August 26, 1998

Surface Transportation Board
Office of the Secretary
Case Control Unit
Attn: STB Finance Docket No. 32760 (Sub-No. 26)
1925 K Street, N.W.
Washington, D.C. 20423-0001

Re: Notice of Intent to Participate as Party of Record;
Union Pacific Corporation, et. al. - Houston/Gulf Coast Oversight;
STB Finance Docket No. 32760 (Sub-No. 26)

To whom it may concern:

This letter is to notify the Surface Transportation Board ("Board") of the intent of CEMEX USA Management, Inc. ("CEMEX"), to participate as a Party of Record in the Union Pacific Corporation, et. al. - Houston/Gulf Coast Oversight proceeding; STB Finance Docket No. 32760 (Sub-No. 26).

For future reference, documents can be served on the undersigned via facsimile at (202) 659-6699 or via e-mail at stc@escm.com.

Very truly yours,

Sean T. Connaughton
CERTIFICATE OF SERVICE

I hereby certify that I have, this 26th day of August 1998, caused a copy of our letter for Notice of Intent to participate in the Houston/Gulf Coast oversight proceeding, to be served upon the Union Pacific's representative and to the Administrative Law Judge as shown below:

Mr. Arvid E. Roach II, Esq.
Covington & Burling
1201 Pennsylvania Avenue, N.W.
P.O. Box 7566
Washington, D.C. 20044

By First-Class Mail

Mr. Stephen Grossman, Esq.
Administrative Law Judge
Federal Energy Regulatory Commission
888 First Street, N.E.
Suite 11F
Washington, D.C. 20426

By First-Class Mail

Sean T. Connoughton
Eckert Seamans Cherin & Mellott LLC
1250 24th Street N.W.
Washington, D.C. 20037
(202) 659-6668
August 21, 1998

Honorable Vernon A. Williams
Office of The Secretary
Case Control Unit
Attn: STB Finance Docket No. 32760 (Sub-No.26)
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423-0001

Re: Surface Transportation Board Finance Docket No. 32760 (Sub-No. 26)

Dear Secretary Williams:

Please accept this letter as Notice of Intent to Participate in the proceeding referenced above and add my name to the service list as a party of record. Commonwealth Consulting Associates will file comments on behalf of Shell Chemical Company and Shell Oil Company.

Respectfully submitted,

[Signature]

David L. Hall
Commonwealth Consulting Associates
13103 F.M. 1960 West
Suite 204
Houston, TX 77065

Voice: (281) 970-6700
Fax: (281) 970-6800
E-Mail: commonwealth_consulting@compuserve.com
CERTIFICATE OF SERVICE

I hereby certify that on this 21st day of August, 1998, copies of the foregoing NOTICE OF INTENT TO PARTICIPATE were served by first class mail, postage prepaid, in accordance with the rules of the Surface Transportation Board on the following persons specified in Decision No. 6, and upon the parties shown on the attached list:

Arvid E. Roach II, Esq.
Covington & Burling
1201 Pennsylvania Avenue, N.W.
P. O. Box 7566
Washington, DC 20423-0001

Administrative Law Judge Stephen Grossman
Federal Energy Regulatory Commission
888 First Street, N.E.,
Suite 11F
Washington, D.C. 20426

David L. Hall
Commonwealth Consulting Associates
13103 FM 1960 West, Suite 204
Houston, TX 77065-4069
August 21, 1998

Office of the Secretary
Case Control Unit
Surface Transportation Board
1925 K. Street N.W.
Washington, DC 20423-0001

re: Finance Docket No. 32760 (Sub. No. 26), Union Pacific Corp., et al.
--Control and Merger -- Southern Pacific Rail Corporation, et al.--Houston/Gulf
Coast Oversight

Dear Secretary Williams:

This letter is to notify the Board that Champion International Corporation ("CIC") intends to participate in this proceeding as a party of record. Please include the undersigned on the service list as representative of Champion.

