

STB FD

32760

(Sub 28)

12-17-98

J

# TROUTMAN SANDERS LLP

ATTORNEYS AT LAW  
A LIMITED LIABILITY PARTNERSHIP

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WILLIAM A. MULLINS

FILE IN DOCKET

FD-32760  
(Sub-No 26-30)

202-274-2953

December 16, 1998

The Honorable Linda J. Morgan  
Chairman  
Surface Transportation Board  
The Mercury Building  
1925 K Street, N.W.  
7<sup>th</sup> Floor  
Washington, D.C. 20423

RECEIVED  
SURFACE TRANSPORTATION  
BOARD  
DEC 17 9 45 AM '98

RE: Finance Docket Number 32760 (Sub-No. 26-30)

Dear Chairman Morgan:

I would again like to take this opportunity to thank you for holding oral argument with respect to the Houston/Gulf Coast oversight proceeding. In yesterday's argument, there were numerous discussions over the issues of infrastructure and competition. Additionally, there were several references to negotiations between BNSF and Tex-Mex. Quite surprisingly, even UP's counsel seemed to know the scope and extent of these discussions, mentioning it several times. I write today to clarify that the discussions between Tex-Mex and BNSF, even if successful, will do little to help Tex Mex and KCS restore competition to the Houston Gulf Coast market or add needed infrastructure.

The attached letter from the principal executive officers of the parent companies of Tex Mex and KCS makes it abundantly clear that the only way to restore competition and add infrastructure is to lift the restriction placed on Tex Mex's trackage rights granted in the original UP/SP merger decision.

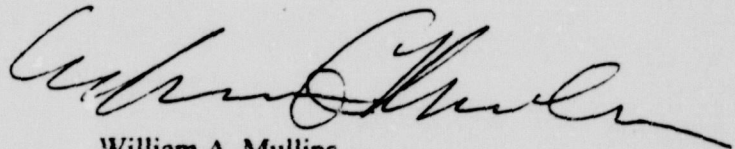


TROUTMAN SANDERS LLP  
ATTORNEYS AT LAW  
A LIMITED LIABILITY PARTNERSHIP

The Honorable Linda J. Morgan  
December 16, 1998  
Page 2

I intended to submit the attached letter for the record in yesterday's oral argument, but did not receive a facsimile signed copy until today. Please place the attached letter in the public docket.

Sincerely,



William A. Mullins  
Attorney for The Kansas City  
Southern Railway Company

Enclosure

cc: Vice Chairman Owen  
Parties of Record

**Transportacion Maritima Mexicana  
Kansas City Southern Industries**

Jose F. Serrano  
Chairman and Chief Executive Officer  
Transportacion Maritima Mexicana  
Av del la Capilla 4755  
Colonia Parques del Pedregal  
Delegacion Tlalpam C.P.  
Mexico 14040

Landon H. Rowland  
Chairman, President and CEO  
Kansas City Southern Industries  
114 West 11th Street  
Kansas City, MO 64105-1806

December 7, 1998

The Honorable Linda J. Morgan  
Chairperson, Surface Transportation Board  
The Mercury Building  
1925 K Street NW  
Washington, DC 20423

Dear Chairman Morgan:

The Board currently is considering in the UP Oversight Proceeding proposals to address competition in Houston, Texas. One set of proposals has been presented by the Consensus Parties, of which The Texas-Mexican Railroad Company is a member. As the Board has recognized, Tex-Mex, our jointly owned subsidiary, is instrumental to competition for rail traffic moving under the North American Free Trade Agreement ("NAFTA").

The Tex-Mex, as part of the Plan, would add new rail infrastructure for Houston traffic and acquire rail lines of its own (between Rosenberg and Victoria and between Houston and Beaumont). However, we wish to stress the absolute necessity of one other feature of the Consensus Plan, without which the infrastructure additions and new rail lines will not be feasible.

Tex-Mex's current access to Houston is restricted to traffic having a prior or subsequent move over Tex-Mex's line between Corpus Christi and Laredo. The Consensus Plan proposes the removal of that restriction. Without the Board's removal of that restriction, Tex-Mex will not be able to afford the infrastructure improvements and line acquisitions it proposes. Thus, removal of the restriction is the linchpin for the success of these other proposals. We urge you to account for this fact in your consideration of the Consensus Plan.

Sincerely yours,

Jose F. Serrano

Sincerely yours,

Landon H. Rowland

STB FD 32760 (Sub 28) 11-20-98 J MOCH





Office of the Chairman

**Surface Transportation Board**  
Washington, D.C. 20423-0001

November 20, 1998

The Honorable Genc Green  
United States House of Representatives  
Washington, DC 20515-4329

*FD-32760 Sub 28*

Re: Union Pacific Texas/Gulf Coast Oversight Proceeding

Dear Congressman Green:

Thank you for your letter regarding the rail situation in the Houston/Gulf Coast area. In your letter, you note that service in the area has improved, but you state that further improvements are still needed. You also express the view that future service problems can be prevented only if the infrastructure in the Houston area is upgraded. You ask the Board to keep these considerations in mind as it considers the various suggestions for changes to the way in which rail service is provided in the area.

At this time I cannot address in any detail the issues that you have raised, because, as you know, the Board is conducting formal proceedings, in the context of its oversight of the UP/SP merger, to consider the matters. The Board has in the past, however, stated that it shares your view that upgraded infrastructure is vital for the Houston area. I assure you that as it considers proposals for changes affecting the UP service area, and for regulatory changes applicable to the industry in general, the Board will remain cognizant of the need for vigorous competition along with strong competitors in the West and throughout the Nation, and it will remain committed to issuing decisions that are in the interest of railroads, shippers, and the Nation as a whole.

I am having your letter and this response placed in the formal docket in the UP/SP Houston/Gulf Coast oversight proceeding. If I can be of assistance to you in this or any other matter, please do not hesitate to contact me.

Sincerely,

*Linda J. Morgan*

Linda J. Morgan

**GENE GREEN**

29TH DISTRICT, TEXAS

**COMMITTEE ON COMMERCE**

• SUBCOMMITTEE ON  
TELECOMMUNICATIONS, TRADE AND  
CONSUMER PROTECTION

• SUBCOMMITTEE ON HEALTH AND  
ENVIRONMENT

**Congress of the United States**  
**House of Representatives**  
**Washington, DC 20515-4329**

November 2, 1998

Ms. Linda Morgan  
Chairman  
Surface Transportation Board  
Office of the Secretary  
12th Constitution Ave. NW  
Washington, D.C. 20423

Dear Ms. Morgan:

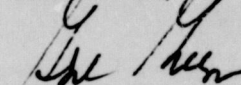
There is no doubt that the success of the petrochemical industry in Houston, one of the strongest in the world, relies on the strength of the railroad industry. After the merger of Union Pacific and Southern Pacific Railroads, the quality of rail service in Texas and the Gulf Coast deteriorated rapidly. The severe rail crisis that ensued had disastrous effects on the petrochemical industry and the Port of Houston, which lie within my Congressional District.

Both the length and severity of the rail crisis exacerbated its impact on the Houston Ship Channel's industries. As the Member of Congress representing this area, I remain concerned with the long-term reliability of service the plastic and chemical shippers receive. Substantial progress in correcting the rail problems has been made and the overall system has sufficiently rebounded from the earlier depths of the crisis. Yet, further improvements still need to occur.

I have closely monitored this situation for its duration and believe that long term solutions, including the construction of more infrastructure, should be implemented to prevent similar situations in the future. There is a critical need for the railroad industry to improve and expand the rail infrastructure in Houston and the Gulf Coast. In addition to making significant capital investments in Texas, the railroads serving Houston should upgrade the service they offer to the petrochemical industry and all customers along the Gulf Coast corridor.

Throughout this rail crisis, I have repeatedly communicated my concerns to the Surface Transportation Board. It is imperative that Houston and Texas have a rail system strong enough to withstand a similar meltdown in the future. I urge you to take these recommendations into consideration in the Board's pending decision in the Houston/Gulf Coast Oversight hearing.

Best Wishes,



Gene Green  
Member of Congress

GG:krt

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COMMUNICATIONS SECTION



STB FD 32760 (Sub 28) 11-20-98 J MOCSS



Office of the Chairman

**Surface Transportation Board**  
Washington, D.C. 20423-0001

November 20, 1998

The Honorable Pat Roberts  
United States Senate  
Washington, DC 20510-1605

*FD-32760 Sub-28*

Re: Union Pacific Houston/Gulf Coast Oversight Proceeding

Dear Senator Roberts:

Thank you for your letter regarding the requests of a variety of interests to obtain additional access to customers served by the Union Pacific Railroad (UP) in the Houston/Gulf Coast area. In your letter, you note that there have been service problems in the recent past in the Houston area, and you suggest that the "Consensus Plan," under which UP's lines would be opened up to other railroads, would restore the competitive alignment that existed before the Union Pacific/Southern Pacific merger.

At this time I cannot address in any detail the issues that you have raised, because, as you know, the Board is conducting formal proceedings, in the context of its oversight of the UP/SP merger, to consider the matters. I assure you, however, that as it considers proposals for changes affecting the UP service area, and for regulatory changes applicable to the industry in general, the Board will remain cognizant of the need for vigorous competition along with strong competitors in the West and throughout the Nation, and it will remain committed to issuing decisions that are in the interest of railroads, shippers, and the Nation as a whole.

I am having your letter and this response placed in the formal docket in the UP/SP Houston/Gulf Coast oversight proceeding. If I can be of assistance to you in this or any other matter, please do not hesitate to contact me.

Sincerely,

*Linda J. Morgan*

Linda J. Morgan

PAT ROBERTS  
KANSAS

302 HART SENATE OFFICE BUILDING  
WASHINGTON, DC 20510-1605  
202-224-4774

COMMITTEES:  
ARMED SERVICES  
AGRICULTURE  
INTELLIGENCE  
ETHICS

# United States Senate

WASHINGTON, DC 20510-1605

November 2, 1998

Ms. Linda J. Morgan  
Chairman  
Surface Transportation Board  
1925 K Street NW  
Washington, DC 20423

RECEIVED  
SURFACE TRANSPORTATION  
BOARD  
NOV 5 2 10 PM '98  
LINDA J. MORGAN

Dear Ms. Morgan:

I have been closely monitoring rail service during the 105<sup>th</sup> Congress and worked with a number of my colleagues on the Commerce Committee to improve shippers ability to seek competitive rail service.

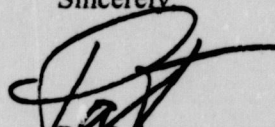
During our correspondence last year, I pointed out that Kansas relies upon railroads for the movement of agricultural commodities and manufactured goods in a timely and efficient manner. Last year, service problems in Houston greatly slowed down the ability to get Kansas grain to export facilities.

I hope the Board will use this proceeding to demonstrate that it will protect the public's interest and utilize its oversight authority to restore competition that existed prior to the merger. Specifically, the Consensus Plan developed by shippers and the Texas-Mexican Railway would permit more access to shippers by providing a third railroad to handle traffic in and out of Houston to the north and east. The Consensus Plan is a win-win design that would restore competition without undoing the benefits of the merger.

Because Kansans are concerned about rail service, I look forward to working with you to ensure that our rail transportation system remains competitive.

With every best wish,

Sincerely



Pat Roberts

PR:ky

STB FD 32769 (Sub 28) 11-19-98 J 192319



# INTERNATIONAL PAPER

November 14, 1998

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

INTERNATIONAL PLACE I  
6400 POPLAR AVENUE  
MEMPHIS TN 38197  
PHONE 901 763 6000

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Part of  
Public Record

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

Dear Secretary Williams:

The International Paper Company, as a large rail shipper, applauds your decision to institute a new proceeding as part of the five-year oversight condition imposed in the Union Pacific/Southern Pacific merger decision to examine requests made for additional remedial conditions to the merger.

The International Paper Company is the world's largest paper company, conducting operations throughout the United States from over 650 paper and lumber mills, converting plants, warehouses, distribution centers, retail stores and related sales service support offices. Its manufacturing facilities in the United States produce paper and paper products, including wood-pulp, pulpboard, wrapping and printing papers, converted products, including corrugated boxes, folding cartons, and milk cartons, and wood products, including lumber, plywood, decorative panels and other special products to serve the building trades, as well as chemical products.

