

STB FD-32760 (SUB28) 7-8-98 A ID-189438

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MAYER, BROWN & PLATT

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WASHINGTON, D.C. 20006-1882

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July 8, 1998

VIA HAND DELIVERY

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

ENTERED
Office of the Secretary

JUL - 9 1998

Part of
Public Record

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

Dear Secretary Williams:

Enclosed for filing in the above-captioned proceeding are the original and twenty-five (25) copies of The Burlington Northern and Santa Fe Railway Company's Application for Terminal Trackage Rights, and a check for \$12,300 to cover the applicable filing fee. Also enclosed is a 3.5-inch disk containing the text of the filing in WordPerfect 6.1 format.

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

FEE RECEIVED

JUL - 8 1998

FEE RECEIVED

Sincerely,

Erika Z. Jones

FILED

JUL - 8 1998

SURFACE
TRANSPORTATION BOARD

Enclosures

JUN - 8 1998
SURFACE
TRANSPORTATION BOARD

SURFACE
TRANSPORTATION BOARD

cc: Parties of Record in Finance Docket No. 32760 (Sub-No. 26)

CHICAGO BERLIN COLOGNE HOUSTON LONDON LOS ANGELES NEW YORK WASHINGTON

INDEPENDENT MEXICO CITY CORRESPONDENT: JAUREGUI, NAVARRETE, NADER Y ROJAS

INDEPENDENT PARIS CORRESPONDENT: LAMBERT ARMENIADES & LEE

189438

ENTERED
Office of the Secretary

JUL - 9 1998

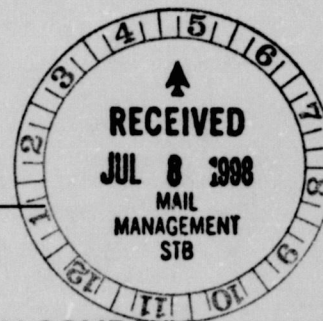
Part of
Public Record

BEFORE THE

SURFACE TRANSPORTATION BOARD

Finance Docket No. 32760 (Sub-No. 28)

THE BURLINGTON NORTHERN AND SANTA FE RAILWAY COMPANY
--TERMINAL TRACKAGE RIGHTS --
THE TEXAS MEXICAN RAILWAY COMPANY



APPLICATION FOR TERMINAL TRACKAGE RIGHTS

Jeffrey R. Moreland
Richard E. Weicher
Michael E. Roper
Sidney L. Strickland, Jr.

Erika Z. Jones
Adrian L. Steel, Jr.
Kathryn A. Kusske
Kelley E. O'Brien

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and Santa Fe Railway Company
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P.O. Box 961039
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Mayer, Brown & Platt
2000 Pennsylvania Ave., NW
Washington, DC 20006
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and

1700 East Golf Road
Schaumburg, Illinois 60173
(847) 995-6887

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TRANSPORTATION BOARD

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SURFACE
TRANSPORTATION BOARD

Attorneys for The Burlington Northern and Santa Fe Railway Company

July 8, 1998

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SURFACE
TRANSPORTATION BOARD

BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 32760 (Sub-No. 28)

THE BURLINGTON NORTHERN AND SANTA FE RAILWAY COMPANY
--TERMINAL TRACKAGE RIGHTS --
THE TEXAS MEXICAN RAILWAY COMPANY

APPLICATION FOR TERMINAL TRACKAGE RIGHTS

I

INTRODUCTION

The terminal trackage rights sought in this proceeding are related to and contingent upon The Burlington Northern and Santa Fe Railway Company's ("BNSF") Application For Remedial Conditions In Additional Oversight Proceeding in Finance Docket No. 32760 (Sub-No. 26) ("BNSF's Application For Remedial Conditions").^{1/}

In this Application, BNSF respectfully requests that the Surface Transportation Board ("Board") enter an order under 49 U.S.C. §11102 permitting BNSF to: (i) use a short segment of The Texas Mexican Railway Company ("Tex Mex") track between MP 0.00 at the International Bridge at Laredo, TX and the vicinity of MP 0.50, including over the International Bridge at Laredo; and (ii) equal access to use the International Bridge

^{1/} This Application for Terminal Trackage Rights cross-references and incorporates by reference the Verified Statements of Ernest L. Hord ("Verified Statement of Mr. Hord") and Peter J. Rickershauser ("Verified Statement of Mr. Rickershauser"), which are included in BNSF's Application For Remedial Conditions.

for interchange purposes through establishment of defined operational windows for BNSF's use. Use of these rights by BNSF is necessary in order for BNSF to handle Mexican traffic via Laredo.

II

DESCRIPTION OF THE TERMINAL TRUCKAGE AND APPLICABLE AGREEMENTS

The truckage in Laredo consists of a segment totaling approximately 0.50 miles in length which leads to the International Bridge at Laredo. The truckage is currently used by Tex Mex and UP. Both Tex Mex and UP currently use the International Bridge for their international rail traffic to/from Mexico.

III

THE REQUESTED TERMINAL RIGHTS SATISFY THE CRITERIA OF 49 U.S.C. §11102 AND SHOULD BE GRANTED

Under 49 U.S.C. §11102(a), the Board may require use of "terminal facilities, including main-line tracks for a reasonable distance outside of a terminal," if the Board finds that use to be "practicable and in the public interest without substantially impairing the ability of the rail carrier owning the facilities or entitled to use the facilities to handle its own business." The requested terminal rights satisfy each of these criteria.

