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WILLIAM A. MULLINS

202-274-2953

December 16, 1998

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

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.

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 Cuspide 4755
Colonia Parques del Pedregal
Delegacion Tlalpan C P
Mexico 14040

Landon H Rowland
Chairman, President and CEO
Kansas City Southern Industries
114 West 11th Street
Kansas City, MO 64105-1804

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

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

Office of the Secretary

November 16, 1998

Mr. William A. Mullins, Esq.
Troutman Sanders LLP
1300 I Street, N.W.
Suite 500 East
Washington, D.C. 20005-3314

Re: Finance Docket No. 32760 (Sub-Nos. 26 & 30), *Union Pacific Corporation, et al. — Control & Merger — Southern Pacific Rail Corporation, et al. [Houston/Gulf Coast Oversight Proceeding]*

Dear Mr. Mullins:

This responds to your Petition for the Recalculation and Recovery of Filing Fees filed in the above proceedings. In your petition, you ask the Board to return the bulk of the fees that were paid for a series of transactions for which The Texas Mexican Railway Company and The Kansas City Southern Railway Company (KCS/Tex Mex) seek authority. Your petition will be denied.

The fees that you now challenge were paid in connection with two separate filings. First, in a joint petition filed on March 30, 1998, docketed in Finance Docket No. 32760 (Sub-Nos. 26 and 27), KCS/Tex Mex sought exemption authority to construct and operate a line between Rosenberg and Victoria, Texas, over what was described in the joint petition (at 14) as the "formally abandoned SP Wharton Branch from Victoria to Rosenberg." Second, as part of the "Consensus Plan" filed in the "Houston/Gulf Coast Oversight" proceeding and docketed in Finance Docket No. 36720 (Sub-No. 30), KCS/Tex Mex asked the Board to force UP to allow it to construct track within a UP right-of-way, and then exchange the newly constructed track with UP for UP's "Beaumont Subdivision." Under the Board's fee schedule, codified at 49 CFR 1002.2(f), a person seeking construction authority, or an exemption therefrom, is required to pay a fee of $48,300. Thus, the fees assessed to KCS/Tex Mex for these two construction items were $96,600. Additionally, a $5,000 fee was assessed to KCS/Tex Mex for the requested transfer of a yard in the Houston area, for a total of $101,600.

In your petition, you claim that neither the Victoria-Rosenberg project nor the Beaumont Subdivision/double-tracking project is within the Board's section 10901 construction jurisdiction, and, therefore, that KCS/Tex Mex should not have been assessed the $48,300 fee for either. With respect to the Rosenberg-Victoria line, you state that the line that you earlier described as "formally abandoned" has in fact never been formally abandoned, and therefore, instead of having been charged $48,300, KCS/Tex Mex should be charged only $4,700 for authority to acquire the line under section 10901. With respect to the Beaumont Subdivision proposal, you argue that double-tracking does not constitute a construction project, but instead amounts to a line sale under section 10901 to which a $4,700 fee applies. The remainder of the Consensus PlaPn, you suggest, is a responsive application, for which an additional $5,000 fee is due.

If, as you suggest, the Consensus plan to which KCS/Tex Mex has subscribed is viewed as a responsive application, then you will have paid substantially less than required under the Board's regulations. That is because line sales to existing carriers, which is how you would characterize the Rosenberg-Victoria and Beaumont Subdivision proposals, are reviewed under section 11323, not section 10901, which governs acquisition of rail property by a noncarrier. The fees for such line sales are $193,300 for a significant transaction [fee item 41(ii)] or $5,000 for a minor transaction [fee item 41(iii)]. Given the context in which the Rosenberg-Victoria and Beaumont Subdivision proposals have been proposed, and considering the massive restructuring contemplated by the Consensus Plan, I conclude that, if they are construed to be line sales, then the $193,300 significant transaction fee should be assessed. However, in lieu of now assessing KCS/Tex Mex the difference between the fees already paid and the $193,300 that should be assessed under the circumstances you present, the additional assessment will be waived.

Sincerely,

Vernon A. Williams
Secretary

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

Office of the Chairman

November 20, 1998

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

FD-32760 Sub 30

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

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WASHINGTON, DC 20515
(202) 225-1688

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HOUSTON, TEXAS 77060
(281) 999-5879

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HOUSTON, TEXAS 77029
(713) 330-0761

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

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

Office of the Chairman

November 20, 1998

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

FD-32760 Sub 30

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

Dear Ms. Morgan:

I have been closely monitoring rail service during the 105th 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 32760 (Sub 30) 10-16-98 J 191699

GEORGETOWN RAILROAD COMPANY
5300 South IH-35
Georgetown, Texas 78627-0529
512-863-2538
Fax: 512-869-2649

JAMES E. ROBINSON
President

October 15, 1998

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

30 J

Re: STB Finance Docket No. 32760 (Sub-Nos. 26, 30 and 32)

191698 191699 191700

Dear Secretary Williams:

I am writing this letter to clarify and supplement my August 12, 1998 statement of support on behalf of Georgetown Railroad Company ("GRR") for the Union Pacific which was contained in Volume IV of UP's Opposition to Condition Applications, filed with the Board on September 18, 1998.

In my August 12, 1998 letter, GRR indicated that it opposed requests for new remedial conditions in this proceeding. What I meant by that statement is that the GRR generally opposes the imposition of additional remedial conditions that would provide carriers with new competitive access to shippers. GRR still maintains that view.

However, I would like to clarify that GRR fully supports BNSF's request for overhead trackage rights on the UP Taylor-Milano line. BNSF's request would not create any new competitive access. Rather, BNSF seeks only to maintain its existing competitive access to handle shipments for Texas Crushed Stone and other customers at Kerr/Round Rock (which are served by GRR) by ensuring the proper functioning of the original condition. Specifically, it has been our company's experience since the merger that BNSF has been unable to provide consistent and reliable service to handle shipments for such customers using its existing rights due to congestion on UP's Temple-Taylor line. These problems, which have arisen since the merger, were not foreseen at the time UP and BNSF reached their Settlement Agreement or when the Board issued its decision approving the merger.

GRR notes that pre-merger, SP had rights to utilize UP's Taylor-Milano line. Thus, BNSF's request would simply provide BNSF with the ability to use that same route to maintain adequate, competitive service to shippers and thus restore the competition that SP provided pre-merger.

In sum, while GRR stands by its original August 12, 1998 letter to the Board opposing requests for remedial conditions that seek new competitive access, it also fully supports BNSF's request for overhead trackage rights on UP's line between Taylor and Milano, TX. The reason our company supports BNSF's request is that it would provide no new competitive access, but would allow BNSF to route traffic over a more logical and historic route. It would allow more efficient service by avoiding much of the congested and circuitous trackage rights that BNSF is currently using. GRR believes that granting BNSF's request would not harm UP and would provide our customers with more consistent and reliable service.

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

Sincerely,

J. E. Robinson

J. E. Robinson

STB FD 32760 (Sub 30) 10-5-98 J 191463

191463

Rhodia

Logistics

Thomas M. Koontz
Manager, Transportation Procurement

ENTERED
Office of the Secretary
OCT - 6 1998
Part of
Public Record

RECEIVED
OCT 5 1998
MAIL
MANAGEMENT
STB

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

Re: Finance Docket No. 32760 (Sub-No. 30)

Dear Secretary Williams:

I am writing on behalf of Rhodia, Inc. to inform you of our support of the Plan filed by the Consensus Parties on July 8, 1998, to alleviate the service crisis in the Houston area.

Rhodia, Inc. is a large shipper of both phosphoric acid and sulphuric acid. In addition to the two plants that we operate in the Houston area, we are experiencing growth in rail shipments to Mexico. Consistent, reliable rail service in the Houston area is of vital importance to Rhodia.

We support the efforts of the KCS/Tex Mex to acquire ownership of track sufficient to provide direct service through Texas to Laredo. The significant and costly delays experienced by our Mexico traffic have convinced us of the need for improved service in this critical area. We are not confident in the long term ability of the Union Pacific to provide this service.

We urge you to carefully weigh our continuing and justified concerns regarding service in the Houston area as you consider the Consensus Plan.

I, Thomas Koontz, state under the penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified to file this statement on behalf of Rhodia, Inc. executed on September 30, 1998.

Sincerely,

Thomas Koontz

Rhodia Inc. 259 Prospect Plains Road Cranbury, NJ 08512 Telephone: (609) 860-4221 Fax: (609) 860-0265

STB FD 32760 (Sub 30) 10-2-98 J 191434

191434

MFA INCORPORATED

201 Ray Young Drive
Columbia, MO 65201-3599
Phone: (573) 874-5111

J

ENTERED
Office of the Secretary

OCT - 2 1998

Part of
Public Record

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

Re: Finance Docket No. 32760 (Sub-No. 30)

Dear Secretary Williams:

My name is Bruce R. Hanson. I am currently employed by MFA Incorporated (MFA), 201 Ray Young Drive, Columbia, MO as Vice President of Transportation and Distribution. I have been employed in transportation for 17 years. My transportation career included 11 years with a class one rail carrier with responsibilities in both the sales and marketing groups. During the last 6 years, I have been in charge of all transportation and distribution functions with my present employer, MFA Incorporated.

MFA is a farmer owned cooperative association and agricultural services company engaged in marketing, manufacturing and distribution of agri-business related commodities and transportation services. MFA represents the economic interests of over 50,000 farmer owner members in several midwestern states including Iowa, Missouri, Texas, Oklahoma, Kansas and Arkansas. MFA has enjoyed a history of successful operations since 1914. MFA ships and receives several thousand rail cars annually in our performance as a major agriculture business entity in the midwestern United States. In terms of rail freight expense, our annual revenue contribution to the railroad industry will exceed 10 million dollars this year. MFA's annual freight expense for all modes (rail, truck and barge) exceeds $30 million. Our shipments consist mostly of grain, grain products and fertilizer.

MFA Incorporated supports the Kansas City Southern (KCS) and the Consensus Plan to improve service and increase competitive options in the Houston area, Texas Gulf and operations to/from Mexico.

The service meltdown resulting from the UP/SP merger is unprecedented in all aspects. MFA Incorporated has suffered economic damages, experienced inconsistent and even non-existent service and unparalleled delays in service. The Surface Transportation Board ("Board") recognized this and implemented their oversight powers to attempt to alleviate the service crisis. Recently the UP was able to convince the Board that emergency conditions were no longer necessary as UP's service recovery plan was working. Mr. Secretary, as a shipper who must rely on UP service throughout the midwest, I can attest that the UP is far, far removed from "recovery". If recovery means customers must settle for whatever service level UP chooses to provide or accept a "lower bar" of service, than maybe UP is recovering. By almost any other measurement, UP has a long way to go.

The UP/SP service meltdown has made it clear that alternative rail service is necessary to alleviate service problems when they occur. MFA Incorporated supports the idea of:

1. Expanding rail capacity and investment by all the existing carriers;

2. Providing neutral and fair dispatch of all rail traffic;

3. Ensuring that all shippers have equal access to all the of the carriers currently serving the area; and,

4. Protecting the future competitiveness by ensuring that adequate rail service alternatives exist in the future.

UP's problems are of their own creation.

Denying shippers competitive alternatives and/or requiring shippers to pay for UP's self inflicted service problems is unconscionable. MFA Incorporated firmly endorse these principals of competition and cannot stress the importance of providing alternative carriers and neutral switching enough. My only other request would be to expand the scope of the Consensus Plan throughout the midwest.

I, Bruce R. Hanson, 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 MFA Incorporated, executed on September 24, 1998.

Sincerely,

Bruce R. Hanson

VICE PRESIDENT
Transportation & Distribution

Subscribed ~~and sworn~~ to before me this 24th day of Sept. 1998

Ann Simpson
Notary Public

ANN SIMPSON
NOTARY PUBLIC STATE OF MISSOURI
BOONE COUNTY
MY COMMISSION EXP. MAR. 15 2002

My Commission Expires March 15, 2002

STB FD 32760 (Sub 30) 10-1-98 J 191422

191422

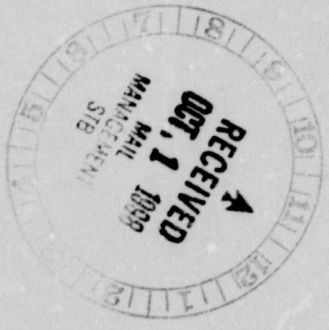
BOC GASES

BOC Gases
575 Mountain Avenue
Murray Hill NJ 07974

Telephone 908 771 1694

Howard J. Ditkof
Vice President, Distribution

September 28, 1998



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

ENTERED
Office of the Secretary
OCT - 1 1998
Part of
Public Record

Re: Finance Docket No. 32760 (Sub-no, 30)

Dear Secretary Williams:

I am writing on behalf of BOC Gases to inform you of our support for the Consensus Plan filed on July 8, 1998.

BOC Gases is the industrial gases business of The BOC Group, which operates in more than 60 countries, with sales last year of $6.4 billion. We have over 60 manufacturing facilities in the U.S. To supply Texas, we supplement our Baytown and Corpus Christi, Texas carbon dioxide plants with rail from Oklahoma and Mississippi into Houston and Dallas/Ft Worth. We also have merchant air separation plants in Jewett and Terrell, Texas.

The service meltdown resulting from the UP/SP merger is unprecedented in all aspects. BOC Gases has suffered economic damages, experienced inconsistent service and unparalleled delays in service. The Surface Transportation Board ("Board") has rightfully recognized UPs inability to solve the problem and the Board has been wise to implement their oversight powers to alleviate the service crisis.

During your oversight process, we strongly recommend that you give your utmost consideration to the Plan proposed by the Consensus Parties on July 8, 1998. We endorse their plan to alleviate the service crisis in Houston and the Texas/Gulf Coast region. The Consensus Plan will improve Rail Service by:

1. Expanding rail capacity and investment by all the existing carriers;

2. Providing neutral and fair dispatch of all rail traffic through Houston;

3. Ensuring that all shippers in Houston have equal access to all of the carriers currently servicing the area; and

4. Protecting the future competitiveness of the Houston region by ensuring that adequate rail service alternatives exist there in the future.

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

Thank you for considering our needs. Please do not hesitate to contact me if I can be of service in any way.

Sincerely,

Howard J. Ditkof

HJD/mlc

STB FD 32760 (Sub 30) 9-23-98 J 191331

19133

Willamette Industries, Inc.
Executive Offices

1300 S.W. Fifth Ave., Suite 3800
Portland, OR 97201
(503) 227-5581

September 22, 1998

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

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

Dear Mr. Williams:

Please find enclosed original verified statement regarding Finance Docket No. 32760 (Sub-No. 30).

Thank you for the opportunity to make comments and to be a party of record in this proceeding.

Sincerely,

Michael D. Salvino
Director of Transportation

MDS/mr

BEFORE
THE
SURFACE TRANSPORTATION BOARD

Consideration of
Finance Docket No. 32760 (Sub. - No. 30)

FILED ON BEHALF

OF

WILLAMETTE INDUSTRIES, INC.

DATED: September 22, 1998

BY: MICHAEL D. SALVINO
DIRECTOR OF TRANSPORTATION
WILLAMETTE INDUSTRIES, INC.
1300 SW FIFTH AVENUE, #3700
PORTLAND, OR 97201

VERIFIED STATEMENT

OF

MICHAEL D. SALVINO

INTRODUCTION

My name is Michael D. Salvino, Director of Transportation for Willamette Industries, Inc., a Fortune 500 company that manufactures and sells paper and building material products. Willamette Industries operates 103 plants in 22 states, Mexico, Ireland and France, and employs over 13,000 people. Nearly all of our 103 plants ship or receive by rail. 33 of our plants are served by Union Pacific or affiliated short lines. We also have 9 plants served by Kansas City Southern in Louisiana.

I have been with Willamette Industries for ten years and I direct the Transportation Department. I have a combined 16 year background in forest products transportation as a shipper. I have a Master of Business Administration degree from Portland State University and a Bachelor of Science degree from Willamette University.

STATEMENT OF POSITION

Willamette Industries is very concerned with overall service levels worsening on our nation's freight rail system. We correlate this worsening of service levels to a lack of competition as consolidation of railroads have occurred through mergers. Thus, we support regulatory changes which would increase competition in our nation's freight railroad system.

DISCUSSION

1. We have seen worsening service levels throughout the country not confined to a single carrier or region. We have observed this condition as applying mostly to local switch service on manifest (single carload) traffic. All of the Class I railroads have cut personnel to the detriment of local switch service. It is very common to have a backlog of loads on constructive placement due to a railroad not providing a daily scheduled switch service. Within the last 60 days we have had this condition of backlogs occurring on several of our plants served by UP, BNSF, CSX, NS and KCS. Missed switches at our plants are increasing in their frequency.

2. We have seen general improvement of railcar throughput in the Gulf region and believe UP has done much to resolve the rail crisis that started 3rd

Quarter 1997. We would also suggest this is due to shifting of resources from other regions of the country. For example, we are experiencing a significant downturn in service levels on UP in the I-5 corridor; including, car shortages, delayed shipments and increased transit times. We are fearful that this situation could turn into a crisis similar to the Gulf region.

3. As a member of American Forest & Paper Association, we support their position statement dated 8/14/98 on this matter. Willamette Industries supports the removal of "paper barriers" to shortline railroads. We feel this would increase competition in the nation's rail freight system. Increased competition will lead to improvements in the quality and efficiency of the rail service provided.

4. In the same vein as supporting the removal of paper barriers to shortlines, we support TexMex Railway's application for permanent access to the shortline line railroads serving Houston. KCS/TexMex has been a consistent voice since the beginning of the UP/SP merger proceeding. Allowing TexMex access to the Houston shortlines accomplishes the objective of increasing competition to improve service levels in our nation's rail freight system.

5. Rail business from our eight Louisiana building materials mills served by KCS to Houston is non-existent. 1998 YTD volume figures show we have shipped 604 truck loads and zero railcars. Allowing TexMex access to the Houston shortlines would provide single line rail service to compete with trucks.

SUMMARY

We support the American Forest & Paper Association's position of removing "paper barriers" to shortline railroads as a means to foster more rail competition. We also support TexMex Railway getting permanent access to shortline railroads serving Houston.

Respectfully Submitted By:

MICHAEL D. SALVINO
DIRECTOR OF TRANSPORTATION
WILLAMETTE INDUSTRIES, INC.

VERIFICATION

COUNTY OF MULTNOMAH)
) ss
STATE OF OREGON)

MICHAEL D. SALVINO, says he has read the foregoing statement, knows the contents thereof, and that the same are true as stated.

Michael D. Salvino

Witnessed before me.

OFFICIAL SEAL
LOIS JEAN SMITH
NOTARY PUBLIC - OREGON
COMMISSION NO.052481
MY COMMISSION EXPIRES MAR. 24, 2000

Notary Public 9-22-98

My commission Expires: 3-24-2000

(Seal)

STB FD 32760 (Sub 30) 9-21-98 J 191296

191296

Jupiter
CHEMICALS, INC.

P.O. Box 11589
Phoenix, Arizona 85061
Telephone (602) 528-0600
Facsimile (602) 528-0683

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

Re: Finance Docket No. 32760 (Sub-No. 30)

Dear Secretary Williams:

I am writing on behalf of Jupiter Chemicals to inform you of our strong support for the Plan filed by the Consensus Parties on July 8, 1998, to alleviate the service crisis in the Houston area.

Jupiter Chemicals is a manufacturer of sodium hydrosulfide, headquartered in Phoenix, AZ with plants at Westlake, La; Billings, MT; and Ponca City, OK.

The service meltdown resulting from the UP/SP merger is unprecedented in all aspects. Jupiter Chemical has suffered economic damages, experienced inconsistent service and unparalleled delays in service. The Surface Transportation Board ("Board") has rightfully recognized UP's inability to solve the problem and the Board has been wise to implement their oversight powers to alleviate the service crisis.

If Jupiter Chemicals had the option of using an alternative rail carrier during UP's continuing service crisis, we would have thankfully turned to that other carrier. However, UP's dominance which they gained through merging with SP has forced us to remain with them despite their horrible service.

During your oversight process, we strongly recommend that you give your utmost consideration to the Plan proposed by the Consensus Parties on July 8. We endorse their plan to alleviate the service crisis in Houston and

the Texas/Gulf Coast region. The Consensus Plan will improve Rail Service by:

1. Expanding rail capacity and investment by all the existing carriers;

2. Providing neutral and fair dispatch of all rail traffic through Houston;

3. Ensuring that all shippers in Houston have equal access to all of the carriers currently serving the area; and,

4. Protecting the future competitiveness of the Houston Ship Channel by ensuring that adequate rail service alternatives exist there in the future.

We firmly endorse these principals of competition and cannot stress the importance of providing alternative rail carriers, neutral switching and neutral dispatching enough. All of these principals are thoroughly addressed by the Consensus Plan. We strongly encourage you to pay utmost attention to the Plan and the fair and competitive proposals which are promoted by it.

I, Jan Bennett, 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 Jupiter Chemicals, executed on September 16, 1998.

Sincerely,

Jan Bennett

Jan Bennett

STB FD 32760 (Sub 30) 9-21-98 J 191295

Inland Paperboard and Packaging, Inc.
4030 Vincennes Road
Indianapolis, Indiana 46268-0937
Phone 317.879.4546 Fax 317.824.4710
e-mail dwelch@iccnet.com

191295

Donald A. Welch
General Manager - Logistics

INLAND
A Temple-Inland Company

September 11, 1998

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

Reference: Finance Docket No. 32760 (Sub-No. 30)

Dear Secretary Williams:

My name is Donald A. Welch. I am General Manager-Logistics for Inland Paperboard and Packaging, Inc. I have been employed with Inland Paperboard and Packaging, Inc. for eleven years. My transportation experience totals over twenty two years.

My business address is at Inland Paperboard and Packaging, Inc., 4030 Vincennes Road, Indianapolis, Indiana 46268.

Inland Paperboard and Packaging, Inc. is a vertically integrated paper products company with seven mills, forty corrugated container plants and twenty two warehouses throughout the United States. We produce kraft linerboard and medium at our mills, and various corrugated packaging containers and trays at our plants. Our net sales for 1997 exceeded 2.5 billion dollars and our total transportation costs were over 180 million dollars. Our products are marketed throughout the United States, Canada, Mexico, Europe and Asia, and rail shipments account for 30% of our total freight movements. We have a mill in Orange, Texas, near Houston.

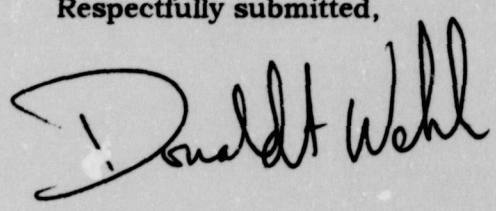
We support the Plan filed by the Consensus Parties on July 8, 1998, to help alleviate the service crisis in the Houston area.

Inland has suffered severe rail service problems in the Houston area since the Union Pacific/Southern Pacific merger. While the KCS/TexMex has trackage rights over the UP, we have experienced delays on our traffic due to congestion over the line. The Union Pacific wishes to monopolize the Houston area and prevent competition from enhancing shipping for the United States. This should not be allowed. The Union Pacific should not be allowed to dominate any significant market where competition would be of benefit to all shippers and receivers.

During your oversight process, we strongly urge you to give total consideration to the Plan proposed by the Consensus Parties on July 8. We endorse their plan to alleviate the service crisis in Houston and ensure competition will benefit all Americans. The Plan will expand rail capacity and investment by all rail carriers. It will provide neutral and fair dispatch of all rail traffic through Houston. It will ensure that all shippers in Houston have equal access to rail carriers.

I, Donald A. Welch, state that the foregoing is true and correct. Further, I certify that I am qualified to file this statement on behalf of Inland Paperboard and Packaging, Inc., executed on September 11, 1998.

Respectfully submitted,



Donald A. Welch
General Manager-Logistics
Inland Paperboard and Packaging, Inc.

VERIFICATION

County of Marion)
) ss
State of Indiana)

Donald A. Welch, being duly sworn, deposes and says he read the foregoing statement, knows the contents thereof, and that the same are true as stated.

Donald A. Welch

Subscribed and sworn to before me this 11th day of Sept., 1998.

Elaine E. Gray
Notary Public

ELAINE E GRAY
NOTARY PUBLIC STATE OF INDIANA
HENDRICKS COUNTY
MY COMMISSION EXP. AUG. 4,2001

My Commission expires

STB FD 32760 (Sub 30) 9-21-98 J 191294

191294

Nebraska Public Power District
Nebraska's Energy Leader

September 17, 1998

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

FD 32760-SUB 30

J

Dear Mr. Williams:

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

Sincerely,

Gary Stuchal

Gary G. Stuchal
Fossil Fuels Manager

sj

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

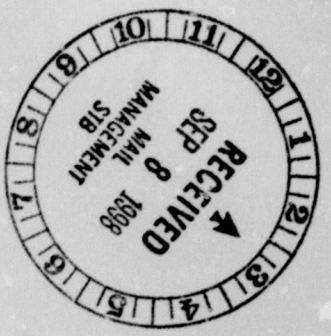
P. O. Box 1267 / North Platte, NE 69103-1267
Telephone: (308) 534-8896 / Fax: (308) 535-5333
Http://www.nppd.com

STB FD 32760 (Sub 30) 9-8-98 J 191056

19056

Southwest Industrial Terminals, Inc.

Packaging • Storage • Distribution



August 28, 1998

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

ENTERED
Office of the Secretary

SEP 10 1998

Part of
Public Record

Re: Finance Docket No. 32760 (Sub-No. 30)

Dear Secretary Williams:

I am writing to inform you of our company's strong support for the Plan filed by the Consensus Parties on July 8, 1998, to alleviate the service crisis in the Houston area.

Southwest Industrial Terminals, Inc. (SWIT) is a contract packaging and storage facility employing approximately 20 full time persons in Port Arthur, Texas. We have been a dependable rail customer for the past 18 years. Our company's core business is in the packaging of lube oil additives into 55 gallon drums for shipping destinations worldwide. Approximately 85% of the material received for packaging is delivered to SWIT by tank car, at a rate of approximately 250-300 tank cars annually. These materials are sourced from various locations throughout the United States and Canada. We are extremely dependent upon reliable and efficient rail service to support our core business activities.

The service meltdown resulting from the UP/SP merger is unprecedented in all aspects. SWIT has suffered economic damages, experienced inconsistent service and unparalleled delays in service. The Surface Transportation Board ("Board") has rightfully recognized UP's inability to solve the problem and the Board has been wise to implement their oversight powers to alleviate the service crisis.

SWIT has lost business as a result of UP's congestion in the Houston market area. We have not been able to reliably obtain materials sourced from the Houston market and subsequently have had many canceled orders due to lack of product supply. It is unknown whether these customers will ever return to us for their future supply needs.

If SWIT had the option of using an alternative rail carrier during UP's continuing service crisis, we would have thankfully turned to that other carrier. However, UP's dominance which they gained through merging with SP has forced us to remain with them despite their horrible service.

P.O. Box 396 • 645 Houston Ave. • Port Arthur, TX 77640 • (409) 982-6431 • Fax (409) 982-1961

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

I, Brent Rozell, 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 Southwest Industrial Terminals, Inc., executed on August 28, 1998.

Sincerely,

Brent Rozell
Vice President, Operations

STB FD 32760 (Sub 30) 9-8-98 J 191054

191054

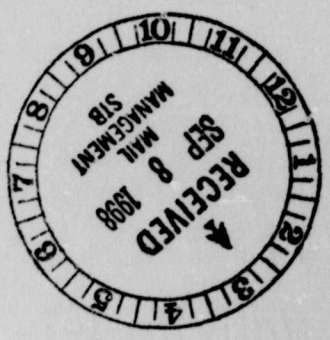
ENTERED
Office of the Secretary

SEP 10 1998

Part of
Public Record

Philip G. Sido
Director of
Transportation

1600 VALLEY ROAD, WAYNE, N.J. 07470 TELEPHONE 973-628-2321 FAX 973-628-2314



September 3, 1998

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

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

Dear Secretary Williams:

I am the Director of Transportation and Logistics for Union Camp Corporation and am writing on its behalf to endorse the Surface Transportation Board's decision to implement a new proceeding as part of the five year oversight condition imposed in the Union Pacific/Southern Pacific merger decision. Additional corrective conditions to the merger are needed to enhance competition and access.

Union Camp and its subsidiary companies have operations in more than forty countries, employ about 19,000 people world wide, own and manage 1.6 million acres of woodlands in the US and had revenues of 4.5 billion dollars in 1997. Union Camp utilizes boxcars, tank cars, center beam lumber cars, gondolas and chip hoppers to transport inbound raw materials and finished products throughout the US, Mexico and Canada. The UP/SP merger has resulted in service disruptions on our shipments of forest products and related chemical products through the UP/SP territories but it has also adversely affected our rail traffic east of the Mississippi River. We have experienced a short fall in equipment due to cars being tied up on the UP system and our working capital has been adversely impacted due to slow and inconsistent transit to our customers throughout the UP system.

Union Camp supports the Consensus Plan filed by the Consensus Parties on July 8, 1998 to alleviate the service crisis in the Houston area which should also streamline traffic coming in to, and out of, this entire Texas region. Union Camp also firmly believes that it, and all shippers, should have service choice and routing options by increasing the opportunities for short line rail carriers to participate in not only UP's rail traffic but all Class I carriers traffic. The Class I railroad mergers have often resulted in "paper barriers" being written in to line sales agreements and pricing policies of the merged railroads. These paper barriers and pricing policies have

E-Mail: phil_sido@ucamp.com

severely restricted the ability of short lines to offer competitive, efficient routing and cost competitive service. Short line carriers that are limited in their ability to route traffic or use connections that may be more efficient and cost competitive by the imposition of these paper barriers result in inefficiencies that do not serve the shipping community or the public at large.

We support the Consensus Plan because it assures shippers of having equal access to carriers, expands rail capacity investment by all existing carriers and would move towards the reduction on paper barriers which limit the access and competitive alternatives short lines should offer.

Thank you for your responsive action in initiating this proceeding as we believe it will increase the competitive options that are available to shippers using the UP/SP rail system. Increased competition and access to more railroads should lead to higher quality and efficient rail service.

I, Philip Sido, 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 Union Camp Corporation executed on September 3, 1998.

Respectfully submitted

Philip G. Sido

STB FD 32760 (Sub 30) 9-4-98 J 191013

CONOCO

191013

Sharon D. Simpson
Director Commercial Transportation
Transportation Services
Materials & Services

Conoco Inc.
P.O. Box 2197
Houston, TX 77252
(281) 293-2091

August 26, 1998

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

Re: Finance Docket No. 32760 (Sub-No. 30)

Dear Secretary Williams:

Conoco Inc., as a 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.

Conoco Inc. is a fully integrated oil company engaged in global exploration, production, refining and marketing of petroleum products. Included in our operation are a refinery complex and two lube oil manufacturing plants in the Lake Charles, LA area from and to which petroleum products are shipped by rail. My responsibilities include management of the domestic surface transportation procurement and related service function.

As you already know, most shippers today are both aware of and concerned with service and competitive issues involving the Union Pacific/Southern Pacific merger. Conoco supports the idea of expanding rail capacity and investment by all the existing carriers and protecting the future competitiveness by ensuring that adequate rail service alternatives exist in the future. We urge you to bear these in mind as your proceeding goes forward.

We appreciate the Board initiating this proceeding in response to the shipper's raised concerns and will follow closely as it unfolds in the weeks ahead.

I, Sharon D. Simpson, state that the foregoing is true and correct. Further, I certify that I am qualified to file this statement on behalf of Conoco Inc. , executed on August 26, 1998.

Sincerely,

Sharon D. Simpson

STB FD • 32760 Sub-30 9-4-98 J • 191012

191012

FMC Corporation

1735 Market Street
Philadelphia Pennsylvania 19103
215 299 6000

FMC

September 2, 1998

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

Re: Finance Docket No. 32760 (Sub-No.30)

Dear Secretary Williams:

I am writing on behalf of FMC to inform you of our strong support for the Plan filed by the Consensus Parties on July 8, 1998, to alleviate the service crisis in the Houston area.

As one of the world's leading producers of chemicals and machinery for industry and agriculture, FMC participates on a worldwide basis in three broad markets: Machinery and Equipment, Industrial Chemicals and Performance Chemicals. FMC operates 104 manufacturing facilities and mines in 26 countries.

The service meltdown resulting from the Union Pacific/ Southern Pacific merger is unprecedented in all aspects. During the crisis FMC Corporation experienced inconsistent and prolonged transit to and from all gateways. In the Houston area, it was not uncommon to incur transit times 3 or 4 times what we had experienced prior to the merger. FMC often had to use other, more costly modes of transportation and product sourcing to meet customer needs.

If FMC had the option of using an alternative rail carrier at the Bayport, Texas plant during Union Pacific's continuing service crisis, we would have probably turned to that carrier. However, FMC is captive to the Union Pacific.

During your oversight process, we strongly recommend that you give your utmost consideration to the Plan proposed by the Consensus Parties on July 8. The Consensus Plan is expected to improve rail service by increasing competition through providing alternative rail carriers, neutral switching and neutral dispatching.

We firmly endorse these principals of competition and urge you to give serious consideration to the plan.

Sincerely,

Eric B. Robinson (MT)

Eric B. Robinson
Director
Industrial Chemicals Distribution

STB FD 32760 (Sub 30) 9-4-98 J 191011

19104

Mobil Oil Corporation

3225 GALLOWS ROAD
FAIRFAX, VIRGINIA 22037-0001

August 31, 1998

ENTERED
Office of the Secretary

SEP - 9 1998

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

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

Dear Secretary Williams:

I am writing on behalf of Mobil Oil Corporation to inform you of our support for the Consensus Plan filed on July 8, 1998, as well as any conditions requested by the BNSF (Finance Docket No. 32760 Sub-No. 29) that may be endorsed by the Consensus parties.

Mobil Oil Corporation operates plants throughout the country, including Houston, Texas; Beaumont, Texas; and Hull, Texas; all of which have been seriously impacted by the UP service crisis. We handle approximately 30,000 rail car movements annually, including about 10,000 Gulf Coast inbound and outbound shipments.

In STB Finance Docket No. 32760 (Sub-No. 21), the Board stated that "... a key factor in bringing about the service emergency was the inadequate rail facilities and infrastructure in the region..." In addition, it was noted "...the Board believes that, given the gravity of the service situation, it should thoroughly explore anew the legitimacy and viability of longer-term proposals for new conditions to the merger as they pertain to service and competition in that region."

We believe that the Consensus Plan effectively addresses these issues and provides long-term solutions for service and competition in the Houston, Texas/Gulf Coast region by:

1. Expanding rail capacity and investment by all the existing carriers;

2. Providing neutral and fair dispatch of all rail traffic through Houston;

3. Ensuring that shippers in Houston have equal access to all of the carriers currently serving the area; and

4. Protecting the future competitiveness of the Houston Ship Channel by ensuring that adequate rail service alternatives exist there in the future.

Mobil

While UP service in the Gulf Coast area has improved recently, it is still far from the levels experienced prior to the merger, and even further from the efficiencies promised as a result of the merger with SP. We believe the UP service crisis has shown that shippers like Mobil, who rely heavily on rail transportation, require competitive rail alternatives to ensure uninterrupted service for our plants and customers.

We strongly encourage the STB to carefully consider each of the points of the Consensus Plan, the broad base of parties that support it, and the fair and competitive proposals that it promotes. We commend the Board for their action to initiate this proceeding, and will look forward to an outcome that in the long run will benefit both shippers and carriers alike, and establish confidence in rail as an effective means of transportation.

I, Garret Smith, 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 Mobil Oil Corporation. Executed on August 31, 1998.

Sincerely,

Doug Kratzthaler

for Garret G. Smith
Manager, Rail Transportation
Mobil Oil Corporation

DJK/

STB FD 32760 (Sub 30) 9-2-98 J 190987

190987

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Office of the Secretary
SEP - 9 1998
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Public Record

Gulf Compress

P.O. Box 1378
Corpus Christi, Texas 78403

Plant #1 located at 201 N. 19th Street, Corpus Christi, Texas (Main Office)
Plant #2 located at Bear Lane and Heinsohn Road, Corpus Christi, Texas

RECEIVED
SEP 2 1998
MAIL MANAGEMENT
STB

August 25, 1998

Verified Statement of Robert Weatherford, Gulf Compress

To: The Honorable Vernon A. Williams
Secretary of Surface Transportation Board
Washington, D.C. 20423-0001

From: Robert Weatherford
General Manager
Gulf Compress

FD32760-SUB30

Gulf Compress is an agricultural cooperative cotton warehouse located in Corpus Christi, Texas. On behalf of the 32 South Texas cotton gins that we serve, we warehouse and ship bales of raw cotton to destinations all over the world. On a normal year we expect to handle approximately 375,000 bales. This would equate to about 1,875 boxcars if it all shipped by rail. About ½ goes to domestic destinations and ½ is exported. In the past few years Mexico has become our largest export destination. Rail transportation volumes are dictated by market factors, which may fluctuate from year to year, but rail service is a critical factor in the service we provide our customers – especially in the Mexican market.

We rely entirely on the Tex Mex Railway for our rail service since it is the only carrier that accesses our two locations in Corpus Christi. The service provided by the Tex Mex is very important to our business today, and as the Canadian and Mexican markets grow, it will become ever more important. A new service we are offering to our customers, which involves moving and storing cotton from other areas of the United States, which is bound for Mexico, depends entirely on the service provided by the Tex Mex. Any loss of service by the Tex Mex would cause severe consequences in our ability to provide needed services to our customers at a reasonable cost. There are many of our services and markets, which would cease to be available to us without the railroad.

We feel it is extremely important in the ongoing oversight proceedings currently being conducted by the Surface Transportation Board with respect to the Houston and Gulf Coast region, that the Board not take any action that might impair Tex Mex's ability to continue to provide us with the rail service we rely on. Specifically, we are opposed to the BNSF request for San Antonio – Laredo trackage rights.

I, Robert Weatherford, declare under penalties of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement. Executed on August 25, 1998

Robert Weatherford

Robert Weatherford
General Manager

STB FD 32760 (Sub 30) 9-1-98 J 190935

CUSTOMS BROKERS
INTERNATIONAL FREIGHT FORWARDERS

190935

NEW ORLEANS, LA
ONE CANAL PLACE
SUITE 2100
NEW ORLEANS, LA 70130
(504) 581-3320
FAX (504) 529-2611

HOUSTON, TX
811 DALLAS ST.
SUITE #600
HOUSTON, TX 77002
(713) 759-9500
FAX (713) 759-9541

PORT ARTHUR, TX
REGIONAL SQUARE II
SUITE 135
PORT ARTHUR, TX
77642
(409) 727-5554

CORPUS CHRISTI, TX
1220 AIRLINE, SUITE 130-E
CORPUS CHRISTI, TX 78412
(512) 887-8999

MOBILE, AL
80 ST. MICHAEL ST.
MOBILE, AL 36602
(334) 433-8474
FAX (334) 438-3103

SHREVEPORT, LA
6209 INTERSTATE DRIVE
SHREVEPORT, LA 71109
(318) 631-3956
FAX (318) 631-4102

MEMPHIS, TN
3003 AIRWAYS BLVD.
SUITE 707
MEMPHIS, TN 38131
(901) 345-2878
FAX (901) 345-2980

JACKSON, MS
JACKSON INTERNATIONAL
AIRPORT, SUITE 328
JACKSON, MS 39208
P.O. BOX 98131
JACKSON, MS 39298
(601) 932-7435
FAX (601) 932-7436

M.G. MAHER
& COMPANY, INC.

www.mgmaher.com

New Orleans,La.
August 28, 1998

ENTERED
Office of the Secretary
SEP - 3 1998
Part of
Public Record

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

Re: Finance Docket No. 32760 (Sub-No.30)

Dear Secretary Williams:

M. G. Maher & Company,Inc., as a 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.

M. G. Maher & Company,Inc., is an International Freight Forwarder and Customs Broker, representing over 2000 importers and exporters. In this capacity we handle approximately 45,000 import containers, varying in size from 20' containers to 45' containers and export containers in excess of 70,000, covering tank containers, 20' containers, 40' containers and 52' containers.

A large portion of this is destined to the Pacific Rim countries and requires the rail service for moving these containers to the West Coast of the United States. Frankly, there is no alternative to its movement. We are heavily dependent on rail and the service that the rail/steamship lines in connection with the ocean carriers provide.

The UP/SP merger has created a severe service crisis throughout the country. The Surface Transportation Board ("Board") has rightfully recognized UP's inability to solve the problem and the Board has been wise to implement their oversight powers.

The UP/SP service meltdown has made it clear that alternative rail service is necessary to alleviate service problems when they occur. M. G. Maher & Company,Inc. supports the idea of:

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

Hon. Vernon A. Williams
Washington, D.C.

These principals are central to M. G. