

STB FD 32760 (Sub 26) 10-19-98 J 191748



# HCH

MARKETING, INC.

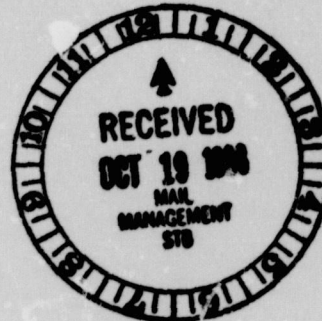
191748  
P.O. Box 159  
Manvel, Texas 77578  
(281) 331-7766  
Fax (281) 585-3685

October 15, 1998

ENTERED  
Office of the Secretary

OCT 22 1998

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Public Record



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

FD32760-SUB26

My name is Andrew K. Schwartz, Jr. I am the Chairman of HCH Marketing, Inc. Our company is located in Manvel, Texas and is in the business of manufacturing and marketing alcohols and acetate ester solvents for customers throughout the United States.

I am filing this statement in support of the Burlington Northern and Santa Fe Railway's ("BNSF") request that the Board grant trackage rights on additional UP lines in the Houston terminal area for BNSF to operate over any available clear routes through the terminal. We believe that this request will benefit our company and other shippers and will result in service improvements and needed dispatching flexibility in the Houston terminal.

Specifically, this request would permit BNSF to operate over any available clear routes through the terminal as determined and managed by the Spring Consolidated Dispatching Center, and not just over the former HB&T East and West Belts. The result would be to reduce congestion caused by BNSF trains staged in the Houston terminal waiting for track time to use the main trackage rights lines they currently share through the terminal and on the former HB&T East and West Belt lines.

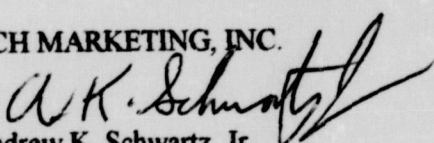
This request would create an important safety valve for dispatchers to permit BNSF trains to traverse clear routes in the Houston terminal. It is a reasonable measure to avoid congestion and should pose no harm to UP as it does not give any competitive advantage to BNSF's operations in the Houston terminal.

The request this stands to benefit all rail carriers operating in the Houston terminal area and the shipping public. It is in everyone's best interest to achieve better service for shippers and to reduce the congestion in the Houston terminal area. Accordingly, the Board should grant BNSF's request.

I certify under penalty of perjury that the foregoing is true and correct. Executed this 15<sup>th</sup> day of October, 1998.

Sincerely,

HCH MARKETING, INC.

  
Andrew K. Schwartz, Jr.  
Chairman



STB FD 32760 (Sub 26) 10-19-98 J 191727



**Westway**  
TRADING CORPORATION

A. WHITFIELD HUGULEY, IV  
President

ENTERED  
Office of the Secretary

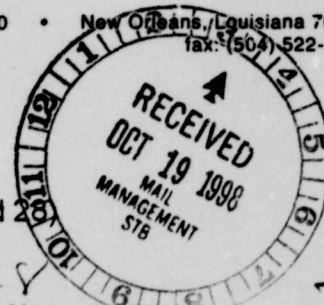
OCT 21 1998

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Public Record

365 Canal Street, Suite 2900  
(504) 525-9741

New Orleans, Louisiana 70130  
fax: (504) 522-1638

26



Re: Finance Docket. No. 32760 (Sub-Nos. 26 and 28)

19727

19728

My name is A. Whitfield Huguley, IV. I am the President of Westway Trading Corporation. Our company is located in New Orleans, Louisiana and has over twenty five storage and handling terminals in the United States including our largest terminal facility in Houston, Texas. That facility receives inbound shipments by rail and barge at the Port of Houston and sends outbound shipments of molasses and other feed mix products by rail via BNSF and UP to destinations throughout the United States. Our company also receives inbound shipments from Mexico over the El Paso gateway.

Our company's need for reliable and efficient rail transportation services is expected to grow in the future. It is therefore important to our business that competition be preserved for access to Mexico and that efficient and fluid rail service be available in the Houston/South Texas market. We have seen a degradation in service and fewer competitive options available for our rail transportation needs since the UP/SP merger. For these reasons, I am submitting this Verified Statement in support of The Burlington Northern and Santa Fe Railway's ("BNSF") requests for additional remedial conditions.

We support BNSF's requests because they will benefit our company and other shippers and will result in service improvements, needed operational flexibility and the ability to avoid adding unnecessary traffic to the Houston terminal area. For example, BNSF has requested that the Board grant trackage rights on additional UP lines in the Houston terminal area for BNSF to operate over any available clear routes through the terminal. We support this request because it would permit BNSF to operate over any available clear routes through the terminal as determined and managed by the Spring Consolidated Dispatching Center, and not just over the former HB&T East and West Belts. The result would be to reduce congestion caused by BNSF trains staged in the Houston terminal waiting for track time to use the main trackage rights lines they currently share through the terminal and on the former HB&T East and West Belt lines.

We also support the requests of BNSF for: (i) permanent bidirectional overhead trackage rights on UP's Caldwell-Flatonia -San Antonio and Caldwell-Flatonia-Placedo lines; and (ii) overhead trackage rights on UP's San Antonio-Laredo line. It is our position that were the Board to grants BNSF's requests, they would help to diminish the congestion on UP's lines in and around Houston and South Texas, as well as preserve competition as the Board originally envisioned in its decision approving the UP/SP merger.

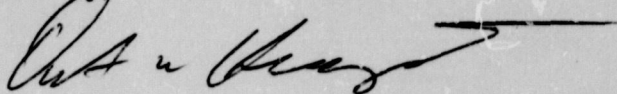


A member of the ED & F Man Group

In sum, BNSF's requests for remedial conditions stand to benefit all rail carriers operating in the South Texas and the shipping public. It is in everyone's best interest to achieve better service for shippers, to reduce the congestion in the Houston terminal and South Texas areas, and to preserve efficient and competitive service to all the Mexican gateways. Accordingly, the Board should grant BNSF's requests.

I certify under penalty of perjury that the foregoing is true and correct. Executed this 13th day of October, 1998.

Sincerely,

A handwritten signature in dark ink, appearing to read "A. Whitfield Huguley, IV", with a long horizontal line extending to the right.

A. Whitfield Huguley, IV

AWHIV/dmd

STB FD • 32760 (Sub 26) 10-19-98 J 191723





**OmniSource**  
CORPORATION

**Rail & Barge Transportation**  
1610 North Calhoun Street  
Fort Wayne, Indiana 46808  
(219) 427-5329  
Fax (219) 422-4308

October 13, 1998

ENTERED  
Office of the Secretary

OCT 21 1998

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Public Record



Houston/Gulf Oversight Proceedings  
Re: Finance Docket No. 22760 (Sub-Nos. 26 and 28)

191723

191724

26

My name is Phillip R. Bedwell. I am the Corporate Director of Rail and Barge Transportation for OmniSource Corporation. Our corporate office is located in Fort Wayne, Indiana with 20 locations throughout the midwest. We are in the business of buying, processing, and selling of ferrous and nonferrous scrap metals.

I am filing this statement in support of The Burlington Northern and Santa Fe Railway's ("BNSF") request that the Board grant trackage rights on additional UP lines in the Houston terminal area for BNSF to operate over any available clear routes throughout the terminal. We believe that this request will benefit our company and other shippers and will result in service improvements and needed dispatching flexibility in the Houston terminal.

Specifically, this request would permit BNSF to operate over any available clear routes through the terminal as determined and managed by the Spring Consolidated Dispatching Center, and not just over the former HB & T East and West Belts. The result would be to reduce congestion caused by BNSF trains staged in the Houston terminal waiting for track time to use the main trackage rights lines they currently share through the terminal and on the former HB & T East and West Belt lines.

This request would create an important safety valve for dispatchers to permit BNSF trains to traverse clear routes in the Houston terminal. It is a reasonable measure to avoid congestion and should pose no harm to UP as it does not give any competitive advantage to BNSF's operations in the Houston terminal.

The request thus stands to benefit all rail carriers operating in the Houston terminal area and the shipping public. It is in everyone's best interest to achieve better service for shippers and to reduce the congestion in the Houston terminal area. Accordingly, the Board should grant BNSF's request.

I certify under penalty of perjury that the foregoing is true and correct. Executed this 13th day of October, 1998.

Sincerely,

Phillip R. Bedwell

Corporate Director Rail and Barge Transportation



STB FD • 32760 (Sub 26) 10-19-98 J 191719



# Commercial Metals Company

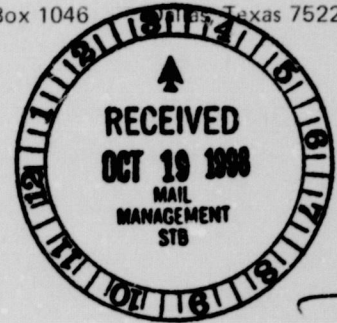
P.O. Box 1046 Dallas, Texas 75221-1046

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

ENTERED  
Office of the Secretary

OCT 21 1998

Part of  
Public Record



RE: Finance Docket No. 32760 (Sub-Nos. 26 and 28)

Dear Secretary Williams,

My name is Ronald W. Bird. I am the Transportation Manager for the Secondary Metals Division of Commercial Metals Company. Our company headquarters is located in Dallas, Texas, and we operate forty-three scrap metal processing facilities located in the Southwest and Southeastern United States. Commercial Metals Company owns or leases a private fleet of approximately 370 rail gondola cars that are custom designed for transporting steel scrap. Commercial Metals Company produces approximately 1.3 million tons of processed steel scrap annually, which is shipped to steel mini-mills for melting, casting, and rolling into steel bars and billets. The primary mode of transportation for steel scrap is rail because it is the most economical and efficient method to handle a low value commodity that moves in large quantities.

Commercial Metals Company has fifteen scrap metal locations in the state of Texas which have been adversely affected by the continued failure of the Union Pacific Railroad to return service to pre-merger levels of the former Southern Pacific Railroad. In that regard, I am filing this verified statement in support of Burlington Northern and Santa Fe Railway's (BNSF) request that the Board grant permanent bi-directional overhead trackage rights on UP's Caldwell-Flatonia-Placedo line. I believe that this request will benefit our company and other shippers and will result in service improvements, needed operational flexibility and the ability to avoid adding unnecessary traffic to the Houston terminal area.

BNSF's rights on the Placedo route are temporary, directional (southbound) and conditional on UP continuing directional operations south of Houston. On September 18, 1998, UP indicated to the Board that it intends to end its directional running operations after it completes an additional siding near Angleton, TX. When UP ends directional operations on this route, BNSF will be barred by UP from further use of this line.

I believe that BNSF needs to ensure that it can avoid operating over the Algoa route – even if UP completes proposed capital improvements on that route – to minimize the risk of delay for its trains. Moreover, since operations via the Algoa route unnecessarily brings traffic through the Houston terminal area, an alternative routing such as BNSF requests make sense. Indeed, this routing was available to SP pre-merger since it was formerly as SP route and BNSF's request would simply permit BNSF to replicate the competitive options available to shippers by the former SP.

For all of these reasons, the Board should grant BNSF's request to maintain these bi-directional overhead trackage rights on a long-term basis. This would benefit our company and other shippers and will result in service improvements for both UP and BNSF to provide greater operational flexibility and reduce congestion in the Houston terminal area.

In addition, I am filing this statement in support of The Burlington Northern and Santa Fe Railway's ("BNSF") request that the Board grant trackage rights on additional UP lines in the Houston terminal area for BNSF to operate over any available clear routes through the terminal. We believe that this request will benefit our company and other shippers and will result in service improvements and needed dispatching flexibility in the Houston terminal.

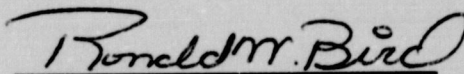
Specifically, this request would permit BNSF to operate over any available clear routes through the terminal as determined and managed by the Spring Consolidated Dispatching Center, and not just over the former HB&T East and West Belts. The result would be to reduce congestion caused by BNSF trains staged in the Houston terminal waiting for track time to use the main trackage rights lines they currently share through the terminal and on the former HB&T East and West Belt lines.

