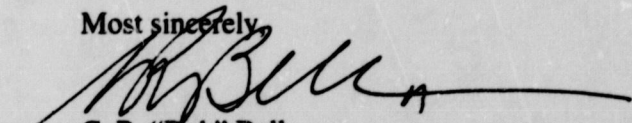
As President of the Greater Omaha Chamber of Commerce, I am very aware of the value of rail transportation service in our area. Union Pacific Railroad is important to our community because they are one of our major employers with over 3,800 employees in Omaha.

We are opposed to the proposals to impose new conditions that would be harmful to the railroad operations around Houston and the Gulf Coast area. The STB established competitive conditions which were integrated into its approval of the Union Pacific/South Pacific merger. The proposed additional conditions would disrupt the current balance by altering a key portion of the original merged system, thereby weakening Union Pacific when it is recovering its operational capability.

At the time of the merger, South Pacific was close to collapse. Union Pacific has been struggling to improve operations of the combined system and has made great strides, ending the service crisis. To continue the progress, Union Pacific has to make further investments to improve service and infrastructure throughout the system. The proposed conditions would deprive Union Pacific of the revenue necessary to make these investments and would make it more difficult for the Company to continue the service improvements we have seen in recent months.

Our area has benefited from our association with Union Pacific Railroad. The service progress and community partnership should not be hindered by new conditions which would be harmful to Union Pacific and our community.

Most sincerely,



C. R. "Bob" Bell
President

GTI Materials, L.L.C.

**700 T.C. JESTER, HOUSTON, TX 77008
(713) 869-5475**

September 16, 1998

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

Dear Mr. Williams:

GTI Materials would like to make this letter available to you and the Union Pacific Railroad regarding rail service to our facility at 700 TC Jester in Houston, Texas. GTI Materials has received 3,057 rail cars delivered by your railroad to our Houston location since January 1, 1998. Our TC Jester location is located adjacent to the UP's Eureka Yard near downtown Houston. Our shipments are exclusively limestone aggregates from Texas Crushed Stone Company and the Georgetown Railroad. We have received these rail cars mostly in 40 car blocks. We have found the service to be timely and consistent. Typical service times are one to two days for the 175 miles between Houston and Georgetown.

Please use this letter as a support document in the Union Pacific's effort to show that rail service to GTI Materials Houston operation has served our company's needs and met our expectations. We believe that the proposals for new conditions on UP's operations around Houston are unnecessary and we oppose any new conditions. We look forward to a continued strong working relationship with the UP.

Yours truly,


**James Isbell
Owner/Manager**

VERIFIED STATEMENT OF

DAVID R. BENSON

Director of Transportation

Hampton Lumber Sales Co.

My name is David R. Benson, and I am Director of Transportation for Hampton Lumber Sales Co., with corporate offices located at 9400 S. W. Barnes Road, Suite 400, Portland, Oregon 97225. I am directing this response with reference to the Houston/Gulf Coast Oversight proceeding, Finance Docket No. 32760 (Sub – No. 26). I have been employed by Hampton Lumber Sales Co., for the past twenty-five years and have been engaged in the transportation industry since 1961. My present responsibilities include procuring the optimal means of transporting the products sold by our company.

Hampton Lumber Sales Co., is engaged in the production, buying and selling of lumber products to domestic markets throughout the United States and for export. As a manufacturer of lumber, we have three mills located in Oregon, one in Texas and two mills in Alabama. Hampton Lumber Sales Co., is also a wholesaler of lumber products and purchases lumber from a majority of the mills located in the Western United States and Canada, and sells this production to destinations throughout the United States. The volume of our business, both as a manufacturer and wholesaler of lumber during the fiscal year 1997, exceeded 800 million board feet of lumber and 7,000 railcar shipments.

Production which was not shipped by rail, was transported by steamship, piggyback, barge and irregular route motor carrier.

It is my understanding that the STB has ordered this special oversight proceeding to decide whether to impose additional conditions on the UP/SP merger in the Houston and Gulf Coast area.

As previously stated, Hampton Lumber owns a saw mill located at Pollock, Texas, with carload loading facilities located at Lufkin, Texas, which is served by the Union Pacific. Six months ago, we experienced considerable delays in receiving empty equipment for loading at our Texas mill, and greater delays in transit time and delivery of shipments from our Northwest mills to the Texas market place. It has been, and continues to be our opinion that delays experienced at that time were the result of growing pains created by the merger of the SP and UP systems. On April 29, 1998, I forwarded a letter to the STB, expressing my views and at that time, requested the STB to allow the UP sufficient time to implement their recovery program.

We are thankful that the STB granted the additional time and during the past six months, we have experienced a remarkable turnaround with transit times and service returning to near normal levels.

It is my understanding that a couple of railroads and a few individual shippers in the Houston area are asking for additional conditions on the UP/SP merger. It is my opinion that if the STB grants these conditions, they have prematurely cut short the UP's recovery plan. Merging railroads must be allowed sufficient time to implement their programs. We continue to experience car shortages, and delays in transit on the BNSF which are the direct result of the BNSF merger which took place over a year prior to the UP/SP. We feel the

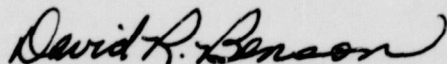
BNSF are making strides toward recovery and that the UP will experience similar results in a short time.

These mergers have contributed significantly to the enhanced competitiveness of our industry. Carriers were able to combine their route systems to improve service to customers by creating extensive new single-line service with expanded geographic coverage.

During the past six months, we have seen considerable improvement in all areas of service and it is our opinion that the Union Pacific has demonstrated their ability to overcome these adversities. We anticipate further improvement in the near future and oppose any proposal to change conditions granted in the original approval of this merger. Granting of additional conditions in the Houston area and Texas by the STB would inhibit the development of an effective operating plan. We strongly request the Surface Transportation Board allow the Union Pacific to continue to aggressively implement its present service improvement program without intervention.

I, David R. Benson, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement.

Executed on August 28, 1998.

A handwritten signature in cursive script, reading "David R. Benson".

HAMPTON LUMBER SALES CO.
David R. Benson
Director of Transportation

Heinz Service Division



Affiliate of H. J. Heinz Company

1062 Progress Street
Pittsburgh, Pennsylvania 15212-5990
Telephone: 412 442 6200

September 8, 1998

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, DC 20423

RE: Houston/Gulf Coast Oversight Proceeding
Finance Docket No. 32760 (Sub-No. 26)

Dear Secretary Williams:

I am Gary A. Palmer, the General Manager of Transportation, of Heinz USA. We are in the business of manufacturing and shipping multiple food products (ketchup, soup, pickles, sauces, condiments, vinegar, etc.), as well as a receiving raw materials, ingredients, packaging, etc.

Heinz USA is opposed to the proposals to impose new conditions on UP's operations around Houston and in the Gulf Coast area. Effective rail competition depends on a strong UP competing against a strong BNSF. These new conditions would go in the wrong direction, by weakening UP at a time when it has already suffered large financial and traffic losses over the last year due to its service problems.

The best answer to service problems in Houston and the Gulf Coast, and throughout the West, is to let UP continue with its resolution efforts. Weakening UP with further conditions would be detrimental to the resolution activity. Furthermore, we are very concerned that added conditions in Houston and the Gulf Coast will undermine UP's ability to invest in service and infrastructure throughout its system.

We do not believe that further conditions are needed to protect competition in Houston and the Gulf Coast. The conditions imposed by the STF on the UP/SP merger are starting to have the desired effect. We have seen aggressive competition against UP by BNSF, KCS and Tex Mex since the merger. While these railroads may want still more opportunities, competition is working without imposing further conditions that would weaken UP.

For these reasons, Heinz USA opposes the requests for conditions on UP's operations around Houston and the Gulf Coast and urges that the STB reject them.

I declare under penalty of perjury that the foregoing is true and correct and that I am authorized to file this verified statement. Dated September 8, 1998.

Sincerely,

HEINZ USA
DIVISION OF H. J. HEINZ COMPANY

A handwritten signature in dark ink, appearing to read "Gary A. Palmer", written over a horizontal line.

Gary A. Palmer
General Manager, Transportation

/tlr

STB FD 32760 (Sub 26) 9-18-98 B 191210V4 3/11

HEL.P. TRANSPORTATION COMPANY

P. O. Box 1826

LEAGUE CITY, TX. 77574-1826

800-550-2814, 281-334-2444

Fax: 281-334-6772

September 7, 1998

**Verified Statement
Of HEL.P. Transportation Co.**

I am Robert L. Barnett, the President of HEL.P. Transportation Company. We are in the business of Intermodal Freight Transportation.

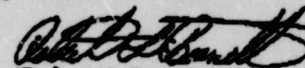
HEL.P. Transportation Company is opposed to the proposals to impose new conditions on UP's operations around Houston and on the Gulf Coast area. Effective rail competition depends on a strong UP competing against a strong BNSF. These new conditions would go in the wrong direction, by weakening UP at a time when it has already suffered large financial and traffic losses over the last year due to its service problems.

The best answer to service problems in Houston and the Gulf Coast, and throughout the West, is to let UP fight its way out of them. Weakening UP with further conditions is a mistake. Furthermore, we are very concerned that added conditions in Houston and the Gulf Coast will undermine UP's ability to invest in service and infrastructure throughout its system. This will hurt our business and degrade our rail options.

We do not believe that further conditions are needed to protect competition in Houston and the Gulf Coast. The conditions imposed by the STB on the UP/SP merger have worked well. We have seen aggressive competition against UP by BNSF, KCS and Tex Mex since the merger. While these railroads may want still more opportunities, competition is working without imposing further conditions that would weaken UP.

For these reasons, HEL.P. Transportation Company opposes the requests for conditions on UP's operations around Houston and the Gulf Coast and urges that the STB reject them.

I declare under penalty of perjury that the foregoing is true and correct and that I am authorized to file this verified statement. Dated September 08, 1998.


Robert L. Barnett
President



Hill Brothers Intermodal Logistics, Inc.
A Hill Brothers Transportation Company
13327 F Street
Omaha, Nebraska 68137

VERIFIED STATEMENT

Of Robert W. LeGrand

Hill Brothers Intermodal Logistics, Inc.

I am Robert W. LeGrand, the President of Hill Brothers Intermodal Logistics, Inc. We are in the business of intermodal sales and truck brokerage. We also serve as a marketing arm for Hill Brothers Transportation (350 trucks)

Hill Brothers is opposed to the proposals to impose new conditions on UP's operations around Houston and in the Gulf Coast area. Effective rail competition depends on a strong UP competing against a strong BNSF. These new conditions would go in the wrong direction, by weakening UP at a time when it has already suffered large financial and traffic losses over the last year due to its service problems.

The best answer to service problems in Houston and the Gulf Coast, and throughout the West, is to let UP fight its way out of them. Weakening UP with further conditions is a mistake. Furthermore, we are very concerned that added conditions in Houston and the Gulf Coast will undermine UP's ability to invest in service and infrastructure throughout its system. This will hurt our business and degrade our rail options.

We do not believe that further conditions are needed to protect competition in Houston and the Gulf Coast. The conditions imposed by the STB on the UP / SP merger have worked well. We have seen aggressive competition against UP by BNSF, KCS and Tex Mex since the merger. While these railroads may want still more opportunities, competition is working without imposing further conditions that would weaken UP.

For the past three years, we have shipped nearly 500 loads yearly in the Chicago to Houston lanes. These loads are Southwestern Bell phone directories and are time sensitive. All loads are moved on the UP. The service has been very consistent with the published service schedules.

For these reasons, Hill Brothers Intermodal Logistics, Inc. opposes the request for conditions on UP's operations around Houston and the Gulf Coast and urges that the STB reject them.

I declare under penalty of perjury that the foregoing is true and correct and that I am authorized to file this verified statement. Dated September 3, 1998.

Robert W. LeGrand



VERIFIED STATEMENT
OF STEVE NAPPER
HUNT FOREST PRODUCTS

I am Steve Napper, the Traffic Manager for Hunt Forest Products, located in Ruston, Louisiana. Hunt Forest Products produces lumber, landscape timbers, and plywood. We have four mills located at various sites in Louisiana. Transportation of our products is an important part of our business. We insist on reliable, competitive priced transportation so that we may supply our customers with our products at competitive prices in the quantities they demand.

Hunt Forest Products ships its products to various points in Texas as well as to other areas that require rail routings through Texas. We use Union Pacific for the majority of our shipments but we have seen strong competition from BNSF to provide service to us on many of the routes we use. Consequently, the proceedings regarding conditions in the Houston and Gulf Coast area are of critical importance to our business.

Although we have struggled with UP's service problems in Texas during the past year, in recent months UP has dramatically improved its service to the point that we are no longer experiencing any service problems there. We have received numerous benefits from UP/SP merger. The merger has enabled UP to offer more competitive single-line rates and service, which have opened up additional markets for us. We have been able to pass the important benefits along to consumers in Texas and other Western States.

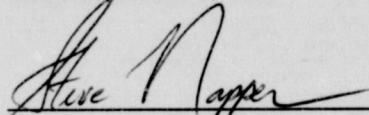
Hunt Forest Products opposes the requests to impose new conditions on UP's operations around Houston and in the Gulf Coast Area. Effective rail competition depends on a strong UP competing against a strong BNSF. These new conditions would weaken UP at a time when it has already suffered large financial and traffic losses over the last year due to its service problems. Weakening UP would harm the competition created by the original conditions placed on the merger. Hurting the competition would likely cause the loss of the significant benefits we have received from the merger and passed along to customers.

The best answer to service problems in Houston, the Gulf Coast, and throughout the West, is to let the UP fight its way out of them. Weakening UP with further conditions is a mistake. Not imposing the requested conditions will allow UP to keep the strength it needs to complete its recovery from the service crisis. Imposing the requested conditions will place more railcars on UP's tracks, exacerbating the congestion that UP has worked tirelessly to solve.

For these reasons, Hunt Forest Products opposes the requests for conditions on UP's operations around Houston and the Gulf Coast area and urges the Surface Transportation Board to reject them.

I declare under penalty of perjury that the foregoing is true and correct and that I am authorized to file this verified statement.

Dated September 4, 1998.