In accordance with 49 C.F.R. § 1180.4(a)(2), the Champion selects the acronym "CIC-x" for identifying all documents and pleadings its submits in this proceeding.

Enclosed with this letter are 25 copies. Copies of this letter are also being served on UP's representative and Administrative Law Judge Stephen Grossman in accordance with Decision No. 6.

Sincerely,

Richard E. Kerth
Transportation Manager -
Commerce & Regulatory Affairs

cc: Arvid E. Roach, Esquire
Covington & Burling
1201 Pennsylvania Avenue, N.W.
Washington, D.C. 20004

The Honorable Stephen Grossman
Administrative Law Judge
Federal Energy Regulatory Commission
888 First Street, N.E. Suite 11F
Washington, D. C. 20426
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]

Notice of Intent to Participate

Please show the active participation of the undersigned on behalf of the Fieldston
Publications, Incorporated. Please place the named individual, at the address provided, on
the service list to receive all pleadings and decision in this proceeding.

Respectfully submitted,

Abby E. Caplan
Fieldston Publications, Inc.
1800 Massachusetts Avenue, N.W.
Suite 500
Washington, D.C. 20036-1883
(202) 775-0240 ext. 339

Date: August 14, 1998
CERTIFICATE OF SERVICE

I hereby certify that I have this 14th day of August, 1998, served copies of this Notice of Intent to Participate upon the following parties of record in this proceeding by first-class mail.

Office of the Secretary
Case Control Unit
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423-000i

Arvid E. Roach II, Esq.
Covington & Burling
1201 Pennsylvania Avenue, N.W.
P.O. Box 7566
Washington, D.C. 20044

Administrative Law Judge Stephen Grossman
Federal Energy Regulatory Commission
888 First Street, N.E.
Suite 11F
Washington, D.C. 20426
STB FD-32760(SUB26) 8-19-98 D ID-190593
Vernon A. Williams, Secretary  
Surface Transportation Board  
1925 K Street, NW, Room 700  
Washington, DC 20423-0001

Re: Union Pacific Corp. — Control and Merger — Southern Pacific Rail Corp.  
STB Finance Docket No. 32760 (Sub-Nos. 26-32)

Dear Secretary Williams:

Pursuant to Decision No. 6 issued in the above-referenced matter, The Society of the  
Plastics Industry, Inc., hereby submits its Notice of Intent to Participate. Please include the  
undersigned on the service list in this proceeding, as follows:

Martin W. Bercovici  
Keller and Heckman, LLP  
1001 G Street, NW  
Suite 500 West  
Washington, DC 20001  
Attorney for The Society of the Plastics Industry, Inc.

Copies of this letter are being served upon all parties on the service list to the Board’s  
oversight proceeding.

Respectfully submitted,

[Signature]

Martin W. Bercovici  
Attorney for The Society of the Plastics Industry, Inc.
Vernon A. Williams, Secretary  
Surface Transportation Board  
Suite 700  
1925 K Street, N.W.  
Washington, D.C. 20423-0001

Re: Union Pacific/Southern Pacific Merger  
[Houston/Gulf Coast Oversight]  
STB Finance Docket No. 32760 (Sub-No. 26)

Dear Secretary Williams:

The United States Department of Transportation hereby gives notice of its intent to participate in the above-referenced proceeding. Please include the persons listed below as representatives of the Department. Enclosed herewith are 25 copies of this notice, as requested.

Sincerely,

Paul Samuel Smith  
Senior Trial Attorney

Joseph R. Pomponio  
Federal Railroad Administration  
RCC-20  
400 Seventh Street, S.W.  
Washington, D.C. 20590  
(202) 493-6051

Paul Samuel Smith  
U.S. Department of Transportation  
Room 4102 C-30  
400 Seventh Street, S.W.  
Washington, D.C. 20590  
(202) 366-9285

Enclosures
CERTIFICATE OF SERVICE

I hereby certify that on this date I have caused a copy of the foregoing Notice of Intent to Participate of the United States Department of Transportation in STB Finance Docket No. 32760 (Sub-No. 26) to be served upon the persons listed below by first class mail, postage prepaid.