International Paper moves these products throughout the United States and North America utilizing the services of a number of transportation vendors. In particular, and as relevant here, International Paper is heavily dependent upon the nation's diminishing number of railroads to satisfy both its inbound and outbound long haul transportation needs. Accordingly, International Paper has been directly affected by the post -1980 trends that have resulted in both a heavy concentration in the rail industry, as well as the ever-diminishing nature of intramodal rail competition, and the concomitant deterioration in rail service quality.

The service meltdown resulting from the UP/SP merger is unprecedented in all aspects. The International Paper Company has suffered economic damages, experienced inconsistent service and unparalleled delays in transit. The Surface Transportation Board ("Board") has rightfully recognized Union Pacific's (UP) inability to promptly and effectively solve the problem and the Board has been wise to implement their oversight powers to review and remediate the service crisis.

The International Paper Company is served by the UP at all six of its primary paper mills in the southwestern United States, (Camden and Pine Bluff, AR; Bastrop, Mansfield and Pineville, LA; and Texarkana, TX). Immediately after the merger in September 1996, contrary to all UP media and public relations announcements, our UP/SP service levels dropped steadily through the Holidays and slowly recovered during the Spring of 1997. In June 1997, we encountered severe transit service problems to the west coast via UP, purportedly generated by systems



integration and consolidation "glitches". In July, overall transit performance started to deteriorate again and by August we were experiencing boxcar supply shortfalls at our southwestern mills, which continues to this day, affecting various mills ability to conduct business and serve their customers. On time transit performance via the UP has been a roller coaster ever since. Please see attached "Rail On Time Transit Performance for 1996 to 1998 YTD". This graph represents 145,000 carload shipments of outbound finished paper products from our mills to customers for the 33 month period noted. Union Pacific' sales, customer service and operating personnel worked feverishly during this period to correct problems and alleviate conditions with which we were suffering, with only limited success. Their management repeatedly made public pronouncements, gave assurances, and made promises, they could not and sadly did not meet. Plants were forced to curtail production or close for periods of time. Truck transportation for long haul moves was substituted at great expense, alternative rail routes were used in the few instances where that still was available; however, in the vast majority of cases we had little choice but to continue to use Union Pacific's service and endure their innumerable, ineffective efforts to bring their operating problems to heel in any reasonable time frame. No shipper should be compelled by reason of regulatory acceptance of what have turned out to be groundless commitments of railroad management or otherwise to face the possibility of any repeat of this "misadventure" in the future.

Where International Paper had the option of using alternative rail carriers during this crisis, we turned to those carriers, KCS and BNSF, in an attempt to preserve some semblance of rail operations in a marketplace numbed from a year of continuous crippling service dysfunction not seen before on such a grand scale. Where rail alternatives were not available, we were compelled to continue to use UP service. Their overwhelming geographic dominance was gained through their merger with the SP and it has forced us to remain with them despite their intractable service problems and protracted inability to effectively deal with those issues in a timely and responsive manner.

I note in UP's July 1, 1998 Second Annual Report on Merger and Condition Implementation, that UP's attorney incorrectly states on Page 78, footnote 10, that International Paper "strongly opposed the BNSF (trackage) rights during the proceeding (and) now concedes that BNSF is replacing the competition that SP had provided in this (Houston-Memphis) corridor." For the record, International Paper did not so much oppose BNSF trackage rights as much as argue for track ownership by a replacement carrier, and BNSF would have certainly been an acceptable replacement carrier. While the BNSF is making substantive efforts to increase its presence on the line, it must, of course, be recognized that BNSF has to contend with UP operations and dispatch control over the line, something with which the SP did not have to contend and which will limit the BNSF's ability to be the complete replacement for the SP that was envisioned and promised. Because of this very situation, we have not yet been able to come to the conclusion that the BNSF has in fact replaced the SP competition in this corridor.

BNSF through the UP/SP merger obtained rights to serve our mills at Camden and Pine Bluff, Arkansas. Our ability to utilize their services as well as their ability to provide service during this crisis period was limited due to a number of significant issues and impediments. While BNSF's desire to serve our mills was communicated clearly, their ability to do so was constrained by

Hon. Vernon A. Williams  
November 14, 1998  
Page Three

issues both within their control as well as beyond their control. The expected excess in boxcar equipment supply and locomotive power generated as a result of BNSF's own merger consolidation did not materialize as evidenced by BNSF's subsequent large orders for locomotive power as well as its inability to attract and handle anything but the most modest amount of traffic from these facilities. Notwithstanding the BNSF's overly optimistic pre-merger posturings about expected locomotive and boxcar supply surplus, International Paper is making every reasonable effort to employ BNSF services, as intended by this Board, but has only been able to achieve a modest degree of success. It is simply a fact that BNSF still does not have available the quantity and quality of cars suitable to meet our needs, which the pre-merger competitors UP and SP had.

Of course, it is manifestly unreasonable of us, as well as this Board, to think that BNSF could enter upon the Houston to Memphis scene and immediately serve a score of new customers to the degree and extent developed through years of operating experience and investment decisions of the pre-merger competitors now aligned as a post merger behemoth against the tentative efforts of this new entrant, BNSF, with its access limited to "2-to-1" customers and the need to subordinate its operational requirements to that of the landlord carrier, UP. It seemed plain then and it is clear now that BNSF cannot be the competitive replacement of the SP, as envisioned by the Board, anytime soon. Perhaps at some future date. We can only hope that the Board will respond and deal with all the unresolved competitive issues generated by the UP/SP merger.

Today we wish to inform the Board of operational issues beyond BNSF's control that can and should be changed to correct structural deficiencies in BNSF's rights as well as to improve movement of trains into, out of and through the Houston terminal which will favorably impact BNSF's ability to serve our mills on the Houston to Memphis corridor. For BNSF to be able to be a viable competitor to the merged UP and practicable replacement for the SP, it must gain access to all customers on branchlines as well as shortlines connecting to the Houston to Memphis corridor, formerly SP. One such case is before you today awaiting your action in Finance Docket 32760 (Sub No. 21) wherein the Arkansas, Louisiana, and Mississippi Railroad Company (ALM) seeks access to the BNSF at Fordyce, AR. International Paper strongly supported that pleading in our reply to the ALM's petition. I will not burden the record further on that point, but instead urge the Board to review our comments carefully. We urge your prompt and favorable consideration of these requests. The need to ameliorate serious structural defects in BNSF's rights as well as to alleviate the opportunity for future rail service meltdowns of the type experienced in Houston and radiating out over the whole UP system, cannot be overstated.

The UP/SP service meltdown has made it clear that alternative rail service is necessary to alleviate service problems when they occur, and that it is incumbent on the Board to take steps to preclude its recurrence in the future, here or elsewhere in the U. S. rail network. That this may lead to some lost business to the UP should not be controlling. Customers are not owned by railroads and should not be forced to endure such operational disasters. Therefore, consistent with the Consensus Party Plan and the principles outlined in our letter to the Surface Transportation Board in the matter of finance docket No. 32760 (Sub No. 30) dated August 27,



1998, the International Paper Company supports the following specific requests of the Burlington Northern and Santa Fe Railway:

**A. Correct Structural Deficiencies in BNSF's Rights**

**1. Grant permanent bi-directional trackage rights.**

- Caldwell-Flatonia-San Antonio, TX
- Caldwell-Flatonia-Placedo, TX

On the San Antonio route, BNSF's trackage rights are temporary and cancelable on short notice; UP provided these rights to permit BNSF to bypass BNSF's more congested permanent trackage rights route via Temple-Smithville-San Antonio in July, 1997. Depending on congestion on either route, BNSF would like to maintain these rights long-term, permitting BNSF to use whichever route is least congested and most capable, on a day-to-day basis, of permitting BNSF to operate consistent and scheduled operations. In its September 18 filing, UP indicated to the Board that it intends BNSF to return to its permanent trackage rights route at some time in the future and commence directional operations on the Caldwell to Flatonia route. The Board must understand the importance of these bidirectional rights to shippers. These rights have allowed BNSF to use whichever route is least congested and most capable, on a day-to-day basis, and thus enhance the consistency in scheduled operations and service provided by BNSF to shippers like our company.

On the Placedo route, BNSF's rights are also temporary, directional (southbound) and conditional on UP continuing directional operations south of Houston (UP filed with the Board on September 18, that they plan to discontinue it). BNSF would prefer to operate its Corpus Christi/ Brownsville business bi-directionally via this route on a permanent basis, rather than via Algoa if UP discontinues directional operation in this corridor. Operations via the Algoa route, BNSF maintains, brings traffic through the Houston terminal which need not go there; permanently rerouting via Flatonia would move this traffic to a less congested route away from Houston. 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.

Having permanent versus temporary trackage rights would also permit BNSF participation, as necessary and appropriate, in needed infrastructure investment (sidings, etc.) on those routes, something BNSF cannot justify when their rights can be canceled on short (15-30 day) notice by UP.

These routes are both former SP routes, which SP used to provide competition to UP. If BNSF has long-term access to these lines, BNSF is duplicating SP's lines, not improving on its competitive position vis-a-vis UP beyond what SP had the potential to do.

**2. Harlingen-Brownsville**

- Grant BNSF temporary trackage rights over both the UP and SP routes between Harlingen and Brownsville until new bypass trackage is completed north of Brownsville, permitting curtailment of the SP route
- Allow Brownsville & Rio Grande International Railroad (BRGI) to act as BNSF's agent in providing service, Harlingen-Brownsville-Matamoros

This will permit BNSF to commence trackage rights operations to south Texas, discontinue haulage via UP, which has proven unsatisfactory to customers, and provide effective service to both Brownsville and the border crossing. The bypass trackage connection will not be done, at best, until the end of 2000. We understand that BRGI and customers in Brownsville have already indicated their support to correct these structural deficiencies in BNSF's rights.

**3. Grant BNSF trackage rights over additional UP lines to permit BNSF to fully join UP's directional operations wherever instituted.**

- Fort Worth-Dallas via Arlington
- Houston-Baytown via the UP Baytown Branch

This request is aimed at improving service for BNSF customers, reducing congestion, and eliminating the potential for UP to favor its own traffic over that of BNSF moving on trackage rights lines. Presently, where BNSF has to run bi-directional operations over UP trackage rights lines where UP has instituted directional operations, BNSF trains are delayed when running "against the current" of UP's directional operations until the line is cleared of UP trains. Besides delaying BNSF traffic, UP traffic is potentially delayed while BNSF operates against the UP "current of traffic", consuming more of the line's capacity than a directional operation uses. BNSF views this request as a general principle to be applied wherever such issues exist.

**B. Improve movement of trains into, out of, and through the Houston terminal**

- 1. Grant BNSF overhead trackage rights on additional UP Houston terminal routes to permit BNSF to bypass congestion and improve through flows, for example, West Junction-Tower 26/Englewood Yard.**

This request would permit BNSF (and TexMex) to operate over any available clear routes through the terminal as determined and managed by the Spring Texas Consolidated Dispatching Center, and not just over the former HB&T East and West Belts, potentially reducing congestion caused by BNSF (and TexMex) trains staged in the Houston terminal waiting for track time to use the main trackage rights lines they currently share through the terminal, the former HB&T East and West Belt lines.



This 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.

Specifically these BNSF proposed additional conditions are built on the following key themes, which we endorse:

- UP's service crisis affected BNSF's ability to provide viable competition, as expected by the STB (BNSF to replace SP competition to UP), at the new customers BNSF gained access to as a result of the UP/SP merger, i.e. International Paper mills at Camden and Pine Bluff, AR. BNSF cannot provide vigorous competition in an environment of unpredictable and unreliable UP service.
- The STB should ensure that the competitive problems induced by the UP service crisis do not recur, by making clearly targeted structural changes in the UP/SP merger conditions.
- BNSF cannot provide a competitive replacement for SP post-merger if BNSF is unable to use, at a minimum, the same routes used by SP to reach "2-to-1" customers and markets.
- Operating problems, as occurred with UP along the Gulf Coast and unanticipated at the time the UP/SP merger was approved, are amenable to operating solutions.
- Operating solutions can provide near-term service relief without waiting for long-term infrastructure investments to come on line.
- BNSF's proposed structural realignments would shift traffic away from Houston and to less congested routes, freeing up Houston-area rail infrastructure to handle Houston originating and terminating business.
- Expanded neutral switching and dispatching would improve competitive service and reduce the potential for UP favoritism of its traffic versus BNSF's or TexMex' traffic moving over trackage rights or in haulage and reciprocal switch service.
- New overhead trackage rights via UP between San Antonio and Laredo would ensure meaningful competition for shippers at the Laredo gateway.
- BNSF is not here requesting access to any additional customers.