First, as shown in Verified Statement of Mr. Hord and the maps attached hereto, the short segment of track and bridge subject to this application are classic terminal facilities. See Verified Statement of Mr. Hord at 24-25. The subject terminal facilities lie within the City of Laredo and its commercial area and are used for "switching and

interchanging movements" or the "transfer, collection or delivery of freight."^{2/} See Verified Statement of Mr. Hord at 24-25; see also UP/SP, Decision No. 44, at 168; Rio Grande Industries, et al. -- Purchase and Related Trackage Rights -- Soo Line R.R. between Kansas City and Chicago, IL, Finance Docket No. 31505, Decision No. 6, at 10 (served Nov. 13, 1989).

Second, the requested terminal rights are clearly in the public interest. The purpose of the terminal rights is to permit BNSF to provide the competitive rail services contemplated by Decision No. 44. As a condition of the UP/SP merger, BNSF received permanent trackage rights over a route to Tex Mex and the Laredo gateway via Algoa, Corpus Christ and Robstown.^{3/} As further described in Verified Statement of Mr. Hord and Verified Statement of Mr. Rickershauser, there are, however, a number of problems with this routing. See Verified Statement of Mr. Hord at 22-24; Verified Statement of Mr. Rickershauser at 29-35. The Algoa to Corpus Christi and Robstown route is heavily congested with the through trains of UP, BNSF and Tex Mex, as well as with substantial local switching activity by UP for major chemicals and metals customers along the Gulf Coast. Further, traffic on the Algoa route must traverse the Houston/Galveston area, thereby adding to the congestion problems at Houston.

^{2/} Other factors demonstrating that the subject facilities of this Application constitute terminal facilities are that the property assists in the performance of the functions of a terminal, that operations occur within railroad yard limits, and that service is performed within a cohesive commercial area immediately served by a terminal facility. Rio Grande, infra, at 10-11.

^{3/} Presently, in order to accommodate UP's directional running, BNSF is able to serve the Laredo gateway via temporary trackage rights on the Caldwell-Flatonia-Placedo line for southbound traffic. BNSF is operating northbound between Placedo and Algoa, TX.

In order to allow BNSF to permanently bypass Houston and avoid the congestion on the Algoa-Corpus Christi line, BNSF proposes that it be granted trackage rights on UP's line between MP 264.3 at South San Antonio and MP 412.51 at Laredo. This would reroute BNSF's existing trackage rights trains, under the compensation terms outlined in the UP/SP merger conditions, from the existing route through Algoa to the route between San Antonio-Laredo. UP would retain dispatching control for these movements. BNSF anticipates that it would use the San Antonio-Laredo line to move merchandise, automotive, coal and grain traffic.

Rerouting BNSF Laredo traffic to a more direct, shorter route between San Antonio and Laredo would take one train per day each way off of the Algoa, Corpus Christi-Robstown route.

Third, BNSF's use of the Laredo terminal facilities is practicable without substantially interfering with the ability of Tex Mex or UP to handle their own business. As mentioned above, both Tex Mex and UP currently operate over the subject terminal facilities. BNSF's planned operations will not unduly interfere with UP and Tex Mex's operations. BNSF would need the ability to have equal access to the use of the International Bridge for interchange purposes through establishment of defined operational windows for BNSF's use. Verified Statement of Mr. Hord at 24-25.

Finally, 49 U.S.C. § 11102(a) provides that compensation for joint use of terminal facilities is to be established by the parties thereto or, if the parties are unable to agree, by the Board. The section further provides that the compensation be "paid or adequately secured before a rail carrier may begin to use the facilities of another rail carrier under

this section." BNSF is prepared to negotiate compensation terms with Tex Mex as provided in Section 11102(a). However, the Board should not require that the compensation to be established before BNSF begins use of the Tex Mex terminal facilities, since this could simply delay the public benefits to be derived. In Southern Pacific Transp. Co. v. I.C.C., 736 F.2d 708, 722-23 (D.C. Cir. 1984), cert. denied, 469 U.S. 1208 (1985), aff'g Union Pacific Corp., Pacific Rail System, Inc. & Union Pacific R.R. Co. -- Control -- Missouri Pacific Corp. & Missouri Pacific R.R. Co. ("UP/MP/WP"), 366 I.C.C. 462 (1982), the Board gave the parties an opportunity to negotiate compensation terms. If they were unable to reach agreement, the Board would then set compensation terms under the statutory condemnation standard. See 366 I.C.C. at 576, n. 114. However, the parties were permitted to commence trackage rights operations immediately upon consummation of the consolidation. The compensation terms to be later established were required to accrue from the start of trackage rights operations, and be payable after the compensation terms were determined. This approach was specifically affirmed and held to satisfy Section 11102(a) compensation requirements in Southern Pacific Transp. Co. v. I.C.C., supra, 736 F.2d at 723-24.

This same approach should be followed in this proceeding, so that the public benefits can be achieved immediately upon Board approval.

IV

CONCLUSION

For the reasons stated above, BNSF respectfully requests that the Board order that BNSF's Application for the Laredo terminal trackage described herein be granted.

Respectfully submitted,

Jeffrey R. Moreland
Richard E. Weicher
Michael E. Roper
Sidney L. Strickland, Jr.