This request would create an important safety valve for dispatchers to permit BNSF trains to traverse clear routes in the Houston terminal. It is a reasonable measure to avoid congestion and should pose no harm to UP, as it does not give any competitive advantage to BNSF's operations in the Houston terminal.

The request thus stands to benefit all rail carriers operating in the Houston terminal area and the shipping public. It is in everyone's best interest to achieve better service for shippers and to reduce the congestion in the Houston terminal area. Accordingly, the Board should grant BNSF's request.

I certify under penalty of perjury that the foregoing is true and correct. Executed this 15<sup>th</sup> day of October, 1998.

Sincerely,

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

Ronald W. Bird  
Transportation Manager

STB FD-32760 (Sub 26) 9-15-98 J 191140





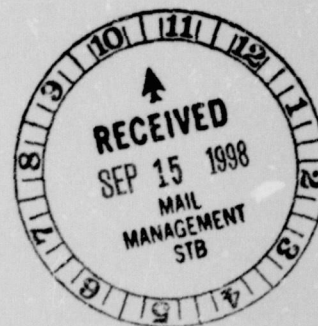
September 14, 1998

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

ENTERED  
Office of the Secretary

SEP 15 1998

Part of  
Public Record



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

Dear Secretary Williams:

I am James F. Jundzilo, the Transportation Manager of TETRA Technologies, Inc. We are in the business of chemical manufacturing. TETRA has chemical plants served by Union Pacific railroad at Westlake, Louisiana and warehouses at the Port of Lake Charles, Louisiana.

TETRA Technologies Company is opposed to the proposals to impose new conditions on UP's operations 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 the Gulf Coast, and throughout the West, is to let UP continue to upgrade capacity and improve resources to meet the Gulf Coast requirements. Weakening UP with further conditions is a mistake since it would put more stress on the existing resources. Furthermore, we are very concerned that added conditions in the Gulf Coast will undermine UP's ability to invest in service and

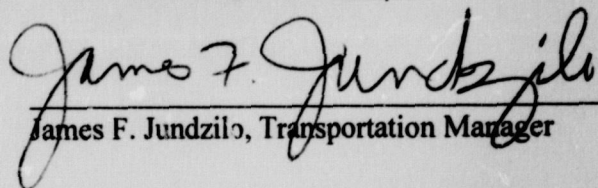


infrastructure throughout its system. This will hurt our business and degrade our rail options.

We do not believe that further conditions are needed to protect competition in 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. TETRA has seen excellent response from the Union Pacific service department. They continue to provide resources to solve problems. They are trying to address issues of service and capacity limitations. Let's let them do it. While these railroads may want still more opportunities, competition is working without imposing further conditions that would weaken UP.

For these reasons, TETRA Technologies, 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 September 14, 1998.

  
James F. Jundzilo, Transportation Manager

STB FD 32760 (Sub 26) 9-14-98 J 191124

ENTERED  
Office of the Secretary

SEP 15 1998

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Public Record



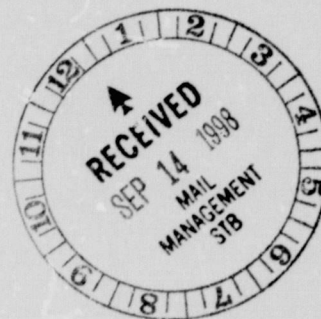
## Baroid Drilling Fluids

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 Te :Mex 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) 871-5900

A Division of Dresser Industries, Inc.





September 8, 1998

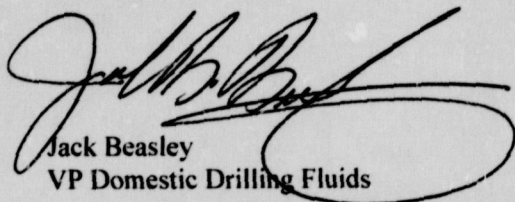
The BNSF and TexMex have not publicly outlined a program on financial contributions and service level commitments they would provide if they were successful in obtaining additional access to the UP's infrastructure. The UP would be saddled with the financial burden in making all of the improvements to 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. Per 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

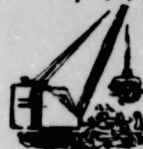
STB FD 32760 (Sub 26) 9-14-98 J 191123





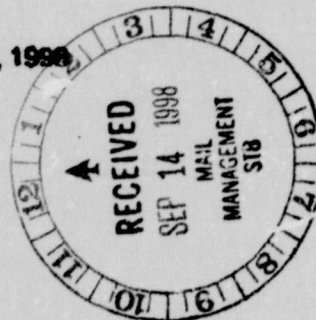
# Gopher State Scrap & Metal, Inc.

3401 3rd Ave.  
Mankato, MN 56001  
(507) 387-6504



191123

September 4, 1998



Honorable Vernon A. Williams  
Secretary  
Surface Transportation Board  
1925 K Street, N.W.  
Washington, D.C. 10423

Re: Houston/Gulf coast Overseas Processing  
Finance Docket No. 32760 (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 1996 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.

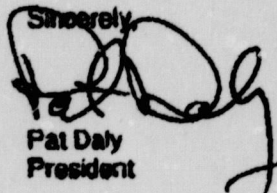
SP was weak and heading for collapse before the UP/SP merger. The service crisis arose around Houston and the Gulf Coast before the SP and UP operations were merged in Texas. The merger is the ultimate solution to the service crisis because it allows directional running and other efficiencies that have 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.

ENTERED  
Office of the Secretary

SEP 15 1998

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Public Record

Sincerely,  
  
Pat Daly  
President

STB FD

32760 (Sub 26)

9-9-98

J

191091

191091



STATE OF LOUISIANA  
HOUSE OF REPRESENTATIVES

321 N. Florida St.  
P.O. Box 1163  
Covington, Louisiana 70434  
Telephone: (504) 893-6262  
(800) 258-3987  
Fax: (504) 893-6261

ENTERED  
Office of the Secretary  
DIANE WINSTON  
District 77  
SEP 14 1998

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September 4, 1998



Executive  
House of Governmental Affairs  
Municipal, Parochial & Cultural Affairs  
Commerce

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

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

I am writing this letter in response to the special operating rights in the Texas Gulf Coast area for which several interests have petitioned the Surface Transportation Board (STB). As a member of the Louisiana House of Representatives and as a businesswoman, self-employed for the past 25 years, I am extremely concerned about the adverse effects to Union Pacific and the trickle down effect on our state's economy should you grant new special operating privileges outside the temporary emergency order which, I understand, has been lifted.

As I appreciate the facts, certain circumstances intersected which caused the STB to grant temporary privileges to other railroads to operate over Union Pacific property. It is my understanding that Union Pacific has now recovered from problems which developed from the acquisition of the weak Southern Pacific Railroad, and has made the necessary investments and employed sufficient numbers of people to service its customers. The STB must have come to the same conclusion since the temporary order giving others special access was recently terminated.

With the progress made by Union Pacific in addressing the problem areas of the merged system--progress gained at extraordinary expense--it does not seem fair or reasonable to allow others to continue to use Union Pacific property, thereby disallowing Union Pacific the opportunity to recoup their investments--a process dependent on customer revenues.

If the circumstances calling for the temporary emergency order have been corrected, and apparently they have or you would not have lifted the order, then it only seems fair to return to the business operations you employed before the emergency order was given. Enabling other railroads to profit from an order that was "temporary" and an "emergency" simply does not seem right to me.



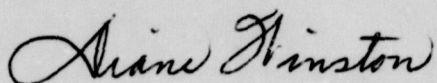
Mr. Vernon A. Williams

September 4, 1998

Page 2

I encourage you not to grant additional, permanent, rights to others over the Union Pacific Railroad in the Gulf Coast area. The company is committed to resolve its service issues and continues its steady and continuing improvement. Thanks in advance for your favorable consideration of my request.

Sincerely,

A handwritten signature in cursive script that reads "Diane Winston".

Diane Winston  
State Representative

DW/pkh

STB FD

32760

(Sub 26)

9-8-98

191059

J





191059

**City of Boulder City**  
401 CALIFORNIA AVENUE  
BOULDER CITY, NEVADA 89005  
**Mailing Address**  
P.O. BOX 61350  
BOULDER CITY, NEVADA 89006-1350

ENTERED  
Office of the Secretary

September 1, 1998

SEP 10 1998

Part of  
Public Record



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

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

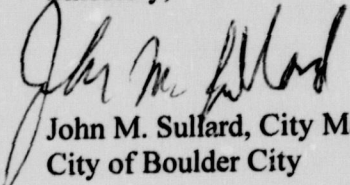
Dear Secretary Williams:

As the City Manager of the City of Boulder City, Nevada, I am very aware of the value of Union Pacific Railroad. The City of Boulder City has had a good working relationship with Union Pacific over a long period of time.

We understand that positive results are beginning to be seen from the Union Pacific-Southern Pacific merger and want to support Union Pacific in retaining its capability to achieve the goal of providing the safest and best railroad transportation system in the United States.

Our area has benefited from our association with Union Pacific Railroad.

Sincerely,

  
John M. Sullard, City Manager  
City of Boulder City

cc: Mayor Robert Ferraro  
Wayne Horiuchi

JMS:ms

STB FD

32760

(Sub 26)

9-8-98

J.

191053

191053

# **cmi** Columbus Metal Industries, Inc.

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

August 27, 1998

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



ENTERED  
Office of the Secretary

SEP 10 1998

Part of  
Public Record

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

Dear Secretary Williams:

A copy of my verified statement concerning this matter is attached.

Sincerely,

Sam Jacobs  
President



# **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.

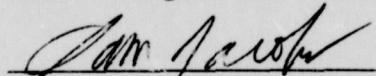
Columbus Metal Industries, Inc. is opposed to the proposals to impose new conditions on UP's operations around Houston and in the Gulf Coast area. Effective rail competition depends on a strong UP competing against a strong BNSF. These new conditions would go in the wrong direction, by weakening UP at 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



STB FD 32760 (Sub 26) 9-8-98 J 191050

# Nebraska State Legislature

191051

SENATOR NANCY P. THOMPSON

District No. 14  
1302 Western Hills Drive  
Papillion, Nebraska 68046

Legislative Address:  
State Capitol  
PO Box 94604  
Lincoln, Nebraska 68509-4604  
(402) 471-2730  
E Mail:

nthompson@unicam3.lcs.state.ne.us



Ninety-Fifth Legislature

August 28, 1998

## COMMITTEES

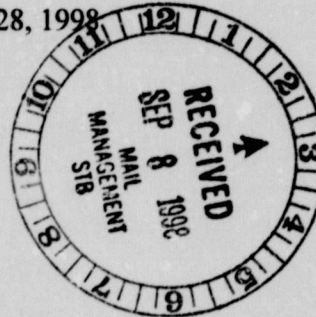
Health and Human Services  
Transportation  
Legislative Council

ENTERED  
Office of the Secretary

SEP 10 1998

Part of  
Public Record

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



Dear Secretary Williams:

FD 32760 - SUB 26

I am writing in reference to the pending decision of the Surface Transportation Board regarding the imposition of additional conditions on the Union Pacific Railroad's operations in the Houston and Gulf Coast area.

Union Pacific reports that congestion in the Gulf Coast region has been virtually eliminated and that with some exceptions service is improving steadily throughout its system. These improvements are a direct result of the substantial investment of dollars and other resources Union Pacific has dedicated to the problem. The significant strides that have been achieved in only one year are noteworthy.

I am concerned that if the federal government imposes additional conditions, Union Pacific will lack the necessary resources to continue its recovery and fund much needed infrastructure improvements.

I urge the Surface Transportation Board to seriously consider the negative consequences additional conditions will generate, and decline to impose additional conditions on Union Pacific Railroad.

Sincerely,

Nancy Thompson  
District #14

STB FD

32760

(Sub 26)

9-8-98

J

191049



**Rock Springs  
Chamber of Commerce**

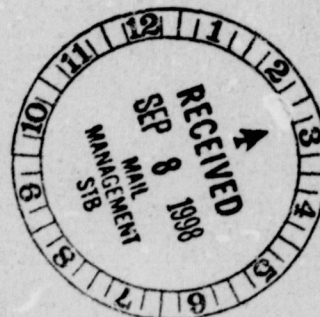
191050  
*Sweetwater County  
This is the Life . . .*

ENTERED  
Office of the Secretary

SEP 10 1998

Part of  
Public Record

August 28, 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,

As President of the Rock Springs 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.