We believe that these requests are complimentary to and supportive of the goals of the Consensus Parties and will produce tangible benefits for Houston shippers and all shippers, International Paper included, located on lines affected by the 1997-1998 UP service crisis by:



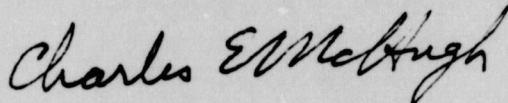
Hon. Vernon A. Williams  
November 14, 1998  
Page Seven

1. Expanding rail capacity and investment by all the existing rail carriers;
2. Providing neutral and fair dispatch of all rail traffic;
3. Ensuring that all shippers can be served by the rail carriers currently operating in the area; and,
4. Preserving competitiveness by ensuring that adequate rail service alternatives exist in the future.

These four principles are central to our concerns, have been conscientiously advocated and consistently supported by the International Paper Company in proceedings before this Board and its predecessor agency. The importance of alternative rail carriers, neutral switching and neutral dispatching cannot be overstated in today's rail markets. We urge you to bear them carefully in mind as this proceeding goes forward.

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

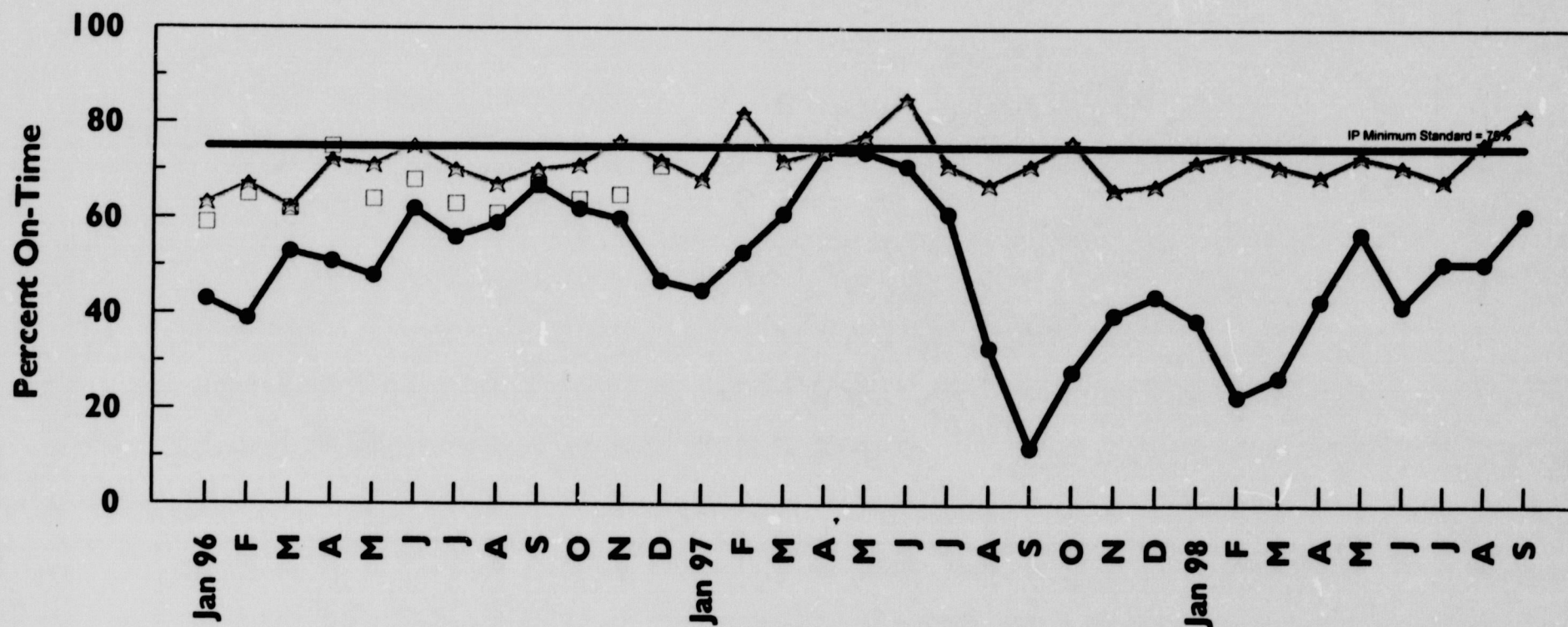
I, Charles E. McHugh, state under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified to file this statement on behalf of the International Paper Company, executed on November 14, 1998.



Charles E. McHugh  
Manager, U.S. Distribution Operations

# Rail On-Time Transit Performance \*

## 1996- 1998



	Jan 96	F	M	A	M	J	J	A	S	O	N	D	Jan 97	F	M	A	M	J	J	A	S	O	N	D	Jan 98	F	M	A	M	J	J	A	S
SP 96	59	65	62	75	64	68	63	61	67	64	65	71																					
UP 96	43	39	53	51	48	62	56	59	67	62	60	47	45																				
UP/SP 97-98													45	53	61	74	74	71	61	33	12	28	40	44	39	23	27	43	57	42	51	51	61
US RA (-UP)	63	67	62	72	71	75	70	67	70	71	76	72	68	82	72	74	77	85	71	67	71	76	66	67	72	74	71	69	73	71	68	76	82

\*Data supplied by railroads

STB FD 32760 (Sub 28) 11-4-98 J 192079





ENTERED  
Office of the Secretary

NOV 04 1998

Part of  
Public Record

November 2, 1998

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

Re: Finance Docket No. 32760, Sub 26 & 28

Dear Mr. Williams:

192078 192079

My name is Thomas Waskiewicz, and I am the Director of North American Logistics for Corn Products International. Our company is a multinational organization, operating plants in Canada, the United States and Mexico, as well as, subsidiary and affiliate locations through out the world. Our Corporate Headquarters is located in Argo, Illinois and our business is the manufacture of corn derived products for the Beverage, Food, Pharmaceutical and Paper industries. In support of the above referenced docket, Corn Products is an active participant and supporter of NAFTA and currently ships product between all three NAFTA countries. As a supporter of the UP/SP merger, Corn Products continues to seek and support issues to increase competition and improve service. We currently ship direct rail and intermodal shipments via the Laredo Gateway and have experience delays as a consequence of congestion along the UP route.

I am filing this Verified Statement in support of The Burlington Northern and Santa Fe Railway's (BNSF) request that the Board grant permanent trackage rights on the UP's San Antonio - Laredo Line. I believe that this request will benefit our company and other shippers and will result in service improvements and create meaningful competition for rail shippers to the Laredo Gateway.

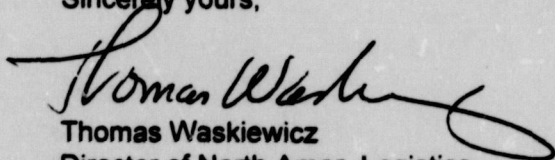
I believe that the BNSF's request for trackage rights over the San Antonio - Laredo line are designed to insure that competition at this critical Mexican gateway does not continue to be adversely impacted by UP's south Texas congestion and service problems specifically on the UP's Algoa to Corpus Christi route.

Granting BNSF Trackage Rights to the Laredo Gateway through San Antonio will also allow BNSF to bypass the TEXMex, with whom BNSF has been unable to conclude a competitive, long term commercial arrangement. We are also concerned that the unexpected lack of competition in the privatized Mexican rail system is preventing shippers from receiving a fully competitive service at the Laredo Gateway.

For all of these reasons, the Board should grant BNSF's request for trackage rights over the San Antonio - Laredo line. This would benefit Corn Products and other shippers, resulting in service improvements to the Laredo Gateway, as well as provide a competitive alternative for all shippers.

I certify under penalty of perjury that this statement is true and correct Executed this 2nd day of November, 1998.

Sincerely yours,



Thomas Waskiewicz  
Director of North Amer. Logistics

cc: Mr. Delane D. Finke  
Burlington Northern Santa Fe  
1700 East Golf Road  
4th Floor  
Schaumburg, Illinois 60173



STB FD 32760 (Sub 28) 10-30-98 J 192008



Minnesota Corn Processors, Inc.

October 26, 1998

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

28  
ENTERED  
Office of the Secretary

NOV 02 1998

Part of  
Public Record



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

My name is Gary E. Smith. I am the Transportation Manager for Minnesota Corn Processors which is located in Marshall, MN. Our company is commonly referred as a Corn Wet Milling company. Minnesota Corn Processors is predominately a rail shipper; shipping over 15,000 rail shipments in privately owned tank cars.

As with our prior filing in support of the BNSF position on access to the South Texas Liquid Terminal in San Antonio, TX, we believe it is important to support any initiative that would either preserve or improve the service to our customers. Therefore we support the BNSF's request the STB grant overhead trackage rights to enable BNSF, should it determine to do so, to join the directional operations over any UP line or lines where UP commences directional operations and where BNSF has trackage rights over one, but not both, lines involved in the directional flows. We believe that this request will benefit our company and other shippers and will result in service improvements.

One of the important benefits that was to result from the UP/SP merger was that service would be significantly improved by the ability to run directional operations over parts of the new UP line. By making the BNSF conduct bidirectional operations over directional lines contradicts the spirit of the merger. In such instances, BNSF trains are delayed when running "against the current" of UP's directional operations until the line is cleared of UP trains. In addition to delaying the BNSF traffic, UP traffic is potentially delayed while the BNSF operates against the UP traffic consuming more of the line's capacity than would be utilized with directional operations. These delays to both the BNSF and UP traffic adversely impact service to our company and other shippers. Certainly this not what the STB had in mind when the mergers were approved.

In summation we believe that the BNSF request is justified and would help to alleviate the degradation in service and reduce congestion on the line over which the UP has instituted directional operations. We, therefore, request that the STB grant the BNSF request.

Sincerely,

Gary E. Smith  
Transportation Manager

STB FD 32760 (Sub 28) 10-21-98 J 191768

# Farmrail



Farmrail System, Inc., Post Office Box 1750, Clinton, OK 73601 580-323-1234

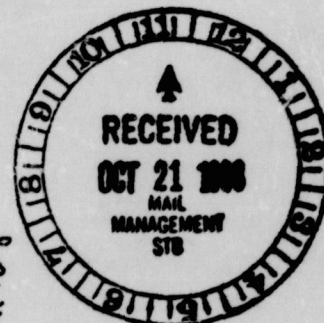
ENTERED  
Office of the Secretary

OCT 22 1998

Part of  
Public Record

October 16, 1998

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



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

Dear Mr. Williams:

My name is George C. Betke, Jr. I am Chief Executive Officer of Farmrail System, Inc. and of its two common-carrier railroad subsidiaries, Farmrail Corporation and Grainbelt Corporation. They operate 354 miles of contiguous light-density trackage, referred to as "Western Oklahoma's Regional Railroad," from headquarters in Clinton, Oklahoma. At least 50% of the traffic base normally is hard red winter wheat, the preferred variety for export, which moves for the most part to Houston and Galveston.

This statement is filed in support of The Burlington Northern and Santa Fe Railway Company's request for trackage rights over certain lines of Union Pacific Railroad Company affecting traffic flows in and through the terminal area of Houston, Texas. The objective is to alleviate ongoing congestion by allowing the use of any available clear route to relieve backups which restrict access to the Houston Public Elevator and cause delays in reaching other Gulf Coast ports and international gateways. Transit times now are extended and irregular, and equipment utilization suffers accordingly.

The domestic railroad industry operates an interconnected system comprised of a few mega-carriers and about 550 small feeder lines that are attempting to coordinate management of a customer-driven service business. Those of us operating branch lines on the fringe of that system compete with truckers providing highly predictable one- or two-day delivery to most destinations. In comparison, we can offer only "best-efforts" transportation with a result that is totally dependent on the performance of a connecting trunk-line railroad. Current best efforts on agricultural and general merchandise traffic simply are not good enough to satisfy customer needs.