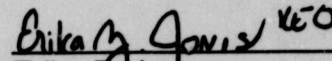
The Burlington Northern
and Santa Fe Railway Company
3017 Lou Menk Drive
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Ft. Worth, Texas 76161-0039
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and

1700 East Golf Road
Schaumburg, Illinois 60173
(847) 995-6887

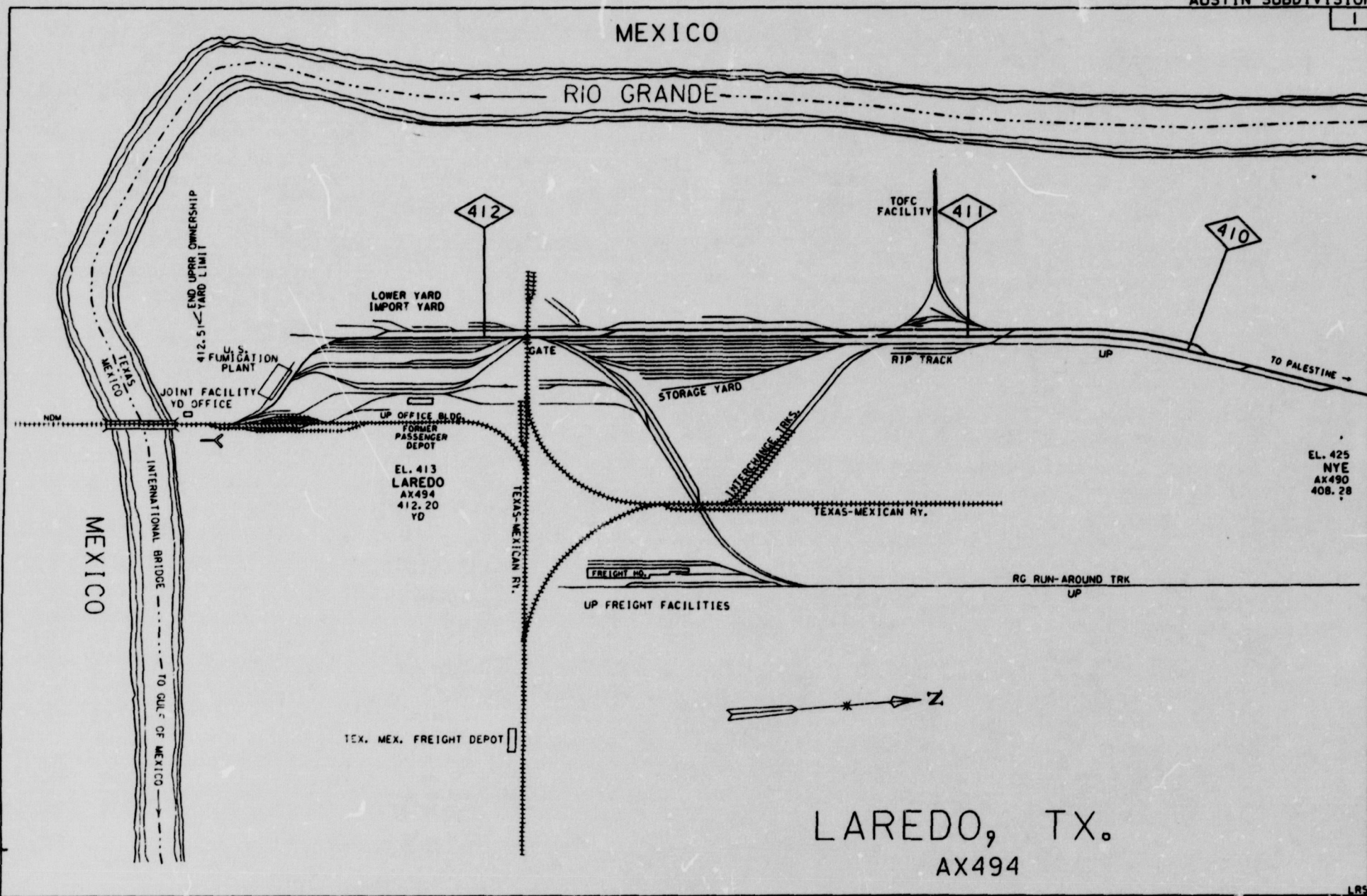
Attorneys for The Burlington Northern and Santa Fe Railway Company