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. The Rock Springs Chamber of Commerce Board of Directors urges Secretary Williams to please take action to correct this situation.

Sincerely,

Larry K. Hill, ED.D.  
President

1897 Dewar Drive, P. O. Box 398, Rock Springs, Wyoming 82902-0398  
Phone: (307) 362-3771, (800) 46-DUNES Fax: (307) 362-3838  
E-mail: rschamber@wyoming.com



STB FD 32760 (Sub 26) 9-8-98 J 191048

# CITY OF DUNSMUIR

DUNSMUIR, CALIFORNIA 96025

PHONE (916) 235-4822



September 1, 1998

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



ENTERED  
Office of the Secretary

SEP 10 1998

Part of  
Public Record

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

Dear Secretary Williams:

As Mayor of the City of Dunsmuir, I am very aware of the value of rail transportation service in our area. Union Pacific railroad is important to our community for a variety of reasons, including employees, businesses served and the overall contribution to the community through taxes, wages 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 that 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.

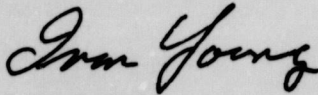
At the time of the merger, Southern Pacific was close to collapse. Union Pacific has been struggling to improve operations of the combined system and has made great strides, ending the service crisis. To continue the progress, Union Pacific has to make further investments to improve service and infrastructure 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's 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.

"The Historic Railroad Town"

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 other communities around the country.

Very truly yours,

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

Mayor Ivan Young

STB FD

32760

(Sub 26)

9-8-98

J

191045





## ARKANSAS MIDLAND RAILROAD

August 31, 1998

ENTERED  
Office of the Secretary

SEP 10 1998

Part of  
Public Record



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:

My name is Charles Laggan and I am the General Manager of the Arkansas Midland Railroad Company (AKMD), a short line railroad operating four disconnected branch lines in the state of Arkansas, all of which interchange cars exclusively with Union Pacific (UP) at four different locations. My responsibilities include oversight of railroad operations, maintenance of the physical plant, motive power and rolling stock, and maintaining a level of service that is satisfactory to our customers.

Additionally, I am Project Manager for our parent company Pinsky Railroad Company of Westfield, Massachusetts for the development of a rail car storage facility in Houston, Texas. This facility, to be known as Bayport Rail Terminal, is being developed exclusively with private funds and will connect solely to UP at Bayport providing additional rail car storage as requested by shippers in the area. We believe this project is compatible with the goal of reducing rail car movements and congestion within the Houston terminal and will provide additional rail car related services without interfering with UP's operational or infrastructural planning.

During the period August through November 1997, the frequency and regularity of interchanging cars between AKMD and UP at Malvern, AR, Gurdon, AR and Lexa, AR was adversely affected by the impact of the Houston service problems. During that four-month period, many of our customers diverted product to truck in order to keep their plants functional. While our revenue declined, our operating cost increased due to special handling to keep our customers served as best we could. Through constant efforts by AKMD with our operational and marketing contacts at UP, service was restored close to normal by the end of November without the assistance of the Surface Transportation Board.

Service then stayed at an improved level until UP commenced directional running between Houston and St Louis in February 1998. Our interchanges at Malvern and Gurdon became erratic with periods of up to 6 days with no interchange at all.

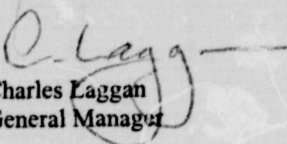
. . . .

In March 1998, UP instituted a daily conference call with AKMD to address these problems. Each day AKMD outlined the operational concerns and UP discussed the issues with its various departments. UP tried many new initiatives. Substantial improvement in April was followed by disappointment in May. But the directional running problems appeared to be finally overcome in June. Service in July and August is almost back to the excellent level we and our customers had been accustomed to receiving from UP before the UP-SP merger.

While this has been a frustrating and costly period for us as well as our customers, we feel UP's efforts to resolve the problems were genuine, responsive and ultimately successful.

Should you desire any additional information, please don't hesitate to call.

Very truly yours,

  
Charles Laggan  
General Manager

Cc: J.P. Levine, AKMD  
J. Hanrahan, UP

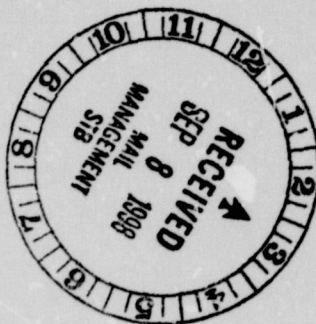
STB FD 32760 (Sub 26) 9-8-98 J 191044



191044



NAO Logistics



General Motors Corporation

4th Floor Annex  
3044 West Grand Boulevard  
Detroit, Michigan 48202

August 24, 1998

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

ENTERED  
Office of the Secretary

SEP 10 1998

Part of  
Public Record

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

Dear Secretary Williams:

As one of the nation's largest private sector users of the U. S. rail freight system, General Motors is submitting this statement in support of the Burlington Northern and Santa Fe Railway Company's ("BNSF") request for trackage rights between San Antonio and Laredo, Texas.

With three assembly plants and over seventy-five component manufacturing facilities, GM has established itself as one of the largest corporations in Mexico. Although the majority of GM's freight moves through Eagle Pass, with only tri-levels currently moving through Laredo, projections indicate that increased growth will force GM to depend more heavily on the Laredo gateway.

Of concern to General Motors is the reduction in competition of rail services via the Laredo gateway due to the UP/SP merger and the privatization of Mexico's railroads. Without viable rail alternatives, General Motors faces possible delays in freight movement and potential rate increases in the future. In addition, BNSF currently routes freight to the Laredo gateway by connecting with the Tex Mex via the Alcoa-Corpus Christi line creating considerable congestion and transportation delays. Granting BNSF's request would allow them to route freight more effectively and eliminate congestion.

Because GM relies heavily on rail service, it is imperative that the service provided be both cost effective and efficient. Otherwise, GM would be at a competitive disadvantage within the United States and global marketplace. For these reasons, GM supports the BNSF request for trackage rights between San Antonio and Laredo, Texas.

Thank you for taking the time to review GM's views concerning this issue of national transportation policy.

Sincerely,

D. M. Mishler  
Executive Director  
NAO Logistics

cc: C. Gilroy  
M. E. MacDonald  
L. Sorchevich



STB FD

32760

(Sub 26)

9-8-98

J

191042



191042

ENTERED  
Office of the Secretary

SEP 10 1998

Part of  
Public Record

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

STB

FD

32760

(Sub 26)

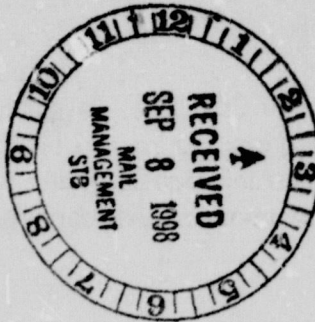
9-8-98

J

191041



*Arkansas Steel Associates*



191041

**ASA**

2803 Van Dyke Road  
Newport, Arkansas 72112  
U. S. A.  
Telephone: (870) 523-3693  
Fax: (870) 523-4619

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

**ENTERED**  
**Office of the Secretary**

**SEP 10 1998**

**Part of**  
**Public Record**

FD 32760-50326

**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.

*T.M. . . The Challenge For Today  
The Goal For Tomorrow*

- page 2 -

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.

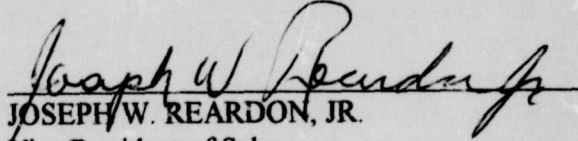
In conclusion, Arkansas Steel Associates would like to again state its opposition to the recent requests to impose further conditions on Union Pacific around Houston and in the Gulf Coast area.

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



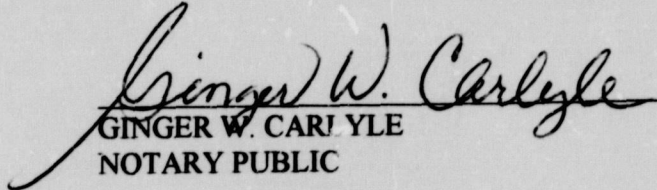
- page 3 -

**VERIFICATION**

STATE OF ARKANSAS  
SS  
COUNTY OF JACKSON

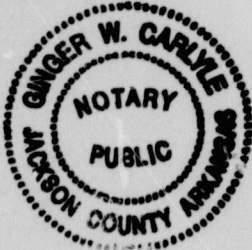
Joseph W. Reardon, Jr., being first duly sworn, deposes and state upon oath that he has read the foregoing document, knows the facts asserted therein, and that the same are true as stated.

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)



STB FD 32760 (Sub 26) 9-8-98 J 191040



# 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

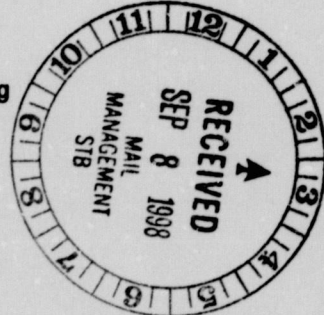
ENTERED  
Office of the Secretary

SEP 10 1998

Part of  
Public Record

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.

A handwritten signature in cursive script that reads "Marilyn Labkon".

Marilyn Labkon

STB FD 32760 (Sub 26) 9-8-98 J 191038

191038



**TOM CRADDICK**  
508 W. WALL, SUITE 750  
MIDLAND, TEXAS 79701  
915-682-3000  
FAX 915-684-4904  
P.O. BOX 2910  
AUSTIN, TEXAS 78768-2910  
512-463-0500  
FAX 512-463-7722

HOUSE OF REPRESENTATIVES  
AUSTIN

CHAIRMAN:  
WAYS AND MEANS

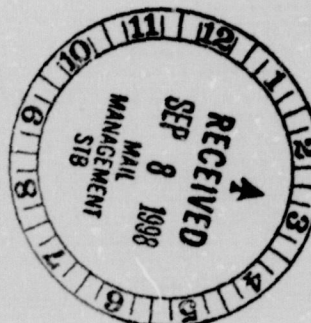
MEMBER:  
SELECT COMMITTEE ON REVENUE  
AND PUBLIC EDUCATION FUNDING  
STATE AFFAIRS COMMITTEE  
LEGISLATIVE BUDGET BOARD  
LEGISLATIVE AUDIT COMMITTEE

ENTERED  
Office of the Secretary

SEP 10 1998

Part of  
Public Record

September 4, 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 Mr. Secretary:

In light of Union Pacific's continued attempts to try to ameliorate and progress through their present challenges, I would be grateful if you would allow them to proceed in their efforts without impediment at this time.

Any and every consideration you might allow in this regard is gratefully appreciated. Our Texas economy is strong and our commitment to efficient rail transportation in a State the size of Texas provides us a viable option in our economic ascension. It is my understanding that Union Pacific has shown marked improvement in recent months and I would hope they be allowed to maintain their current momentum.

If I might be of assistance to you or you staff, please contact me at your earliest convenience.

Respectfully submitted,

Tom Craddick  
State Representative  
District 82

STB FD

32760

(Sub 26)

9-8-98

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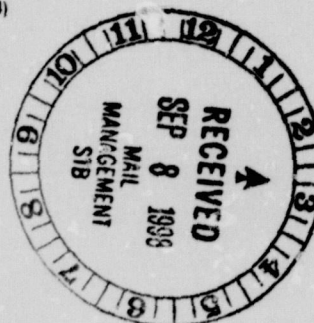
CORPORATE  
DIVISION

P.O. BOX 8800 (53708)  
4400 SYCAMORE AVENUE (53714)  
MADISON, WISCONSIN  
PHONE: (608) 241-7191  
FAX: (608) 241-2641

191034  
ENTERED  
Office of the Secretary

SEP 10 1998

Part of  
Public Record



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)

Dear Secretary Williams:

I understand the Surface Transportation Board, as per the afore mentioned Oversight Proceeding, is considering requests to impose further conditions on the Union Pacific Railroad Company around Houston and in the Gulf Coast area. We would appose such actions.

Our service on our outbound scrap shipments to various destinations on their system have improved to where we have no problems with any of our moves.