August 18, 1998

Paul Samuel Smith

Administrative Law Judge Stephen Grossman
Federal Energy Regulatory Commission
Office of Administrative Law Judges
888 First Street, N.E. Suite 11F
Washington, D.C. 20426

Arvid E. Roach II, Esq.
Covington & Burling
1201 Pennsylvania Ave, N.W.
P.O. Box 7566
Washington, D.C. 20044
The Honorable Vernon A. Williams,
Secretary
Case Control Unit,
ATTN: STB Finance Docket No. 32760 (Sub-No. 26)
Surface Transportation Board
1925 K St., NW
Washington, DC 20423-0001


Dear Secretary Williams:

This is to indicate the intent of the National Association of Railroad Passengers to participate as a party of record. Our representative will be:

Ross B. Capon, Executive Director
National Association of Railroad Passengers
900 Second St., NE. Suite 308
Washington, DC 20002-3557

Enclosed please find 25 copies of this notice of intent to participate and the accompanying Certificate of Service.

Sincerely,

Ross B. Capon
Executive Director
CERTIFICATE OF SERVICE

I hereby certify that on this date a copy of this letter was served on the following persons by United States First Class Mail:

Arvid E. Roach II Esq.
Covington & Burling
1201 Pennsylvania Ave., NW
PO Box 7566
Washington, DC 20044

Administrative Law Judge Stephen Grossman
Federal Energy Regulatory Commission
888 First St., NE, Suite 11F
Washington, DC 20426

Dated: August 14, 1998

Ross B. Capon
August 4, 1998

Re: Union Pacific Corp. -- Control and Merger - Southern Pacific Rail Corp.,
STB Finance Docket No. 32760 (Sub-Nos. 26 - 32)

Dear Secretary Williams:

Pursuant to Decision No. 6 issued in the above-referenced docket, The Texas Mexican Railway Company ("Tex Mex") hereby submits its notice of intent to participate. Please place the following representatives of Tex Mex on the official service list in this proceeding:

Richard A. Allen
Scott M. Zimmerman
Zuckert, Scoutt & Rasenberger, L.L.P.
888 Seventeenth Street, N.W., Suite 600
Washington, DC 20006-3939

Copies of this letter are being served on all the representatives of all persons who have filed appearances in this proceeding, including UP’s representatives.

Sincerely,

Richard A. Allen
Counsel to The Texas Mexican Railway Company
VIA HAND DELIVERY

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

Re: Finance Docket No. 32760 (Sub-No. 26), Union Pacific Corp., et al. -- Control and Merger -- Southern Pacific Rail Corp., et al.

Dear Secretary Williams:

The Burlington Northern and Santa Fe Railway Company hereby submits for filing in the above-captioned proceeding the original and twenty-five (25) copies of the Verified Statement of Ernest L. Hord as its comments on the Comments and Request for Remedial Conditions of Formosa Plastics Corporation, U.S.A., filed on July 8, 1998. Also enclosed is a 3.5-inch disk containing the text of this pleading in WordPerfect 6.1 format.

I would appreciate it if you would date-stamp the enclosed extra copy of this filing and return it to the messenger for our files.

Sincerely,

Erika Z. Jones

Enclosures
VERIFIED STATEMENT
OF
ERNEST L. HORD

My name is Ernest L. Hord. I am Vice President, Operations of The Burlington Northern and Santa Fe Railway Company ("BNSF") on the UP/SP Lines. My business address is 24125 Aldine Westfield Road, Spring, TX 77373.

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

Since joining BNSF, I have taken on responsibility for the start-up and implementation of service on the track and territory to which BNSF gained access under the Board's Decision No. 44 in Finance Docket No. 32760 (served August 12, 1996). In that capacity, I have become familiar with BNSF's, as well as UP's, operations in Texas and the Gulf Coast area.