Steve Napper



Hylsa División Alambión y Varilla
Planta Norte

**VERIFIED STATEMENT
OF DAVID MIRAMONTES
HYLSA, S.A. DE C.V. (D.A.V.)**

My name is David Miramontes. I am the Traffic Manager for Hylsa, S.A. de C.V. (D.A.V.).

Hylsa is a steel company that produces Rebar and wire rod. Although our main market is Mexico, we export a substantial quantity of our products to the United States. We also import scrap steel from the United States, which we use in making our steel products. In order to serve our American customers, we require timely rail transportation to deliver our products. Because we also import raw materials, we demand reliable service that delivers the steel scrap we need to continue producing our products.

Our export routes go through either Laredo or Eagle Pass, Texas, and on to our customers in Midlothian, Texas, and Memphis, Tennessee. We have used UP to carry our products on both of these routes. BNSF competes with UP for our business on both these routes, but we have remained satisfied with the rates and service that UP has provided us. In particular, our customer in Midlothian has its plant on a BSNF line, but we have nevertheless used UP and transloaded our shipments because of our satisfaction with its service. Our import routes originate in Houston and San Antonio, Texas, as well as in Arizona, Oklahoma, and California. Nearly all of these shipments come by UP, although we use Tex-Mex for some shipments originating in Corpus Christi, Texas.

Hylsa opposes the requests for new conditions in the Houston and Gulf Coast area. BNSF provides effective competition against UP on our two export routes. Although BNSF is in a position to secure our business, UP has made strong efforts to provide us with prices and service quality that meet our needs. The conditions imposed on the UP/SP merger have ensured that these railroads will be effective competitors. The new conditions that have been requested, however, would weaken UP and its competitive position. The success of railroad competition in the West relies on a strong UP to provide an effective alternative to BNSF. Weakening UP would undermine its ability to compete. Steps that weaken the competitive balance in the West are a bad idea.



ISO 9002
#709

Camino al Mezquital No. 200, San Nicolás de los Garza, N.L. 66440, Tel.: (8) 328-2828

Hylsa also opposes the requests for conditions because they will hamper UP's ability to upgrade its infrastructure. UP has suffered extensive losses from the past year's service crisis. The requested conditions would make UP's recovery all the more difficult and slow by reducing its revenue after several quarters of large financial losses. If UP cannot generate the funds it needs to improve its border-gateway infrastructure, then it will have difficulty meeting our future shipping needs.

Furthermore, the requested conditions will interfere with UP's operations not only in the Houston and Gulf Coast area but other areas as well. Imposing these conditions will put more trains on UP's tracks, which will exacerbate, rather than alleviate, the congestion that currently exists. Additional congestion will not only affect our shipments that come through the Houston and Gulf Coast area, but also is likely to slow our traffic that goes through other parts of Texas.

UP has improved its service markedly in recent months, and is continuing to make additional improvements. We have no reason to expect this positive trend to stop. Right now, UP is working with us to provide service to new markets in California and Texas. We expect that these negotiations will successfully lead to increase business for both us and UP. We are, however, concerned that any new conditions will weaken UP's ability to provide us with this service.

For these reasons, Hylsa urges the STB to reject the requests for new conditions.

I declare under penalty of perjury that the foregoing is true and correct and that I am authorized to file this verified statement.

Dated August 25, 1998



David Miramontes Garza



ISO 9002
#209



Idaho Grower Shippers Association

P.O. BOX 51100 IDAHO FALLS, IDAHO 83405 (208) 529-4400

Verified Statement
of
DAVID A. SMITH
On Behalf of
IDAHO GROWER SHIPPERS ASSOCIATION, Inc.

My name is David A. Smith and I am President of the Idaho Grower Shippers Association (IGSA) headquartered in Idaho Falls, Idaho. I have been employed with IGSA for 19 years and in the association management business for 32 years. IGSA is a state wide trade association representing the fresh pack potato industry. We ship 9,000 to 11,000 refrigerated rail cars per year. We are the largest single user of refrigerated rail cars in the country.

The Idaho Grower Shippers Association depends on quality rail service and the use of numerous carriers, which makes us very interested in developments affecting the rail industry. We have submitted statements prior to this supporting all the mergers in which the UP has been involved. It has always been the policy of our association to support issues that have an impact on the long and short term well being of our potato business. Over the years we have seen the best and the worst of the major rail carriers across the nation and wish to allow them to succeed or fail on their own merits, provided that competition amongst the carriers is preserved.

We believe the special oversight proceeding to impose additional conditions on the UP/SP merger is completely unjustified and not in the interest of preserving competition. The UP/SP merger did not reduce competition. In fact, the BNSF posted record earnings of \$750 million at the same time the UP reported a \$230 million loss. The service crisis on the UP did not result from a reduction of competition, but rather, an infrastructure that was inadequate to assume the business base of a merged operation. It appears that the BNSF has very successfully capitalized upon the merger conditions imposed upon the UP/SP.

IGSA members, as noted above, control the shipment of 9,000 to 11,000 refrigerated cars per year. These cars are shipped to all parts of the country including the areas in Texas that are the focus of the conditions being considered. We also fully understand the outcome of these proceedings will have great impact on the viability of the UP at all other locations.

UP needs to invest over \$1.4 billion in the next several years just to complete the Texas infrastructure. By granting the conditions requested in this proceeding, the STB would badly undermine the ability of the UP to generate the revenue necessary to complete the investments. We fail to see how the actions proposed protect the shipper and/or receiver and retains competition amongst carriers in the marketplace. Emergency relief is proper in appropriate circumstances, but such relief should not be granted as a permanent condition to a merger, especially where normal operations have been largely restored.

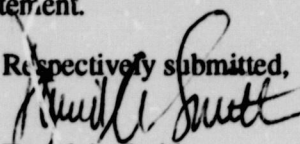
Shippers cannot accept the continued instability these actions bring to bear on the transportation marketplace. We are tired of being placed in the middle of disputes between

the major rail carriers. The Surface Transportation Board has the obligation to exercise good judgment in these matters and remove these frivolous challenges from serious consideration, especially where there is no threat to competition in the rail industry.

Those of us in the commerce would enjoy relief from these proceedings and a return to the business as usual in a stable transportation environment. It is time to allow the UP an opportunity to focus all of its energy on building a strong transportation company. We look forward to many more benefits as the UP completes its merger implementation.

I declare under penalty that the foregoing is true and correct to the best of my knowledge and that I am authorized to file statement.

Respectively submitted,


David A. Smith
President



IMPERIAL HOLLY CORPORATION

August 27, 1998

Honorable Vernon A. Williams, Secretary
Surface Transportation Board
1925 K Street, NW
Washington, D.C. 20423

Re: Houston/Gulf Coast Oversight Proceeding
Finance Docket No. 32780 (Sub-No. 26)

Dear Secretary Williams:

My name is John A. Robino, and I am Director of Western Transportation for Imperial Holly Corporation. We have corporate offices and a cane sugar refinery (Imperial Sugar) located in Sugar Land, Texas. We also have sugar beet processing plants located in California (Spreckels Sugar), Montana, Wyoming and Hereford, Texas (Holly Sugar), and Michigan (Michigan Sugar). We also have cane sugar refineries in Savannah, Georgia (Savannah Foods & Industries), Gramercy, Louisiana (Colonial Sugar) and Clewiston, Florida (Everglades Sugar).

In my position, I am responsible for the transportation of inbound raw materials and all outbound finished product for Imperial, Holly, Spreckels and Michigan. I would like to comment on the above-referenced proceeding, which specifically involves Imperial Sugar's refinery at Sugar Land, Texas. This facility is located in the greater Houston terminal area and served directly by the Union Pacific Railroad.

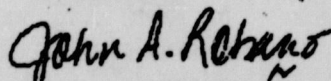
We have certainly not been immune to the severe rail problems of the past fifteen months. There were several times our plant was nearly shut down as the result of poor rail service. However, our approach was to work closely with railroad officials in the Houston area, as well as with headquarters personnel in Omaha, to correct problems that specifically affected our operations. The Union Pacific responded to our approach in a very positive manner. While our service was not particularly good during this time, it was through the strong efforts of local and headquarters operating and marketing employees that real disaster was averted.

Honorable Vernon A. Williams
August 27, 1998
Page 2

We depend on daily trains of raw sugar moving from Galveston, Texas to our refinery at Sugar Land. This raw product drives the rest of our operation and the Union Pacific made every effort to make sure that it moved, even if multiple switches were required to accomplish the task. Things are now dramatically improved, and our service has been steady, almost without fault, for several months.

I think the Union Pacific has clearly proven their ability to operate effectively in the Houston/Gulf terminal area. They have taken the necessary action to assure smoother and more efficient rail service. I believe that allowing any of the proposed changes requested by competing interests would only further confuse and splinter rail service in this very busy and important terminal area. I feel service in this area has made a full recovery because of the steps taken by the Union Pacific and it would clearly be counterproductive to upset this progress because of the special political and economic interests of a few opportunists.

Sincerely,



John A. Robino
Director-Western Transportation

JAR/bk

INDEPENDENT SALT *Company*

POST OFFICE BOX 38

• TELEPHONE: 472-4421

• KANOPOLIS, KANSAS 67454

VERIFIED STATEMENT OF BRIAN G. KEENER INDEPENDENT SALT COMPANY

I am Brian Keener, Executive Vice-President of the Independent Salt Company, located at Kanopolis, KS. My company has been producing and distributing salt and salt products for over 80 years. We have long used Union Pacific for a substantial part of our distribution, so we are very familiar with UP's operations, including its problems arising during the recent service crisis. We currently use UP to ship over 3000 carloads annually to numerous destinations throughout the Midwest.

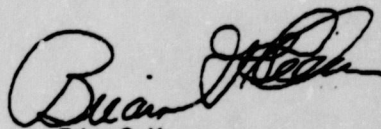
During our over 80 years of association with UP, we have seen several mergers and corporate changes. These changes have sometimes brought temporary service and administrative problems. The most recent problems arose not because of UP, but because the SP system was inadequate to become part of a merged UP/SP immediately. We are now witnessing UP recover from its serious service problems over the last year, and expect that it will soon fully recover. We hope to avoid any additional changes that could again weaken UP's ability to perform either administratively or financially. The best solution is to allow UP to continue its recovery without the burden of new conditions that will further complicate its operations.

Independent Salt is opposed to the requested conditions for the Houston and Gulf Coast area. UP has been weakened greatly by the service crisis, losing substantial revenue and traffic volume. The requested conditions would further weaken UP just as it is beginning to regain its strength. Weakening UP will hamper its ability to make critical investments in upgrading its infrastructure throughout its system, including the Midwest. Without these important improvements, UP will not be able to continue its recent improvements or to provide us with the high-quality service that we have been accustomed to receiving over the years.

For these reasons, Independent Salt Company opposes the requests for conditions on UP's operations around Houston and the Gulf Coast and urges that the STB reject them.

I declare under perjury that the foregoing is true and correct, and that I am authorized to file this statement.

Dated September 2, 1998.



Brian G. Keener



Industrial Storage Warehouse Corporation

Warehousing with Crane and Forklift Handling Services
for Heavy Equipment, Steel, and all Merchandise

4343 W. Ohio Street Chicago, Illinois 60624
PHONE 312-722-6600 FAX 312-722-5300

VERIFIED STATEMENT OF RICK STOWERS INDUSTRIAL STORAGE WAREHOUSE CORP.

My name is Rick Stowers. I am the President of Industrial Storage Warehouse Corp. located in Chicago, IL.

Our business involves Transloading rail shipments of lumber and wood panels for delivery by truck to non-rail-served customers.

Industrial receives railcar shipments of panels and lumber for Aetna Plywood and Jim White Lumber, both based in the Chicago area. Many of these shipments originate in the Gulf Coast. We have used UP for these shipments regularly. Although the service crisis of the past year created delays in these rail movements, we have seen significant improvement in service quality and reliability during the past several months on cars moving to our facility in Chicago.

Industrial Storage Warehouse is opposed to the proposals to impose new conditions on UP's operations in the Houston and Gulf Coast area. Effective rail competition depends on a strong UP competing against a strong BNSF. These new conditions would go in the wrong direction, by weakening UP at a time when it has already suffered large financial and traffic losses over the last year due to its service problems. If UP is weakened, competition will suffer and our customers' rates will likely increase.

UP should be given the opportunity to fight its way out of its service problems in the Houston and Gulf Coast area. Burdening UP with further conditions is a mistake that will weaken it. A weak UP will not be able to compete effectively with a strong BNSF. Both railroads must be strong in order for competition to work.

Furthermore, adding conditions in the Houston and Gulf Coast area will hamper UP's ability to invest in improving its infrastructure and service throughout its system. After incurring major losses over the past year, UP's ability to make critical new investments would clearly be threatened. By new conditions that would clearly undermine its traffic base and financial position. The best solution to the service crisis is to allow UP to fight its way back, as it is already doing.

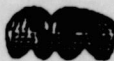
For these reasons Industrial Storage Warehouse opposes the requests for conditions on UP's operation around Houston and the Gulf Coast and urges the STB reject them.

I declare under penalty of perjury that the foregoing is true and correct and that I am authorized to file this verified statement.

DATED SEPTEMBER 3, 1998


Rick Stowers

BOB THOMPSON
President
email: ailmodes1@aol.com



Innovative Logistics, Inc.

787 Karingway Lane, N.W.
Kennesaw, G. 30152-3892
(770) 590-7766 FAX (770) 590-8901

September 2, 1998

Vernon A. Williams, Secretary
Surface Transportation Board
Suite 760
1925 K St., NW
Washington, D.C. 20423-0001

Fax No. 202-565-9003

Ref. Statement of Bob Thompson, Innovative Logistics, Inc.
UP Operations Around Houston & Gulf Area

Dear Secretary Williams,

My name is Bob Thompson, and I am president of a Management Consulting firm with an active practice in Transportation, Logistics, and Supply Chain Integration. I perform contract logistics services for a number of industrial clients who are major rail shippers, and I am writing about proposals to impose conditions on the Union Pacific Railroad's operations in the Gulf Coast.

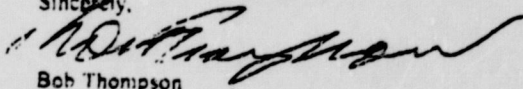
I am acutely aware of the problems the Union Pacific Railroad has been facing in the way of congestion, service delays, power and equipment shortage, and other difficulties that are directly related to the merger of the UP/SP systems. However, these operational problems have not had the effect of reducing competition; on the contrary, the BNSF, the KCS, and the Tex Mex have capitalized on their new opportunities since the merger and have grown their business significantly. During this same time period, the UP has experienced large losses of volume and revenue while trying to manage all the merger issues.