The UP/SP merger, as approved by the STB, did not reduce competition and the service crisis did not result from loss of competition. The UP has reported large financial losses and has lost large volumes of traffic. Their projection to invest over \$1.4 billion over the next five years in the Houston/Gulf Coast infrastructure cannot be funded with reduced traffic base and revenues.

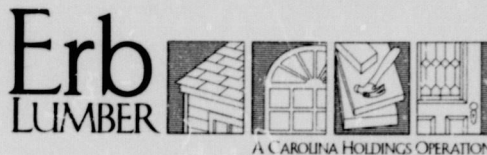
Emergency service relief is proper in appropriate circumstances, but such relief should not be granted as a permanent condition to a merger, especially where normal operations have been largely restored. I urge the STB to allow the UP to continue to aggressively implement its service improvement steps.

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

Sincerely,  
Samuels Recycling Company

Gary Bachus  
Vice President of Operations

STB FD 32760 (Sub 26) 9-8-98 J 191031



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

ENTERED  
Office of the Secretary

SEP 10 1998

Part of  
Public Record

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.

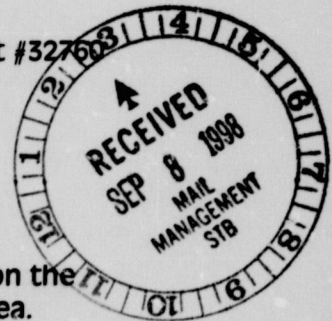
A weakened UP would be detrimental to our business. The service levels of both the UP and the BNSF are improving, and further interference by imposing new conditions could prove to have a negative impact on the services provided by both carriers. The UP needs time to allow its plans to continue working.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



STB FD

32760

(Sub 26)

9-8-98

J

191032



SEP 10 1998

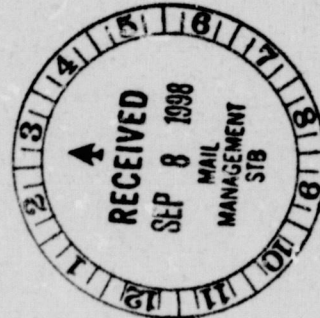
Part of  
Public Record

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,

A handwritten signature in dark ink, appearing to read "Patrick H. Murphy".

Patrick H. Murphy  
Vice President & General Manager

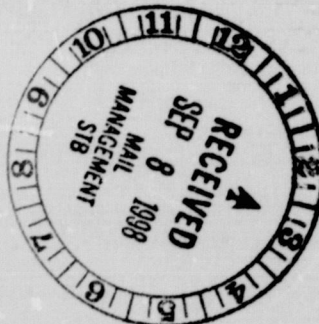
STB FD 32760 (Sub 26) 9-8-98 J 191033

191033



September 3, 1998

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



1855 EAST 122nd ST.  
CHICAGO, IL 60633  
773/646-4500  
800/733-5683  
FAX 773/646-6128

ENTERED  
Office of the Secretary

SEP 10 1998

Part of  
Public Record

Reference: Houston/Gulf Coast Overnight Proceeding; Finance Docket No. 32760 (Sub No. 26)

Dear Secretary Williams,

Allow me to introduce myself, I am the traffic manager at Welded Tube Company of America located in Chicago, Illinois. We are manufacturers of steel tubing and we ship hundreds of railcars on the Union Pacific.

Welded Tube Company of America has been working with the Union Pacific for many years and we have been pleased with the results we have seen from UP/SP merger. For example, our car supply has been more than adequate and we have received competitive rates that allow us to compete in the marketplace.

It is our understanding that a request has been made to impose new conditions on the UP's operations around Houston and the Gulf Coast area. We believe that effective rail competition depends on a strong UP competing against a strong BNSF. Weakening UP with additional conditions is a mistake. Added conditions in Houston and the Gulf Coast area will undermine the UP's ability to invest in service and infrastructure throughout the system as well as the potential to damage competitive rates.

For these reasons, Welded Tube Company of America is opposed to the proposals to impose new conditions on UP's operations around the Houston and Gulf Coast area.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Alex J. Karagias'.

Alex J. Karagias  
Traffic Manager

nkc

STB

FD

32760

(Sub 26)

9-8-98

J

191034



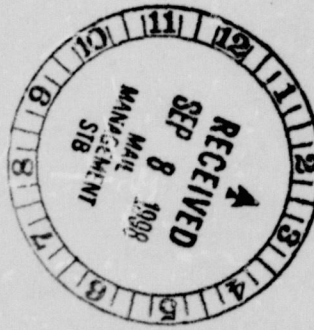
# Wyoming State Legislature

213 State Capitol / Cheyenne, Wyoming 82008 / Telephone 307 / 777-7881  
<http://legisweb.state.wy.us>

ENTERED  
Office of the Secretary

SEP 10 1998

Part of  
Public Record



House of Representatives

## REPRESENTATIVE BILL STAFFORD

House District 3  
Goshen/Platte Counties  
467 CS Road  
Chugwater, Wyoming 82210

### Committees:

Minerals, Business and  
Economic Development, Chairman  
Revenue  
Rules and Procedure

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

Dear Secretary Williams:

This letter will serve as my official comment in opposition to the Surface Transportation Board imposing additional federal regulatory conditions upon the Union Pacific Railroad in the Houston and Gulf Coast area: Docket No.32760(Sub-No.26).

The Union Pacific Railroad has a long history with the State of Wyoming, beginning in 1868. Through the years the growth and expansion in Wyoming have been synonymous with that of Union Pacific Railroad.

The unexpected problems in Union Pacific's southern corridor has drawn much criticism. However, recent reports filed by the Union Pacific Railroad to the Surface Transportation Board have indicated that the major congestion problems have been resolved and that significant improvement in service and train movements have been accomplished. These accomplishments did not come without a price. If additional federal regulatory conditions were imposed, they would erode Union Pacific's ability to make important investments for its infrastructure throughout its system and undermine its ability to effectively compete against other railroads, not only in the Houston and Gulf Coast area, but throughout the Western states. Union Pacific Railroad's ability to invest in its infrastructure and to effectively compete are critical factors to the State of Wyoming.

Union Pacific Railroad continues to be an important part of Wyoming's economy. Additional federal regulatory conditions imposed by the Surface Transportation Board would be counterproductive by weakening the Union Pacific Railroad when it has already suffered large financial and traffic losses. I urge the Surface Transportation Board not to impose additional conditions on the Union Pacific Railroad in the Houston and Gulf Coast area.

Thank you for the opportunity to comment.

Sincerely,

STB FD

32760

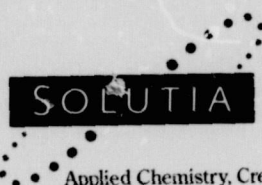
(Sub 26)

9-8-98

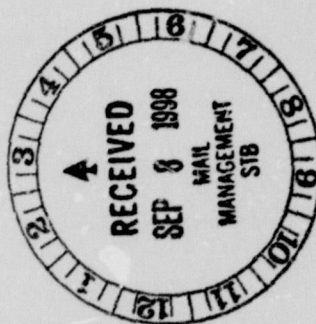
J

191030

191030



Mr. Vernon Williams, Secretary  
Surface Transportation Board  
Department of Transportation  
12th Street & Constitution Avenues,  
Room 2215, Washington, DC, 20423



Solutia Inc.  
10300 Olive Boulevard  
P.O. Box 66760  
St. Louis, Missouri 63166-6760  
Tel 314-674-1000

Re: New Conditions on Union Pacific's  
operations around Houston and in the  
Gulf Coast.

ENTERED  
Office of the Secretary

SEP 10 1998

Part of  
Public Record

Dear Mr. Williams:

FD 32760 - SUB 26

My name is L. Lee The'llman. I am Procurement Manager - Rail for Solutia Inc., the former Monsanto Chemical Company. My responsibilities include the arrangement for rail transportation of products to and from Solutia's plants throughout the United States.

Solutia is a global company producing chemicals, fibers, intermediates, specialty, and performance products with numerous production facilities in the United States. Solutia purchases raw materials from thousands of vendors. In conducting business Solutia uses rail transportation in most of the domestic US states using all of the class one (1) railroads and many of the short lines to meet our shipping needs.

Solutia would like to comment on the recent proposals for imposing new conditions on UP's operations around Houston and in the Gulf Coast. Solutia is not individually aggressive or passive towards the imposition of additional conditions. We have chosen instead, as members, to support the activities and recommendations of the National Industrial Transportation League and the Chemical Manufacturers Association and to keep our personal discussions and opinions of the situation within these groups.

However, while we support strong, effective competition between rail carriers and competitive access to captive shippers, we also believe that situations such as in Houston between the various competing interests will only be resolved when the involved parties are truly willing to settle their differences thru open, honest, negotiations which benefit all parties. No amount of mandated solutions will ever be able to accomplish this. Mandated solutions are often self motivated by the interests which have the most to gain and often do not provide for a full analysis of effect on the entire US rail transportation system, i.e.; the Central, Western, and Northwestern corridors and interchanges and all customers whose traffic lanes are severely impacted due to a spill over effect.

Solutia has invested much effort to working through recent service issues and has succeeded in an area where many others have failed. We have seen improvement in the UP's service, however, there is still much to be done in order to fully implement UP's plans. Conditions which would weaken or give unfair advantage to any railroad should be avoided as it may have an opposite effect toward strengthening competition.

Thank you for your interest and consideration of Solutia's statement. Solutia supports the STB in its responsibility for and efforts toward preserving and enhancing head-to-head rail transportation.

I ask that this statement be made a part of the official record in this proceeding. I certify under the penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this statement on behalf of Solutia Inc.

Sincerely,

L. Lee The'llman  
Procurement Manager - Rail

STB FD 32760

(Sub 26)

9-8-98

J

191027



# Nebraska State Legislature

191027

SENATOR CURT BROMM

District No. 23  
1448 North Pine Street  
Wahoo, Nebraska 68066

Legislative Address:  
State Capitol  
PO Box 94604  
Lincoln, Nebraska 68509-4604  
(402) 471-2719  
E-MAIL  
cbromm@unicam3.ics.state.ne.us



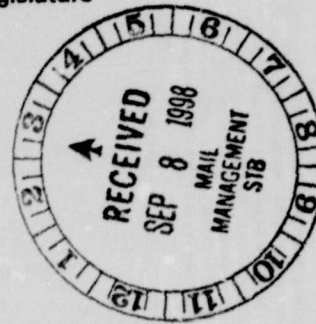
Ninety-Fifth Legislature

## COMMITTEES

Chairman - Transportation  
Vice Chairman, Rules  
Natural Resources  
Executive Board  
Reference  
Legislative Council

September 2, 1998

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



ENTERED  
Office of the Secretary

SEP 10 1998

Part of  
Public Record

Dear Secretary Williams:

Union Pacific Railway has informed me that the Surface Transportation Board is considering whether to impose additional conditions on the railway's operations in Houston and the Gulf Coast area.

I am writing to remind you that Union Pacific has a major presence in Nebraska, and is currently funding infrastructure improvements in this state, making important contributions to the economy of the State of Nebraska. The financial and competitive health of Union Pacific is certainly a concern to policy makers in Nebraska.

I urge you to remember the breadth of interests that any action concerning Union Pacific could affect. While concerns may be centered in Texas and the Gulf Coast, any action taken will have wide-ranging consequences across the West, and including the State of Nebraska. Nebraska has a strong interest in the continuing health of the railway infrastructure within its borders.

As you consider possible conditions, please take a wide-ranging view of the economic health of the West, including Nebraska, as you consider appropriate actions.

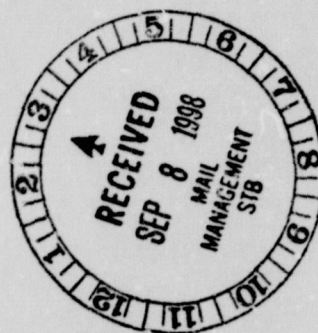
Sincerely,

Senator Curt Bromm  
Chairman - Transportation Committee

STB FD 32760 (Sub 26) 9-8-98 J. 191026



**BOB MONTGOMERY**  
**STATE REPRESENTATIVE**  
DISTRICT 56  
HOOD RIVER, CLACKAMAS, MULTNOMAH  
AND WASCO COUNTIES  
**HOUSE OF REPRESENTATIVES**



September 1, 1998

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

ENTERED  
Office of the Secretary

SEP 10 1998

Part of  
Public Record

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 before the Southern Pacific merger with 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.