The purpose of the Verified Statement is to describe from an operating standpoint how BNSF would serve the Formosa Plastics Corporation, U.S.A. ("FPC") at Formosa, Texas were the Board to grant FPC's request for remedial conditions filed on July 8, 1998, and comment upon the efficiency of those operations.
Pursuant to trackage rights granted by the Board in the UP/SP merger proceeding, BNSF currently operates over UP’s line between Algoa and Corpus Christi, TX. That line passes through Formosa, TX, to which FPC has built a nine mile industrial track from its Point Comfort facility. FPC currently provides switching service with its own engines between the facility and Formosa.

If the Board were to grant FPC's request, BNSF would be able to pick-up and set out FPC traffic at Formosa, TX, without interference with UP operations on the line or adversely affecting BNSF’s present operations. All necessary switching interchanges between FPC and BNSF would occur at FPC’s marshaling yard near the Formosa interchange. With FPC’s planned expansion of that marshaling yard as described in the Verified Statement of Ronnie Bounds (“V.S. Bounds”), attached to FPC’s July 8 filing, the new FPC yard facilities would permit a switching interchange between FPC and BNSF that would not utilize or block the UP main line. BNSF has capacity on its existing train service on the Algoa line to provide service to FPC.

In addition, with the building of a second turnout as described in V.S. Bounds, trains approaching from the southwest could head directly onto the FPC siding. The head-end engine could, if necessary, be uncoupled and moved to what was the rear of the train, and could then pull the train back on to the main line via the existing turnout to the northeast. In that manner, BNSF trains would not need to stop on the UP main line at all if those trains were to provide service to switch FPC. This handling, made possible by FPC’s planned yard expansion, would reduce demands on UP’s line and address the need for capacity and infrastructure in the Gulf Coast.
UP trains, which approach FPC from both east and west, could operate in a similar manner.

In sum, it would be operationally feasible and practical for BNSF to interchange traffic with FPC at Formosa, TX and BNSF would be able to do so in a manner that would not cause disruption to train operations on UP’s main line or any adverse impact on present BNSF operations on the Algoa line.
VERIFICATION

THE STATE OF TEXAS  )
COUNTY OF TARRANT  )

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

Subscribed and sworn before me on this 30th day of July, 1998.

My Commission expires:

July 7, 2001
CERTIFICATE OF SERVICE

I hereby certify that on the 31st day of July, 1998, a copy of the foregoing was served, by first-class mail, postage prepaid, or by a more expeditious manner of delivery, on all Parties of Record in the above-captioned proceeding.

Kathryn Kusske
July 27, 1998

Office of the Secretary
Case Control Unit
ATTN: STB Finance Docket No. 32760 (Sub-No. 26)
Surface Transportation Board
1925 K Street, N.W.
Washington, DC 20423-0001

Dear Secretary Williams:

RE: STB Finance Docket No. 32760 (Sub-No. 26)
Union Pacific Corporation, et. al.
-- Control and Merger --
Southern Pacific Rail Corporation, et. al.

HOUSTON/GULF COAST OVERSIGHT
-------------
Notice of Intent to Participate

The Greater Houston Partnership intends to participate in the above-captioned proceeding. Please include Roger H. Hord on the service list as a party of record representing the Greater Houston Partnership, at the following address:

Roger H. Hord
Greater Houston Partnership
1200 Smith, 7th Floor
Houston, Texas 77002

Phone: 713 844-3625
Fax: 713 844-0256

An original and 25 copies of this filing are enclosed.

Sincerely,

[Signature]
Roger H. Hord
May 28, 1998

Via Hand Delivery
Office of the Secretary
Case Control Unit
ATTN: STB Finance Docket No. 32760 (Sub-No. 26)
Surface Transportation Board
1925 K Street, N.W.
Washington, DC 20423-0001

Re: STB Finance Docket No. 32760 (Sub-No. 26)
Union Pacific Corporation, et al.,--Control and Merger--
Southern Pacific Rail Corporation, et al.
Houston/Gulf Coast Oversight

Dear Secretary Williams:

Enclosed for filing in the above-referenced proceeding are an original and twenty-five (25) copies of the Notice of Intent to Participate, submitted to the Board on behalf of E. I. du Pont de Nemours and Company. Also enclosed is a 3.5-inch floppy diskette containing the text of this pleading in WordPerfect 7.0 format.