Every short line I know has substantial excess capacity - room to grow its business. That growth opportunity, particularly in truck-competitive freight, is constrained by trunk-line congestion in key terminal areas such as Houston that cascades throughout the national



The Honorable Vernon A. Williams  
October 16, 1998  
Page 2

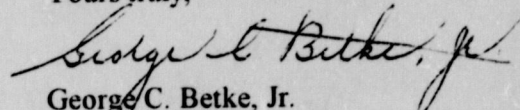
network. Its adverse impact on the velocity of movement is devastating to an industry that is both intensely competitive and capital-intensive. Those bottlenecks must be relieved.

Though some observers attribute ongoing congestion in Houston to poor planning of Class I railroad mergers, I believe the problem is likely to persist as the railroads regain market share in a growing domestic economy and as additional international commerce is directed through the Gulf ports as a result of the North American Free Trade Agreement. This view calls for more than a stop-gap solution to a crisis situation that has not been corrected in nearly two years. The "fix" should not merely deal with current traffic volumes, but anticipate future demand as well.

Coordination of dispatching at the Spring Center was a positive step, and logical sequels are expansion of neutral dispatching territory and joint use of scarce trackage. Since BNSF's requests afford it no access to additional customers, I would hope that traditional "turf" issues can be overridden in the interest of improving the over-all competitiveness of our industry.

I certify under penalty of perjury that the foregoing is true and correct. Executed this 16th day of October, 1998.

Yours truly,

  
George C. Betke, Jr.  
Chairman and Chief Executive Officer

STB FD 32760 (Sub 28) 10-19-98 J 191754

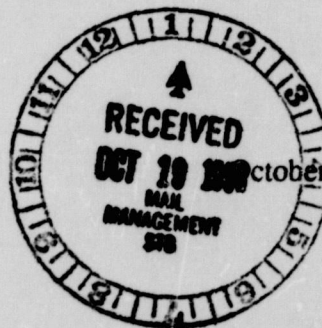
**algodonera  
comercial  
mexicana, s.a. de c.v.**



ENTERED  
Office of the Secretary

OCT 22 1998

Part of  
Public Record



October 15<sup>th</sup>, 1998.

Honorable Vernon A. Williams, Secretary  
Surface Transportation Board  
1926 K Street, NW  
Washington, D. C. 20423-001  
U. S. A.

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

My name is Leopoldo Hernandez. I am the Purchases Director of Algodonera Comercial Mexicana, S. A. Our company is located in Mexico City, Mexico and is in the business of cotton trade.

I am filing this Verified Statement in support of the Burlington Northern and Santa Fe Railway's ( "BNSF" ) request that the Board grant permanent bi-directional overhead trackage rights on UP's Caldwell-Flatonia-San Antonio line. We believe that this request will benefit our company and other shippers and will result in service improvements and needed operational flexibility.

BNSF's trackage rights on UP's San Antonio line were granted by UP in July, 1997 to permit BNSF to bypass its more congested permanent trackage rights route via Temple-Smithville-San Antonio. These rights, however, are temporary and cancelable on short notice. In its September 18 filing, UP indicated to the Board that it intends BNSF to return to its permanent UP trackage rights route at some time in the future and commence directional operations on the Caldwell to Flatonia route.

The board must understand the importance of these bi-directional rights to shippers. These rights have allowed BNSF to bypass congestion on BNSF's permanent UP trackage right route, and to operate with greater consistency between Temple and San Antonio, TX, providing service at San Antonio and, in conjunction with additional routes, to the vital Eagle Pass, TX, gateway with Mexico. BNSF to shippers like our company, without causing congestion for UP. Indeed, this routing was available to SP pre-merger since it was formerly an SP route and BNSF's request would simply permit BNSF to replicate the competitive options available to shippers by the former SP.

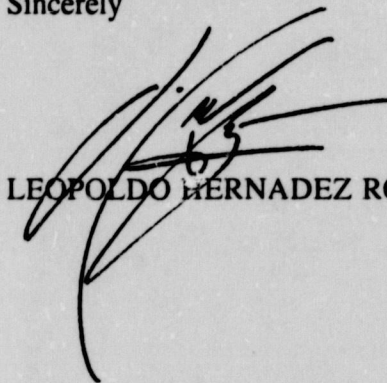


In addition, having permanent versus temporary trackage rights would also permit BNSF to participate, as necessary and appropriate, in needed infrastructure investment on this line. Understandably, BNSF is not likely to commit to such investment when its rights can be canceled on short notice by UP.

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.

I certify that the foregoing is true and correct. Executed 15<sup>th</sup> of October 1998.

Sincerely

A handwritten signature in black ink, consisting of several overlapping, fluid strokes that form a stylized representation of the name Leopoldo Hernandez Romano.

LEOPOLDO HERNANDEZ ROMANO



STB FD 32760 (Sub 28) 10-19-98 J 191752

**SOUTH TEXAS LIQUID TERMINAL, INC.**

THE COLONNADE, SUITE 795  
9901 IH 16 WEST  
SAN ANTONIO, TEXAS 78230  
(210) 690-1956

SAN ANTONIO TERMINAL  
(210) 226-3274  
DALLAS TERMINAL  
(214) 330-5094  
CLOVIS TERMINAL  
(505) 762-3361

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

**OCT 22 1998**

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

October 14, 1998



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

Re: Finance Docket No. 32760 (Sub-Nos. 26 and 28) — 191752

Dear Honorable Williams:

We support the Burlington Northern Santa Fe (BNSF) petition referenced in the above subject. Anything that will keep the rail traffic fluid and improve service to San Antonio we support.

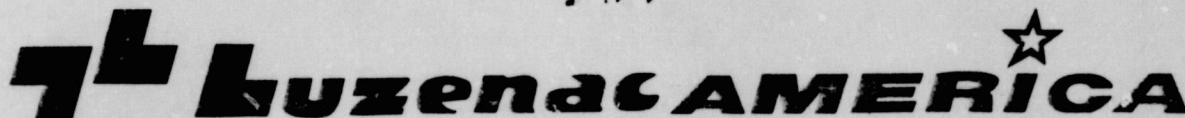
Sincerely,

Miles Lee  
General Operations Manager

ML/ddj

STB FD 32760 (Sub 28) 10-19-98 J 191729





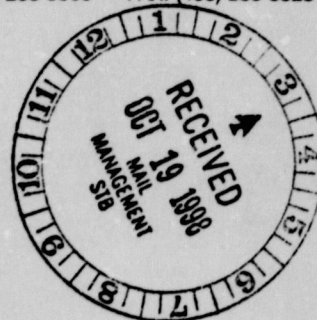
Western Talc Operations • 767 Old Yellowstone Trail • Three Forks, MT 59752-9313 • (406) 285-3300 • FAX: (406) 285-3323

October 15, 1998

ENTERED  
Office of the Secretary

OCT 21 1998

Part of  
Public Record



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

RE: Finance Docket No. 32760 (Sub-Nos. 26 and 28), Houston/Gulf Coast

Dear Mr. Williams:

191730

191729

28

My name is William S. Carrier. I am the Distribution Manager. Our company is located in Three Forks, Montana and is in the business of mining, processing and marketing talc products. Our customer base is spread throughout the midwest, eastern and southern states and a small number of customers in northern Mexico.

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,

William S. Carrier  
Distribution Manager

STB FD 32760 (Sub 28) 10-19-98 J 191728



**Westway**  
TRADING CORPORATION

A. WHITFIELD HUGULEY, IV  
President

ENTERED  
Office of the Secretary

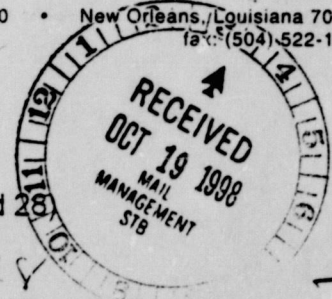
OCT 21 1998

Part of  
Public Record

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

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

28



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

191727

191728

J

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.



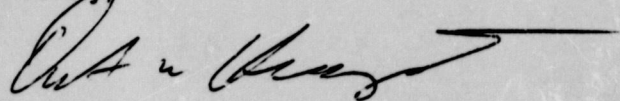
A member of the E.D. & F. Man Group



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 flourish extending to the right.

A. Whitfield Huguley, IV

AWHIV/dmd

STB FD 32760 (Sub 28) 10-19-98 J 191725



Entergy Services, Inc.  
Parkwood II Building, Suite 300  
10055 Grogans Mill Road  
The Woodlands, TX 77380  
Tel 281 297 3562

Charles W. Jewell, Jr.  
Director  
Coal Supply

October 14, 1998

ENTERED  
Office of the Secretary

OCT 21 1998

Part of  
Public Record



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

Dear Mr. Williams:

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

191726 - 191725 28  
My name is Charles W. Jewell, Jr., Director-Coal Supply, at Entergy Services, Inc. a wholly owned subsidiary of Entergy Corp. Entergy Services, Inc. is a service company which purchases and manages the fuel and transportation for Entergy Corp.'s generating subsidiaries (Entergy Gulf States, Inc. and Entergy Arkansas, Inc.). Entergy Gulf States owns and operates the Roy S. Nelson Generating Station ("Nelson"), a coal-fired electric generating station located near Mossville, Louisiana.

The Nelson facility is served by three carriers: The Kansas City Southern Railway Company ("KCS"), Union Pacific Railroad Company ("UP") and The Burlington Northern and Santa Fe Railway Company ("BNSF"). (BNSF recently obtained access to the Nelson facility by virtue of its becoming a one-half owner of the former UP line between Houston and Iowa Junction, LA). The facility can receive shipments of coal from mines located in the Southern Powder River Basin served by both UP and BNSF, or from all PRB locations served by BNSF. We rely on the railroads for 100% of our coal deliveries.

I am filing this statement in support of BNSF's request that the Board grant BNSF overhead trackage rights over the UP line between Fort Worth and Dallas, TX (via Arlington), to enable BNSF to join the directional operations recently instituted by UP between Dallas/Fort Worth and Waxahachie, TX. We believe that this request will result in service improvements and needed operational flexibility. As I understand the situation, BNSF presently has trackage rights over UP between Fort Worth and Waxahachie and that line is now used for southbound movements while the BNSF line between Waxahachie and Dallas over which UP has operating rights is being used for UP's northbound operations. BNSF could better join in UP's directional flow plans for this route if it were provided trackage rights on UP's main line route between Fort Worth and Dallas via Arlington, TX, which would minimize delays to both carriers and their customers.



The Honorable Vernon Williams

Page 2

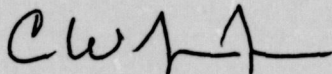
10/14/98

In the future, Entergy may use BNSF direct service to provide coal to the Nelson station. If BNSF trains are forced to operate against the directional flow on the UP line between Fort Worth and Waxahachie, service to the Nelson station could be adversely impacted due to delays in this area. To avoid that result, Entergy supports BNSF's request for overhead trackage rights over UP's line between Fort Worth and Dallas via Arlington to join in the directional operations in the area.

For these reasons, the Board should grant BNSF's request. It would benefit our company and other shippers, will result in service improvements for both UP and BNSF, and be one more step in insuring the congestion which impacted the Gulf Coast area and much of Texas, including the Fort Worth/Dallas area, does not reoccur.

I certify under penalty of perjury that the foregoing is true and correct. Executed this 14 day of October, 1998.

Sincerely,



Charles W. Jewell, Jr.  
Director-Coal Supply

jb

cc: The Honorable Linda Morgan  
Chairman  
Surface Transportation Board  
1925 K Street, N.W.  
Washington, DC 20423



STB FD 32760 (Sub 28) 10-19-98 J 191724



**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

Part of  
Public Record



Houston/Gulf Oversight Proceedings  
Re: Finance Docket No. 32760 (Sub-Nos. 26 and 28)

171123

171124

28 J

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 28) 10-19-98 J 191721

OCT 21 1998

**HUGO NEU-PROLER COMPANY**  
WORLDPORT L.A. — METAL RECYCLERS

Part of  
Public Record



October 15, 1998

The Honorable Vernon A. Williams, Secretary  
Surface Transportation Board  
1925 K Street, N.W.  
Washington, D.C. 20006-1882

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

Honorable Vernon,

My name is Jeffrey Neu, I am the General Manager of Hugo Neu-Proler Company. Our Company is located is Terminal Island, California and is in the business of Steel Scrap Recycling. We produce Steel Scrap that is shipped to various destination, California, Arizona, Texas and Mexico. Because of the low value of steel scrap, rail transportation is necessary for us to supply our customer.

I am filing this Verified Statement in support of the Burlington Northern and Santa Fe Railway's ("BNSF") request that the Board grant permanent bidirectional 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 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 was available to SP pre-merger since it was formerly an SP route and BNSF's request would simply permit BNSF to replicate the competitive options available to shippers by the former SP.





In addition, having permanent versus temporary trackage rights would permit BNSF to participate as necessary and appropriate, in needed infrastructure investment (sidings, etc.) on this line. Understandably, BNSF is not likely to commit to such investment when its rights can be canceled on short notice by UP.

For all these reasons, the Board should grant BNSF's request to maintain these bidirectional 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.

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

Sincerely,

Jeffrey P. Neu  
General Manager

STB FD 32760 (Sub 28) 10-19-98 J 191720



# Commercial Metals Company

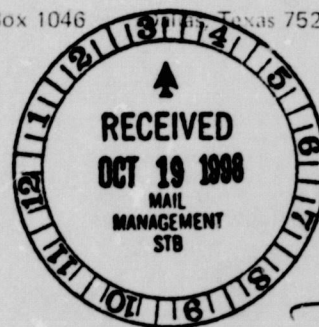
P.O. Box 1046

Dallas, Texas 75221-1046

ENTERED  
Office of the Secretary

OCT 21 1998

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Public Record



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

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-Flatonina-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.

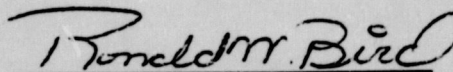
Specifically, this request would permit BNSF to operate over any available clear routes through the terminal as determined and managed by the Spring Consolidated Dispatching Center, and not just over the former HB&T East and West Belts. The result would be to reduce congestion caused by BNSF trains staged 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,



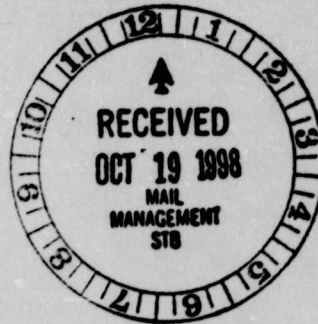
Ronald W. Bird  
Transportation Manager



STB FD 32760 (Sub 28) 10-19-98 J 191718

**TECHNEGLAS**

191717  
191718



October 14, 1998

The 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

J  
28

Dear Sir:

Please accept the attached Verified Statement in support of granting BNSF request for permanent bi-directional overhead trackage rights on UP's Caldwell-Flatonia-Placedo line on docket no. (32760 sub nos. 26 & 28).

191717 191718

Respectfully Submitted,

*DH Falcone*

Dan H. Falcone  
Manager  
Corporate Planning & Purchasing

DHF/nf  
att.



**IMPORTANT RE: DOCKET NO. 32760 (SUB-NOS 26 & 28) (October 14, 1998)**

INTRODUCTION: I (Dan H. Falcone, Manager, Corporate Planning and Purchasing) for Techneglas submit this Verified Statement in support of the Burlington Northern and Santa Fe Railway's request that the Board grant it permanent bi-directional overhead trackage rights on UP's Caldwell-Flatonia-Placedo line.

Techneglas manufactures glass cathode ray tubes for TV sets and computer monitors. We source a significant portion of our glass raw materials from Mexico that are transported via rail cars. The transit time, rail service and cost of this rail transportation service is very important to us. We have been negatively impacted by the congestion, longer transit times and service problems associated with the SP/UP merger. Therefore, I am filing this Verified Statement in support of The Burlington Northern and Santa Fe Railway's request that the Board grant it permanent bi-directional overhead trackage rights on UP's Caldwell-Flatonia-Placedo line for reasons as outlined herein. If the temporary rights are not made permanent the BNSF will no longer be able to use this line. This will place a high risk that the problems of congestion and critical service problems that existed after the UP/SP merger will reoccur as discussed below:

Some of the points that support this request include:

- I. BNSF needs to ensure that it can avoid operating over the Algoa route - (even if the UP completes proposed capital improvements on that route) to minimize the risk of delays and congestion of its trains. Moreover, since operations via the Algoa route unnecessarily brings traffic through the Houston terminal area, an alternate routing such as the BNSF request makes sense. From a fairness perspective, this routing was available to SP prior to the merger since it was formerly an SP route and the BNSF request would simply permit BNSF the same competitive options available to shippers by the former SP. We were a former SP customer in this regard and did not support the UP/SP merger.
- II. Allow shippers to be able to compare the UP's service with others.
- III. Provide shippers with rates based upon competition rather than all the rate reasonableness and revenue adequacy junk taking up valuable regulatory and oversight time and resources of shippers.



Re: Docket No. 32760

Page Two

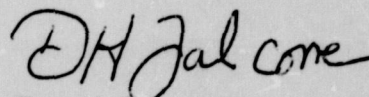
October 14, 1998

- IV. Solve the problems in this specific area we have experienced as a result of the SP/UP competition that has been lost with the approval of this merger.
- V. Increase badly needed infrastructure investment over and above that proposed by the UP.
- VI. Our transit times have substantially improved since these temporary rights were granted and have substantially reduced service problems in addition to providing better equipment turn around time resulting in improved rail car utilization. The shortage of rail equipment is becoming critical and this will go a long way to correct.

My company needs good consistent rail service from Mexico and the service problems and congestion we experienced with the SP/UP merger caused our suppliers and us service and financial penalties. We cannot take a chance that some of the same problems that occurred after the merger will reoccur if the temporary rights expire and are not made permanent. Finally, approval will provide BNSF greater operational flexibility and reduce congestion in the Houston terminal area that has been such a big part of the problem.

I certify under penalty of perjury that the above is true and correct to the best of my ability to judge. Executed this 14<sup>th</sup> day of October, 1998.

Respectfully submitted,



Dan H. Falcone

Manger

Corporate Planning & Purchasing



STB FD 32769 (Sub 28) 10-19-98 J

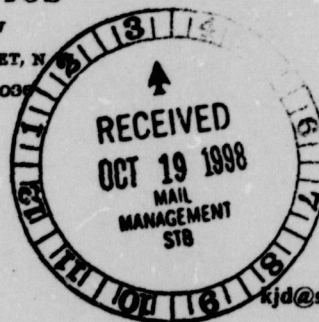
**SLOVER & LOFTUS**

ATTORNEYS AT LAW

1224 SEVENTEENTH STREET, N.W.

WASHINGTON, D. C. 20036

WILLIAM L. SLOVER  
C. MICHAEL LOFTUS  
DONALD G. AVERY  
JOHN H. LE SEUR  
KELVIN J. DOWD  
ROBERT D. ROSENBERG  
CHRISTOPHER A. MILLS  
FRANK J. PERGOLIZZI  
ANDREW B. KOLESAR III  
PETER A. PFOHL



TELEPHONE:  
(202) 347-7170

FAX:  
(202) 347-3619

WRITER'S E-MAIL:

kjd@sloverandloftus.com

October 16, 1998

VIA HAND DELIVERY

Adrian L. Steel, Jr., Esq.  
Mayer, Brown & Platt  
2000 Pennsylvania Avenue, N.W.  
Washington, D.C. 20006

*Sub 28*

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

Dear Adrian:

Enclosed please find the final, original Verified Statement of TMPA's Earle Bagley, in support of BNSF's Fort Worth-Dallas trackage rights request.

We would appreciate it if you could provide us with an extra copy of your rebuttal filing, for our client. Should you have any questions regarding the Statement, please give a call.

With best regards,

Sincerely,

Kelvin J. Dowd

KJD/cbh  
Enclosure

VERIFIED STATEMENT  
OF  
EARLE BAGLEY

My name is Earle Bagley, and my business address is P.O. Box 7000, Bryan, Texas 77805. I am Manager of Fuel and Land Resources for the Texas Municipal Power Agency. In this capacity, I have responsibility for various aspects of TMPA's utility fuel supply and transportation arrangements, including those for the rail transportation of coal to our Gibbons Creek Steam Electric Station near College Station, Texas.

I am making this Statement in support of the Burlington Northern Santa Fe Railway's request for trackage rights over the lines of the Union Pacific Railroad between Fort Worth and Dallas, Texas. These rights would provide BNSF with an alternative routing for the transportation of coal to Gibbons Creek, which should allow BNSF to avoid train delays that otherwise would result from operations changes implemented by UP to alleviate its own system service problems.

Background

TMPA is a Texas municipal agency which was created in 1975. It is a political subdivision of the State of Texas, whose sole business is the generation and transmission of electric



power to the Member Cities who created TMPA. The Member Cities are:

City of Bryan, TX  
City of Denton, TX  
City of Garland, TX  
City of Greenville, TX

The Gibbons Station is owned and operated by TMPA for the benefit of its Member Cities. Gibbons Creek is a 462-megawatt facility which consumes approximately 2 million tons of sub-bituminous Powder River Basin coal each year. All of the coal is delivered by BNSF, pursuant to a contract which took effect in 1996. The total round-trip distance from the origin mines to Gibbons Creek is over 2800 miles, which accents the importance of reliable and timely rail service to TMPA's ability to maintain adequate fuel inventories.

#### Impact of the UP Routing Changes

One of the primary routes traveled by loaded coal trains bound for Gibbons Creek includes a southbound BNSF movement via trackage rights over the UP line between Fort Worth and Waxahachie, TX. Our empty trains also move northbound over this segment. While precise transit time differentials are not available, this routing usually is preferable to a routing over BNSF's own line from Dallas, due to the fact that freight



shipments via Dallas must contend and co-exist with commuter rail operations in the Dallas area.

The importance of minimizing delays in transit for our coal shipments cannot be overstated. For example, a comparison of average round-trip cycle times during the period from May through August, 1998 to those from the same period in 1997 showed an increase of some 17.5 hours in the loaded direction, or over 17%. For TMPA, the difference translated into a drop in coal inventory from approximately 90,000 tons (our minimum target level) on May 1 to approximately 22,000 tons -- barely three days' supply -- by August. We only were able to recover our inventory, in part, because of mechanical failures at the Station which forced its shutdown. By contrast, inventories remained relatively constant at between 85,000 and 90,000 tons during the summer of 1997. Clearly, delays or interruptions in rail service have a significant, negative impact on TMPA's fuel security.

It is against this backdrop that we have deep concerns over UP's decision to institute northbound-only directional operations over its Fort Worth-Waxahachie line, as part of its Houston/Gulf Coast service recovery program. With UP shifting to a northbound-only operation over the line, it seems to us inevitable that southbound BNSF trains destined for Gibbons Creek will encounter more delays and slow orders as they attempt to

"swim upstream" against UP train flows. Unfortunately, any disruption to BNSF's operations over the Fort Worth-Waxahachie line means disruption to our fuel supply chain -- disruption which TMPA and its Member Cities can ill afford.

#### BNSF's Trackage Rights Request

We understand that BNSF has requested that it be granted trackage rights over UP's main line between Fort Worth and Dallas, to provide an alternative route to avoid the transit delays that otherwise would result from UP's directional running plan. According to information available to TMPA, these rights would enable BNSF to access its existing line from Dallas south without having to contend with Dallas-area commuter rail traffic. In effect, BNSF would be able to route its southbound traffic (including TMPA's coal traffic) around the newly-problematic Fort Worth-Waxahachie line. TMPA supports this request.

We at TMPA are sympathetic to UP's desire to find solutions to its persistent service difficulties in the Houston area. However, our obligations are to our Member Cities and the electric consumers they serve. TMPA did not create the Houston/Gulf Coast service problem, and we do not feel that our interests in a stable and reliable coal supply should be compromised as a result. If UP is to be permitted to implement

changes in its operations that adversely affect parties that are not responsible for the problem being addressed, UP should accommodate those parties to the extent practicable in order to alleviate the adverse effects. UP's directional running plan over the Fort Worth-Waxahachie line is just such an operations change, and BNSF's trackage rights request a practicable remedy. TMPA urges that it be granted by the Board.