Besides 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 in its system. Additional investment is necessary, 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 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





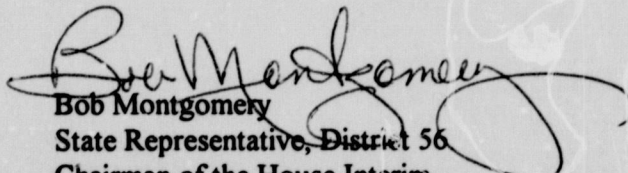
September 1, 1998

Page 2

that exists in the West. I urge the Board to forgo 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,

  
Bob Montgomery  
State Representative, District 56  
Chairman of the House Interim  
Transportation Committee

RLM/dm



STB FD 32760 (Sub 26) 9-8-98 J 191025

## OLYMPIC STEEL

Olympic Steel Minneapolis, Inc.  
625 Xenium Lane North  
Plymouth, MN 55441  
(612) 544-7100  
(800) 328-0757  
(612) 544-0975/FAX



191025  
ENTERED  
Office of the Secretary

SEP 10 1998

Part of  
Public Record

September 3, 1998

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

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

Dear Mr. Secretary Williams:

I am Jerald E. James, Vice President, Mid-States Region of Olympic Steel. We are a Steel Service Center that processes steel coils and plate to meet our customer's needs.

Olympic Steel was a long time customer of the Chicago Northwestern Railroad, and today remains a strong partner with the Union Pacific. As such, Olympic Steel is opposed to 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 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 is to let UP fight its way out of them. We at Olympic Steel have already experienced significant service improvements this year over last and have found the Union Pacific railroad is truly becoming more sensitive to customer needs and issues. 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.



ACCREDITED BY  
THE DUTCH  
COUNCIL FOR  
CERTIFICATION

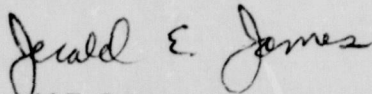


Registered to ISO 9002 by SRI Quality System Registrar

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 the 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, Olympic Steel opposes the requests for conditions on UP's operations around Houston and the Gulf Coast, and urges that the STB reject them.

Cordially,



Jerald E. James  
Vice President, Mid-States Region



ACCREDITED BY  
THE DUTCH  
COUNCIL FOR  
CERTIFICATION



Registered to ISO 9002 by SRI Quality System Registrar

STB FD 32760

(Sub 26)

9-8-98

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Office of the Secretary

SEP 10 1998

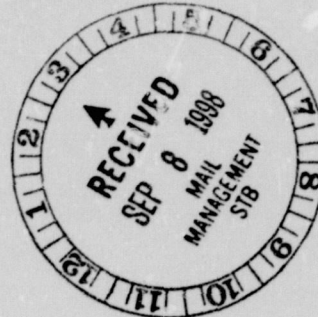
Part of  
Public Record

**FOSTER**

**L.B.FOSTER  
COMPANY**

Foster Plaza  
P.O. Box 2606  
Pittsburgh, PA 15230-2806  
(412) 928-3400  
FAX (412) 928-7891

September 3, 1998



Vernon A. Williams, Secretary  
Surface Transportation Board  
Room 711  
1925 K Street, NW  
Washington, DC 20423-0001

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

Dear Secretary Williams:

Enclosed is the verified statement of L. B. FOSTER COMPANY relating to the  
above-referenced proceeding.

Sincerely,

*David H. Steingraber*  
D. H. Steingraber, CTL  
Manager, Transportation & Logistics

dc  
enclosures

**FOSTER****L.B.FOSTER  
COMPANY**

Foster Plaza  
Transportation Department  
P.O. Box 2806  
Pittsburgh, PA 15230-2806  
(412) 928-3493  
(412) 928-3510 (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.

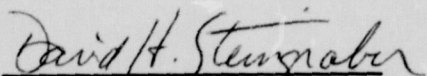
FOSTER'S views "OPEN ACCESS" as an issue which needs to be addressed as the Nation's railroads continue to rationalize their businesses, but we believe it should be addressed in a forum applicable to all railroads, as opposed to singling out any particular one.

As a shipper to many destinations throughout the Western United States, FOSTER relies heavily upon both UP and BNSF 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



**VERIFICATION**

STATE OF Pennsylvania )

COUNTY OF Allegheny )

David H. Steingraber, 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.

David H. Steingraber  
David H. Steingraber

Subscribed and sworn to me before this 3<sup>rd</sup> day of  
September 1998.

Diane K. Close  
Notary Public

My Commission Expires:

Notarial Seal  
Diane K. Close, Notary Public  
Green Tree Boro, Allegheny County  
My Commission Expires June 3, 1999  
Member, Pennsylvania Association of Notaries



STB FD 32760 (Sub 26) 9-8-98 J 191023



## LONE STAR STEEL COMPANY

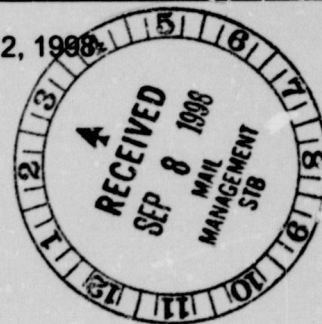
Hon. Vernon A. Williams  
Secretary  
Surface Transportation Board  
Room 71  
1925 K Street, N.W.  
Washington, DC 20423-0001

September 2, 1998

ENTERED  
Office of the Secretary

SEP 10 1998

Part of  
Public Record



Dear Secretary Williams: *FD 32760 - SUB 26*

I am writing on behalf of **Lone Star Steel** to inform you of our support for the Consensus Plan filed on July 8, 1998.

We are an East Texas based steel pipe producer that employs over 1,000 people in our operations. Our Transportation expenditures exceed 30 million annually. We ship from satellite production in Houston and East Texas to the majority of states, as well as imports and exports.

During your oversight process, we strongly recommend that you give your utmost consideration to the Plan proposed by the Consensus Parties on July 8. We endorse their plan to alleviate the service crisis in Houston and the Texas/Gulf Coast region. The Consensus Plan will improve Rail Service by:

1. Expanding rail capacity and investment by all the existing carriers;
2. Providing neutral and fair dispatch of all rail traffic through Houston;
3. Ensuring that all shippers in Houston have equal access to all of the carriers currently serving the area; and,
4. Protecting the future competitiveness of the Houston Ship Channel by ensuring that adequate rail service alternatives exist there in the future.

These principals are central to our concerns and are thoroughly addressed by the Consensus Plan. We strongly encourage you to pay utmost attention to the Consensus Plan, the broad-base of parties which support it, and the fair and competitive proposals which are promoted by it.

Thank you again for your responsive action in initiating this proceeding and we will watch closely as it unfolds in the weeks ahead.

I, **David Green**, state under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified to file this statement on behalf of **Lone Star Steel**, executed on 26 August, 1998.

Sincerely,

David L. Green  
Manager, Transportation Services

STB FD

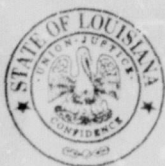
32760

(Sub 26)

9-8-98

J

191022



SENATE  
STATE OF LOUISIANA

191022

**JAY DARDENNE**

State Senator  
District 16

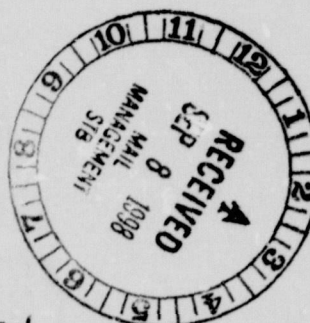
P. O. Box 94183  
Baton Rouge, LA 70804-9183  
(504) 342-9788  
Fax: (504) 342-0617

September 1, 1998

**Committees:**

Senate & Governmental Affairs,  
Chairman  
Finance,  
Vice-Chairman  
Judiciary B  
Labor & Industrial Relations

Mr. 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 10 1998**

**Part of**  
**Public Record**

Dear Secretary Williams: *FD 32760 - 26*

As a member of the Louisiana State Senate, I write to make comments for consideration by the Surface Transportation Board (STB) on the status of the previously approved Union Pacific-Southern Pacific railroad merger and the new proposals of several Texas interests to access Union Pacific property in Texas. It is my understanding that Union Pacific opposes this move.

In your previous approval of the merger, in order to preserve an existing level of rail competition, the STB granted certain railroads trackage rights to service the areas affected. These seem to have been successful as those railroads have reported new, increased earnings. It is my understanding that there have been several requests made to you from various Texas interests to have the STB impose additional new operating rights on the Union Pacific Railroad in Texas. I realize that there were initial operating problems and congestion that developed as the two railroads began consolidated operations. This caused disruption all along the gulf coast and generated rail user criticism in a wide area, including Louisiana.

Recent events suggest a significant improvement in Union Pacific's rail service and a relief to the congestion that has plagued the railroad for months. Union Pacific has provided large capital outlays, embarked upon a strong employment initiative, accelerated locomotive equipment purchases and deliveries, provided additional advanced employee computer training, and completed the integration of its computerized transportation and communication systems. Expenses related to these service recovery efforts have resulted in Union Pacific reporting operating losses for the last three quarters. The company also suffered from customer revenue losses due to the temporary operating rights granted to competitors in Texas to relieve congestion in the gulf coast area.



Mr. Vernon A. Williams  
September 1, 1998  
Page 2

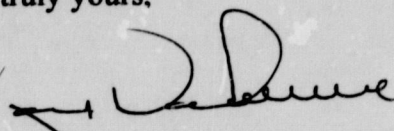
The STB recently recognized Union Pacific's progress in the gulf coast market by lifting its previously issued temporary order giving others access over Union Pacific's property. As Union Pacific returns to a normal operating condition, I would ask that the STB be reluctant to grant any new, additional considerations that might be counter-productive and undermine the company's successful recovery.

Union Pacific is important to the state of Louisiana as a strategic transportation provider. It has made large capital outlays in recent years, including a new state of the art rail facility near Baton Rouge in which some \$100 million now has been invested with ongoing expansion for additional capacity. Additional employment opportunities continue to increase Union Pacific's significant payroll of approximately \$70 million. Other expansions are underway elsewhere in the state, adding new capacity in railroad yards and track improvements.

I would request that the STB not unnecessarily burden Union Pacific's recovery efforts to grant new additional rights on Union Pacific property.

Thank you for your consideration of this matter.

Very truly yours,



Jay Dardenne  
State Senator

JD/dnn

STB FD 32760 (Sub 26) 9-4-98 J 191009



DANIEL R. "DANNY" MARTINY  
District 79  
Environment, Vice Chairman

STATE OF LOUISIANA  
HOUSE OF REPRESENTATIVES

ENTERED  
Office of the Secretary

SEP - 9 1998

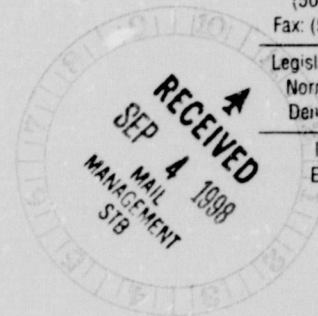
Part of  
Public Record

August 31, 1993

191009  
131 Airline Hwy., Suite 201  
Metairie, Louisiana 70001  
Telephone: (504) 834-7676  
(504) 838-5005  
Fax: (504) 834-5409

Legislative Assistant:  
Norma Garretson  
Denise Mancuso

Insurance  
Enrollment



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:

It has come to my attention that certain Texas-related requests have been made to the Surface Transportation Board (STB) and this concerns me as the impact of these conditions, if granted, could possibly affect Union Pacific in Louisiana. Union Pacific is Louisiana's largest railroad with a payroll exceeding \$70,000,000.00, and serves throughout Louisiana.

I am keenly aware that following consolidation of the Union Pacific and the much weaker Southern Pacific Railroad, service problems and congestion occurred all along the Gulf Coast. Fortunately, Union Pacific met these problems by providing large capital investments, hired numerous additional train crews, and purchased more equipment so that the congestion was eventually relieved.