Should you have any questions concerning this filing, please do not hesitate to contact the undersigned.

Sincerely yours,

[Signature]
Frederic L. Wood
Attorney for E. I. du Pont de Nemours and Company

Enclosures
BEFORE THE
SURFACE TRANSPORTATION BOARD

STB 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, SPCSI Corp., and
The Denver and Rio Grande Western Railroad Company

Houston/Gulf Coast Oversight

NOTICE BY
E.I. DU PONT DE NEMOURS AND COMPANY
OF INTENT TO PARTICIPATE

Pursuant to Decision No. 1 in this proceeding, which was served May 19,
1998, E.I. du Pont de Nemours and Company hereby notifies the Board of
its intention to participate in this proceeding as a party of record.

This notice is also to request the Board to place the representative indicated
below on the list of all parties of record that will be prepared and issued pursuant to
Decision No. 1.

Respectfully submitted,

Frederic L. Wood
Donegan, Cleary, Wood & Maser, P.C.
1100 New York Avenue, NW, Suite 750
Washington, DC 20005-3934
Tel. (202) 371-9500
Fax (202) 371-0900
e-mail: r.wood@dcwm.com
Attorney for E.I. du Pont de Nemours and Company

Due and Dated: July 22, 1998
May 28, 1998

Via Hand Delivery
Office of the Secretary
Case Control Unit
ATTN: STB Finance Docket No. 32760 (Sub-No. 26)
Surface Transportation Board
1925 K Street, N.W.
Washington, DC 20423-0001

Re: STB Finance Docket No. 32760 (Sub-No. 26)
Union Pacific Corporation, et al.,--Control and Merger--
Southern Pacific Rail Corporation, et al.
Houston/Gulf Coast Oversight

Dear Secretary Williams:

Enclosed for filing in the above-referenced proceeding are an original and twenty-five (25) copies of the Notice of Intent to Participate, submitted to the Board on behalf of The National Industrial Transportation League. Also enclosed is a 3.5-inch floppy diskette containing the text of this pleading in WordPerfect 7.0 format.

Should you have any questions concerning this filing, please do not hesitate to contact the undersigned.

Sincerely yours,

[Signature]

Nicholas J. DiMichael
Attorney for The National Industrial Transportation League

Enclosures
BEFORE THE
SURFACE TRANSPORTATION BOARD

STB 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

NOTICE BY
THE NATIONAL INDUSTRIAL TRANSPORTATION LEAGUE
OF INTENT TO PARTICIPATE

Pursuant to Decision No. 1 in this proceeding, which was served May 19, 1998, The National Industrial Transportation League hereby notifies the Board of its intention to participate in this proceeding as a party of record.

This notice is also to request the Board to place the representative indicated below on the list of all parties of record that will be prepared and issued pursuant to Decision No. 1.

Respectfully submitted,

[Signature]

Nicholas J. DiMichael
Donelan, Cleary, Wood & Maser, P.C.
1100 New York Avenue, NW, Suite 750
Washington, DC 20005-3934
Tel. (202) 371-9500
Fax (202) 371-0900
e-mail: n.dimichael@dcwm.com
Attorney for The National Industrial Transportation League

Due and Dated: July 22, 1998
May 28, 1998

Via Hand Delivery
Office of the Secretary
Case Control Unit
ATTN: STB Finance Docket No. 32760 (Sub-No. 26)
Surface Transportation Board
1925 K Street, N.W.
Washington, DC 20423-0001

Re: STB Finance Docket No. 32760 (Sub-No. 26)
Union Pacific Corporation, et al.,--Control and Merger--
Southern Pacific Rail Corporation, et al.
Houston/Gulf Coast Oversight

Dear Secretary Williams:

Enclosed for filing in the above-referenced proceeding are an original and twenty-five (25) copies of the Notice of Intent to Participate, submitted to the Board on behalf of The Dow Chemical Company. Also enclosed is a 3.5-inch floppy diskette containing the text of this pleading in WordPerfect 7.0 format.