VERIFICATION

STATE OF NEVADA )

COUNTY OF Washoe ) ss:

Earle Bagley, being duly sworn, deposes and says that he has read the foregoing Statement, knows the contents thereof, and that the same are true as stated to the best of his knowledge, information and belief.

Earle Bagley  
Earle Bagley

Sworn and subscribed before me  
this 14th day of October, 1993

[Signature]  
Notary public

My Commission expires: March 26, 2002





STB FD 32760 (Sub 28) 10-16-98 J 191705



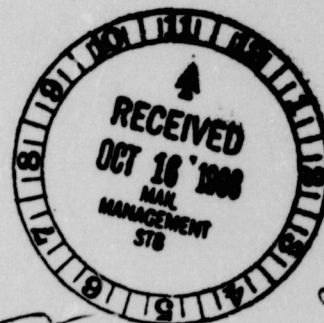
October 14, 1998

ENTERED  
Office of the Secretary

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

OCT 20 1998

Part of  
Public Record



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

Dear Secretary Williams:

191707 191705 28 J

My name is Kee Soo Pahk. I am the president of Hyundai Intermodal, Inc.. Our company is located in Gardena, Ca. and is in the business of rail intermodal transportation service in the U.S., and supports the inland transportation needs of Hyundai Merchant Marine Co., Ltd. with over 305,000 ocean containers of inbound and outbound shipments in North America.

I am filing this statement in support of The Burlington Northern and Santa Fe Railway's ("BN SF") 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.

Specially, 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 14th day of October, 1998.

Sincerely,

Kee Soo Pahk  
President

△ HYUNDAI INTERMODAL, INC.

STB FD 32760 (Sub 28) 10-16-98 J 191704



UNIVERSAL *Foods* CORPORATION

ENTERED  
Office of the Secretary

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Public Record

October 7, 1998

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



191703

191704

**Re: Finance Docket No. 32760 (Sub-Nos. 26 and 28) {verified statement in support of BNSF's operating over clear routes in the Houston terminal}**

My name is Paul F. Rasmussen. I am Manager, Commodities Procurement, for the Red Star Yeast Company, a division of Universal Foods Corporation, in Milwaukee, Wisconsin. Red Star Yeast is the largest manufacturer of bakers yeast in the United States with production facilities in Baltimore, Maryland; Milwaukee, Wisconsin; and Oakland, California. The prime raw material for manufacturing yeast is molasses, a by-product of the sugar industry, from both imported and domestic origins.

This commodity is best transported on rail. Annually, Red Star Yeast receives some two-thousand (2,000) rail tank cars of molasses, about 80% of our inbound raw material requirements.

Because of congestion in the Houston area, Red Star Yeast has been forced to use other ports to meet our rail needs on shipments to our Milwaukee, Wisconsin plant. By avoiding Houston, and its port, we have limited our sources of a basic raw material, thereby, increasing our production costs because of a lack of competitive rail transportation. We need to return to a more competitive rail environment in the Gulf port area.

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.



Vernon A. Williams

October 7, 1998

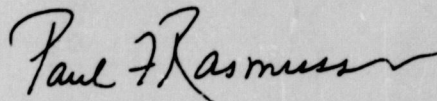
Page 2

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.

The 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.

Sincerely,

A handwritten signature in dark ink, appearing to read "Paul F. Rasmussen", with a stylized flourish at the end.

Paul F. Rasmussen

Manager, Commodities Procurement

PFR/jam

VERIFICATION

I, Paul Rasmussen, declare under penalty of perjury, that the foregoing is true and correct.

Further, I certify that I am qualified and authorized to file this verified statement.

Paul F. Rasmussen

Paul F. Rasmussen  
Manager, Commodities Procurement  
Red Star Yeast & Products  
A division of Universal Foods Corporation

[Signature]  
Notary Public in and for the State of Wisconsin.

Executed this 8<sup>th</sup> day of October, 1998.

My commission expires April 22, 2001

STB FD 32760 (Sub 28) 10-16-98 J 191702





## Specialty Chemicals and Manufacturing

High Vacuum Distillations Chemical Processing And Manufacturing



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

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Office of the Secretary

OCT 20 1998

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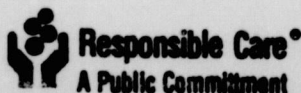
Re: Finance Docket. No. 32760 (Sub-Nos. 26 and 28)

My name is Clark Craig. I am Customer Service Manager for KMCO, Inc., Crosby, Texas. I am charged with ensuring safe, efficient, and reliable transportation services to KMCO, Inc. and KMCO, Inc. subsidiaries. Subsidiaries include South Coast Terminal, Houston, Texas, South Coast Terminal, Port Facility, Houston, Texas, KMTEX, Inc., Port Arthur, Texas, and South Coast Terminal, LaPorte, Texas.

Our companies specialize in custom chemical processing and packaging. We serve customers such as DOW USA, Exxon Paramins, Union Carbide Corporation, Ethyl Petroleum, Lyondell, Condea Vista, and Wagner Brake Fluid. We move product by rail to other points in Louisiana, California, Utah, Oklahoma, Illinois, South Carolina and our marketing efforts are beginning to pay off in other areas as well. We produce and market brake fluids, antifreeze, oil field chemicals, and other glycol-related products. However, as a toll processor, we move customer owned material by rail in and out of our facilities to a much larger degree. In other words, rail traffic is relative to the amount of business generated not only by KMCO efforts, but the toll customers it serves (customer material shipped from their facility, customer material received at our facilities, and customer product shipped from our facilities).

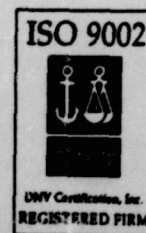
As evidenced by twenty-four years at Crosby, six years at Port Arthur, and thirty-plus years at the South Coast facilities, the UPRR has been reluctant to serve companies such as ours. Now that BNSF is a factor at the Crosby facility, service has increased by the UPRR from 20 - 58% before service rights were given to BNSF to better than 75% afterwards. Today, we are convinced that KMCO, as well as other facilities, would benefit from any rights granted as described in the statement below.

I am filing this statement in support of The Burlington Northern and Santa Fe Railway's ("BNSF") request that the Board grant overhead trackage rights to enable BNSF, should it determine to do so, to join the directional operations over any UP line or lines where UP commences directional operations and where BNSF has trackage rights over one, but not both, lines involved in the UP directional flows. We believe that this request will benefit our company and other shippers and will result in service improvements and needed operational flexibility.



KMCO, Inc.

16503 Ramsey Rd. • Crosby, Texas 77532 • 281-328-3501 • Fax: 281-328-9528



Under present operations, BNSF has to run bidirectional operations in certain situations over UP trackage rights lines where UP has instituted directional operations such as over the Forth Worth to Dallas, TX line (via Arlington). In such instances, BNSF trains are delayed when running "against the current" of UP's directional operations until the line is cleared of UP trains. In addition to delaying BNSF traffic, UP traffic is potentially delayed while BNSF operates against the UP "current of traffic", consuming more of the line's capacity than would be utilized with directional operations. These delays to both BNSF and UP traffic adversely impact service to our company and other shippers.

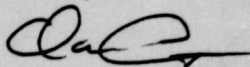
We believe that UP's unilateral and unanticipated institution of temporary directional flows on various lines in Houston/Gulf Coast area have harmed the effectiveness of the rights granted to BNSF by the Board. UP's accommodation of its own operational needs - - and later decisions to cease directional running on its lines such as on the former SP Caldwell-Flatonia-Placedo line - - causes disruption to BNSF's operations and inhibits BNSF's ability to provide consistent, predictable and reliable service to our company and other shippers. Such significant changes in rail operations not only undermines the competitive rights BNSF was granted but understandably inhibits BNSF's incentive to make capital commitments to enhance service to shippers.

In sum, we believe that the BNSF's request would help to alleviate the degradation in service and reduce congestion on the lines over which UP has instituted directional operations. We are also in favor of this request because it would eliminate the potential for UP to favor its own traffic over that of BNSF moving on trackage rights lines.

For all of these reasons, the Board should grant BNSF's request. It would benefit our company and other shippers and will result in service improvements for both UP and BNSF.

I certify under penalty of perjury that the foregoing is true and correct. Executed this 14th day of October, 1998.

Sincerely,



Clark Craig, CSM

STB FD 32760 (Sub 28) 10-16-98 J 191683



SYSCO



October 15, 1998

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Office of the Secretary

OCT 20 1998

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Public Record



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

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

Dear Honorable Vernon A. Williams:

My name is Richard A. Kell. I am the Senior Director of Logistics of Sysco Corporation. Our company is headquartered in Houston, Texas and is the largest marketer and distributor of foodservice products in North America. Our distribution network is comprised of 70 distribution facilities throughout the United States including six facilities in Texas and Louisiana. These facilities receive inbound shipments by rail (intermodal as well as carload) and truck from origins throughout the United States.

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 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 throughout 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.



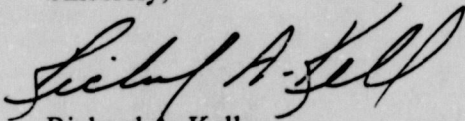
Surface Transportation Board  
October 15, 1998  
Page 2

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 grant 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.

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 and to reduce the congestion in the Houston terminal and South Texas areas. Accordingly, the Board should grant BNSF's requests.

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

Sincerely,

A handwritten signature in dark ink, appearing to read "Richard A. Kell", written in a cursive style.

Richard A. Kell  
Senior Director of Logistics  
SYSCO CORPORATION

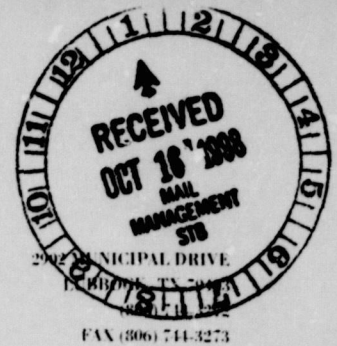
STB FD 32769 (Sub 28) 10-16-98 J 191680

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Office of the Secretary

OCT 20 1998

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Public Record

SANTA'S BEST.



FD 32760 26428 October 14, 1998

Honorable Vernon A. Williams, Secretary 191681 191680  
Surface Transportation Board  
1925 K. Street, NW  
Washington, DC 20423-0001

Dear Sir,

My name is Richard Nugent. I am Vice President of Operations of Santa's Best. Our Company is a Seasonal-Decorative manufacturer and distributor with multiple locations in the United States. I am responsible for the Lubbock, Texas Division.

This letter is written in support of permanent overhead trackage rights on UP's San Antonio-Laredo line, and is specially in reference to: Finance Docket No. 32760 (Sub Numbers 26-28).

During 1998, the Lubbock Division imported approximately 700 railcars from our operation in San Luis Potosi, Mexico. Due to the "mass" traffic problems at the Laredo border and/or the San Antonio-Laredo line, I was forced to utilize the Eagle Pass Gateway to transport our product from San Luis Potosi, Mexico to Shallowater, Texas. The Eagle Pass routing increased the rail freight costs within Mexico by approximately 10% over a more direct route via San Luis Potosi - Laredo. It also increased mileage of the route, which increased my intransit time of the railcars, as compared to the San Luis Potosi-Laredo route.

I am filing this Verified Statement in support of The Burlington Northern and Santa Fe Railway's ("BNSF") request that the Board grant permanent trackage rights on the UP's San Antonio-Laredo line. I believe that this request will benefit our Company and other shippers and will result in service improvements and create meaningful competition for rail shippers to the Laredo Gateway.

It is my understanding that BNSF's request for trackage rights over San Antonio-Laredo line is designed to ensure that competition at this critical Mexican gateway does not



Honorable Vernon A. Williams

- 2 -

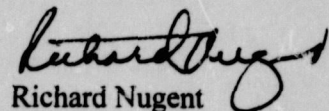
October 14, 1998

continue to be adversely impacted by UP's south Texas congestion and service problems specifically on the UP's Algoa to Corpus Christi route.

Granting BNSF trackage rights to the Laredo Gateway through San Antonio will also allow BNSF to bypass the TexMex, with whom BNSF has been unable to conclude a competitive, long term commercial arrangement. I am concerned that the unexpected lack of competition in the privatized Mexican rail systems is preventing shippers from receiving a fully competitive service at the Laredo Gateway.

For all of these reasons I respectfully request that the Board grant BNSF's request for trackage rights over the San Antonio-Laredo line. I believe that this would benefit our Company and other shippers, and would result in service improvements to the Laredo Gateway, as well as provide a competitive alternative for shippers.

Sincerely,

  
Richard Nugent  
Vice President

mm

STB FD 32760 (Sub 28) 10-15-98 J 191679



# M. SCHIEFER TRADING CO. COTTON

P.O. BOX 1065 • LUBBOCK, TEXAS 79408  
PHONE 806-762-0700  
FAX 806-762-0078

MEMBER:  
Lubbock Cotton Exchange  
Texas Cotton Association  
American Cotton Shippers  
Association

ENTERED  
Office of the Secretary

OCT 20 1998

10/12/98

Part of  
Public Record

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



Dear Sir:

191678 - 191679  
Re: Finance Docket No. 32760 (Sub-Nos. 26 and 28)

My name is Manfred Schiefer, I am the president of M. Schiefer Trading Co.. Our company is located in Lubbock, Texas and is in the business of Raw Cotton Exports. Since many years now we have been exporting cotton to Mexico using mostly US rail service from all points of Texas and Oklahoma as well as eastern states and California. Just in the past we have exported about 30 Million dollars worth of cotton to Mexico, this translates to about 500 plus rail cars.

During the past 2 years we have experienced severe delays due to the terrible service we received from Union Pacific Railroad. Needless to say that we have suffered severe losses because of unavailability of cars, delays and re-routing of our cars to different railroads eventhough this cost us more freight. We estimate our losses at about \$50,000.00.

I am filing this Verified Statement in support of The Burlington Northern and Santa Fe Railway's ("BNSF") request that the Board grant permanent trackage rights on the UP's San Antonio- Laredo Line. I believe that this request will benefit our company and other shippers and will result in service improvements and create meaningful competition for rail shippers to the Laredo Gateway.

I believe that BSNF's request for trackage rights over the San Antonio-Laredo Line are designed to ensure that competition at this critical Mexican gateway does not continue to be adversely impacted by UP's south Texas congestion and service problems specifically on the UP's Algoa to Corpus Christi route.





**M. SCHIEFER TRADING CO.**  
**COTTON**

P.O. BOX 1065 • LUBBOCK, TEXAS 79408  
PHONE 806-762-0700  
FAX 806-762-0078

MEMBER:  
Lubbock Cotton Exchange  
Texas Cotton Association  
American Cotton Shippers  
Association

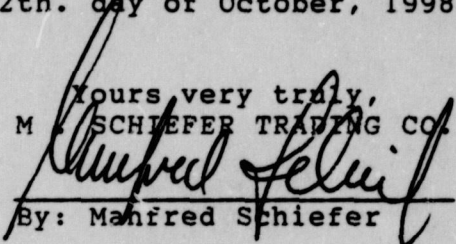
- 2 -

Granting BNSF trackage rights to the Laredo gateway through San Antonio will also allow BNSF to bypass the TEXMEX, with whom BNSF has been unable to conclude a competitive long term commercial arrangement. We are also concerned that the unexpected lack of competition in the privatized Mexican rail system is preventing shippers from receiving a fully competitive service at the Laredo Gateway.

For all these reasons, the Board should grant BNSF's request for trackage rights over the San Antonio- Laredo Line. This would benefit our company and other shippers, and would result in service improvements to the Laredo Gateway, as well as provide a competitive alternative for shippers.

I certify under the penalty of perjury that the foregoing is true and correct. Executed this 12th. day of October, 1998

Yours very truly,  
M. SCHIEFER TRADING CO.

  
By: Manfred Schiefer

STB FD 32769 (Sub 28) 10-14-98 J 191588

# ASARCO

David C. Brotherton  
Director of Traffic

RECEIVED  
OCT 14 1998  
MAIL  
MANAGEMENT  
STB

October 13, 1998

VIA FEDERAL EXPRESS

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

ENTERED  
Office of the Secretary

OCT 14 1998

Part of  
Public Record

REFERENCE: FINANCE DOCKET NO. 32760  
(SUB NOS. 26 AND 28)

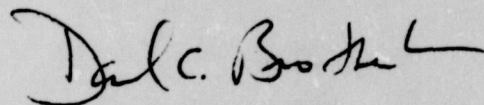
191587

191588

Enclosed is our Verified Statement supporting the above proceeding.

Please call me if you have any questions - (212) 510-1837.

Yours very truly,



David C. Brotherton

att.



# ASARCO

David C. Brotherton  
Director of Traffic

**VERIFIED STATEMENT OF  
DAVID C. BROTHERTON  
ASARCO INCORPORATED**

↑  
**RECEIVED**  
OCT 14 1998  
MAIL  
MANAGEMENT  
STB

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

REFERENCE: FINANCE DOCKET NO. 32760  
(SUB NOS. 26 AND 28)

My name is David C. Brotherton. I am employed by ASARCO Incorporated as Director National Transportation with corporate offices located at 180 Maiden Lane, New York, NY 10038.

ASARCO Incorporated is one of the world's leading producers of nonferrous metals, principally copper, lead, molybdenum, zinc and precious metals, including gold and silver. ASARCO also produces specialty chemicals, aggregates and other industrial products and environmental services operations.

ASARCO or its subsidiaries and associated companies operate mines in the United States, Canada and Peru. In addition to mining and treating copper, lead and zinc ore from its own



mines as a fully integrated smelter and refiner, ASARCO is a custom smelter and refiner of lead ores mined by others. ASARCO is a major producer of sulfuric acid which is recovered as a by-product of the environmental control system at its smelters.

ASARCO also mines or produces construction aggregates and nonmetallic minerals, such as limestone and stone, from mines and quarries in the United States. In specialty chemicals, ASARCO's wholly owned subsidiary produces coating chemicals and technologies for engineering, functional, and decorative applications throughout the world.

ASARCO is filing this Verified Statement in support of the Burlington Northern Santa Fe Railway's (BNSF) request that the Surface Transportation Board grant permanent bi-directional overhead trackage rights on the Union Pacific's Caldwell-Flatonia-Placedo line. We believe that with the permanent bi-directional trackage rights, our transportation flows will benefit and it appears that the same will result for other shippers of freight on this line. Further service

improvements are expected; and this will provide operational flexibility especially by keeping unnecessary freight out of the Houston terminal area.

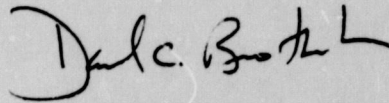
ASARCO has shipments in and out of the Corpus Christi area on a regular basis. These shipments flow in and out of our Encycle Texas facility and we also import copper concentrate utilizing the Port of Corpus Christi facility. Based on the flows on these shipments, we feel that the BNSF bi-directional use of the Caldwell-Flatonia-Placedo line would benefit ASARCO from an operational and service perspective.

It has also been stated that on any rail merger, competition would be preserved as much as possible. This line was formerly a Southern Pacific route and by allowing the BNSF to permanently operate over it, competition will be preserved. It would seem logical that a permanent status on this line would allow the BNSF to make necessary investments to further improve the property which would serve to provide better service and operational efficiencies to the shippers and receivers of freight.

-4-

We feel that we will benefit, along with other shippers, from the granting of permanent bi-directional overhead trackage rights on the Caldwell-Flatonia-Placedo line and feel that the Board should indeed grant these rights on a long term basis.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "D. C. Brotherton". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

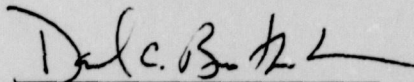
David C. Brotherton  
Director of Traffic



VERIFICATION

State of New York

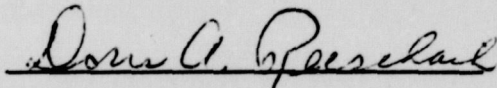
David C. Brotherton, sworn, deposes and says that he has read the foregoing statement, knows the contents thereof, and the same are true as stated.



David C. Brotherton

Director National Transportation  
ASARCO Incorporated  
180 Maiden Lane  
New York, NY 10038

Subscribed and sworn before me this 13<sup>th</sup> day of October, 1998.



Notary Public of New York

DORIS A. REISCHACH  
Notary Public, State of New York  
No. 0185007011  
Qualified in New York County  
Commission Expires May 9, 2000



STB FD 32760 (Sub 28) 10-13-98 J 191561



77 St. Anne's Place  
Pawleys Island, SC 29585  
Phone: (843) 237-7866  
Fax: (843) 237-7622  
aleengland@aol.com

October 9, 1998

THE HONORABLE VERNON A. WILLIAMS, SECRETARY  
SURFACE TRANSPORTATION BOARD  
1925 K STREET, N.W.  
WASHINGTON, D.C. 20423-0001



28 J

Please accept the attached Verified Statement in support of granting BNSF request for permanent bi-directional overhead trackage rights on UP's Caldwell-Flatonia-Placedo line on docket no. (32760 sub nos. 26 & 28).

191561 X 191562  
Respectfully Submitted,

Alan L. England  
VP Marketing & Sales

ENTERED  
Office of the Secretary

OCT 13 1998

Part of  
Public Record



77 St. Anne's Place  
Pawleys Island, SC 29585  
Phone: (843) 237-7866  
Fax: (843) 237-7622  
aleengland@aol.com

**URGENT RE: DOCKET NO. 32760 (SUB-NOS 26 & 28)    October 9, 1998**

GENERAL: My company ATI sells and CMV manufactures strontium carbonate and barium carbonate in Mexico and ships via rail to U.S. customers predominantly in the Eastern U.S. These inorganic chemicals are added to the glass in panel / screen of TV and computer monitor cathode ray tubes. **They serve a barrier property function to keep the x-rays / gamma rays from passing through the TV panel / screen to protect the viewer. Like TV and computer monitor users my company and our customers also need protection – in this case from the STB in the above issue.**

Now here comes Alan L. England, VP Marketing Sales of Alex Trading Inc. (ATI) with my office in South Carolina and our corporate main office in Brownsville TX. ATI sells strontium carbonate and barium carbonate that is manufactured by Compania Minera LaValenciana in Mexico since that is where the ore deposits of celestite and barite are located that are required for manufacture / chemical processing of these materials. Strontium carbonate and barium carbonate are used by TV / computer monitor cathode ray tube glass manufacturers who add these materials to the glass in the tube panel or faceplate. These materials perform the function of barrier properties or preventing the x-rays or gamma rays from passing through the screen and thus protecting the viewer.

I am filing this Verified Statement in support of The Burlington Northern and Santa FE Railway's request that the Board grant it permanent bi-directional overhead trackage rights on UP's Caldwell-Flatonia-Placedo line for reasons as outlined herein. If the temporary rights are not made permanent the BNSF will no longer be able to use this line. This will place a high risk that the problems of congestion and critical service problems that existed after the UP / SP merger will reoccur as discussed below.

We ship a high number of bulk rail covered hopper cars monthly from Mexico through the Brownsville Texas gateway to several customers in the Eastern U.S. Our competition ships from Europe, China, Southern US and Mexico by rail, truck and container few of which are faced with regulatory agency authorized monopolies in their transportation routing. Our customers and we have sustained severe and crippling penalties in both financial and service terms since the UP / SP merger and before you authorized the BNSF rights for bi-directional overhead trackage rights on UP Caldwell-Flatonia-Placedo line. Additional benefits will accrue to us and other shippers upon your making these rights and authority permanent. Therefore we request you authorize permanent vs. temporary trackage rights. I cannot stress enough the enormity of the problem that existed prior to your temporary authorization. We simply cannot take the risk of the deterioration of service that is likely to occur if these rights are not made permanent. The losses incurred by shippers like ourselves and our customers in terms of financial penalties for emergency truck shipments, production lost time and service disruptions were quite real after the UP / SP merger. This provision should have been made in the original UP / SP merger agreement.