July 8, 1998



Erika Z. Jones
Adrian L. Steel, Jr.
Kathryn A. Kusske
Kelley E. O'Brien

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(202) 463-2000

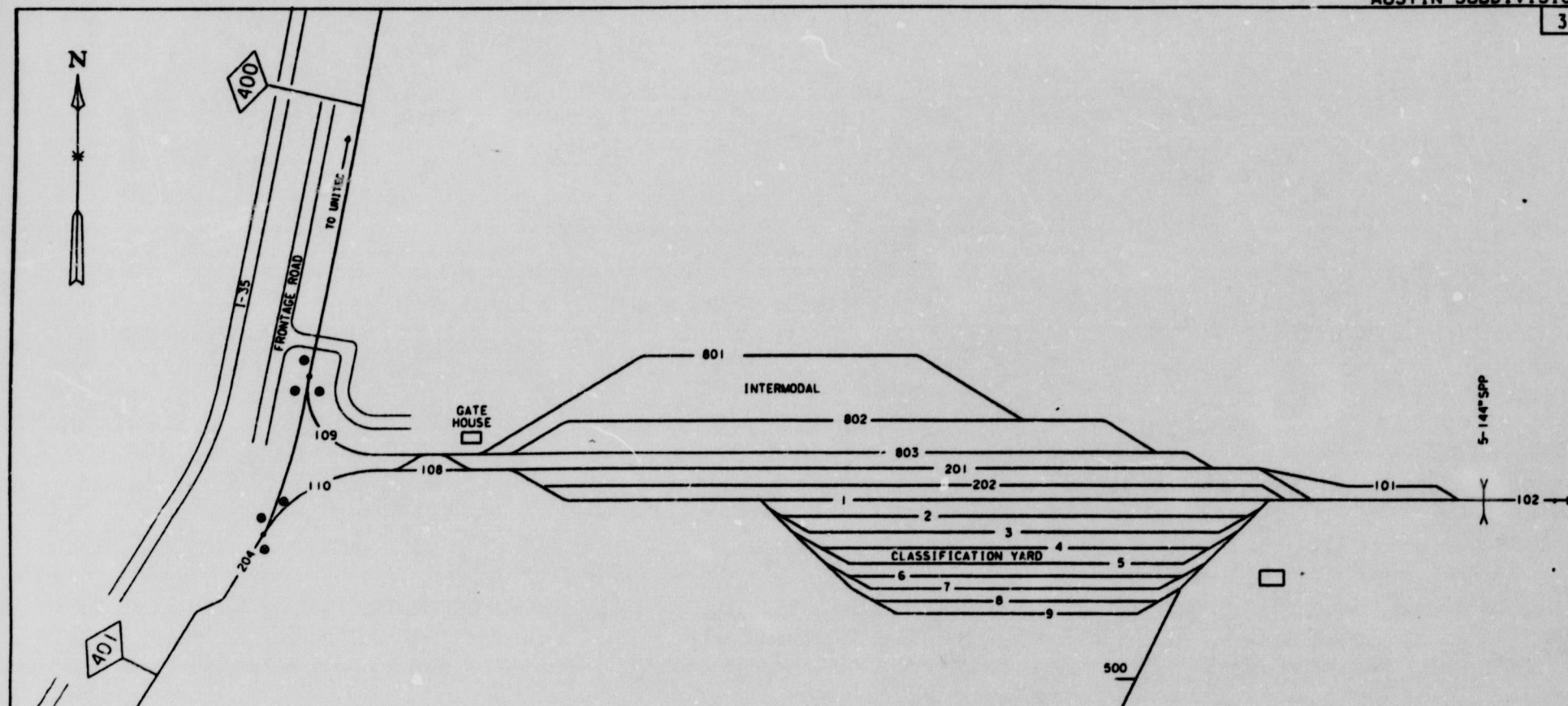


LAREDO, TX.
AX494



ALIGNMENT & PROFILE CORRECTED FOR MARCH 22, 1995

LADO



PORT LAREDO, TX.
AX482
MP 400.25

JDF

REVISED AS TO: FEBRUARY 28, 1995

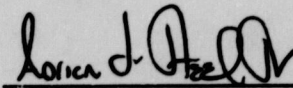
PTLRDO.TRM



LRDO

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Application For Terminal Trackage Rights is being served, by first-class mail or hand delivery, on all parties of record in Finance Docket No. 32760 (Sub-No. 26).



Adrian L. Steel, Jr.

July 8, 1998

STB FD 32760 (Sub 28) 9-29-98 A 191392

LAW OFFICES

ZUCKERT, SCOUTT & RASENBERGER, L.L.P.

888 SEVENTEENTH STREET, N.W.
WASHINGTON, D.C. 20006-3939
TELEPHONE : (202) 298-8660
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(202) 342-1316



SCOTT M. ZIMMERMAN

September 29, 1998

BY HAND

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

ENTERED
Office of the Secretary

SEP 30 1998

Part of
Public Record

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28

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

Dear Secretary Williams:

Enclosed for filing in the above-referenced proceeding is the original and 25 copies of TM-19, "Errata to the Consensus Plan." Also enclosed is a computer disk containing the text of this pleading in WordPerfect 5.0.

Please date-stamp and return with our messenger the additional enclosed three copies of this pleading.

Sincerely,

Scott M. Zimmerman

Enclosures

ENTERED
Office of the Secretary

SEP 30 1998

Part of
Public Record

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

FINANCE DOCKET NO. 32760 (Sub-Nos. 26-32)

ORIGINAL

TM-19



**UNION PACIFIC CORPORATION, UNION PACIFIC RAILROAD COMPANY
AND MISSOURI PACIFIC RAILROAD COMPANY
-- CONTROL AND MERGER --
SOUTHERN PACIFIC RAIL CORPORATION, SOUTHERN PACIFIC
TRANSPORTATION COMPANY, ST. LOUIS SOUTHWESTERN RAILWAY
COMPANY, SPCSL CORP. AND THE DENVER
AND RIO GRANDE WESTERN RAILROAD COMPANY ***

HOUSTON/GULF COAST OVERSIGHT

ERRATA TO THE CONSENSUS PLAN

Tex Mex hereby submits the following errata to the Consensus Plan (TM-2, KCS-2, et al.) filed on July 8, 1998 by the Consensus Partners (the Chemical Manufacturers Association, the Society of the Plastics Industry, Inc., the Railroad Commission of Texas, the Texas Chemical Council, the Kansas City Southern Railway Company, and Tex Mex) in the Houston/Gulf Coast Oversight proceeding.