Should you have any questions concerning this filing, please do not hesitate to contact the undersigned.

Sincerely yours,

Jeffrey O. Moreno
Attorney for The Dow Chemical Company

Enclosures
NOTICE BY
THE DOW CHEMICAL COMPANY
OF INTENT TO PARTICIPATE

Pursuant to Decision No. 1 in this proceeding, which was served May 19, 1998, The Dow Chemical Company hereby notifies the Board of its intention to participate in this proceeding as a party of record.

This notice is also to request the Board to place the representative indicated below on the list of all parties of record that will be prepared and issued pursuant to Decision No. 1.

Respectfully submitted,

Jeffrey O. Moreno
Donelan, Cleary, Wood & Maser, P.C.
1100 New York Avenue, NW, Suite 750
Washington, DC 20005-3934
Tel. (202) 371-9500
Fax (202) 371-0900
e-mail: j.moreno@dcwm.com
Attorney for The Dow Chemical Company

Due and Dated: July 22, 1998
VIA AIRBORNE

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

Re: STB 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, SPCL Corp., and the
Denver and Rio Grande Western Railroad Company
[Houston/Gulf Coast Oversight]

Dear Mr. Williams:

Norfolk Southern Railway Company hereby gives notice that it will
participate as a party of record in the above proceeding.

On the service list, please place:

George A. Aspatore
General Attorney
Norfolk Southern Corporation
Three Commercial Place
Norfolk, Virginia 23510-9241
(fax) 757-533-4872

Twenty-five additional copies are enclosed with the original, together with
a 3.5 inch IBM-compatible diskette in Word Perfect 6.1.

Very truly yours,

George A. Aspatore

Enclosure
The Honorable Vernon A. Williams  
Office of the Secretary, Case Control Unit  
ATTN: STB Finance Docket No. 32760 (Sub-No.26)  
Surface Transportation Board  
1925 K Street, N.W.  
Washington, D. C. 20423-0001

Re: STB Finance Document No. 32760 (Sub-No.26)  
UNION PACIFIC CORPORATION [HOUSTON/GULF OVERSIGHT]  
NOTICE OF INTENT TO PARTICIPATE

Dear Mr. Williams:

CSX Transportation, Inc. (CSXT) intends to participate as a party of record in this proceeding.

CSXT also requests the opportunity to speak at any oral hearing which the Board might determine to be appropriate in this proceeding.

Please include on the Service List:

Douglas R. Maxwell  
General Counsel  
CSX Transportation, Inc. J150  
500 Water Street  
Jacksonville, FL 32202

Phone 904-359-3673  
Fax 903-359-7518

Enclosed are 25 copies of the Notice of Intent to Participate and a diskette.

Very truly yours,

Paul R. Hitchcock

PRH/sgh  
Enclosure

s:\staff\sgh\Merge\Williams STB 32760 14July98.doc
July 9, 1998

VIA HAND DELIVERY

Office of the Secretary
Surface Transportation Board
Case Control Unit
1925 K Street, N.W.
Washington, DC 20423-0001

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

Dear Secretary Williams:

Enclosed please find the original verification for Joseph P. Kalt whose verified statement was filed yesterday as part of The Burlington Northern and Santa Fe Railway Company’s Application for Additional Remedial Conditions Regarding the Houston/Gulf Coast Area.

If you have any questions, please contact me at (202) 778-0642. Thank you.

Sincerely,

Erika Z. Jones

Enclosure
THE STATE OF CALIFORNIA
COUNTY OF LOS ANGELES

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

[Signature]
Joseph P. Kalt

Subscribed and sworn before me on this 8th day of July, 1998.

[Signature]
Notary Public

My commission expires: 3/13/00
VIA FEDERAL EXPRESS

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

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

Dear Secretary Williams:

By action of its Board of Directors, the Greater Houston Partnership submits the attached document in the referenced docket number suggesting remedial conditions to the Union Pacific/Southern Pacific merger regarding the Houston/Gulf Coast area.

Regards,

Jim C. Kollaer

attachments
Honorable Vernon A. Williams  
July 2, 1998  
Page 2  

Distribution List:  

Mayor Lee Brown, City of Houston  
Judge Robert Eckels, Harris County  
City of Houston Councilmembers  
Harris County Commissioners  
Senator Phil Gramm  
Senator Kay Bailey Hutchison  
Harris County Congressional Delegation  
Harris County - Area Texas Legislative Delegation
Resolution of the Board of Directors  
Competition in Houston Freight Rail Service

Statement of Position
The freight rail service issues affecting the local economy, Houston area commercial interests and the Port of Houston continue to be of great concern to the Greater Houston Partnership. This crisis has exposed a weakness in the manner with which the United States addresses rail service and may lead to a fundamental restructuring of rail service statutes and regulations. Until those changes can be adequately addressed, Houston must seek incremental changes in rail service to help secure a competitive Port and industrial sector.

Principles
1. The recommendations which follow are predicated on the following principles:

2. Houston’s rail system performance must be “in the top tier of United States cities.” To be in the top tier of cities, service and rates must also be truly competitive in order for the Port and local industry to compete domestically and internationally, and

3. It is preferable that the private sector rectify noncompetitive situations through equitable compensation, but we realize that federal statutes and regulations constitute a fundamental roadblock in some cases and should be modified.

Recommendations
1. The Surface Transportation Board (STB) should immediately investigate the effect of the emergency service trackage rights on improving the performance and competitiveness
of the freight rail system in the Houston-Gulf Coast. If the data indicate that long term improvements in service have been achieved or can reasonably be expected to be achieved with the removal of remaining obstacles to the effective use of such trackage rights, the STB should provide a mechanism for the railroad(s) having temporary rights to buy permanent rights at an equitable price from the owning railroad.

2. The Port of Houston, owner of the Port Terminal Railroad Association (PTRA), and all long haul railroads serving Houston should be full and equal voting members of the PTRA Board.

3. The Surface Transportation Board should provide a mechanism for all railroads serving Houston to buy trackage rights and access rights at an equitable price to the following areas to provide greater competition for Houston area shippers:
   a) The trackage currently owned by the Port of Houston and operated by the PTRA;
   b) The trackage historically owned by the Houston Belt and Terminal prior to its dissolution; and
   c) Additional trackage as determined by the governing body of the neutral switch and shippers as allowed by financial considerations.

4. Operation of a neutral dispatching, switching, and car movement system should be undertaken by a single third party. The operator should be the reconstituted PTRA as previously described serving as the governing authority over the trackage accumulated as recommended in item 3.

5. The Union Pacific should be encouraged to reach an agreement with other long haul carriers to arrange the sale or lease of abandoned trackage and underutilized rights of way
and switching yards which might allow shippers and the Port of Houston additional rail system competitiveness, capacity, flexibility and geographic access. The STB should mediate the negotiations of the parties involved.

6. The STB should order the reconstituted PTRA to develop a regional master plan of added facilities and operations needed to provide system capacity in excess of demand for the foreseeable future.

**Background**

Since the Partnership Board’s March resolution on freight rail service, evidence has been mixed as to whether or not freight rail service has measurably improved. Data show key indicators of rail service are improving but remain well outside accepted standards. Disturbingly, we note the unacceptable delays in rail shipment of aggregate which are causing severe hardships for a major portion of the region’s economy. Beyond the immediate Houston area, the Union Pacific system still operates beyond its own “benchmarks” for service for trains held for power, crews and congestion and blocked sidings.