**Why is the UP afraid of the competition that will result from making these rights permanent? - Since it will:**

- Allow shippers to be able to compare the UP's service with others.
- Provide shippers with rates based upon competition rather than all the rate reasonableness and revenue adequacy junk taking up valuable regulatory and oversight time and resources of shippers.
- Solve all the problems in this specific area we have experienced as a result of the SP / UP competition that has been lost with the approval of this merger.
- Increase badly needed infrastructure investment over and above that proposed by the UP.
- BNSF needs to ensure that it can avoid operating over the Alcoa route- (even if the UP completes proposed capital improvements on that route) to minimize the risk of delays and congestion of its trains. Moreover, since operations via the Alcoa route unnecessarily brings traffic through the Houston terminal area, an alternate routing such as the BNSF requests makes sense. From a fairness perspective, this routing was available to SP prior to the merger since it was formerly an SP route and the BNSF request would simply permit BNSF the same competitive options available to shippers by the former SP. We were a former SP customer in this regard and did not support the UP / SP merger. The cost benefit relationship in authorizing the BNSF their request in this regard can be summarized by saying " what is there to lose" and What are we afraid of in promoting the competition that made our free enterprise system so successful?
- Our transit times have substantially improved since these temporary rights were granted and this solves all the obvious service problems in addition to better equipment turn around time resulting in improved rail car utilization. The shortage of rail equipment is becoming critical and this will go a long way to correct.

The above paragraphs are intended to show from a positive perspective why the Board should grant BNSF's request to maintain these bi-directional trackage rights on a long-term basis. There are a number of negative points as to what will happen if such approval is not granted, but the positive argument in favor of approval is so compelling that the negative side of the issue is academic and unnecessary. I am a rail user who has seen my company and my customers suffer as a result of the SP /UP merger approval. Please listen to me when I tell you that your approval will benefit our company, customers and other shippers who too frequently are silent because they do not even understand this issue is being considered. Finally, approval will provide BNSF greater operational flexibility and reduce congestion in the Houston terminal area that has been such a big part of the problems.

I certify under penalty of perjury that the above is true and correct to the best of my ability to judge. Executed this 9 th day of October 1998.

Respectfully Submitted,



Alan L. England  
VP Marketing & Sales

STB FD 32769 (Sub 28) 9-22-98 J 101318



# VISTA TRADING

A division of SK Global America, Inc.  
16800 GREENSPOINT PARK DRIVE  
SUITE 185 NORTH  
HOUSTON, TEXAS 77060

MEMBER:  
NATIONAL GRAIN & FEED ASSOCIATION  
TEXAS GRAIN & FEED ASSOCIATION

191318  
TEL: (281) 876-8110  
FAX: (281) 876-8115

September 09, 1998

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

Dear Mr. Williams:

*FD 32760 - SUB 28*

Vista Trading is engaged primarily in the export of U.S. grains (corn, milo, sorghum, wheat and soybeans) into Mexico. Vista has been in this business for over 7 years. The Texas Mexican Railway has been the main railroad for Vista Trading since its inception. Vista also ships grain from the other major rail carriers.

It has come to my attention that the Burlington Northern Santa Fe has made a request for trackage rights between San Antonio, Texas and Laredo, Texas. This proposal causes great concern for Vista Trading as outlined below.

The main area of concern is increasing the traffic on the existing UP line. The UP line is already under severe pressure. The UP is constantly having trouble getting cars into Mexico. This is evidenced by the fact that the UP has had to embargo Laredo, TX several times this year. Further, you currently need a permit on the UP to go to Mid-Bridge Laredo. I have to question why the UP would want to add further congestion to an already over burdened line.

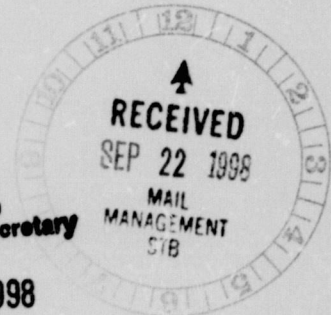
Another area of concern is with the BNSF. As you know the BNSF currently brings all of the railroads Laredo business to the Tex-Mex in Corpus. This has been an excellent option for all shippers. First, the TM route bypasses all of the UP congestion, and second the TM route gives shippers more than one option to Laredo. The BN-Tex Mex route to Mexico is beneficial to all involved because it levels out the traffic to Laredo. In fact, many of our customers in Mexico are currently refusing to buy grain from Vista if it is delivered by the UP. This is a result of UP congestion problems. It is hard to imagine what it would be like if both the BN and the UP used the same line to Mexico.

Allowing the two largest shippers to use one small route to Laredo is a big mistake. Just like the UP thought they could handle the existing SP business prior to the UP-SP merger, they think they can handle BNSF business. This is not the case. Shippers must be given other options.

ENTERED  
Office of the Secretary

SEP 23 1998

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Public Record



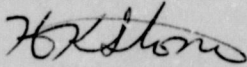


The above statement is true and correct as of this Ninth Day of September 1998.

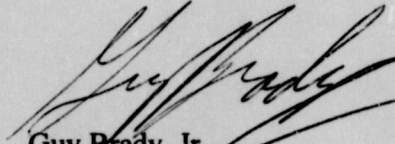
It is for the reasons stated above Vista Trading strongly objects to the above mentioned proposal.

Please let me know if there is anything further I can do in this matter.

Regards,



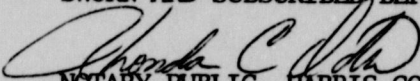
Howard K. Stone  
Traffic Supervisor



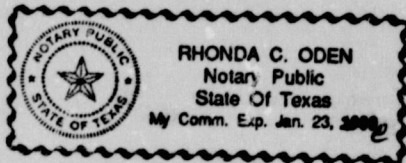
Guy Brady, Jr.  
General Manager

STATE OF TEXAS  
COUNTY OF HARRIS

SWORN AND SUBSCRIBED BEFORE ME THIS 9th DAY OF SEPTEMBER, 1998



NOTARY PUBLIC, HARRIS COUNTY TEXAS  
MY COMM. EXPIRES JAN. 23, 2000



STB FD 32760 (Sub 28) 8-28-98 J 190834

190834



## VISTA TRADING

A division of SK Global America, Inc.  
16800 GREENSPOINT PARK DRIVE  
SUITE 185 NORTH  
HOUSTON, TEXAS 77060

MEMBER:  
NATIONAL GRAIN & FEED ASSOCIATION  
TEXAS GRAIN & FEED ASSOCIATION

TEL: (281) 876-8110  
FAX: (281) 876-8115

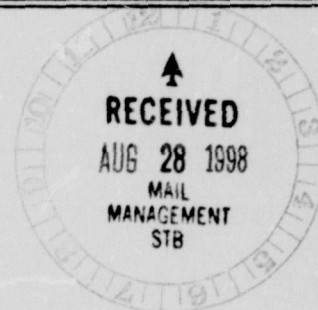
August 24, 1998

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

ENTERED  
Office of the Secretary

SEP - 1 1998

Part of  
Public Record



J

Dear Mr. Williams:

FD32760-SUB28

Vista Trading is engaged primarily in the export of U.S. grains (corn, milo, sorghum, wheat and soybeans) into Mexico. Vista has been in this business for over 7 years. The Texas Mexican Railway has been the main railroad for Vista Trading since its inception. Vista also ships grain from the other major rail carriers.

It has come to my attention that the Burlington Northern Santa Fe has made a request for trackage rights between San Antonio, Texas and Laredo, Texas. This proposal causes great concern for Vista Trading as outlined below.

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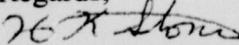
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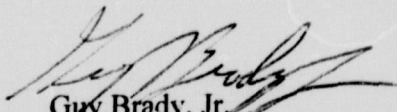
Allowing the two largest shippers to use one small route to Laredo is a big mistake. Just like the UP thought they could handle the existing SP business prior to the UP-SP merger, they think they can handle BNSF business. This is not the case. Shippers must be given other options.

It is for the reasons stated above Vista Trading strongly objects to the above mentioned proposal.

Please let me know if there is anything further I can do in this matter.

Regards,

  
Howard K. Stone  
Traffic Supervisor

  
Guy Brady, Jr.  
General Manager



STB FD 32760 (Sub 28) 8-28-98 J 190833

# CTS

Cement Manufacturing Company  
11065 Knott Ave., Suite A, Cypress, CA 90630  
(714) 379-8260 (800) 929-3030 Technical Hotline  
(714) 379-8270 Facsimile (800) 523-6368 Order Desk

190833

ENTERED  
Office of the Secretary

SEP - 1 1998

Part of  
Public Record

August 24, 1998



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

FD32760 - SUB 28

Dear Sir:

My name is William McCormick, President of CTS Cement, an importer of specialty manufactured cement into the United States. Our firm has had a number of business interruptions as a result of the Union Pacific challenges in the state of Texas. It is our understanding that the BNSF has requested permanent trackage rights from Laredo to San Antonio, Texas.

This is our letter of support as we ask the Surface Transportation Board to grant these trackage rights to the BNSF on a permanent basis to ensure that traffic will move efficiently from the Mexican border at Laredo to San Antonio.

Thank you for your cooperation.

Sincerely yours,

William R. McCormick  
President

WRM/am

Specialty Cements

ChemComp® Shrinkage-Compensating Cement

Rapid Set® Products: Cement • Non Shrink Grout • Concrete Mix • D.O.T. • C-150 Plastic • Mortar

STB FD-32760 (SUB28) 8-25-98 J ID-190727





190727

ENTERED  
Office of the Secretary**ROQUETTE**  
America, Inc.

AUG 27 1998

Part of  
Public Record

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

17 August, 1998

Re- Finance Docket No. 32760 - *SUB 28*

Dear Secretary Williams:

My name is William R. Mudd. I am Director of Logistics for Roquette America, Inc. Roquette America is a "Corn Wet Miller" with manufacturing facilities in Keokuk, Iowa and Gurnee, Ill. Roquette America produces in excess of 2 billion pounds of finished products each year. A substantial portion of these finished products are corn syrup and High Fructose Sweeteners used in the baking and bottling industries. I am writing to express Roquette America's support for The Burlington Northern and Santa Fe Railway Company's ("BNSF") request that the Surface Transportation Board issue an order stating that BNSF may serve the South Texas Liquid Terminal ("STLT") transload facility in San Antonio.

Currently, we ship approximately thirty million pounds of corn syrup and high fructose corn syrup to customers in the San Antonio area. We route these products via BNSF from our manufacturing facility in Keokuk, Iowa, to transload facilities in the Dallas-Fort Worth area for transfer to truck to San Antonio. Although it is possible for us to route our products via UP to STLT, UP does not provide direct service to Keokuk. Therefore, to ship via UP to STLT, we would have to move our products via BNSF to St. Louis or Kansas City for interchange to UP. Because of the delays caused by such an interchange, as well as UP's inconsistent service performance, such a routing is not a practical alternative for us.

If, instead of our current routing via BNSF to transload facilities in the Dallas-Fort Worth area, we were able to route via BNSF directly to the STLT facility, we would be able to greatly reduce the truck portion of our shipments to the San Antonio area. The resulting cost savings would be significant, enabling us to compete far more effectively in the San Antonio area.

During the UP/SP merger proceeding, we understood that all transloads at "2-to-1" points would be open to BNSF service. Based on BNSF's petition, we understand that when the settlement agreement between BNSF and UP was signed in the UP/SP merger proceeding, the UP tariffs that were in effect showed switching limits for San Antonio, a "2-to-1" point, that encompass the location of the STLT facility. Therefore, BNSF should be allowed to provide service to the facility.

BNSF's petition states that UP has taken the position that those switching limits were obsolete at the time of the merger proceeding. We believe that UP should not be permitted to retroactively declare the switching limits published in its tariffs "obsolete."

BNSF service to STLT would reduce the transportation costs of Roquette America and other shippers of corn wet mill products to the San Antonio area, benefiting both the shippers and

**GURNEE PLANT**

1550 NORTHWESTERN AVENUE, GURNEE, IL 60031-2392  
TEL (847) 249-5950 FAX (847) 578-1027

**CORPORATE HEADQUARTERS**


1417 EXCHANGE STREET, P.O. BOX 6647, KEOKUK, IA 52632-6647  
TEL/FAX (319) 524-5757

**KEOKUK PLANT**

1103 S. FIFTH STREET, P.O. BOX 6647, KEOKUK, IA 52632-6647  
TEL/FAX (319) 524-5757

their customers. We therefore support 's petition for an order allowing it to serve the STLT transload facility.

Sincerely,

A handwritten signature in dark ink, appearing to read 'William R. Mudd', with a long horizontal flourish extending to the right.

William R. Mudd  
Director -Logistics