In preparing TM-17, Tex Mex's response and objections to the application for additional remedial conditions sought by the Burlington Northern and Santa Fe Railway Company, it was discovered that certain trackage rights car miles between Corpus Christi and Houston inadvertently were excluded from the rail traffic data from which the Base Case and Consensus Plan economic scenarios were derived. This omission caused a slight increase in the costs reflected under the Base Case, which in turn required a slight adjustment to the Consensus Plan economic evaluation. These adjustments were incorporated in the Base Case and Consensus

Plan economic data in the verified statement of Joseph J. Plaistow in TM-17, filed on September 18, 1998.¹

The following errata incorporate the same adjustments in the July 8, 1998 Consensus Plan filing.² These errata do not change, in any substantive way, the conclusions or analysis set forth in the Consensus Plan.

ERRATA

Page 257, Table 1

In the "1996 to Base Case" line, replace "\$4,389" with "\$4,863", and replace "\$4,384" with "\$3,910";

In the "Base Case to Consensus Plan" line, replace "39,551" with "39,083", and replace "15,793" with "15,325";

Page 259, Table 3

In the "1996 to Base Case" line, replace "\$4,389" with "\$4,863", and replace "\$4,384" with "\$3,910";

In the "Base Case to Consensus Plan" line, replace "39,551" with "39,083", and replace "15,793" with "15,325";

Page 274

Replace Exhibit No. JJP-3 with the attached revised Exhibit No. JJP-3;

Page 275

Replace Exhibit No. JJP-4 with the attached revised Exhibit No. JJP-4;

¹ See TM-17, Plaistow V.S. at 5, n.1. Hence, the exhibits to Mr. Plaistow's verified statement in TM-17 refer to the "revised" Base Case and Consensus Plan.

² Corresponding adjustments also would have been necessary to the Base Case economic data presented by Mr. Plaistow in TM-7/KCS-7, the Joint Petition of Tex Mex and KCS for the imposition of additional remedial conditions, filed on March 30, 1998 in Finance Docket No. 32760 (Sub-No. 21) (The "March 30 request"). However, formal errata to the Base Case numbers in Mr. Plaistow's testimony in that filing, and the recalculations that would be required to incorporate those revised Base Case numbers into Mr. Plaistow's economic analysis of the March 30 request, have been rendered moot, insofar as the economic analysis in the July 8 Consensus Plan supercedes that of the March 30 request.

Page 276

Replace Exhibit No. JJP-5 with the attached revised Exhibit JJP-5;

Page 277

Replace Exhibit No. JJP-6 with the attached revised Exhibit No. JJP-6;

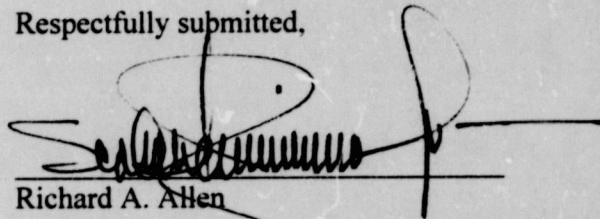
Page 278

Replace Exhibit No. JJP-7 with the attached revised Exhibit No. JJP-7;

Page 279

Replace Exhibit No. JJP-8 with the attached revised Exhibit No. JJP-8.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Richard A. Allen", is written over a horizontal line. The signature is stylized with a large, looping initial "R" and a long horizontal stroke extending to the right.

Richard A. Allen

Scott M Zimmerman

ZUCKERT, SCOUTT & RASENBERGER, LLP

888 Seventeenth Street, NW

Suite 600

Washington, D.C. 20006

(202) 298-8660

Attorneys for the Texas Mexican Railway Company

Dated: September 29, 1998

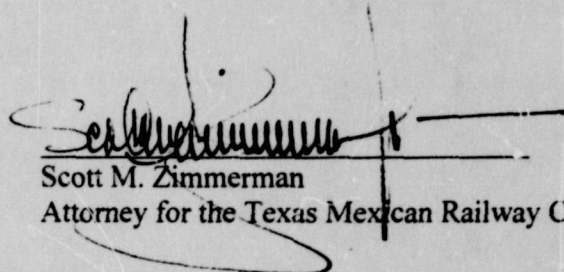
CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing "Errata to the Consensus Plan" was served this 29th day of September, 1998, by hand delivery upon The Honorable Stephen Grossman, by hand delivery upon the below-named counsel for Burlington Northern Santa Fe and Union Pacific, respectively:

Erika Z. Jones
Adrian L. Steel, Jr.
Kathryn A Kusske
Kelley E. O'Brien
Mayer, Brown & Platt
2000 Pennsylvania Avenue, N.W.
Washington, DC 20006

Arvid E. Roach II
J. Michael Hemmer
David L. Meyer
Michael L. Rosenthal
Covington & Burling
1201 Pennsylvania Avenue, N.W.
P.O. Box 7566
Washington, DC 20044-7566

and by first class mail upon all other parties of record in the Houston/Gulf Coast Oversight proceeding, Finance Docket No. 32760 (Sub-No. 26 *et al.*).