It is important that we maintain a perspective of the history leading up to the merger. The SP was in a very weakened position and would not have survived as a stand-alone entity without merger of the two systems. Although there have been a myriad of problems since the merger was completed, imposing more conditions and adding more burdens to the UP will only exacerbate a situation which by all appearances seems to be improving with time and effort. The UP is intensely focused on correcting all the deficiencies and competing effectively once again.

It is very clear that effective rail competition requires two (2) strong western rail carriers fighting it out fairly in the marketplace, and I believe the only way this can happen is to create and maintain a level playing field for everyone. Imposing new conditions would be heading entirely in the wrong direction, much like a football player running toward the wrong goalpost and scoring not for himself, but for his competitor. The damage from running in the wrong direction is permanent.

Emergency service relief is certainly appropriate in a crisis, but should not become a permanent condition, particularly when steady improvements toward normality are being made. I strongly oppose the imposition of conditions on the UP's Houston and Gulf Coast operations, and urge you to let the UP continue to work closely with its customers and restore its system to full competitive strength.

Sincerely,


Bob Thompson



MINERAL PRODUCTS Inc.

34 Charles Street • Ipswich MA 01938 • Tel: 508-733-4010 • Fax: 508-733-4011

**VERIFIED STATEMENT
OF ISP MINERAL PRODUCTS**

I am Robert Toth, the Manager of Logistics for ISP Mineral Products. We are in the business of manufacturing and shipping roofing granules throughout the United States.

ISP Mineral Products is opposed to the proposals to impose new conditions on Union Pacific's operations around Houston, TX and in the Gulf Coast area. Effective rail competition depends on a strong UP competing against a strong BNSF. These new conditions would go in the wrong direction, by weakening UP at a time when it has already suffered large financial and traffic losses over the last year due to its service problems.

The best answer to service problems in Houston and the Gulf Coast, and throughout the West, is to let UP be permitted to work its way out of them. Weakening UP with further conditions is a mistake. Furthermore, we are extremely concerned that added conditions in Houston and the Gulf Coast will undermine UP's ability to invest in service and infrastructure throughout its system. This will adversely impact our business and degrade our rail options.

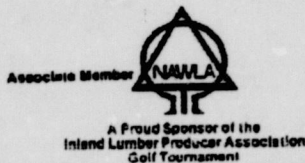
We do not believe that further conditions are needed to protect competition in Houston and the Gulf Coast. The conditions imposed by STB on the UP/SP merger have worked well. We have seen aggressive competition against UP by BNSF, KCS and Tex Mex since the merger. While these railroads may want still more opportunities, competition is working without imposing further conditions that would weaken UP.

For these reasons, ISP Mineral Products opposes the requests for conditions on UP's operations around Houston and the Gulf Coast and urges that the STB reject them.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge and that I am authorized to file this verified statement. Dated September 15, 1998.

Robert Toth

Robert Toth



JD Lumber, Inc.

Phone (208) 448-2674
FAX (208) 448-2830

Post Office Box 55—Bodie Canyon Road

Priest River, Idaho 83856

September 03, 1998

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

Dear Secretary Williams:

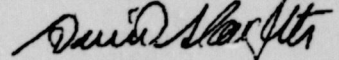
My name is David Slaughter, and I am the Secretary-Treasurer of J.D. Lumber, Inc., of Priest River, Id. My responsibilities include sales management and transportation management. J.D. Lumber manufactures and ships 1500-2000 carloads of lumber annually. I have thoroughly read the application of the BNSF dated July 6, 1998 regarding structural realignments of conditions in the Houston/Gulf Coast area to a more permanent status. My observations are as follows:

- * Having worked in Texas lumber business for a number of years, and having some responsibilities over a facility in Stafford, Texas, I can assure you that the SP service has always left much to be desired in this area. In other words, many of these service issues may have occurred even without the merger with the UP.
- * In our business a deal is a deal, and should not be legislated differently at a later date. Parties that supported the merger, or gained some concessions and so did not oppose it, have a forum in the court system if they feel a party is not holding up their end of a bargain. It is time the STB dealt with some of these issues accordingly.
- * UP service is improving in the Houston/Gulf Coast area, and that should be recognized, not penalized. Primary motivation for the UP is earnings. They handled this merger poorly at the start, and that cost them dearly. They are making great strides to improve. This is the free market system at work. Yes, shippers in this region have suffered unfairly. They, too, have recourse in the courts. And, they can also see that in the long run they will have a much more efficient transportation system that they have ever had.
- * The BNSF is strong and needs to have strong competition. The UP provides this, and I don't want to see the UP weakened in this manner. Our company has a good business relationship with the BNSF. Indeed, without the BNSF's assistance, we would have had a much tougher time over the past twelve months, during the UP's problems. To me, this proves the need for good competition. The merger of the BN and ATSF was not without problems.

Fortunately, both were reasonably well-run companies, and the UP was strong and efficient enough to help take up the slack. However, the UP-SP merger was considered by most in the lumber industry to be a rescue of the SP. It was in terrible shape with a bloated infrastructure, poorly maintained track and equipment, and surly unions. We like the way the BNSF emerged from its merger, and anticipate the UP to emerge just as well. Let's not weaken that opportunity. The UP has committed significant funds for infrastructure over the next five years in this region.

In summation, J.D. Lumber, Inc., opposes the application of the BNSF for more and permanent structural realignments in the Houston/Gulf Coast region.

Sincerely yours,

A handwritten signature in dark ink, appearing to read "David Slaughter". The signature is fluid and cursive, with a prominent loop at the end.

David Slaughter
Secretary-Treasurer



K A I S E R A L U M I N U M & C H E M I C A L C O R P O R A T I O N

September 2, 1998

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

RE: Houston/Gulf Coast Oversight Proceeding Finance Docket No. 32760 (Sub-No. 26)

VERIFIED STATEMENT

Dear Secretary Williams:

I am Kae N. Heidenreich, the Traffic Manager of Kaiser Aluminum & Chemical Corporation, Trentwood Works. We are in the business of producing Aluminum Flat Sheet, Plate and Coils.

I'm opposed to the proposals to impose new conditions on UP's operations around Houston and in the Gulf Coast area. Effective rail competition depends on a strong UP competing against a strong BNSF. I strongly believe these new conditions would go in the wrong direction, by weakening UP at a time when it has already suffered large financial and traffic losses over the last year due to its service problems.

I also believe that the best answer to service problems in Houston and the Gulf Coast, and throughout the West, is to let UP fight its way out of them. Weakening UP with further conditions is a mistake. Furthermore, I'm very concerned that added conditions in Houston and the Gulf Coast will undermine UP's ability to invest in service and infrastructure throughout its system. I believe that this will hurt Kaiser's business and degrade our rail.

I do not believe that further conditions are needed to protect competition in Houston and the Gulf Coast. The conditions imposed by the STB on the UP/SP merger have worked well. I have seen aggressive competition against UP by BNSF, KCS and Tex Mex since the merger. While these railroads may want still more opportunities, competition is working without imposing further conditions that would weaken UP.

For these reasons, I oppose the requests for conditions on UP's operations around Houston and the Gulf Coast and urges that the STB reject them.

I declare under penalty of perjury that the foregoing is true and correct. Dated September 2, 1998.

Kae N. Heidenreich
Traffic Manager
KAISER ALUMINUM & CHEMICAL CORPORATION
Trentwood Works



**KEEP ON TRUCKING
COMPANY**

August 27, 1998

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, NW
Washington, D.C. 20423

RE: Houston/Gulf Coast Oversight Proceedings
Financial Docket No. 32760(sub-number26)

Keep On Trucking Co., Inc. is a flatbed transportation carrier located in California, which unloads and ships over 1000 railcar annually via the Union Pacific.

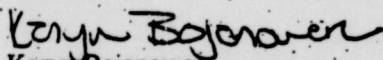
Keep On Trucking Co., Inc. is opposed to any proposals or additional conditions, that will limit Union Pacific's ability to generate the funds needed to continue its aggressive capital investment programs. Effective rail competition between Union Pacific and the BNSF in the Western States depends on the individual strengths of these companies. Any new conditions, which hamper Union Pacific's ongoing service recovery efforts, would be adverse to increasing rail competition.

Competitive transportation rates depend upon the financial health of the Union Pacific. Any additional Surface Transportation Board actions that restrict Union Pacific's ability to implement its service improvement programs are unnecessary and may prevent Union Pacific from generating appropriate revenue levels.

I encourage the Surface Transportation Board not to burden the Union Pacific with further conditions or restrictions and to allow this company to continue to finish the job of absorbing the Southern Pacific.

I declare that the aforementioned is true and correct and that I am authorized to file this verified statement. -

Sincerely,


Karyn Bojanower
Regional Sales Manager
Keep On Trucking Co., Inc.

Rancho Cucamonga
Corporate Office

11355 Arrow Route
P.O. Box 3209, 91729-3209
Rancho Cucamonga, CA 91730
(909) 987-3939
(800) 825-1205
(909) 484-2420 FAX

Fontana

10610 Live Oak Avenue
Fontana, California 92337
(909) 877-4389
(909) 829-4301 FAX

Oakland

370 8th Avenue
Oakland, California 94606
(800) 666-5337
(510) 835-8383 FAX

Wilmington

607 Harry Bridges Blvd
Wilmington, California 90744
(800) 234-2096
(310) 830-1171 FAX



Koppers Industries, Inc.
436 Seventh Avenue
Pittsburgh, PA 15219-1800

Thomas Davis
Director, Logistics

Telephone: (412) 227-2765
Fax: (412) 227-2778

VERIFIED STATEMENT
OF
THOMAS DAVIS
On behalf of
KOPPERS INDUSTRIES, INC.

My name is Thomas Davis; I am Director - Logistics for Koppers Industries, Inc., 436 Seventh Avenue, Pittsburgh, Pennsylvania 15219-1800. Koppers Industries is a leading integrated producer of carbon compounds, chemicals, and treated wood products for use in a variety of markets including the chemical, railroad, utility, aluminum and steel industries. Koppers Industries, headquartered in Pittsburgh, Pennsylvania, employs approximately 2,000 people worldwide at 35 manufacturing facilities throughout the United States, Australia and the Pacific Rim and participates in U.S. and European joint ventures. Annual sales in 1997 were approximately \$590 million.

As Director - Logistics, I am responsible for all corporate aspects of Koppers Industries' logistics, including rail transportation. I have been in my current position for over two years, and have a total of more than 28 years of logistics experience.

Koppers Industries' U. S. operations rely heavily rail service across North America to support its manufacturing operations and distribution network. The Union Pacific Railroad is an important rail transportation partner of Koppers Industries. Consequently, rail service failures and disruptions experienced on the Union Pacific system in 1997 and earlier this year had significant negative

impacts on Koppers rail movements – particularly in Texas, Louisiana and California.

Nevertheless, service orders instituted at the direction of the Surface Transportation Board, including expanded access for the Burlington Northern Santa Fe, Kansas City Southern, and Texas Mexican railroads in Texas, have all contributed to returning Union Pacific operations to normal.

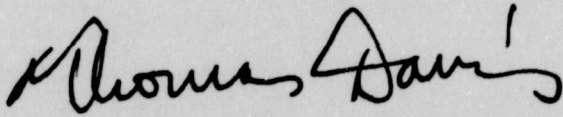
These additional accesses and routings provide increased rail competition through alternative rail routings in Texas and the Southwest, as well as into Mexico. Koppers Industries is successfully making use of the new Burlington Northern Santa Fe gateway accesses at both Eagle Pass and Laredo, as well as the Kansas City Southern/Texas-Mexican rail routing over Laredo. Significantly, these options, which enhance our ability to remain competitive, were not available to us prior to the Union Pacific/Southern Pacific merger.

With the exception of a few spot situations, we have not been forced to truck material which would normally have moved via the Union Pacific since the end of March 1998.

In my opinion, those measures already in place, coupled with internal improvements made by the Union Pacific, are proving sufficient to restore normal railroad service. No other changes to rail service in the Houston, Texas, area are necessary or advisable.

I, Thomas Davis, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement.

Executed on June 22, 1998

A handwritten signature in black ink, appearing to read "Thomas Davis". The signature is fluid and cursive, with the first name "Thomas" and last name "Davis" clearly distinguishable.

Thomas Davis
Director, Logistics
Koppers Industries, Inc.



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

**RE: Houston/Gulf Coast Oversight Proceeding
Finance Docket No. 32760 (Sub-No 20)**

Dear Honorable Williams:

Please consider this as the "Verified Statement" of Don J. Hilmes of Lange-Stegmann Company. I am Director of Sales for this company, and we are in all aspects of the fertilizer business. We ship these, as well as other dry bulk products, from barge, truck, and storage to rail, twelve months out of the year. Our market place reaches practically every state in the union, as well as the export market through the Gulf.

Lange-Stegmann Company is opposed to the proposals to place conditions on the UP's operations in the Houston and Gulf Coast area. The UP has suffered enough traffic and financial losses over the past year or so due to service problems. Why punish them further, when they are needing to invest over a billion dollars over the next five years to correct this situation. Taking much needed revenue out of their pockets at this time is not the prudent thing to do. This could lessen competition and have an unfavorable impact on our company.

We oppose the requests for these new conditions to be placed on the UP and recommend that the Surface Transportation Board reject this plan.

I do declare, under penalty of perjury, that the foregoing is true and correct and that I am authorized to file this verified statement.

Dated: September 15, 1988

**Don J. Hilmes
Director of Sales**

ONE ANGELICA STREET • ST. LOUIS, MISSOURI 63147 • 314-241-2531



Laramie Economic Development Corporation

August 20, 1998

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

Dear Secretary Williams,

The Albany County Economic Development Association opposes the Surface Transportation Board imposing additional conditions upon the Union Pacific Railroad in the Houston and Gulf Coast area.

It is our understanding that the Union Pacific Railroad has fought its way back from the service-related problems near Houston and along the Gulf Coast. By imposing additional federal regulatory conditions, Union Pacific's ability to invest—both in its southern corridor and throughout its entire system—could be significantly undermined.

The Union Pacific Railroad has a long history in Albany County and the State of Wyoming. Union Pacific needs the ability to invest heavily in its infrastructure both in the southern corridor and throughout its system, including Albany County and Wyoming. Imposing additional conditions will further weaken Union Pacific during a time when it has already incurred significant losses.

Since the Union Pacific/Southern Pacific merger, our county has experienced more trains moving across the main line and Union Pacific employment has increased as a result of the growth in train movements. Imposing additional conditions in the Houston/Gulf Coast region will directly impact Union Pacific's ability to invest and improve its rail transportation system in the southern corridor and will indirectly affect Union Pacific's ability to continue its improvements across the main line. We urge the Surface Transportation Board not to impose additional conditions upon Union Pacific Railroad.

Sincerely,

Bob Boysen,
Laramie Economic Development Corporation

Mabe

**DIRECCION DE DISTRIBUCION Y TECNOLOGIA DE INFORMACION
GERENCIA DE TRAFICO**

Wednesday 15 th, 1998

**Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1025 K. Street, N.W.
Washington, D.C. 20423**

Re: Houston/ Gulf Coast Oversight Proceeding Finance Docket No. 32760

Dear Secretary Williams:

My name is Arturo Chavez R. I am Traffic Corporate Manager for Mabe.

Leiser - Mabe manufactures a variety of home appliances. It is important that we have a reliable source of transportation for our products into the United States.

We oppose the proposals for new conditions in the Houston and Gulf Coast area. We currently ship a number of products from San Luis Potosi. We rely on box cars that have come to Mexico with scrap paper from the United States. UP presently provides a reliable source for such empty cars from its current shipping operations. However, the requested conditions will weaken UP and potentially reduce the quality of its operations into Mexico that supply us with empty cars. Moreover, if UP cannot compete with BNSF because of the new conditions, UP will carry fewer shipments into Mexico, and we will lose our ability to ship products to the United States.

If the request conditions are granted, then UP will not be able to invest in improving its infrastructure in the areas important to Leiser Mabe. We are hopeful that further investment in infrastructure in the areas near us will improve service. We also expect that improvements in equipment will benefit our company greatly. If the conditions are granted, UP will not be able to make these investments, and our business will, in turn, be harmed.

There is a good competitive balance between UP and BNF, Tex-Mex, and KCS currently. Granting the requested conditions will upset that balance. Without that balance, there will be little competition to provide us service into the United States, which will make our plans to expand our business difficult to achieve.

For these reasons Leiser - Mabe opposes the requests for conditions on the UP's operations in the Houston and Gulf Coast area and urges that the STB reject them.

Best Regards,

**Arturo Chavez R.
Corporate Traffic Manager**

**C.C: Jose Antonio Benitez
Randy Blackburned**



Verified Statement
Of Al Rufca

On behalf of

LIPTON

My Name is Al Rufca, and I am Director of Transportation for Lipton (a Unilever Company) whose headquarters are in Lisle, IL. I have been employed by Lipton for Over eighteen years and in the food business for twenty five years.

Lipton depends on numerous rail carriers to provide consistent rail service to its plants. Prior to the Union Pacific's purchase of the Southern Pacific our rail cars into and out of California were subject to inconsistent transit times which hurt our operations and increased our costs. One of the reasons for the inconsistent transit time was the Southern Pacific's inability to fund capital improvement projects. Since the purchase of the Southern Pacific, the Union Pacific has rebuilt its lines over the Tehachapi mountains in California and is rebuilding a major classification yard at Roseville, California. More work needs to be done along the lines of the "old Southern Pacific" to provide us with the kind of service we need in the support of our operations.

We believe the special oversight proceeding to impose additional conditions on the UP/SP merger such as allowing competitors open access to its customer base is not justified and if approved will harm not improve competition. The Union Pacific must be allowed to make an adequate return in its investment on current projects so that it will have a desire to fund future projects. The Union Pacific cannot afford to continue investing in its plant if funds are diverted to its competition through open access. If improvements are not made throughout the system, the Union Pacific will not be an effective competitor against the Burlington Northern Santa Fe in terms of price and /or service.

It is important to understand that the service crisis on the Union Pacific is not the result of a reduction in competition but rather an infrastructure that was inadequate to assume the business of the merged operation. The Burlington Northern Santa Fe appears to be very successful in capitalizing upon the merger conditions imposed upon the Union Pacific by posting record earnings of approximately \$700 million while at the same time, The Union Pacific posted a loss of approximately \$200 million.

By granting the requested conditions, the STB would badly undermine the ability of the Union Pacific to generate the revenue necessary to complete the investments. I do not see how the actions requested in this proceedings foster competition if one carrier is disadvantaged at the expense of the other.

It is time to allow Union Pacific an opportunity to focus all its energy on building a strong transportation company with the resulting benefits to its customer base.

I declare under a penalty of perjury that the foregoing is true and correct to the best of my knowledge and that I am authorized to file this statement.

Al Rufca, Director of Transportation

9-1-98

Date

9-1-98



L.M.S. International

A Warehousing and Distribution Company

General Offices 6101 Gilbert Rd

Laredo, Texas 78041

(956)722-7790 Fax 791-2481

Verified Statement Of Bill Hrcir LMS International

I am Bill Hrcir, the president of LMS International, located in Laredo, Texas.

We are in the business of transloading freight into and out of railcars at Laredo, Texas. During a typical month we will load and unload over 100 railcars of steel, drywall board, aluminum, and canned goods. We employ approximately 80 people, who work in 250,000 square feet of warehouse space at several locations. Our operations involve cars shipped both the U.P. and the Tex Mex, although the majority of cars are handled at our Union Pacific facility.

Even though our operations are centered in the Laredo area, we are opposed to the proposed new conditions on U.P.'s operations around Houston and the Gulf Coast area. We believe that changes such as those requested will have a negative impact on our business in Laredo. U.P. is almost over its difficult service problems that it has faced during the past 12 months, and the proposed conditions would weaken the Union Pacific. Weakening U.P. now when it is planning to invest several billion dollars in improving its infrastructure is likely to harm shippers everywhere. A weakened U.P. that is less able to make these investments is less likely to provide us and other shippers the service we want.

The better approach would be to allow Union Pacific's recovery to continue on its current course. The conditions imposed by the STB on the merger are working well. Having a strong BNSF and TexMex coming into Laredo from one side and an equally strong UP coming in from the other will provide us with better service options and will allow us to benefit from aggressive price competition between the railroads. This would allow us to pass along these benefits to our many customers. Weakening U.P. with the requested conditions is likely to interfere with the strong competition we have seen since the UP/SP merger.

For these reasons, LMS International opposes the requests for conditions on U.P.'s operations around Houston and the Gulf Coast and urges that the STB reject them.

I declare under penalty of perjury that the foregoing is true and correct and that I am authorized to file this verified statement.

Dated August 27, 1998.



Bill Hrcir

WAREHOUSING DISTRIBUTION INVENTORY CONTROL
METALS INDUSTRY GENERAL COMMODITIES
RAIL - TRUCK TRANSFERS



Louisiana-Pacific Corporation

One Woodfield Lake
1000 Woodfield Road, Suite 134
Schramburg, IL 60173
847/517-8833
847/517-8370 FAX

**VERIFIED STATEMENT
OF LOUISIANA-PACIFIC CORPORATION**

I am Angelo LaMantia, the Corporate Logistics Manager of Louisiana-Pacific Corporation. We are in the business of manufacturing building materials.

Louisiana-Pacific Corporation is opposed to the proposals to impose new conditions on UP's operations around Houston and in the Gulf Coast area. Effective rail competition depends on a strong UP competing against a strong BNSF. These new conditions would go in the wrong direction by weakening UP at a time when it has already suffered large financial and traffic losses over the last year due to its service problems.

The best answer to service problems in Houston and the Gulf Coast, and throughout the West, is to let UP fight its way out of them. Weakening UP with further conditions is a mistake. Furthermore, we are very concerned that added conditions in Houston and the Gulf Coast will undermine UP's ability to invest in service and infrastructure throughout its system. This will hurt our business and degrade our rail options.

We do not believe that further conditions are needed to protect competition in Houston and the Gulf Coast. The conditions imposed by the STB on the UP/SP merger have worked well. We have seen aggressive competition against UP by BNSF, KCS and Tex Mex since the merger. While these railroads may want still more opportunities, competition is working without imposing further conditions that would weaken UP.

For these reasons, Louisiana-Pacific Corporation opposes the requests for conditions on UP's operations around Houston and the Gulf Coast and urges that the STB reject them.

I declare under penalty of perjury that the foregoing is true and correct and that I am authorized to file this verified statement. Dated September 17, 1998.

HOUSTON & GULF COAST SUPPORT STATEMENT

VERIFIED STATEMENT OF STEPHEN KALLBERG MANKE LUMBER COMPANY, INC.

I am Stephen Kallberg, the Traffic Manager for Manke Lumber Company. We are in the lumber manufacturing business.

We own and operate two sawmills located in Tacoma and Sumner Washington. I am responsible for all rail shipments, rate quotations, rate negotiations, equipment flow and keeping the company in a competitive market place.

Manke Lumber strongly opposes the proposals to impose new conditions on UP's operations around Houston and in the Gulf coast area. Effective rail completion depends on a strong UP competing with a strong BNSF. By changing the conditions and weakening UP's position, the competitive balance would be undermined.

It is wrong to give special conditions to shippers in one area of the country because other shippers throughout the country will be adversely effected and relatively disadvantaged.

The new conditions are completely unjustified. The UP/SP merger did not reduce competition. It actually opened new markets for us in California, Arizona, Texas and New Mexico.

While there has been service problems with southbound freight since the merger, the UP has maintained excellent service on eastbound destinations. I would conclude that there were existing problems with the SP long before the merger.

If operating changes can increase railroad efficiency, they should be worked out voluntarily among railroads. UP should not be singled out for measures that benefit other railroads at UP's sole detriment.

The proposed conditions would interfere with UP's recovery program. They would put more trains of other railroads on UP's already busy lines and would interfere significantly with UP's operations around Houston and in the Gulf Coast.

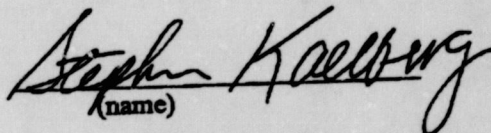
It would be unfair and counterproductive to grant favors to shippers or competing railroads in a localized region that will have harmful effects for competition and the overall quality of UP's rail service throughout the West.

Service relief is proper in appropriate circumstances, but such relief should not be granted on permanent condition to a merger, especially where normal operations have been largely restored.

To preserve competition we think the STB should not give any new considerations to any other railroads. Let the UP work its way out of them. Weakening UP further is a mistake. We are very concerned that added conditions in Houston and the Gulf Coast will undermine UP's ability to invest in service and infrastructure throughout its system. This will hurt our business and degrade our rail options.

For these reasons, Manke Lumber Company opposes the request for conditions on UP's operations around Houston and the Gulf Coast and urges that the STB reject them.

I declare under penalty of perjury that the foregoing is true and correct and that I am authorized to file this verified statement. Dated September 4, 1998.


(name)

VERIFIED STATEMENT
OF MARKET TRANSPORT, LTD.

I am P. Brian Fitzgerald, the President of Market Transport, Ltd. We are in the business of Nationwide Transportation and Logistics Services.

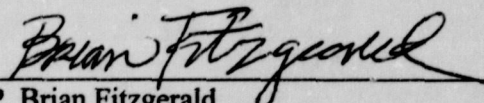
Market Transport, Ltd. is opposed to the proposals to impose new conditions on UP's operations around Houston and in the Gulf Coast area. Effective rail competition depends on a strong UP competing against a strong BNSF. These new conditions would go in the wrong direction, by weakening UP at a time when it has already suffered large financial and traffic losses over the last year due to its service problems.

The best answer to service problems in Houston and the Gulf Coast, and throughout the West, is to let UP fight its way out of them. Weakening UP with further conditions is a mistake. Furthermore, we are very concerned that added conditions in Houston and the Gulf Coast will undermine UP's ability to invest in service and infrastructure throughout its system. This will hurt our business and degrade our rail options.

We do not believe that further conditions are needed to protect competition in Houston and the Gulf Coast. The conditions imposed by the STB on the UP / SP merger have worked well. We have seen aggressive competition against UP by BNSF, KCS and Tex Mex since the merger. While these railroads may want still more opportunities, competition is working without imposing further conditions that would weaken UP.

For these reasons, Market Transport opposes the requests for conditions on UP's operations around Houston and the Gulf Coast and urges that the STB reject them.

I declare under penalty of perjury that the foregoing is true and correct and that I am authorized to file this verified statement. Dated September 11, 1998.


P. Brian Fitzgerald



2500 N.W. MARINE DR. • TROUTDALE, OR 97060
TELEPHONE: (503) 482-2031 • FAX: (503) 482-4831

**VERIFIED STATEMENT
OF MASTER HALCO COMPANY**

I am Ron Owens, the Purchasing Manager of Master Halco Company. We are in the wood products business.

Master Halco Company is opposed to the proposals to impose new conditions on UP's operations around Houston and in the Gulf Coast area. Effective rail competition depends on a strong UP competing against a strong BNSF. These new conditions would go in the wrong direction, by weakening UP at a time when it has already suffered large financial and traffic losses over the last year due to its service problems.

The best answer to service problems in Houston and the Gulf Coast, and throughout the West, is to let UP fight its way out of them. Weakening UP with further conditions is a mistake. Furthermore, we are very concerned that added conditions in Houston and the Gulf Coast will undermine the UP's ability to invest in service and infrastructure throughout its system. This will hurt our business and degrade our rail options.

We do not believe that further conditions are needed to protect competition in Houston and the Gulf Coast. The conditions imposed by the STB on the UP/SP merger have worked well. We have seen aggressive competition against UP by BNSF, KCS, and Tex Mex since the merger. While these railroads may want still more opportunities, competition is working without imposing further conditions that would weaken UP.

For these reasons, Master Halco Company opposes the requests for conditions on UP's operations around Houston and the Gulf Coast and urges the STB reject them.

I declare under penalty of perjury that the foregoing is true and correct and that I am authorized to file this verified statement. Dated September 4, 1998.

A handwritten signature in cursive script that reads "Ron Owens".
Ron Owens

*** TOTAL PAGE.02 ***



CORPORATE OFFICE: 110 EAST LA HABRA BOULEVARD • P.O. BOX 355 • LA HABRA, CALIFORNIA 90633 • (562) 694-5085

MBIS

"The largest nationwide bulk rail transfer operator in North America"

September 2, 1998

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, DC 20423

RE: Houston/Gulf Coast Oversight Proceeding
Finance Docket No. 32760 (Sub-No. 26)

Dear Secretary Williams:

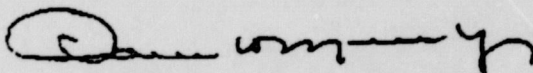
MBIS is the largest bulk rail transfer operator in North America. We are a nationwide rail transload operator with 28 sites located on all of the major railroads. Our business relies heavily on the railroads, particularly the Union Pacific, because UP and other railroads originate a great deal of the freight that moves into our locations.

MBIS opposes the proposals for new conditions on UP's operations in the Gulf area. These conditions will weaken UP and undermine its financial position at a time when it has been successfully fighting back from its service problems of the past year. It would be a mistake to take such a step, which will hurt shippers across the country, in order to address service problems in a very small area of the country. It makes even less sense to impose such conditions when UP's service in Texas has already shown major improvements over the past several months.

In the past few months, we have seen an improvement in UP's transit times. This ultimately leads to reduced railroad costs and lower freight rates. We fear that changes in the conditions on the UP/SP merger would harm this recovery. It is critical to us that UP be allowed to move forward as they planned and get themselves back on solid ground.

Thank you for your attention on this very critical matter.

Sincerely,



Patrick H. Murphy
Vice President & General Manager



MCLEAN COUNTY SERVICE COMPANY

402 N. HERSHEY ROAD, P. O. BOX 1367, BLOOMINGTON, IL 61702-1367
PHONE: 309-663-2392 & 662-9321 FAX: 309-663-0494 & 662-9325

Verified Statement

Of Mclean County Service Co.

I am Fred R. Gent the Manager of McLean County Service Co. We are in the business of Grain.

McLean County Service Co. is opposed to the proposal to impose new conditions on UP's operation around Houston and in the Gulf Coast area. Effective rail competition depends on a strong UP competition against a strong BNSF. These new conditions would go in the wrong direction, by weakening UP at a time when it has already suffered large financial and traffic losses over the last year due to its service problems.

The best answer to service problems in Houston and the Gulf Coast, and through out the West, is to let the UP fight its way out of them. Weakening UP with further conditions is a mistake. Furthermore, we are very concerned that added conditions in the Houston and Gulf Coast will undermine UP's ability to invest in service and infrastructure throughout its system. This will hurt our business and degrade our rail options.

We do not believe that further conditions are needed to protect competition in Houston and the Gulf Coast. The conditions imposed by the STB on the UP/SP merger have worked well. We have seen aggressive competition against UP by BNSF, KCS and Tex Mex since the merger. While these railroads may still have opportunity, competition is working without imposing further conditions that would weaken UP.

For these reasons, Mclean County Service Company opposes the request for conditions on UP's operations around Houston and the Gulf Coast and urges that the STB reject them.

I declare under penalty of perjury that the foregoing is true and correct and that I am authorized to file this verified statement. Dated August 29, 1998.



MERVIS INDUSTRIES ■ McAllen Division

**VERIFIED STATEMENT
OF Barry Cummings
Mervis Industries – Texas Divisions**

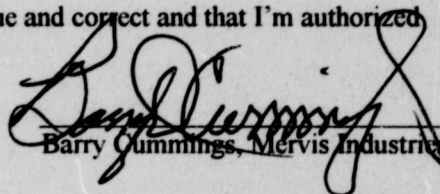
I am Barry Cummings, General Manager of Mervis Industries – Texas Divisions. We are in the business of brokering transportation for various metal related businesses, typically originating in the state of Texas.

Mervis industries is opposed to the proposals to impose new conditions on UP's operations around Houston and in the Gulf Coast area. Effective rail competition depends on a strong UP competing against a strong BNSF. The requested conditions would upset the competitive balanced by weakening UP at a time when it has already suffered large financial and traffic losses over the last year due to its service problems. It makes no sense to disrupt UP's operations when the need is to imposing UP's service and create better service to their customers.

We do not believe that further conditions are needed to protect competition in Houston and the Gulf Coast. The conditions imposed by the STB on the UP/SP merger have worked well. There has been aggressive competition against UP by BNSF, KCS and Tex Mex since the merger. While these railroads may want more opportunities, competition is working without imposing further conditions that would weaken UP.

For these reasons, Mervis Industries opposes the requests for conditions on UP's operations around Houston and the Gulf Coast and urges that the STB reject them.

I declare, under penalty of perjury, that the foregoing is true and correct and that I'm authorized to file this verified statement, dated August 18, 1998.


Barry Cummings, Mervis Industries



MFP of OREGON, INC.
a Merritt Lumber Company
14511 SW Westlake; Suite 143
P.O. Box 2404
Lake Oswego, OR 97035
Tel 503-968-6100
Fax 503-968-6200

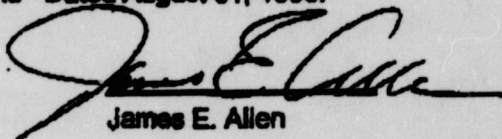
Verified Statement of MFP of Oregon, Inc.

My name is James E. Allen; I am the Rail Operations Manager of MFP of Oregon, Inc. My responsibilities include monitoring all rail shipments shipped or consigned by or to MFP of Oregon or its customers within continental North America. Accordingly, I deal with Union Pacific and its service difficulties on a daily basis, inasmuch as MFP of Oregon engages in wholesale brokerage of Lumber and other Forest Products, which includes transportation from origin to destination by rail.

In this regard, I am as dismayed by the slow recovery of Union Pacific from its problems as is anyone. However, I do not believe penalizing Union Pacific by granting competitive advantage to other carriers (BNSF or KCS/TEX-MEX) within the Houston/Gulf Coast region, or by granting sweeping shipper concessions (reciprocal switching, etc.) to specific shippers, will accomplish anything other than weakening Union Pacific financially, thereby making it more difficult to recovery from their service failures.

Union Pacific has acknowledged (reluctantly) it made major miscalculations regarding the strength and efficiency of Southern Pacific prior to their merger. Union Pacific has suffered serious financial losses due to shipper dissatisfaction with service failures, resulting in loss of freight revenue due to shipments made via motor carrier or competitive rail carrier. Further, Union Pacific has invested substantial unbudgeted sums in recovery efforts. In my opinion, granting favors requested in this proceeding would be tantamount to 'kicking them while they're down', rather than making a serious good-faith effort to assist them in their recovery, which should be the goal of all interested parties, the STB included.

I declare under penalty of perjury that the foregoing is true and correct and that I am authorized to file this verified statement. Dated August 31, 1998.


James E. Allen

cc: DWM-UPRR



**VERIFIED STATEMENT
OF
PATRICK L. GONDA
on behalf of
MINNESOTA MINING AND MANUFACTURING COMPANY (3M)**

My name is Patrick L. Gonda. I am the Advanced Rail Specialist in Corporate Logistics for Minnesota Mining and Manufacturing Company (3M), 3M Center, St. Paul, MN 55144-1000.

3M manufactures well over 50,000 various products in 34 states and in more than 60 countries. The product primarily shipped in rail covered hopper cars is colored roofing granules. 3M is the largest producer of colored roofing granules in the United States, shipping 20,000 carloads from four U.S. locations to rail served customers all over the country, including Colorado, Oregon, Oklahoma, Mississippi and Florida.

As Advanced Rail Specialist, I am responsible for all aspects of rail transportation at 3M. I have been employed by 3M for approximately 19 years with increasing levels of responsibilities in Corporate Logistics

3M is opposed to the proposals to impose new conditions on Union Pacific's (UP) operations around Houston and in the Gulf Coast area. UP's service in this area has improved steadily over the past few months and it should continue to improve. It would be unfair and counterproductive to grant favors to competing railroads in a localized region that will have harmful effects for competition and the overall quality of UP's service throughout the West. 3M fully supports the Surface Transportation Board's (STB) decision to lift its Emergency Service Order in the Texas-Louisiana Gulf Coast region, including Houston.

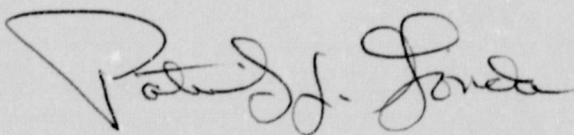
Rail service and competition in the West is best served by having two strong, balanced rail systems. UP would be unduly weakened by imposing additional conditions on the UP/SP merger in the Houston and Gulf Coast region. UP is trying to fight their way back from horrible service problems and needs the ability to invest heavily in its infrastructure in Houston and throughout the country.

We do not believe that further conditions are needed to protect competition in Houston and the Gulf Coast area. The conditions imposed by the STB on the UP/SP merger have worked well.

For these reasons, 3M opposes the requests for conditions on UP's operations around Houston and the Gulf Coast and urges the STB to reject them.

I declare under penalty of perjury that the following is true and correct and that I am authorized to file this verified statement.

Dated August 14, 1998.

A handwritten signature in dark ink, appearing to read "Patrick L. Gonda". The signature is stylized with a large, sweeping initial "P" and a cursive "Gonda".

Patrick L. Gonda
Advanced Rail Specialist
MINNESOTA MINING AND
MANUFACTURING COMPANY (3M)

September 4, 1998

The Honorable Vernon A. Williams
Secretary of Surface Transport Board

Dear Sir:

I am Mike Bloom, President of Mitech Corporation. We are in the business of brokering transportation for various plastic related businesses, typically in the state of Texas.

Mitech is opposed to the proposals to impose new conditions on UP's operations around Houston and in the Gulf Coast area. Effective rail competition depends on a strong UP competing against a strong BNSF. The requested conditions would upset the competitive balance by weakening UP at a time when it has already suffered large financial and traffic losses over the last year due to its service problems. The new conditions would directly hurt our business and degrade our rail options. Weakening UP with further conditions is a mistake.

Furthermore, we are very concerned that added conditions in Houston and the Gulf Coast will undermine UP's ability to invest in service and infrastructure throughout its system. These conditions will interfere with UP's operations by putting additional trains of other railroads on UP's already crowded tracks. This will not solve service issues, it will only expand service problems. It makes no sense to disrupt UP's operations when the need is to improve UP's service and create better service to their customers.

We do not believe that further conditions are needed to protect competition in Houston and the Gulf Coast. The conditions imposed by the STB on the UP/SP merger have worked well. There has been aggressive competition against UP by BNSF, KCS and Tex Mex since the merger. While these railroads may want more opportunities, competition is working without imposing further conditions that would weaken UP.

For these reasons, Mitech Corporation opposed the requests for conditions on UP's operations around Houston and the Gulf Coast and urges that the STB reject them.

I declare under penalty of perjury that the foregoing is true and correct and that I am authorized to file this verified statement. Dated September 4, 1998.


Mike Bloom, MITECH CORPORATION



F.W. MYERS & CO., INC.

34 Spur Drive, El Paso, Texas USA 79906
(915) 771-7077 • Fax: (915) 771-7788

September 2, 1998

VERIFIED STATEMENT OF NELLIE M. DAVIS

My name is Nellie M. Davis, I am the Branch Manager of F.W. Myers & Co., Inc., located in El Paso, Texas.

F.W. Myers & Co., Inc. is one of the largest Customs Brokerage and transportation firms in America. We pride ourselves on being the single source for all of our customers' transportation needs. Our services include U.S. Customs brokerage, Customs Bonds & Marine Cargo Insurance, Drawback Services, Ocean Freight Forwarding, Air freight Forwarding, Domestic transportation, Warehousing and distribution, Special projects-logistics, International Trade Consulting; and we are an Non-vessel Owning Common Carrier(N.V.O.C.C.). Among our principal customers are several major steamship lines and the maquiladoras on the United States-Mexico border.

Our operations have grown into a nationwide company with offices in virtually every major sea and land port in the United States, including the Canadian and Mexican borders. In addition to our company's network of domestic offices, F.W. Myers enjoys strong agent relationships covering all continents and major trade lanes around the world.

Along the U.S./Mexico border, Union Pacific has had to compete aggressively for our business against KCS/Tex Mex since the UP/SP merger. As a result of the merger conditions competition has increased, providing us with opportunities to expand our business and provide more services to our customers.



FMC #710



The success of our business depends on the consistent running of trains. Both Intermodal and maquiladora traffic demand that we maintain a rigid schedule so that our customers' operations are not hampered. To provide the level of service our customers demand also requires that we obtain timely switching and placement of railcars upon their arrival at their destination, so that we may respond more quickly to U.S. Customs requirements on double-stack traffic. Finally, we must receive rates that are competitive with other forms of transportation, particularly trucks, and service that is comparable to those other forms of transportation.

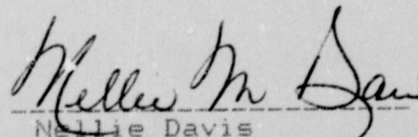
F.W. Myers & Co., Inc. opposes the request for conditions in the Houston and Gulf Coast area. Effective rail competition must be maintained and depends on a strong UP competing with a strong BNSF. The requested conditions will weaken UP badly when it has already suffered extensive losses, both in traffic and revenue, due to last year's service problems. The requested conditions would upset the competitive balance that now exists between UP, BNSF, and KCS/Tex Mex. We are concerned that benefits of competition that resulted from the merger will disappear if the requested conditions are granted. Furthermore, weakening UP will hurt its competitive position, which may bring higher rates to shippers throughout the West.

We feel UP must be given the opportunity to improve further; imposing these conditions will only harm it more. If UP suffers further erosion of its traffic and revenue base, this will undermine UP's ability to generate the funds necessary to continue to improve its service and infrastructure at the border gateways that are critical to us and our customers. We are hopeful that UP will continue investing in equipment, personnel, and infrastructure in the El Paso area, but we are concerned that UP will not be able, financially, to support these improvements if the requested conditions are imposed.

For these reason, F.W. Myers & Co., Inc. opposes the requests for conditions in the Houston and Gulf Coast area, and urges the STB to reject the requests.