These issues confirm the Partnership’s March statement that “service disruptions may not be satisfactorily resolved among the participants in the best long term interests of the Houston area unless the Surface Transportation Board (STB) indicates an interest in acting swiftly and forcefully.” Despite issuing several new proceedings under their merger oversight responsibility, the STB has not taken any actions beyond the extension of an emergency service order granting Texas Mexican Railroad temporary trackage rights.

Without much success, several attempts have been made by the Union Pacific and shipper
groups to jointly identify appropriate actions each could take to ease the immediate crisis.

Additionally, Union Pacific by order of the STB, has released a plan for infrastructure improvements in the Houston-Gulf Coast.

Many Houston shippers are now expressing a concern which seems related to the current service difficulties of the merged Union Pacific and Southern Pacific and the growing difficulty of shippers to obtain competitive service and rates. That concern is for the level of rail service needed for a competitive Gulf Coast economy and the degree of rail industry competition needed to achieve that goal. Railroad consolidation in Houston follows a national trend encouraged with antitrust immunity granted by the Staggers Act. The consolidation in Houston from six to two Class 1 railroads over the last several years has resulted in an 80 percent market dominance by one railroad. Additionally, deregulation and consolidation have left too many shippers captive to a single railroad. This combination of factors does not bode well for the competitiveness of individual shippers, the Port of Houston and the economy as a whole.

The movements of rail cars and trains in Houston from numerous railroads were facilitated at one time by a neutral dispatching and switching system. One system, the Houston Belt and Terminal, was dissolved in November, 1997. The other, the Port Terminal Railroad Association, with its routes and track owned by the Port of Houston, continues serving the Port and industries north and south of the Ship Channel.

We believe these issues are adversely affecting local shippers and the Houston economy. Unless some corrective action is taken at the federal level, in the long term, the cost of
operating in a large portion of the Houston area may well become competitively disadvantageous.

Ansel L. Condray, Chairman

Jim C. Kollaer, President & CEO

Ned S. Holmes, Secretary

1 Union Pacific “Weekly Service Recovery Reports” and Accompanying Letters to the STB

2 ibid.
June 29, 1998

Office of the Secretary
Case Control Unit
ATTN: STB Finance Docket No. 32760 (Sub-No. 26)
Surface Transportation Board
1925 K Street, N.W.
Washington, DC 20423-0001

Dear Secretary Williams:

RE: STB Finance Docket No. 32760 (Sub-No. 26)
Union Pacific Corporation, et. al.
-- Control and Merger --
Southern Pacific Rail Corporation, et. al.

HOUSTON/GULF COAST OVERSIGHT
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Notice of Intent to Participate

The Port of Houston Authority intends to participate in the above-captioned proceeding. Please include Richard J. Schiefelbein on the service list as a party of record representing the Port of Houston Authority, at the following address:

Richard J. Schiefelbein
Woodharbor Associates
7801 Woodharbor Drive
Fort Worth, Texas 76179-3047

Phone: 817-236-6841
Fax: 817-236-6842

An original and 25 copies of this filing are enclosed.

Respectfully submitted,

Richard J. Schiefelbein
For: Port of Houston Authority
Office of the Secretary
Case Control Unit
ATTN: STB Finance Docket No. 32760 (Sub-No. 26)
Surface Transportation Board
1925 K Street, N.W.
Washington, DC 20423-0001

Dear Sirs:

Please add my name and address to the service list as a party of record ("POR") with intent to participate in new STB 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, SPDSL Corp., and The Denver and Rio Grande Western Railroad Company – [Houston/Gulf Coast Oversight].

PARTY OF RECORD
William W. Whitehurst, Jr.
Economic Consultants
12421 Happy Hollow Road
Cockeysville, MD 21030-1711

This original plus 25 copies are attached with this request. Please notify me if there are any other requirements to become a party of record in this case.

Very truly yours,

William W. Whitehurst, Jr.

WWW:rtp