Scott M. Zimmerman
Attorney for the Texas Mexican Railway Company

**Base Case
Balance Sheet
(Revised)**

Exhibit No. JJP-3
July 8, 1998

The Texas Mexican Railway Company

Description	December 31, 1996 Audited (000s) (a)	Adjustment Amount (000s) (b)	Adjusted Base Period Amount (000s) (c)
<u>Assets</u>			
Current Assets:			
1 Cash and cash equivalents	\$ 392	\$ 1,679	\$ 2,071
2 Investments	572		572
3 Net Accounts and Notes Receivable	6,663	168	6,831
4 Inventory	1,562		1,562
5 Due from Parent and Other related parties	912		912
6 Current deferred income taxes	984		984
7 Other	590		590
8 Total Current Assets	<u>\$ 11,675</u>	<u>\$ 1,847</u>	<u>\$ 13,522</u>
Properties:			
9 Equipment	23,481		23,481
10 Land, Buildings & improvements	18,931	13,643	32,574
11 Less accumulated depreciation	(17,870)	(222)	(18,092)
12 Net Properties	<u>\$ 24,542</u>	<u>\$ 13,421</u>	<u>\$ 37,963</u>
Other Assets:			
13 Investments in other partnership	3,889		3,889
14 Net other assets	1,099		1,099
15 Total Other Assets	<u>\$ 4,988</u>	<u>\$ -</u>	<u>\$ 4,988</u>
16 Total Assets	<u>\$ 41,205</u>	<u>\$ 15,268</u>	<u>\$ 56,473</u>
<u>Liabilities & Equities</u>			
17 Accounts Payable	\$ 1,912	\$ 487	\$ 2,399
18 Due to Parent and other related parties	410		410
19 Other accrued liabilities	4,344	1,034	5,378
20 Total current liabilities	<u>\$ 6,666</u>	<u>\$ 1,521</u>	<u>\$ 8,187</u>
21 Long Term Debt	3,800	11,524	15,324
22 Deferred Income Taxes	5,203		5,203
23 Total liabilities	<u>\$ 15,669</u>	<u>\$ 13,046</u>	<u>\$ 28,715</u>
Stockholder's equity:			
24 Common Stock	2,500		2,500
25 Additional paid in capital	981		981
26 Retained earnings	22,055	2,223	24,278
27 Total Stockholder's equity	<u>\$ 25,536</u>	<u>\$ 2,223</u>	<u>\$ 27,759</u>
28 Total Liabilities & Equity	<u>\$ 41,205</u>	<u>\$ 15,268</u>	<u>\$ 56,473</u>

**Base Case
Income Statement
(Revised)**

Exhibit No. JJP-4
July 8, 1998

The Texas Mexican Railway Company

<u>Description</u>	December 31, 1996 Audited (000s) (c)	Adjustment Amount (000s) (d)	Adjusted Base Period Amount (000s) (e)
Operating Revenues:			
1 Freight	\$ 18,107	9,032	\$ 27,139
2 Switching	554	276	830
3 Demurrage	550	274	824
4 Incidental	603	301	904
5 Uncollectible Accounts	(480)	(239)	(719)
6 Total Operating Revenues	<u>19,334</u>	<u>9,644</u>	<u>28,978</u>
Operating Expenses:			
7 Maintenance of Way & Structures	2,294	-	2,294
8 Maintenance of Equipment	1,720	931	2,651
9 Transportation	9,403	3,994	13,397
10 General & Administrative	3,343	388	3,731
11 Depreciation Expense	1,577	222	1,799
12 Loss (Gain) On Sale of Fixed Assets	25	(25)	-
13 Total Operating Expenses	<u>\$ 18,362</u>	<u>\$ 5,510</u>	<u>\$ 23,872</u>
14 Income (Loss) From Operations	<u>\$ 972</u>	<u>\$ 4,135</u>	<u>\$ 5,107</u>
15 Other Income & Expense Net	636	(878)	\$ (242)
16 Income (Loss) before income Taxes	<u>1,608</u>	<u>3,256</u>	<u>4,864</u>
17 Income Tax Rate			34%
18 Income Taxes	620	1,034	1,654
19 <u>Net Income (Loss)</u>	<u>\$ 988</u>	<u>\$ 2,223</u>	<u>\$ 3,210</u>

**Base Case
Sources and Applications of Funds
(Revised)**

Exhibit No. JJP-5
July 8, 1998

The Texas Mexican Railway Company

Description	December 31, 1996 Audited (000s) (a)	Adjustment Amount (000s) (b)	Base Period Adjusted (000s) (c)
<u>From Operating Activities:</u>			
1 Net Income (Loss)	\$ 988	2,223	3,210
2 Depreciation	1,577	222	1,799
3 Deferred Income Taxes	620	-	620
4 Equity Earnings - Partnership Investment	(477)		(477)
5 Dividend Distribution - Partnership Investment	556		556
6 Change in current assets - (Increase) or Decrease	(899)	(168)	(1,067)
7 Change in current liabilities - Increase or (Decrease)	(988)	1,521	533
8 Change in amounts due to/from parent and other related parties - Increase or (Decrease)	498		498
9 Net Cash Provided by Operating Activities	<u>1,875</u>	<u>3,797</u>	<u>\$ 5,672</u>
<u>From Investing Activities:</u>			
10 Purchases of Equipment & Improvements, net of gain or loss on disposition of fixed assets	(2,011)	(13,643)	\$ (15,654)
11 Proceeds from sale of investments	1,224		1,224
12 Investment in Long Term Assets	(1,099)		(1,099)
13 Net Cash Used by Investing Activities	<u>\$ (1,886)</u>	<u>\$ (13,643)</u>	<u>\$ (15,529)</u>
<u>From Financing Activities:</u>			
14 Long Term Debt Borrowings	-	11,524	11,524
15 Net Cash Provided by Financing Activities	<u>-</u>	<u>\$ 11,524</u>	<u>\$ 11,524</u>
16 Increase (Decrease) in Cash & Cash Equivalents	\$ (11)	\$ 1,679	\$ 1,668
17 Cash & Cash Equivalents at Beginning of Year	403		403
18 Cash & Cash Equivalents at End of Year	<u>\$ 392</u>	<u>\$ 1,679</u>	<u>\$ 2,071</u>

**Consensus Plan
Balance Sheet
(Revised)**

Exhibit No. JJP-6
July 8, 1998

The Texas Mexican Railway Company

Description	Adjusted Base Period Amount (000s)	Adjustment Amount (000s)	Year 1 After Change in Operations (000s)	Adjustment Amount (000s)	Year 2 After Change in Operations (000s)	Adjustment Amount (000s)	Year 3 After Change in Operations (000s)	Adjustment Amount (000s)	Normal Year After Change in Operations (000s)
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
Assets									
Current Assets:									
1 Cash and cash equivalents	\$ 2,071	\$ (1,719)	\$ 353	\$ 13,454	\$ 13,807	\$ 9,770	\$ 23,577	\$ 12,749	\$ 36,325
2 Investments	572		572		572		572		572
3 Net Accounts and Notes Receivable	6,831	155	6,986	775	7,761	103	7,864		7,864
4 Inventory	1,562		1,562		1,562		1,562		1,562
5 Due from Parent and Other related parties	912		912		912		912		912
6 Current deferred income taxes	984		984		984		984		984
7 Other	590		590		590		590		590
8 Total Current Assets	\$ 13,522	\$ (1,564)	\$ 11,959	\$ 14,229	\$ 26,188	\$ 9,873	\$ 36,061	\$ 12,749	\$ 48,809
Properties:									
9 Equipment	23,481		23,481		23,481		23,481		23,481
10 Land, Buildings & improvements	32,574	129,462	162,036		162,036		162,036		162,036
11 Less accumulated depreciation	(18,092)	(3,772)	(21,863)	(5,744)	(27,608)	(5,744)	(33,352)	(5,744)	(39,096)
12 Net Properties	\$ 37,963	\$ 125,691	\$ 163,653	\$ (5,744)	\$ 157,909	\$ (5,744)	\$ 152,165	\$ (5,744)	\$ 146,421
Other Assets:									
13 Investments in other partnership	3,889		3,889		3,889		3,889		3,889
14 Net other assets	1,099		1,099		1,099		1,099		1,099
15 Total Other Assets	\$ 4,988	\$ -	\$ 4,988	\$ -	\$ 4,988	\$ -	\$ 4,988	\$ -	\$ 4,988
16 Total Assets	\$ 56,473	\$ 124,127	\$ 180,600	\$ 8,485	\$ 189,085	\$ 4,129	\$ 193,214	\$ 7,004	\$ 200,218
Liabilities & Equities									
17 Accounts Payable	\$ 2,399	\$ 610	\$ 3,009	\$ 2,881	\$ 5,891	\$ 376	\$ 6,266	\$ (282)	\$ 5,984
18 Due to Parent and other related parties	410	2,000	2,410	(1,000)	1,410	(1,000)	410		410
19 Other accrued liabilities	5,378	(3,371)	2,007	3,834	5,841	712	6,553	1,112	7,665
20 Total current liabilities	\$ 8,187	\$ (761)	\$ 7,426	\$ 5,716	\$ 13,142	\$ 87	\$ 13,230	\$ 830	\$ 14,059
21 Long Term Debt	15,324	128,221	143,546	(1,342)	142,204	(1,450)	140,753	(1,475)	139,278
22 Deferred Income Taxes	5,203		5,203		5,203		5,203		5,203
23 Total liabilities	\$ 28,715	\$ 127,460	\$ 156,175	\$ 4,374	\$ 160,549	\$ (1,363)	\$ 159,186	\$ (646)	\$ 158,540
Stockholder's equity:									
24 Common Stock	2,500		2,500		2,500		2,500		2,500
25 Additional paid in capital	981		981		981		981		981
26 Retained earnings	24,278	(3,333)	20,945	4,110	25,055	5,492	30,547	7,650	38,197
27 Total Stockholder's equity	\$ 27,759	\$ (3,333)	\$ 24,426	\$ 4,110	\$ 28,536	\$ 5,492	\$ 34,028	\$ 7,650	\$ 41,678
28 Total Liabilities & Equity	\$ 56,473	\$ 124,127	\$ 180,600	\$ 8,485	\$ 189,085	\$ 4,129	\$ 193,214	\$ 7,004	\$ 200,218

**Consensus Plan
Income Statement
(Revised)**

Exhibit No. JJP-7
July 8, 1998

The Texas Mexican Railway Company

Description	Adjusted Base Period Amount (000s)	Adjustment Amount (000s)	Year 1 After Change in Operations (000s)	Adjustment Amount (000s)	Year 2 After Change in Operations (000s)	Adjustment Amount (000s)	Year 3 After Change in Operations (000s)	Adjustment Amount (000s)	Normal Year After Change in Operations (000s)
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
Operating Revenues:									
1 Freight	\$ 27,139	\$ 8,302	\$ 35,441	\$ 41,508	\$ 76,948	\$ 5,534	\$ 82,483	\$ -	\$ 82,483
2 Switching	830	254	1,084	1,270	2,354	169	2,524	-	2,524
3 Demurrage	824	252	1,077	1,261	2,337	168	2,505	-	2,505
4 Incidental	904	276	1,180	1,382	2,563	184	2,747	-	2,747
5 Uncollectible Accounts	(719)	(201)	(921)	(1,006)	(1,926)	(134)	(2,060)	-	(2,060)
6 Total Operating Revenues	28,978	8,883	37,861	44,415	82,277	5,922	88,199	-	88,199
Operating Expenses:									
7 Maintenance of Way & Structures	2,294	384	2,678	491	3,169	-	3,169	-	3,169
8 Maintenance of Equipment	2,651	931	3,581	4,654	8,235	621	8,856	-	8,856
9 Transportation	13,397	5,204	18,601	25,460	44,061	3,347	47,407	(3,075)	44,332
10 General & Administrative	3,731	129	3,861	809	4,670	129	4,799	-	4,799
11 Depreciation Expense	1,799	1,973	3,772	1,973	5,744	-	5,744	-	5,744
12 Loss (Gain) On Sale of Fixed Assets	-	-	-	-	-	-	-	-	-
13 Total Operating Expenses	\$ 23,872	\$ 8,621	\$ 32,493	\$ 33,386	\$ 65,879	\$ 4,096	\$ 69,975	\$ (3,075)	\$ 66,900
14 Income (Loss) From Operations	\$ 5,107	\$ 262	\$ 5,369	\$ 11,029	\$ 16,398	\$ 1,826	\$ 18,223	\$ 3,075	\$ 21,298
15 Other Income & Expense Net	\$ (242)	\$ (10,176)	\$ (10,419)	\$ 249	\$ (10,170)	\$ 267	\$ (9,902)	\$ 195	\$ (9,707)
16 Income (Loss) before Income Taxes	4,865	(9,914)	(5,050)	11,278	6,228	2,093	8,321	3,270	11,591
17 Income Tax Rate	34%		34%		34%		34%		34%
18 Income Taxes	1,654	(3,371)	(1,717)	3,834	2,117	712	2,829	1,112	3,941
19 Net Income (Loss)	\$ 3,210	\$ (6,543)	\$ (3,333)	\$ 7,443	\$ 4,110	\$ 1,381	\$ 5,492	\$ 2,158	\$ 7,650

**Consensus Plan
Sources and Applications of Funds
(Revised)**

Exhibit No. JJP-8
July 8, 1998

The Texas Mexican Railway Company

Description	Base Period Adjusted (000s) (a)	Year 1 After Change in Operations (000s) (b)	Year 2 After Change in Operations (000s) (c)	Year 3 After Change in Operations (000s) (d)	Normal Year After Change in Operations (000s) (e)
From Operating Activities:					
1 Net Income (Loss)	3,210	(3,333)	4,110	5,492	7,650
2 Depreciation	1,799	3,772	5,744	5,744	5,744
3 Deferred Income Taxes	620	-	-	-	-
4 Equity Earnings - Partnership Investment	(477)	-	-	-	-
5 Dividend Distribution - Partnership Investment	556	-	-	-	-
6 Change in current assets - (Increase) or Decrease	(1,067)	(155)	(775)	(103)	-
7 Change in current liabilities - Increase or (Decrease)	533	(2,761)	6,716	1,087	830
8 Change in amounts due to/from parent and other related parties - Increase or (Decrease)	498	2,000	(1,000)	(1,000)	-
9 Net Cash Provided by Operating Activities	\$ 5,672	\$ (477)	\$ 14,796	\$ 11,220	\$ 14,224
From Investing Activities:					
10 Purchases of Equipment & Improvements, net of gain or loss on disposition of fixed assets	\$ (15,654)	\$ (129,462)	\$ -	\$ -	\$ -
11 Proceeds from sale of investments	1,224	-	-	-	-
12 Investment in Long Term Assets	(1,099)	-	-	-	-
13 Net Cash Used by Investing Activities	\$ (15,529)	\$ (129,462)	\$ -	\$ -	\$ -
From Financing Activities:					
14 Long Term Debt Borrowings	11,524	128,221	(1,342)	(1,450)	(1,475)
15 Net Cash Provided by Financing Activities	\$ 11,524	\$ 128,221	\$ (1,342)	\$ (1,450)	\$ (1,475)
16 Increase (Decrease) in Cash & Cash Equivalents	\$ 1,668	\$ (1,719)	\$ 13,454	\$ 9,770	\$ 12,749
17 Cash & Cash Equivalents at Beginning of Year	403	2,071	352	13,807	23,576
18 Cash & Cash Equivalents at End of Year	\$ 2,071	\$ 352	\$ 13,807	\$ 23,576	\$ 36,325