I declare under penalty of perjury that the foregoing is true and correct and that I am authorized to file this verified statement.

Dated August 31, 1998


Nellie Davis

NationsBanc Auto Leasing, Inc.
1100 W. Blancke St.
Linden, NJ 07036
908-474-1600

August 11, 1998

Verified Statement of Guy Portello from NationsBanc Auto Leasing, Inc.

I am Guy Portello, the Transportation Coordinator of NationsBanc. We are in the business of Automobile Leasing.

NationsBanc is opposed to the proposals to impose new conditions on UP's operations around Houston and in the Gulf Coast area. Effective rail competition depends on a strong UP competing against a strong BNSF. These new conditions would go in the wrong direction, by weakening UP at a time when it has already suffered large financial and traffic losses over the last year due to its service problems.

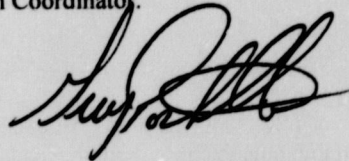
The best answer to service problems is to let UP fight its way out of them. Weakening UP with further conditions is a mistake. Furthermore, we are very concerned that added conditions in Houston and the Gulf Coast will undermine UP's ability to invest in service and infrastructure throughout its system. This will damage our business and degrade our rail options.

We do not believe that further conditions are needed to prospect competition in Houston and the Gulf Coast. The conditions imposed by the STB on the UP/SP merger have worked well. We have seen aggressive competition against UP by BNSF, KCS and Tex Mex since the merger. While these railroads may still want more opportunities, competition is working without imposing further conditions that would weaken UP.

For these reasons, NationsBanc opposes the requests for conditions on UP's operations around Houston and the Gulf Coast and urges that the STB reject them.

I declare under penalty of perjury that the foregoing is true and correct and that I am authorized to file this foregoing is true and correct and that I am authorized to file this verified statement.

Guy Portello,
Transportation Coordinator.





11757 Katy Freeway • Suite 930 • Houston, Texas 77079-1723 • 281-558-2002 • FAX 281-558-9106 • TELEX 795136

August 14, 1998

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

Re: Houston/Gulf Coast Oversight Proceeding
Finance Docket No. 32760 (Sub-No. 26)

Dear Secretary Williams:

VERIFIED STATEMENT
OF
NESTE TRIFINERY PETROLEUM SERVICES

I am Peter Wittich, the General Manager, Asphalt Sales and Marketing of Neste Trifinery Petroleum Services. We are in the business of refining and marketing.

Neste Trifinery Petroleum Services is opposed to the proposals to impose new conditions on UP's operations around Houston and in the Gulf coast area. Effective rail competition depends on a strong UP competing against a strong BNSF. These new conditions would go in the wrong direction, by weakening UP at a time when it has already suffered large financial and traffic losses over the last year due to its service problems.

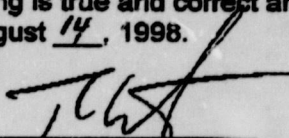
The best answer to service problems in Houston and the Gulf Coast, and throughout the West, is to let UP fight its way out of them. Weakening UP with further conditions is a mistake. Furthermore, we are very concerned that added conditions in Houston and the Gulf Coast will undermine UP's system. This will hurt our business and degrade our rail options.

We do not believe that further conditions are needed to protect competition in Houston and the Gulf Coast. The conditions imposed by the STB on the UP/SP merger have worked well. We have seen aggressive competition against UP by BNSF, KCS and Tex Mex since the merger. While these railroads may want still more opportunities, competition is working without imposing further conditions that would weaken UP.

VERIFIED STATEMENT
AUGUST 13, 1998
PAGE 2

For these reasons, Neste Trifinary Petroleum Services opposes the requests for conditions on UP's operations around Houston and the Gulf Coast and urges that the STB reject them.

I declare under penalty of perjury that the forgoing is true and correct and that I am authorized to file this verified statement. Dated August 14, 1998.


Peter L. Wittich

bcc: Mr. Thomas Kelley



VERIFIED STATEMENT

OF JIM BAKER

NGL SUPPLY CO. LTD.

I am Jim Baker, the President of NGL Supply. NGL is in the business of marketing liquified petroleum gas in various areas of the United States. We move LPG by rail from Mount Belvieu, Texas to California. We also ship LPG via rail from Canada to the U.S. West Coast and Midwest. Effective, competitive rail service is important to the success of our business.

NGL is opposed to the proposals to impose new conditions on UP's operations around Houston and in the Gulf Coast area. Effective rail competition depends on a strong UP competing against a strong BNSF. These new conditions would go in the wrong direction, by weakening UP at a time when it has already suffered large financial and traffic losses over the last year due to its service problems.

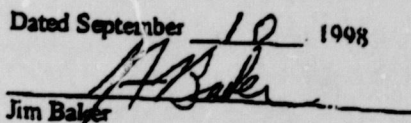
The best answer to service problems in Houston and the Gulf Coast, and throughout the West, is to let UP fight its way out of them. Weakening UP with further conditions is a mistake. Furthermore, we are very concerned that added conditions in Houston and the Gulf Coast will undermine UP's ability to invest in service and infrastructure throughout its system. This will hurt our business and degrade our rail options.

We do not believe that further conditions are needed to protect competition in Houston and the Gulf Coast. The conditions imposed by the STB on the UP/SP merger have worked well. We have seen aggressive competition against UP by BNSF, KCS and Tex Mex since the merger. While these railroads may want still more opportunities, competition is working without imposing further conditions that would weaken UP.

For these reasons, NGL opposes the requests for conditions on UP's operations around Houston and the Gulf Coast and urges that the STB reject them.

I declare under penalty of perjury that the foregoing is true and correct and that I am authorized to file this verified statement.

Dated September 18, 1998


Jim Baker

1520, 700 - 4th Avenue S.W., Calgary, Alberta T2P 3J4 • (403) 265-1977
305, 201 North Front Street, Sarnia, Ontario N7T 7T9 • (519) 336-9790



NON-STOCK MARKETING COOPERATIVE

P.O. Box 1023 — Kearney, Nebraska 68848
(308) 236-6410 — nik@kearney.net

August 28, 1998

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

RE: Houston/Gulf Coast Oversight Proceeding
Finance Docket No. 32760 (Sub-No. 26)

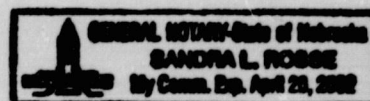
Dear Secretary Williams:

N.I.K. Non Stock Marketing Coop of Kearney, Nebraska is made up of 17 coop elevators in Nebraska, 10 coop elevators in Iowa and 1 coop elevator in Minnesota. The NIK group handles over 340 million bushels of grain annually and over 400 thousand tons of fertilizer.

We are aware that BNSF, KCS and Tex Mex are all trying to get trackage rights, haulage rights and reciprocal switching, but we do not believe that further conditions are needed. We have ordered fertilizer out of the Houston, Texas area in the last 30-60 days and have found the service to be very much improved. Therefore, we don't believe any additional restrictions are justified.

Sincerely,

W.J. Sebree
President/General Manager





P.O. Box 313, Clarion, Iowa 50525 • 515-532-2881



Holmes Location 2150 Hancock Ave., P.O. Box 313, Clarion, Iowa 50525 • 515-825-3111

Kanawha Location 210 E. 1st Street, P.O. Box 220, Kanawha, Iowa 50447 • 515-762-3251

Rowan Location 3085 Highway 3, Rowan, Iowa 50470 • 515-853-2260

August 17, 1998

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

Re: Houston /Gulf Coast Oversight Proceeding
Finance Docket No. 32760 (Sub No. 26)

Dear Secretary Williams:

My name is Al Struthers, General Manager of North Central Cooperative of Clarion, Iowa. North Central Cooperative is a \$70 million grain and agriculture supply business that uses the UP railroad for critical transportation requirements. Annually the UP supplies \$2,750,000.00 of transportation services to this cooperative. We ship corn and soybeans from two locations in north central Iowa, we also receive fertilizer products on the UP from Florida and Louisiana. It is crucial that transportation costs remain at the lowest possible cost for the 1200 farm producers who rely on North Central Cooperative for timely service.

Since the merger of the UPSP, as approved by the STB, the rail service has been interrupted. As of lately, service has improved and the UP is again a reliable transportation company. This is an indication that the UP has the resources to correct their problems without intervention from mandates.

The fact that the UP has lost \$230 million the last three quarters is a major incentive for the UP to correct its deficiencies. The Houston/Gulf Coast problems are more long term, and are being dealt with by UP. If the BNSF and other railroads were granted rights on UP trackage, the UP would lose considerable revenue and would further weaken the UP financial condition. The proposed "open access" is a localized solution that will jeopardize the UP's current and long term commitments to serve all of North America's transportation needs.

I declare under the penalty of perjury that the foregoing is true and correct and that I am authorized to file this verified statement.

For these reasons, North Central Cooperative opposes the requests for conditions on UP's operations around Houston and the Gulf Coast and urges the STB to reject the proposal.

Respectfully,

Al Struthers
North Central Cooperative

cc: Gary Johnson, UPRR

A Producer Owned Cooperative

Grain • Feed • Seed • Fertilizer • Agricultural Chemicals • Petroleum Products

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

Re: Houston/Gulf Coast Oversight Proceeding
Finance Docket No. 32760 (Sub-No. 26)

Dear Secretary Williams:

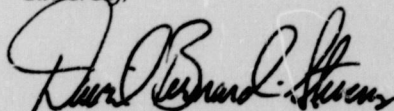
On behalf of the Board of Directors of the North Platte Area Chamber of Commerce, I would like to voice our strong opposition to the proposals that would impose new conditions on Union Pacific's operations around Houston and the Gulf Coast area.

As the home of Union Pacific's rail classification yard, the largest in the world I might add, we have obviously kept in close touch to the situation concerning Union Pacific over the past few years. For example, it was very clear that the STB established competitive conditions which were integrated into its approval of the Union Pacific Southern Pacific merger. It is, however, our view that the proposed additional conditions would disrupt the competitive balance by altering a key portion of the original merged system, thereby weakening Union Pacific when it is recovering its operational capability.

As you may recall, the Southern Pacific was close to collapse at the time of the merger. Since that time, Union Pacific has been working hard to improve operations of the combined system and has made great strides toward ending the service crisis. We here in North Platte, have already seen the improvements made. However, to continue the progress, Union Pacific has to make further investments to improve service and infrastructure throughout the system. The proposed conditions would deprive Union Pacific of the revenue necessary to make these investments and would make it more difficult for the Company to continue the service improvements we have seen in recent months. More to the point, it would be unfair to grant special access conditions in one part of the country at the expense of shippers elsewhere. In particular, we are concerned that our community and economy will be adversely impacted if Union Pacific competitors are granted concessions in another part of the UP system. Certainly, if Union Pacific's competitors want direct access to Union Pacific customers they can use their own capital to build the necessary track and facilities.

To conclude, our area has benefited from our association with Union Pacific Railroad. The service progress and community partnership should not be hindered by the imposition of new conditions that will harm Union Pacific, our community and others around the country. Thanks for all that you try to do for the country, and hopefully you will take our views to heart.

Sincerely,



David Bernard-Stevens
President, North Platte Area Chamber





CORPORATE HEADQUARTERS
11920 N. Burgard Road
Portland, Oregon 97203
(503) 286-4873
FAX: (503) 286-4848

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

Re: Houston/Gulf Coast Oversight Proceeding
Finance Docket No. 32760 (Sub-No. 26)

Dear Secretary Williams:

I am writing you this letter to officially state our support of Union Pacific Railroad and its ability to service the needs of its customers. Northwest Container Services, Inc. operates the "Daily Direct" sprint train between the ports of Portland, Seattle, and Tacoma. This train boasts some of the highest on-time arrivals in the entire nation. This reliability has allowed us to greatly expand our customer base. Consequently, our business has flourished.

The credit for this reliable service must be given entirely to UP. Without their outstanding performance, our train would not have the ability to perform to the level it has over the past several years. NWCS would be very hesitant to endorse any plan that would limit the UP's ability to perform the functions required by their customers.

Therefore, NWCS opposes any further restrictions, limits, or conditions that would hinder UP's operational ability within its system including, but not limited to, the Houston/Gulf Coast area.

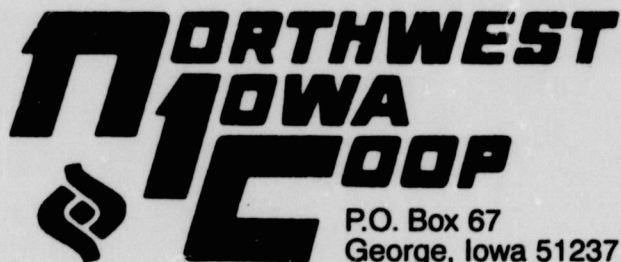
Thank you very much for your consideration in this matter. If you have any questions or wish to discuss this matter in further detail, please feel free to call.

Sincerely,

Ron Cage
President

9229 E. Marginal Way
Seattle, WA 98108
(206) 762-1007
FAX: (206) 762-1255

3002 Taylor Way
Tacoma, WA 98421
(206) 838-3574 or (206) 272-3134
FAX: (206) 838-3745



George (712) 475-3347
Ashton (712) 724-6171
Allendorf (712) 754-3631
Lumberyard (712) 475-3700
Service Center (712) 475-3635
Feedlot (712) 324-8460

George • Ashton • Allendorf

August 13, 1998

Gary Johnson
Union Pacific Railroad
Market & Sales Dept.
Room 1110
1416 Dodge Street
Omaha, NE 68179

To Whom It May Concern:

My name is Dave Reinders, I am the General Manager of Northwest Iowa Cooperative. Our company has three grain handling facilities that serve our 1500 patrons

Our Ashton, Iowa facilities are located on the main line of the Union Pacific railroad. Eighteen months ago our company made a large capital expenditure to upgrade to a 100 rail car shipper.

We have been sending unit trains to the Pacific Northwest, California, the Gulf of Mexico, as well as Mexico itself. The service we have been getting from the UP has been more than adequate.

Northwest Iowa Cooperative is very much opposed to the proposal to impose new conditions on UP's operation around Houston and the Gulf Coast area. Effective rail competition depends on a strong UP competing against a strong BNSF. These new conditions would go in the wrong direction, by weakening UP, at a time when it has already suffered large financial and traffic losses over the last year due to it's service problem.

We do not believe that further conditions are needed to protect competition in the Houston and Gulf Coast areas. The conditions imposed by the S.T.B. on the UP/SP merger have worked well.

It is wrong to give special conditions to shippers in one area of the country, because other shippers throughout the country will be adversely affected and will have relatively disadvantages.

UP's overall service is showing great improvement. The situation in Houston and the Gulf Coast today is far better than it was even three months ago, and should continue to improve. In these circumstances, it would be unfair and counter productive to grant favors to shippers and competing railroads in a localized region that will have harmful effects for UP's customers throughout the country.

Thank you for your consideration in this matter. Should you have any questions feel free to call me at (712) 475-3347.

Sincerely,

Dave Reinders, General Manager
Northwest Iowa Cooperative

NORTHWESTERN

STEEL AND WIRE COMPANY

VERIFIED STATEMENT
OF
NORTHWESTERN STEEL AND WIRE COMPANY

I am Michael S. Venie, the Vice President, Sales, Marketing and Distribution of Northwestern Steel and Wire Company, 121 Wallace Street, Sterling, IL 61081. We are in the business of manufacturing Steel and Wire products and depend heavily on the railroad for moving 2.2 million tons to and from our operations in Sterling, IL.

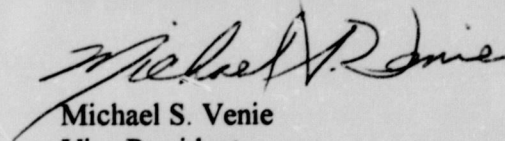
Northwestern Steel and Wire Company is opposed to the proposals to impose new conditions on UP's operations around Houston and in the Gulf Coast area. Effective rail competition depends on a strong UP competing against a strong BNSF. These new conditions would go in the wrong direction, by weakening UP at a time when it has already suffered large financial and traffic losses over the last year due to its service problems.

The best answer to service problems in Houston and the Gulf Coast and throughout the West is to let UP fight its way out of them. Weakening UP with further conditions is a mistake. Furthermore, we are very concerned that added conditions in Houston and the Gulf Coast will undermine UP's ability to invest in service and infrastructure throughout its system. This will hurt our business and degrade our rail options.

We do not believe that further conditions are needed to protect competition in Houston and the Gulf Coast. The conditions imposed by the STB on the UP/SP merger have worked well. We have seen aggressive competition against UP by BNSF, KCS and Tex Mex since the merger. While these railroads may want still more opportunities, competition is working without imposing further conditions that would weaken UP.

For these reasons, Northwestern Steel and Wire Company opposes the requests for conditions on UP's operations around Houston and the Gulf Coast and urges that the STB reject them.

I declare under penalty of perjury that the foregoing is true and correct and that I am authorized to file this verified statement. Dated September 1, 1998


Michael S. Venie
Vice President
Sales, Marketing and Distribution

OxyChem.

September 11, 1998

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street N.W. 7th Floor
Washington, D.C. 20423-0001

RE: Houston/Gulf Coast Overnight Processing
Finance Docket No. 32760 (Sub No. 26)

I am Robert L. Evans, Director, Transportation Pricing, Occidental Chemical Corporation (OxyChem) with a business address at P.O. Box 809050, Dallas, Texas 75380. My responsibilities include the safe and successful movement of 70,000 rail carload shipments annually.

OxyChem is one of the top ten largest chemical corporations in the United States, manufacturing chlor-alkali products and plastic resins from over twenty manufacturing plants located on each of the major Class I railroads. From these plants OxyChem operates a fleet of 7,000 rail cars.

OxyChem originally supported the Union Pacific Southern Pacific merger in 1995. We are again writing to support Union Pacific's position with respect to the current oversight hearings for increased access by other carriers in the Houston area.

OxyChem has three plants in the Houston area and like many shippers the OxyChem plants also experienced many service problems following the merger with the Southern Pacific. We did not, however, experience a reduction in competition due to the merger. The Union Pacific worked well with our company during the critical times by allowing us to move freight away from them even before the emergency orders.

OxyChem has not experienced the improved service that was expected by this time; however, the Union Pacific is reporting to OxyChem regularly our service in critical areas even after the lifting of the emergency order. They continue to make progress in these areas.

Page 2
September 11, 1998

OxyChem has always requested that competition needed to be rail-to-rail as many of our commodities are only transported by rail for safety reasons. We currently experience rail-to-rail competition within our Houston manufacturing plants.

The Union Pacific purchased a major railroad (Southern Pacific). They need the traffic this provides to compete with the Burlington Northern Santa Fe and to expand and improve their plant (system) to remain a strong competitor throughout their franchises. OxyChem believes that further conditions will interfere with the Union Pacific's operations and could delay the future improvements in the Union Pacific service.

OxyChem is working very actively on the Conrail Council that came to a mutual agreement between the Council, CSXT and Norfolk Southern on objective measurable standards. The STB has reduced the reporting of measurements by the Union Pacific railroad. We believe that the measurements shouldn't be reduced but that they should have additional measurements similar to those agreed to by the Council imposed upon the Union Pacific so the STB, as well as the shippers can better determine critical area monitoring rather than system wide monitoring.

The above information clearly and descriptively states OxyChem's position on the oversight proceeding. Should the STB require additional comments or dramatically alter the Union Pacific Southern Pacific system covering Texas, OxyChem then reserves the right to reevaluate or change its position.



Occidental Chemical Corporation
Corporate Office
Occidental Tower, 8005 LBJ Freeway
P.O. Box 808050, Dallas, TX 75380-8080
972/404-3800

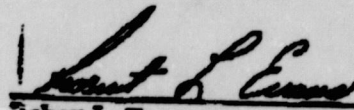
Page 3
September 11, 1998

Verification

State of Texas

County of Dallas

Robert L. Evans being first duly sworn, deposes and says that he has read the forgoing document, knows the facts asserted therein and that the same are true as stated.


Robert L. Evans

Subscribed and sworn to before me this 11th day of September, 1998.


Notary Public

My commission expires 9/02/2002

OLYMPICSTEEL

Olympic Steel, Inc.

5096 Richmond Road
Cleveland, Ohio 44146
216) 292-3800
(216) 292-3974 / FAX

Thomas A. Polidoro
Vice President
Corporate Logistics

September 2, 1998

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

Re: Finance Docket No. 32760 (Sub-No.26) Houston/ Gulf Coast Oversight Proceeding

Dear Secretary Williams,

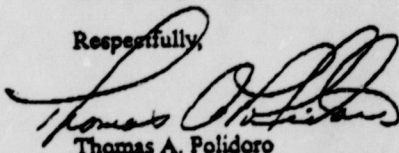
I am Thomas A. Polidoro, Corporate Vice President of Logistics for Olympic Steel Inc. Olympic Steel is a \$600 million Ohio Corporation, with primary businesses of steel service, processing and parts fabrication, at 14 locations around the country serving our customers needs. As VP, I am directly involved in the decision process involving all transportation modes and means on both a domestic and international basis. Olympic does receive and ship steel and scrap metals by rail. We were a long time customer of the former Chicago Northwestern Railroad and today remain a strong customer and partner with the Union Pacific.

Although there have been service issues over the last year, we have experienced improvement in the UP's approach to service, customers and overall business issues. We feel that the UP now has the management team and appropriate operational strategies in place to best address the prevailing service issues. They should be given the latitude to work their way out of their problems for the necessary long-term results. Weakening the UP with further conditions and restrictions will only serve to prolong the current conditions and be a serious mistake for the rail industry. We are very concerned that added conditions in Houston and the Gulf Coast will undermine the UP's ability to implement their operations strategy to invest in service and infrastructure, systemwide. This could damage our business by degrading all our rail options and operating costs.

I do not feel that further conditions are warranted. The conditions previously imposed by the STB on the UP/SP merger worked to foster competition and to advance service with "fairness". It would not be "fair" to impose new conditions that will "distract" and "prohibit" the UP from reaching their primary mission of comprehensive service systemwide.

For these reasons, Olympic Steel opposes the requests for further conditions on UP's operations and urges that the STB reject them.

Respectfully,



Thomas A. Polidoro



OmniSource

C O R P O R A T I O N

Rail & Barge Transportation
1610 North Calhoun Street
Fort Wayne, Indiana 46808
(219) 427-5329
Fax (219) 422-4308

VERIFIED STATEMENT
OF Phillip R. Bedwell
OmniSource
August 27, 1998

I am Phillip R. Bedwell, Director of Rail and Barge Transportation at OmniSource. We are in the business of buying, processing and selling of scrap metals along with the brokerage of the same via rail for various metal related businesses, often involving the state of Texas.

OmniSource is opposed to the proposals to oppose new conditions on UP's operations around Houston and in the Gulf Coast area. Effective rail competition depends on a strong UP competing against a strong BNSF. The requested conditions would upset the competitive balance by weakening UP at a time when it has already suffered large financial and traffic losses over the last year due to its service problems. The new conditions would directly hurt our business and degrade our rail options. Weakening UP with further conditions is a mistake.

Furthermore, we are very concerned that added conditions in Houston and the Gulf Coast will undermine UP's ability to invest in service and infrastructure throughout its system. These conditions will interfere with UP's operations by putting additional trains of other railroads on UP's already crowded tracks. This will not solve service issues, it will only expand service problems. It makes no sense to disrupt UP's operations when the need it to improve UP's service and create better service to their customers.

We do not believe that further conditions are needed to protect competition in Houston and the Gulf Coast. The conditions imposed by the STB on the UP/SP merger have worked well. There has been aggressive competition against UP by BNSF, KCS and Tex Mex since the merger. While these railroads may want more opportunities, competition is working without imposing further conditions that would weaken UP.

For these reasons, OmniSource opposes the requests for conditions on UP's operations around Houston and the Gulf Coast and urges that the STB reject them.

I declare under penalty of perjury that the foregoing is true and correct and that I am authorized to file this verified statement. Dated August 27, 1998.

Phillip R. Bedwell
Director of Rail and Barge Transportation
OmniSource

Osburn Sand Company

INDUSTRIAL & CONSTRUCTION SAND

ROUTE 7, BOX 532

SAN ANTONIO, TEXAS 78221-9546

PLANT LOCATION:

Highway - 24685 Highway 281 South
24068 Pleasanton Road
San Antonio, Texas
Rail - Lehr, Texas

PHONE:

San Antonio: 210-626-7045
FAX: 210-626-3166
TOLL FREE: 1-800-437-SAND (7263)

September 11, 1998

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

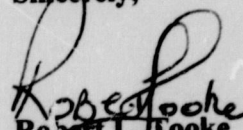
**Re: Houston/Gulf Coast Oversight Proceeding
Finance Docket No. 32760 (Sub-No. 26)**

Dear Secretary Williams:

We are miners and processors of bulk granular material, primarily for export, and have utilized rail transportation for over ninety years to move the material that we produce.

We strongly feel that our industry would not be well served by allowing other carriers to operate on Union Pacific Rails and for this reason we oppose any further restriction being placed on Union Pacific's operations.

Sincerely,


**Robert L. Tooke
President**



250 SOUTH 5TH STREET
KANSAS CITY, KANSAS 66101
OFFICE PHONE: (913) 281-3709
FAX (913) 281-5786

"WE HANDLE ALL YOUR TRANSPORTATION NEEDS"

August 19, 1998

Union Pacific Railroad
1416 Dodge Street
Room 511
Omaha, NE 68179

We were concerned to learn that several railroads and some shippers in the Houston area are attempting to block the UP/SP merger unless some additional conditions are met.

Since your railroad serves our facility in Kansas City as well as many of our customers on your system, we fear that the conditions will impact the fine service you now provide. For this reason, we believe the UP/SP merger should be approved as conditioned by the STB.

Those asking for more of your trackage and one of your yards in Houston are attempting to take over some of your business and not to create fair competition.

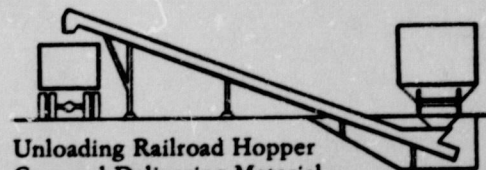
Please know that our company supports your efforts in having the STB reject the additional conditions requested by the BNSF, KCS, TexMex and other shippers.

Sincerely,

J. M. Pavlich



Local & Long Distance



Unloading Railroad Hopper
Cars and Delivering Material

P.O. BOX 86

8000 LAKE MEAD DR.

HENDERSON, NV 89015

TELEPHONE: 703-645-8785

FAX: 703-645-7145

PIONEER

**Verified Statement of Robert A. Evans of Pioneer Chlor
Alkali Company, Inc.**

My name is Robert (Bob) A. Evans. I am the Director of Transportation Pricing for Pioneer Chlor Alkali Company, Inc., 700 Louisiana Street, Suite 4300, Houston, Texas 77002.

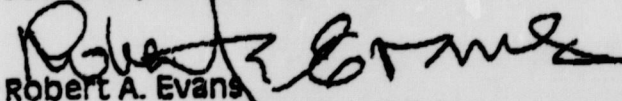
We have several facilities served by the Union Pacific (UP) and are among their top five(5) chemical shippers.

In recent months in the Houston/Gulf Coast area we have seen significant improvements in service. UP has demonstrated their service in Houston and the Gulf Coast Area has in fact improved. We believe the best course of action is to let them continue with their plan. We feel any further sanctions or conditions placed upon UP will impact the momentum for improvements currently in progress.

PCA opposes any requests for conditions on UP operations and urges STB to reject them.

I declare under penalty of perjury that the foregoing is true and correct and that I am authorized to file this verified statement.

Dated September 3, 1998



Robert A. Evans
Director Transportation Pricing



PLANTERS

COTTON OIL MILL, INC.

PHONE (870) 534-3631
FAX (870) 534-1421
POST OFFICE BOX 7427
PINE BLUFF, ARKANSAS 71511

VERIFIED STATEMENT OF PLANTERS COTTON OIL MILL, INC.

I am Danny Brown, the Vice President of Planters Cotton Oil Mill, Inc. We are in the business of cottonseed processing.

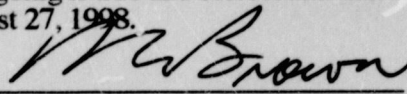
Planters Cotton Oil Mill, Inc. is opposed to the proposals to impose new conditions on UP's operations around Houston and in the Gulf Coast area. Effective rail competition depends on a strong UP competing against a strong BNSF. These new conditions would go in the wrong direction, by weakening UP at a time when it has already suffered large financial and traffic losses over the last year due to its service problems.

The best answer to service problems in Houston and the Gulf Coast, and throughout the West, is to let UP fight its way out of them. Weakening UP with further conditions is a mistake. Furthermore, we are very concerned that added conditions in Houston and the Gulf Coast will undermine UP's ability to invest in service and infrastructure throughout its system. This will hurt our business and degrade our rail options.

We do not believe that further conditions are needed to protect competition in Houston and the Gulf Coast. The conditions imposed by the STB on the UP/SP merger have worked well. We have seen aggressive competition against UP by BNSF, KCS, and Tex Mex since the merger. While these railroads may want still more opportunities, competition is working without imposing further conditions that would weaken UP.

For these reasons, Planters Cotton Oil Mill, Inc. opposes the requests for conditions on UP's operations around Houston and the Gulf Coast and urges that the STB reject them.

I declare under penalty of perjury that the foregoing is true and correct and that I am authorized to file this verified statement. Dated August 27, 1998.



Danny W. Brown



PORT OF MONTANA

P.O. Box 3641 Butte, Montana - 59702 Phone: 406-723-4521 Fax: 406-782-8510

August 20, 1998

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, DC 10423

Re: Houston/Gulf Coast Oversight Proceeding
Finance Docket No. 32760 (Sub-No. 26)

Dear Secretary Williams:

I am writing this letter in Support of Union Pacific Railroad. I respectfully request that the Surface Transportation Board not impose any further conditions on UP in the Houston and Gulf Coast area.

The proposed conditions would interfere significantly with UP's operations and undermine UP's effort to improve the quality of its service. UP has already suffered large traffic and financial losses- their traffic volumes are down by nearly 10% while BNSF's are up by almost 10%-- and the requested conditions would permanently upset the competitive balance. UP needs a chance to regain their market share. They have had financial losses for three straight quarters and cannot afford to have that continue.

The UP/SP merger did not reduce competition and does not require new conditions. SP was weak and heading for collapse before the merger. The service crisis arose around Houston and the Gulf Coast before the UP and SP operations were merged in Texas. The merger has actually helped service by allowing directional running and other efficiencies to pull Texas out of the crisis. It would be disasterous to add more burden to the merger because of this series of events.

It doesn't make sense to disrupt UP's operations permitting other railroads to operate on UP's already crowded tracks. This would only add to the congestion and would not allow UP to further improve its service. These kinds of special conditions for shippers in one area of the country would adversely affect shippers in other areas, including those in Montana who increasingly depend on UP's service. Further conditions would result in reducing western rail competition and the overall quality of UP's service.

UP is recovering. The situation in Texas and Gulf Coast has greatly improved. Further intervention can only cause a reversal of the recovery gains. I ask that the Surface Transportation Board not impose any further conditions on the Union Pacific Railroad.

Respectfully submitted,

William J. Fogarty
William J. Fogarty
General Manager

R.J. (Rick) Lacroix
Executive Vice President
Transportation & Distribution



PCS Sales (Canada), Inc.

September 10, 1998

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington DC 20423

Dear Secretary Williams:

RE: Houston/Gulf Coast Oversight Proceeding
Finance Docket No. 32700 (Sub-No. 26)

Potash Corporation of Saskatchewan (PCS) is the world's largest fertilizer enterprise producing the three primary plant nutrients used in fertilizer. PCS is also the world's largest potash company, the second largest nitrogen company and the third largest phosphate producer and we ship product throughout Canada, United States and Mexico the majority of which moves by rail.

PCS is opposed to the proposals to impose new conditions on UP's operations around Houston and in the Gulf Coast area. Effective rail competition depends on a strong UP competing against a strong BNSF. These new conditions would go in the wrong direction, by weakening UP at a time when it has already suffered large financial and traffic losses over the last year due to its service problems.

The best answer to service problems in Houston and the Gulf Coast and throughout the West, is to let UP work its way out of them. Weakening UP with further conditions is a mistake. Furthermore, we are very concerned that added conditions in Houston and the Gulf Coast will undermine UP's ability to invest in service and infrastructure throughout its system. This will hurt our business and degrade our rail options.

For these reasons, PCS opposes the requests for conditions on UP's operations around Houston and the Gulf Coast and urges that the STB reject them.

Yours truly,

Rick Lacroix
Executive Vice President, Transportation & Distribution

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PCS SALES (CANADA), INC.
SUITE 500 122 - 1ST / VENUE SOUTH SASKATOON SK CANADA S7N 1G3 PHONE (306) 962-2521 FAX (306) 962-2520

VERIFIED STATEMENT
OF PRAIRIE CENTRAL COOPERATIVE, INC

I am Michael Sulzberger, the General Manager of Prairie Central Cooperative, Inc. We are a cooperative grain elevator company.

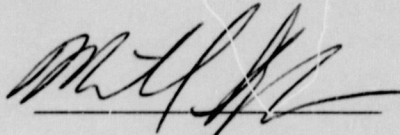
Prairie Central Cooperative, Inc. is opposed to the proposals to impose new conditions on UP's operations around Houston and in the Gulf Coast area. Effective rail competition depends on a strong UP competing against a strong BNSF. These new conditions would go in the wrong direction, by weakening UP at a time when it has already suffered large financial and traffic losses over the last year due to its service problem.

The best answer to service problems in Houston and the Gulf Coast, and throughout the West, is to let UP fight its way out of them. Weakening UP with further conditions is a mistake. Furthermore, we are very concerned that added conditions in Houston and the Gulf Coast will undermine UP's ability to invest in service and infrastructure throughout its system. This will hurt our business and degrade our rail options.

We do not believe that further conditions are needed to protect competition in Houston and the Gulf Coast. The conditions imposed by the STB on the UP/SP merger have worked well. We have seen aggressive competition against UP by BNSF, KCS and Tex. Mex since the merger. While these railroads may want still more opportunities, competition is working without imposing further conditions that would weaken UP.

For these reasons, Prairie Central Cooperative, Inc. opposes the requests for conditions on UP's operations around Houston and the Gulf Coast and urges that the STB reject them.

I declare under penalty of perjury that the foregoing is true and correct and that I am authorized to file this verified statement. Dated August 12, 1998.


Michael Sulzberger

ALDEN
ELLSWORTH
GARDEN CITY
HUBBARD



NEW PROVIDENCE
OWASA
UNION
WILLIAMS

Verified Statement of Prairie Land Cooperative

My name is Rick Vaughan. I am the General Manager of Prairie Land Cooperative. We are an Agricultural Cooperative in the grain and farm supply business located in central Iowa. We currently have three grain loading stations located on the Union Pacific. Our grain loading capacity ranges from 25 cars to 100 cars with origin weights.

Our experience on the Union Pacific dates back to the operation of the track by the Chicago and Northwestern. We witnessed first hand the service disruptions in the fall of 1995 brought on by the merger of the UP and CNW. I am here to attest that the UP worked its way through those problems, listened to our input and improved the service and opportunities for our company.

Prairie Land Cooperative is opposed to the proposals to impose new conditions on UP's operations around Houston and in the Gulf Coast area. Effective rail competition depends on a strong UP competing against a strong BNSF. These new conditions would go in the wrong direction by weakening UP at a time when it has already suffered large financial and traffic losses over the last year due to its service problems. UP has reported total operating losses of \$230 million in the last three quarters. This is in sharp contrast to BNSF's net income of over \$750 million in the same period.

The best answer to service problems in the Houston area, the Gulf Coast and throughout the West, is to let the UP fight its way out of them. Weakening UP with further conditions is a mistake. Furthermore, we are very concerned that added conditions in Houston and the Gulf Coast will undermine UP's ability to invest in service and infrastructure throughout its system. This will hurt our business and degrade our rail options here in the Midwest.

We do not believe that further conditions are needed to protect competition in Houston and the Gulf Coast. The conditions imposed by the STB on the UP/SP merger have worked well. We have seen aggressive competition against UP by BNSF, KCS and Tex Mex since the merger. While these railroads may want still more opportunities, competition is working. Imposing further conditions would only weaken UP further.

For these reasons, Prairie Land Cooperative opposes the requests for conditions on UP's operations around Houston and the Gulf Coast and urges STB to reject them.

I declare under penalty of perjury that the foregoing is true and correct and that I am authorized to file this verified statement. Dated September 14, 1998.

A handwritten signature in cursive script, appearing to read 'Rick Vaughan'.

ProFlame, INC.

Third Floor
400 Bel Marin Keys Blvd.
P.O. Box 5069
Novato, California 94948
(415) 883-8717
FAX (415) 883-8726

VERIFIED STATEMENT OF NANCY J. BUNTING-CLINE on behalf of PROFLAME, INC.

I am Nancy Bunting-Cline, Wholesale Manager of ProFlame, Inc.. I have been in this position for 18 years, and am responsible for the transportation, marketing and distribution of propane.

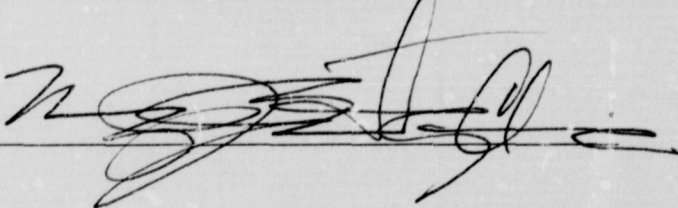
ProFlame has been in business for 50 years, and has utilized rail transportation for 28 years. We are utilizing the merged UP/SP System and the BNSF to service our seven rail terminals. These seven terminals service our 45,000 plus customers in California and Nevada.

ProFlame is opposed to the proposals to impose new conditions on UP's operations around Houston and in the Gulf Coast area. Effective Western rail competition depends on a strong UP competing against a strong BNSF. The requested conditions would upset the competitive balance and undermine UP after it has already suffered large traffic and financial losses. UP's traffic volumes are down by nearly 10%, while BNSF's are up by almost 10%. Tex Mex's traffic volumes have nearly doubled in the first six months of 1998 compared to 1997. KCS's traffic volumes are also up since the merger. There is no basis for taking away even more revenue and traffic from UP.

The past actions taken by the Surface Transportation Board (STB) were both justified and well intentioned as emergency service relief is proper in appropriate circumstances. But such relief should not be granted as a permanent condition to a merger, especially where normal operations have been largely restored.

For these reasons, ProFlame, Inc. opposes the requests for conditions on UP's operations around Houston and the Gulf Coast and urges that the STB reject them.

I declare under penalty of perjury that the foregoing is true and correct, and that I am authorized to file this verified statement. Dated August 26, 1998.



A handwritten signature in black ink, appearing to read 'Nancy J. Bunting-Cline', is written over a horizontal line.



Pronto Pig, Inc.
Innovative Intermodal Expeditors
P.O. BOX 1419
HILLSBORO, OR 97123
(503) 648-7444 Fax (503) 653-1354

September 14, 1998

**VERIFIED STATEMENT
OF : Terrance Black
Pronto Pig, Inc.**

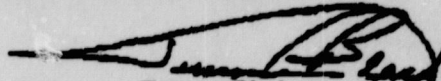
I am Terrance Black, the President of Pronto Pig, Inc. We are an Inter-Modal marketing company.

Pronto Pig, Inc. is opposed to the proposal to impose new conditions on the Union Pacific operations in the Houston Texas area. In order to keep a proper competitive balance with the BNSF Railroad I feel that any additional conditions on the Union Pacific would further weaken their ability to provide proper balance competitively in this market.

Our experience with the BNSF Railroad since their merger with the Santa Fe has demonstrated their desire to only serve profitable market lanes and indeed have canceled a number of traffic lanes from and to the Pacific Northwest. In addition, they have placed additional revenue conditions on their Inter-Modal customer in order to reduce smaller companies participation with them. This has resulted in a substantial loss of revenue for us into areas that they have exclusive control.

For these reasons, Pronto Pig, Inc. opposes the requests for conditions on the Union Pacific's operations around Houston and the Gulf Coast and urges that the STB reject them.

I declare under penalty of perjury that the foregoing is true and correct and that I am authorized to file this verified statement. Dated September 14, 1998.


Terrance Black



QUALITY LIQUID FEEDS, INC.

— WHERE QUALITY COMES FIRST —

VERIFIED STATEMENT OF JOE SAINI QUALITY LIQUID FEEDS, INC.

I am Joe Saini, the Vice President of Quality Liquid Feeds, Inc. We are in the liquid feed business. We make liquid feed. We have seven plants in the United States. Most of the ingredients we use are shipped by rail in tank cars.

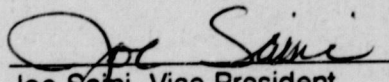
Quality Liquid Feeds, Inc. is opposed to the proposals to impose new conditions on UP's operations around Houston and in the Gulf Coast area. Effective rail competition depends on a strong UP competing against a strong BNSF. These new conditions would go in the wrong direction, by weakening UP at a time when it has already suffered large financial and traffic losses over the last year due to its service problems.

The best answer to service problems in Houston and the Gulf Coast, and throughout the West, is to let UP fight its way out of them. Weakening UP with further conditions is a mistake. Furthermore, we are very concerned that added conditions in Houston and the Gulf Coast will undermine UP's ability to invest in service and infrastructure throughout its system. This will hurt our business and degrade our rail options.

We do not believe that further conditions are needed to protect competition in Houston and the Gulf Coast. The conditions imposed by the STB on the UP/SP merger have worked well. We have seen aggressive competition against UP by BNSF, KMS and Tax Max since the merger. While these railroads may want still more opportunities, competition is working without imposing further conditions that would weaken UP.

For these reasons, Quality Liquid Feeds, Inc. opposes the requests for conditions on UP's operations around Houston and the Gulf Coast and urges that the STB reject them.

I declare under penalty of perjury that the foregoing is true and correct and that I am authorized to file this verified statement. Dated August 7, 1998.


Joe Saini, Vice President

Administrative Office
3586 State Highway 23 North, P.O. Box 240
Dodgeville, WI 53533
Tel: (608) 935-2345 - Fax: (608) 935-3198
Toll Free: (800) 236-2345