Union Pacific has been struggling with the effort to continue to integrate and merge the operations of the fragile Southern Pacific system. It has made great strides towards ending the service crisis, but, in order to continue this progress, must make additional investments in service and infrastructure throughout the system. The conditions proposed to the STB by certain Texas interests would make it extremely difficult for Union Pacific to continue the promising service improvements made in recent



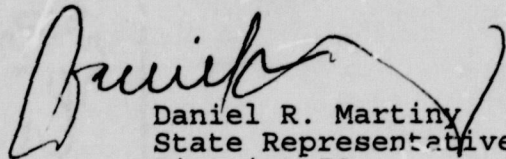
Hon. Vernon A. Williams  
August 31, 1998  
Page 2

months. The additional conditions would only serve to erode the customer revenues available to Union Pacific, jeopardize future investments, and perhaps, even handicap a full recovery of the company. This would not be beneficial to Louisiana.

I am concerned about the proposals to impose new conditions on Union Pacific's Texas operations. The STB established competitive conditions which were integrated into 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.

Union Pacific's service has improved markedly in recent months and I see no reason this progress should be hindered by the additional burden of new conditions. Thank you for your consideration of my view.

Sincerely,



Daniel R. Martiny  
State Representative  
District 79

DRM/ng



STB FD 32760 (Sub 26) 9-4-98 J. 191008

191008

# PRIOR CHEMICAL CORPORATION

460 PARK AVENUE

NEW YORK, N.Y. 10022

TELEPHONE: 212-521-1800

FAX: 212-521-1944 OR

212-521-1871

ENTERED  
Office of the Secretary

SEP - 9 1998

Part of  
Public Record

August 31, 1998



The Honorable Vernon A. Williams  
Secretary  
Surface Transportation Board  
1925 K Street, NW, Room 77  
Washington, DC 20423

Dear Secretary Williams:

FD32760-26

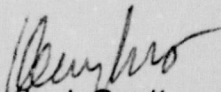
I am Logistics Manager for Prior Chemical Corporation and have been in this position for three years.

Prior Chemical Corporation is a marketer of sodium sulfate in the United States. Two of our supplier manufacturing sites are located in LeMoyne, AL and Baton Rouge, LA. The UP/SP merger has created rail disruptions which caused great delays in rail service from these facilities to our customers in the Southwest. Alternative rail service is necessary to alleviate service problems.

Prior Chemical supports any action that grants shippers equal access to all of the carriers servicing the Gulf Coast.

Thank you for being responsive to our needs.

Sincerely,

  
Kevin J. Scott  
Logistics Manager

STB FD 32760 (Sub 26) 9-4-98 J 191007



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Office of the Secretary

SEP - 9 1998

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Public Record



191007

8/28/98

Honorable Vernon A. Williams, Secretary  
Surface Transportation Board  
1925 K Street, NW  
Washington, D.C. 10423

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

Dear Secretary Williams:

As Chamber Exec here in Twin Falls, I am acutely aware of the value of rail transportation service in our area and the rest of the State of Idaho. Union Pacific Railroad is important to our community because of service to local and area businesses, and contributions to the community through taxes, purchases and corporate giving. In fact, we are working now with UPRR, Eastern Idaho Railroad and a private developer in the development of the area's only Intermodal Transload Center.

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

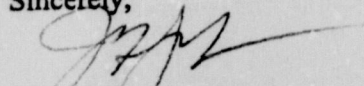
When the merger took place, it was our understanding that Southern Pacific was near collapse. UP has worked diligently to improve operations of the combined system and has made significant progress. To continue going forward, UP needs to make continuing investments to improve service and their infrastructure. The proposed conditions would deprive UP of needed revenues to make these necessary investments and would hamper their efforts to continue service improvements.

In addition, it would be unfair to give special access conditions in Texas at the expense of shippers in Idaho and other states. I am particularly concerned that Twin Falls will be adversely impacted if this takes place. If UP's competitors want direct access to UP customers they should use their own capital to build the necessary track and facilities.



Twin Falls has benefited from our longstanding association with Union Pacific Railroad, and we want the business relationship to continue. Therefore, we request that the STB not impose new conditions on UPRR.

Sincerely,

A handwritten signature in dark ink, appearing to read 'J. Kent Just', with a long horizontal flourish extending to the right.

J. Kent Just  
Executive Vice President

STB FD 32760 (Sub 26) 9-4-98 J 191006

191006

Kane County Government Center  
719 South Batavia Avenue, Bldg. E  
Geneva, Illinois 60134



Phone: (630) 232-3535  
FAX: (630) 232-3431

## MARY LOU KEARNS, R.N., M.P.H.

CORONER  
KANE COUNTY

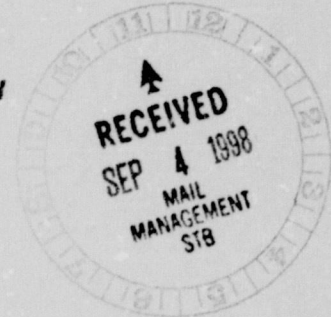
August 28, 1998

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

ENTERED  
Office of the Secretary

SEP - 9 1998

Part of  
Public Record



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

Dear Secretary Williams;

I am Mary Lou Kearns, the Kane County (IL) Coroner, and the Illinois Democratic Party's candidate for Lieutenant Governor. As Coroner, the district I represent is in the Chicago metropolitan area. Good rail transportation, and a sound Union Pacific Railroad, is important to the Chicago region's economy.

The financial strength of the Union Pacific is vitally important to the Chicago region. The Union Pacific Railroad has four major lines entering the Chicago region. The Union Pacific has plans to improve safety and efficiency on these lines. Proposals to impose new conditions on Union Pacific operations in Texas and the Gulf Coast area could result in the delay or cancellation of improvements to these lines. I do not feel my constituents should pay that price. In order to keep Illinois industries competitive in our global economy, I am opposed to the proposals to impose new conditions on Union Pacific operations in Texas and the Gulf Coast area.

The UP's service has improved markedly in recent months. This progress should not be hindered by the imposition of new conditions that will harm UP, our community and others around the country. UP has increased its hiring in the Chicago area, which provides an opportunity to my constituents, as well as the additional industrial base it supports. The Chicago region is the rail hub of America, and I don't want changes made in Texas that will adversely affect the Chicago region's status and UP's ability to grow and help our community. Thank you for your attention.

Sincerely yours,

Mary Lou Kearns  
Kane County Coroner

STB FD 32760 (Sub 26) 9-4-98 J 191005



# OLYMPICSTEEL

*Olympic Steel, Inc.*

5096 Richmond Road  
Cleveland, Ohio 44146  
216) 292-3000  
(216) 292-3974 / FAX

ENTERED  
Office of the Secretary

SEP - 9 1998

Part of  
Public Record



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

STB

FD

(Sub 26)

9-4-98

J

191004



460 PARK AVENUE  
NEW YORK, N.Y. 10022

ENTERED  
Office of the Secretary

SEP - 9 1998

Part of  
Public Record

August 31, 1998



The Honorable Vernon A. Williams  
Secretary  
Surface Transportation Board  
1925 K Street, NW, Room 77  
Washington, DC 20423

Dear Secretary Williams:

*FD 32760 - SUB 26*

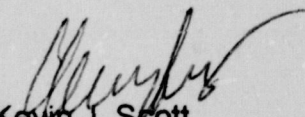
I am Logistics Manager for ICC Chemical Corporation and have been in this position for six months.

ICC Chemical Corporation is an affiliate of ICC Industries Inc., a \$1 billion privately held global manufacturing and trading company specializing in chemicals, plastics, pharmaceuticals and natural gas. ICC Chemical's sites include two liquid tank locations in Houston and Deer Park, Texas. The UP/SP merger has caused great delays in shipping chemicals via rail from these facilities. Alternative rail service is necessary to alleviate service problems.

ICC Chemical supports any action that grants shippers equal access to all of the carriers servicing the Gulf Coast.

Thank you for being responsive to our needs.

Sincerely,

  
Kevin J. Scott  
Logistics Manager

STB FD 32760 (Sub 26) 9-4-98 J. 191003



# Nebraska State Legislature

191003

SENATOR PAM BROWN

District No. 6  
525 North 72nd Avenue  
Omaha, Nebraska 68114

Legislative Address:  
State Capitol  
PO Box 94604  
Lincoln, Nebraska 68509-4604  
(402) 471-2714



Ninety-Fourth Legislature



August 26, 1998

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

ENTERED  
Office of the Secretary

SEP - 9 1998

Part of  
Public Record

FD32760 SUB 26

Dear Secretary Williams:

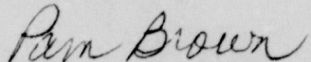
I write to you today to address the pending decision of the Surface Transportation Board regarding whether to impose additional conditions on the Union Pacific Railroad's operations in the Houston and Gulf Coast area.

Here in Nebraska we have felt the effects of Union Pacific's service problems, and continue to experience some congestion due to the massive capacity expansion projects Union Pacific is currently installing. However, strides have been made to address this congestion as well as other service problem issues. I am very concerned that if the federal government imposes additional conditions on an already-weakened railroad, Union Pacific will lack the necessary resources to continue its recovery, fund much needed infrastructure improvements, and re-emerge as a strong, competitive presence in the rail system in the West.

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 Union Pacific system. These improvements are a direct result of the substantial investment of dollars and other resources the Union Pacific has dedicated to the problem. Given the dismal condition of the Southern Pacific Railroad prior to its merger with the Union Pacific, the significant strides that have been achieved in only one year are noteworthy.

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,

A handwritten signature in cursive script that reads "Pam Brown".

Senator Pam Brown  
District 6

PB:tc

STB FD 32760 (Sub 26) 9-4-98 J 191002



191002

## STATE OF COLORADO

## EXECUTIVE CHAMBERS

136 State Capitol  
Denver, Colorado 80203-1792  
Phone (303) 866-2471

ENTERED  
Office of the Secretary

SEP - 9 1998

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Public Record



Roy Romer  
Governor

September 3, 1998

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



Dear Secretary Williams: *FD32760-50836*

It is my understanding that the Surface Transportation Board is considering imposing additional conditions on the Union Pacific Railroad in the Texas and Gulf Coast region. Because of the potential negative impact on UP's Colorado rail service, I urge the board to approach this issue with extreme caution.

Clearly, the serious service problems encountered by UP over the past few months have affected the entire national economy. Colorado has not been immune from those problems, and I know that the board has worked closely with the railroad to address the root cause of the delays, which was centered in the Texas and Gulf Coast region. According to most national reports, the problems in this region have now been substantially addressed.

At the same time, UP needs to make significant investments in its infrastructure across the nation, including Colorado, in order to fully service its current and future shippers. For instance, UP recently removed Colorado's Tennessee Pass from the abandonment category while it studies the need to reopen the line in order to clear up congestion in Colorado. If UP decides to reopen Tennessee Pass, it will need to make capital improvements on this route. The source for this investment must come from current and future revenues generated by the company. I am concerned that the additional conditions the Board is being urged to place upon UP by its competitors in the Texas and the Gulf Coast region will undermine the railroad's ability to make those needed investments, which in turn will harm Colorado. Accordingly, I urge the board to avoid any action that would impede Union Pacific from making the necessary investments to their system.

Sincerely yours,

Roy Romer  
Governor



STB FD 32760 (Sub 26) 9-3-98 J 190998



Shintech Inc., Wesleyan Tower, #24 Greenway Plaza, Suite 811, Houston, Texas, 77046, (713) 263-0713



September 2, 1998

ENTERED  
Office of the Secretary

SEP - 9 1998

Part of  
Public Record

Honorable Vernon A. Williams  
Secretary  
Surface Transportation Board  
1925 K Street, N.W., 7th Floor  
Washington, DC 20423-0001

Re: Houston/Gulf Coast Oversight Proceeding  
Finance Docket No. 33720 (Sub-No. 26)

Dear Secretary Williams:

We are writing to support Union Pacific's position with respect to the current oversight hearings for increased access by other carriers in the Houston area.

Shintech produces and ships a significant amount of polyvinyl chloride plastics, on the UP out of our Freeport, TX plant to destinations throughout the United States and Canada. Some of our rail shipments are handled by UP direct, but most are interlined with other rail carriers. Our major gateways are New Orleans, East St. Louis, Memphis, Chicago, Kansas City, and Sweetwater, TX. Our shipments are interlined with all of the major rail carriers including BNSF, CSXT, NS, CR, KCS, IC, CPRS, and CN.

We, like virtually all shippers in the Gulf Coast area, experienced service difficulties with the UP following its merger with the SP. However, contrary to what some parties have stipulated, we have not experienced a significant reduction in competition due to the merger. This may be due to our captive status, but the fact is, UP has committed to keep us competitive with other shippers in our industry, even though we are a captive shipper on their line.

UP proclaimed that its merger with SP would result in better service and increased cost savings and efficiency. Obviously, due to problems encountered by UP in integrating SP's operations with its own, those benefits have not yet been realized. However, progress is apparently being made, and we understand that UP has been making major investments to improve bottlenecks in the Houston

**SHINTECH**

September 2, 1998  
Page Two

area and system wide. So far, we have not seen any rate increases (and would hope not to see any increase), due to such investments.

However, we are worried that allowing greater access to other carriers in the Houston area could further weaken a struggling UP. UP needs increased revenues, through increasing volume, to fulfill its commitment to the STB and to the shipping community. It would be a disaster to shippers if that increased revenue comes from higher freight rates instead of increased volume. This is not the time to divert traffic away from UP.

There is also the potential that access to other carriers could cause further disruptions to UP's operations in the Houston area which will make delays worsen rather than improve for all shippers on the UP.

Very truly yours,

By: 

Y. Saitoh

STB FD 32760 • (Sub 26) 9-3-98 J • 190996



## COUNCIL CHAMBER

CITY HALL - ROOM 209, OFFICE 8  
121 N. LaSalle Street  
CHICAGO, ILLINOIS 60602  
TELEPHONE: (312) 774-6820  
FAX: (312)-744-2813

REPLY:  
PUBLIC SERVICE OFFICE  
34TH WARD CENTER

507 W. 111TH STREET - 60628  
TELEPHONE: (312) 928-6961

## CITY COUNCIL CITY OF CHICAGO



**CARRIE M. AUSTIN**  
ALDERMAN, 34TH WARD

August 31, 1998

## 190996 COMMITTEE MEMBERSHIPS

COMMITTEES, RULES AND ETHICS  
(VICE CHAIRMAN)

BUDGET AND GOVERNMENT OPERATIONS

ENERGY, ENVIRONMENTAL PROTECTION  
AND PUBLIC UTILITIES

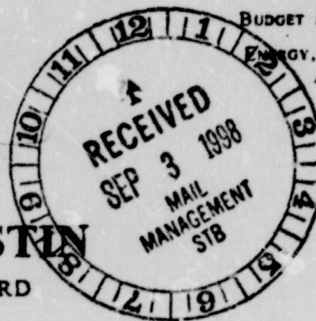
FINANCE

HEALTH

RULES AND ETHICS

SPECIAL EVENTS AND  
CULTURAL AFFAIRS

ZONING



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

ENTERED  
Office of the Secretary

SEP - 9 1998

Part of  
Public Record

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

Secretary Williams:

There is no other location in the United States that is more aware of the need for sound rail transportation, than the City of Chicago of Chicago. Union Pacific is a known entity here in the City of Chicago. The large job base of the Union Pacific bodes well for our community. The positive report to me from my constituents is encouraging. So all the above mentioned reasons, with many more that are too numerous to mention. They form the basis for me writing this letter to you.

A strong and financially sound Union Pacific is a vital link in the overall growth and development of the City of Chicago of Chicago. AN ever expanding Union Pacific is an added enhancement to the City of Chicago. The added number of jobs and the resultant supporting jobs is a financial plus. The Union Pacific has five lines entering into the city, and three inter modal terminals to support them. These centers and the amount of commerce generated along with the job base is vital to the city. Additionally I am opposed to any proposals that are being imposed on this rail line operations, in Texas and the Gulf Coast Area, that might affect the City of Chicago.

There is general agreement the Union Pacific service in the metropolitan area, has made a noticeable improvement in the past few months. This improvement should not be hindered by the imposition of any new Federal Regulations. The results could create a devastating economical effect on not just the Chicago Area, but other areas around the country. Please let me leave you with this thought, Chicago is the rail hub of America. I would not like to see any changes imposed on them in the State of Texas that could seriously affect the Chicago community.

If you have any questions regarding this letter, do not hesitate to call me or my Office Manager, Ms. Dianne Turner at 773-928-6961.

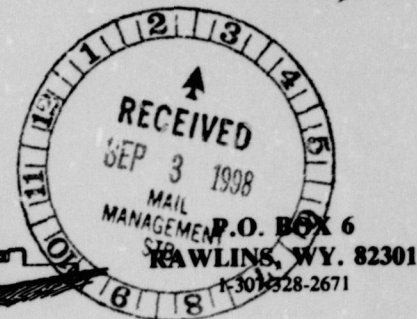
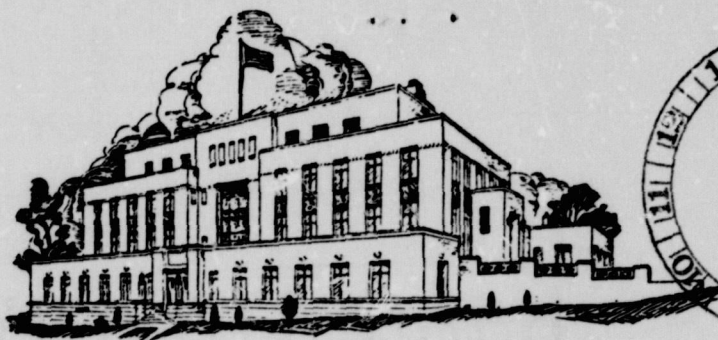
Sincerely,

*Carrie M. Austin*

Carrie M. Austin  
Alderman 34th Ward

STB FD 32760 (Sub 26) 9-3-98 J 190997

Art Zeiger, Chairman  
Gary Graalman  
Linda Fleming



## Commissioners of Carbon County

Rawlins, Wyoming 82301

August 18, 1998

ENTERED  
Office of the Secretary

SEP - 9 1998

Part of  
Public Record

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

FD 32760-SUB 26

Dear Secretary Williams:

We are writing to urge the Surface Transportation Board not to impose additional conditions upon the Union Pacific Railroad in the Houston and Gulf Coast area.

Houston, Texas and the Gulf Coast may seem a long way from Carbon County, Wyoming, however, Union Pacific Railroad is an important link to many markets across the country. It is our belief that additional conditions placed upon Union Pacific in its southern corridor could have negative impacts upon rail service to Carbon County and the State of Wyoming.

We are concerned that further regulatory conditions will undermine Union Pacific's ability to invest in service and infrastructure throughout its system, including Carbon County and the State of Wyoming.

For this reason, the Carbon County Commissioners oppose the imposing of additional conditions by the Surface Transportation Board on Union Pacific Railroad operations around Houston and the Gulf Coast. Thank you for the opportunity to comment.

Sincerely,  
BOARD OF COMMISSIONERS  
Carbon County, Wyoming

Artlin Zeiger, Board Chairman

Gary Graalman, Commissioner

Linda Fleming, Commissioner



# SCIA

South  
Central  
Industrial  
Association  
of Wyoming

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



191049  
P.O. Box 700  
September 2, 1998  
BY 82301

ENTERED  
Office of the Secretary

SEP 10 1998

Part of  
Public Record

Dear Secretary Williams:

FD32760-SUB26

South Central Industrial Association of Wyoming is writing this letter to oppose the Surface Transportation Board's imposition of additional federal regulatory conditions on the operations of the Union Pacific Railroad near Houston and the Gulf Coast area. It is our understanding that the Surface Transportation Board will commence oversight proceedings next month to decide whether to impose additional conditions on these rail operations of Union Pacific. We oppose this action and urge the Board to resist limiting Union Pacific's ability to resolve service and traffic problems by your imposing more federal rules and regulations on their operations.

Additional federal regulatory conditions will not benefit rail service and train movements on the southern corridor of Union Pacific operations. Additional regulations could also have a negative impact on Union Pacific's financial and operational abilities and limit their progress and improvements in the southern corridor and throughout their system, including Carbon County and the State of Wyoming. Union Pacific Railroad is already weakened from the financial and traffic volume losses resulting from congestion problems.

Union Pacific Railroad will need the ability to invest significant funds on its infrastructure in a twenty-three state system. Additional regulations imposed on the southern corridor could have the potential to weaken the railroad's operations across the system. Union Pacific has made significant improvements in movements across Wyoming and all indications show that the service crisis in the Houston and Gulf Coast area has ended.

South Central Industrial Association urges the Surface Transportation Board not to impose additional conditions on the Union Pacific Railroad in the Houston and Gulf Coast area.

Sincerely,

*Margaret Brown, Executive Secretary*  
Margaret Brown



STB FD 32760 (Sub 26) 9-3-98 J 190995

190995

ELEMENTIS

CHROMIUM

ENTERED  
Office of the Secretary

SEP - 9 1998

Part of  
Public Record

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 9912  
Corpus Christi, TX 78469

Telephone: (512) 883-6421  
Facsimile: (512) 853-5145

E-Mail: chromium.usa@elementis.com

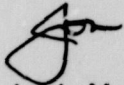
The Honorable Vernon A. Williams

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,

A handwritten signature in black ink, appearing to be "Jon L. Moon", written in a cursive style.

Jon L. Moon  
President

JLM/dlr

STB FD

32760

(Sub 26)

9-2-98

J

190984



ENTERED  
Office of the Secretary

SEP - 9 1998



Part of  
Public Record

## Washington State Senate

**Olympia Office:**

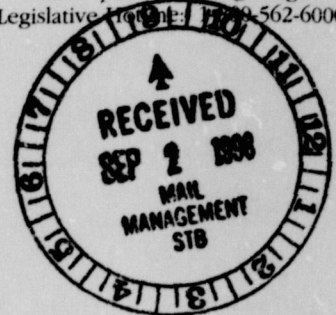
102 Institutions Building  
PO Box 40482  
Olympia, WA 98504-0482

**Senator Eugene A. Prince**  
9th Legislative District

(360) 786-7620  
Olympia FAX: (360) 786-1255  
e-mail: prince\_eu@leg.wa.gov  
Legislative Hotline: 1-800-562-6000

August 26, 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 express my opposition to the proposed conditions on Union Pacific Railroad pending before the Surface Transportation Board.

The rail network in the State of Washington is dominated by Union Pacific's largest competitor. Nonetheless, the presence of UP as a viable, competitive alternative to our shippers has helped improve service and deter rate inflation. Any actions by the federal government that will serve to further weaken an already weak UP will undermine the competitive balance necessary in Washington and elsewhere throughout the Western rail network.

Union Pacific has spent and will spend large sums of money to restore service in the Houston/Gulf Coast area. They are continuing to invest in infrastructure improvements and capacity expansion throughout the rest of their system, as well, despite suffering an unprecedented \$230 million in losses over the last three consecutive quarters. Future investments and improvements must come from the revenues generated by the present and future traffic base. Imposition of these additional, unnecessary conditions will threaten that traffic base and undermine UP's ability to continue needed improvements, to the detriment of Washington shippers.

I urge the Surface Transportation Board to decline to impose additional conditions on the Union Pacific Railroad that will further cripple their on-going recovery and ability to compete effectively. Thank you for your consideration.

Sincerely,

Eugene A. Prince  
State Senator  
9th Legislative District

EAP:mt

**Committees:** Transportation, Chairman • Higher Education

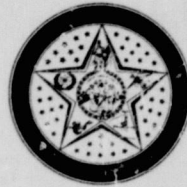
STB FD 32760 (Sub 26) 9-2-98 1 190982

190882

ENTERED  
Office of the Secretary

SEP - 9 1998

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Public Record



**DAN RAMSEY**  
State Representative  
District 47

**Capitol:**  
2300 N. Lincoln  
Room 500  
Oklahoma City, OK 73105-4885  
(405) 521-2711

**Home:**  
1828 Carolina Ave.  
Chickasha, OK 73018

## House of Representatives

STATE OF OKLAHOMA

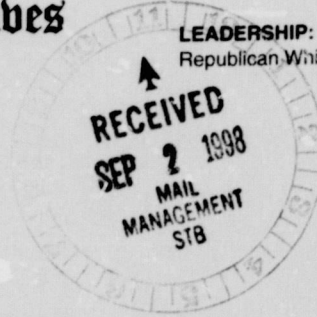
August 25, 1998

**COMMITTEES:**

Agriculture  
County and Municipal Government  
Insurance  
Small Business  
Transportation

**LEADERSHIP:**

Republican Whip



Secretary Vernon A. Williams  
Surface Transportation Board  
1925 K Street, N.W.  
Washington, D.C. 20510

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

Dear Secretary Williams:

As State Representative of House District #47, I am very aware of the value of rail transportation service in our area. Union Pacific Railroad is important to our community because of its employees, the businesses served, and the contributions to the community through taxes, wages, purchases, and corporate giving.

I am opposed to the proposals to impose new conditions on Union Pacific's operations around Houston and the Gulf Coast areas. It is my understanding that the STB established competitive conditions which were integrated into its approval of the Union Pacific/Southern Pacific merge. The proposed additional conditions would seemingly 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 near collapse. Union Pacific has been struggling to improve operations of the combined system and has made great strides in ending the service crisis. Union Pacific has been a valuable corporate/community partner in Oklahoma. It provides an important boost to our local economies. Any change in regulation that would overly burden and drive up its cost of doing business would be extremely detrimental. To continue the progress, Union Pacific must 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.



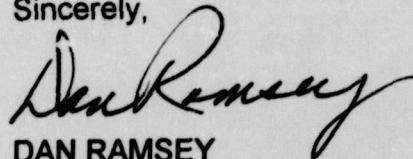
Secretary Vernon A. Williams

Page Two

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 affected 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 dark ink, appearing to read "Dan Ramsey", written in a cursive style.

DAN RAMSEY  
State Representative  
District 47

DR:BI



STB FD 32760 (Sub 26) 9-2-98 J 190981

# Ethyl Petroleum Additives Company

August 31, 1998

ENTERED  
Office of the Secretary

SEP - 9 1998

Part of  
Public Record



The Honorable Vernon A. Williams  
Secretary  
Surface Transportation Board  
1925 K Street, NW, Room 77  
Washington, DC 20423

Dear Secretary Williams, *FD32760- SUB 26*

I am the Supervisor for Rail Logistics for Ethyl Corporation and I oversee all rail operations in North America.

Ethyl Corporation manufactures and distributes Petroleum Additives, Lubricants, and Fuel Additives worldwide. We have a rail car fleet in North America in number around 1200.

The UP/SP merger has disrupted service which has greatly affected our business. It has been necessary to use alternative rail service, especially in the Houston area, the location of our largest Manufacturing site, and export point.

It is because of this that we support equal access to all the carriers serving the Gulf Coast, along with the expansion of rail capacity and investment by all the existing carriers. This is to protect the future competitiveness ensuring that adequate rail alternatives exist.

Ethyl and other Manufacturers need these alternatives to remain competitive in a global market.

Please consider this as you proceed with your rulings.

Sincerely,

*Wylie DuBose*

Wylie DuBose  
Supervisor, Logistics

STB FD 32760 (Sub 26) 8-28-98 J 190840



190840

**Committees:**

- Public Safety
- State Affairs

**State of Texas**  
**House of Representatives**  
**BILL G. CARTER**  
**DISTRICT 91**

**Chairman**  
**Tarrant County Delegation**

August 25, 1998

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

**ENTERED**  
**Office of the Secretary**

**SEP - 1 1998**

**Part of**  
**Public Record**



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

Dear Secretary Williams:

I am Bill Carter, State Representative District #91, and my home is in Ft. Worth, Texas. Railroads have always been important to our city and have played a large part in its history and urban growth.

I believe it would be very short-sighted to impose new restrictions and regulations on Union Pacific at this particular time. They have been through a crises and have taken bold and very expensive steps to correct the problems which contributed to the crisis.

They have specific needs to make further investments throughout their system.

Texas will continue to grow and NAFTA will add increasing demands on our railroad systems that can meet the needs. I cannot see where additional regulations that would inhibit competitive private enterprise would be good for Texas or our country as a whole.

Sincerely,

Bill G. Carter  
State Representative

BGC/caf

**Austin Office:**  
P.O. Box 2910  
Austin, Texas 78768-2910  
512-463-0482

**District Office:**  
3525 Denton Hwy., Ste. A  
Fort Worth Texas 76117  
817-595-0072



STB FD 32760 (Sub 26) 8-28-98 J. 190837

# Nebraska State Legislature

190837

SENATOR LaVON CROSBY

District No. 29  
3440 Hillside Street  
Lincoln, Nebraska 68506

Legislative Address:  
State Capitol  
PO Box 94604  
Lincoln, Nebraska 68509-4604  
(402) 471-2734



Ninety-Fifth Legislature

## COMMITTEES

Chairperson, Committee on Committees  
Appropriations  
Nebraska Retirement Systems  
Legislative Council

August 20, 1998

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

ENTERED  
Office of the Secretary

SEP - 1 1998

Part of  
Public Record



Dear Secretary Williams:

This letter is directed to you on a matter of great concern in the State of Nebraska. The subject is the imposition of additional conditions on the Union Pacific Railroad's operations in the Houston and Gulf Coast area, under consideration by your board.

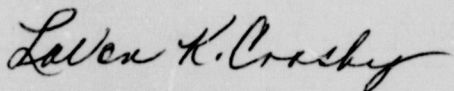
Recent information provided shows that even though Union Pacific's service problems have received a great deal of publicity and criticism, it appears now that congestion in the Gulf Coast region has been virtually eliminated, and with some exceptions service is improving steadily throughout the Union Pacific system. These improvements are a direct result of the substantial investment of dollars and other resources dedicated to solving the problem by Union Pacific. As I understand it, given the dismal condition of Southern Pacific prior to its merger with Union Pacific, significant strides have been achieved in one short year.

Nebraska has experienced some of the effects of Union Pacific service problems and some congestion continues because of the massive capacity expansion projects Union Pacific is currently completing. My great concern is that if the federal government imposes additional conditions on the already weakened system, Union Pacific will not be able to pledge the necessary resources to recover, as well as fund much needed infrastructure improvements, and emerge as a strong, competitive presence in the rail system in the West.

Union Pacific is a tradition in Nebraska. Many of us still remember hearing the Union Pacific train whistles signal at the crossings in the small towns as well as the larger cities. Those memories reinforce our concern that Union Pacific be allowed to remain a strong economic force in our state and not be faced with further federal government restraints.

Please give this request urgent consideration and emphasize to the Surface Transportation Board the negative consequences these additional conditions will impose throughout the Western rail network. Two strong and competitive railroads are required for a vibrant rail system. I respectfully request that the Board decline to impose these additional restricting conditions on Union Pacific Railroad.

With best wishes,

A handwritten signature in cursive script, reading "LaVon K. Crosby".

Senator LaVon K. Crosby  
District #29

cc: Secretary of Transportation Federico F. Pena



# UP track expansion gives hope for future

BY JOE RUFF  
The Associated Press

**NORTH PLATTE** — The trains look like huge ships docked in a bay, long instead of deep, 114 tracks wide.

It is Union Pacific's Bailey Yard, big enough to accommodate 2,759 football fields. An average of 125 trains pass through each day, carrying everything from airplane wings to frozen vegetables to coal.

The yard is the largest in the world. It funnels about 40 percent of the traffic on the nation's largest railroad, with trains traveling from Los Angeles to Chicago, Wyoming to Texas.

Twenty-five yardmasters take turns running the yard 24 hours a day. Most yards need about eight yardmasters.

And just east of the huge yard between North Platte and Omaha lies a 108-mile, \$366 million track expansion and maintenance project. Major work on the 12-year, triple-track building plan was to end by 2002 but congestion problems on Union Pacific lines last year prompted the railroad to speed up work. The railroad expects the project to be completed by end of 1998 with some mop up work left for next year.

Trains had backed up in the Bailey Yard during the height of last year's congestion and morale plummeted, but dramatic improvements were made in recent months, said Greg Severa, superintendent of the yard.

"Everybody got excited when we saw we could get back on time," Severa said.

Triple track east of North Platte will allow the yard to run trains at 70 mph over 100 miles to Gibbon, instead of 60 mph. At Gibbon, the rail lines split northbound and southbound.

In the future, two tracks will run full speed while one track receives any needed maintenance.

The railroad hopes the expansion will beef up the busiest section of its system and help serve customers upset with congestion problems that last year crippled Union Pacific's 23-state, 36,000-mile network.

The problems began last summer

in Houston as the railroad absorbed Southern Pacific in a 1996 merger that was hampered by lack of equipment and crews, a rash of wrecks and difficulties integrating Southern Pacific's aging equipment and UP's more modern infrastructure.

It cost the economy an estimated \$4 billion because shippers were forced to stall production and pay higher costs to find other ways to get goods to their customers. Union Pacific also lost money, reporting a \$419 million loss in this year's second quarter, largely attributed to its settlements with customers angry over money lost to delivery delays. It was UP's third straight quarterly loss.

**Everybody got excited when we saw we could get back on time.'**

— Greg Severa,  
Bailey Yard superintendent

Speeding up work on the track east of North Platte has 500 contractors and railroad employees working in construction. Two-hundred workers would have been needed under the initial plan.

In its merger application with Southern Pacific, Union Pacific had projected spending \$1.4 billion above normal expenditures on track expansion, locomotives and rail yards over a five-year period. But Dick Davidson, the railroad's chief executive, said it will take at least another \$200 million and a couple more years to make the additions.

E. Terrence Gardner Jr., an analyst with Deutsche Morgan Grenfell, said Union Pacific's investments in its track and other infrastructure will pay off.

"They're plowing a lot into the system. They're plowing a lot into the central corridor. I think they're making progress, albeit slowly. But we should see things pick up once they're completed," Gardner said.

That could be in the fall, Gardner said.



FD-32760 (Sub 26) 8-7-98 J MDC H

ROBERT L. LIVINGSTON  
1ST DISTRICT, LOUISIANA

CHAIRMAN,  
APPROPRIATIONS COMMITTEE



**Congress of the United States**  
**House of Representatives**  
**Washington, DC 20515-1801**

August 7, 1998

FILE IN DOCKET

PLEASE RESPOND TO:  
WASHINGTON OFFICE:

ROOM 2406  
RAYBURN HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515  
(202) 225-3015  
FAX: (202) 225-0739

DISTRICT OFFICES:

METairie OFFICE  
111 VETERANS BOULEVARD  
SUITE 700

METairie, LA 70305

(504) 589-2753

(504) 589-2607

HAMMOND OFFICE

308 EAST THOMAS STREET

HAMMOND, LA 70401

(504) 542-9616

(504) 542-8577

NORTHSHORE OFFICE

1800 R51-3973

RECEIVED

TRANSPORTATION

18 PM '98

OFFICE OF  
CHAIRMAN MORGAN

Ms. Linda Morgan  
Chair of Board  
Surface Transportation Board  
Department of Transportation  
1925 K Street, N.W.  
Washington, DC 20432

Dear Madam Chairman:

It has come to my attention that the Surface Transportation Board recently decided not to extend the emergency order it issued last year to relieve serious rail deficiencies in the Louisiana-Texas Gulf Coast area after the Union Pacific/Southern Pacific merger. Consequently, that order was allowed to expire on August 2. It is my further understanding, however, that while the Board provided a 45-day "wind-down" period to soften the blow for shippers, that "wind-down" extension will also expire in mid September, before the Board issues a final decision on the shippers' petitions for permanent relief. This concerns me, so I urge you to extend the "wind-down" period to a date after the Board's final permanent decision is issued, as expected, in October or November.

I believe that the temporary extension unjustly places shippers, who have necessarily relied on the Emergency Service Order during the post-merger transportation crisis, in an impossible position. They have been unable to make long-term business decisions due to the impending disruption that will occur after the emergency order expires again. This uncertainty could conceivably cripple the shipping business in the Louisiana-Texas Gulf Coast area. Therefore, I would urge you to extend the order until a final decision can be reached on the shippers' pleas for permanent, effective competition relief in the Gulf Coast Oversight proceeding.

Thanks again for your consideration of my request. If you need any additional information, please do not hesitate to contact my office.

Sincerely,

ROBERT L. LIVINGSTON  
Member of Congress

RLl:jb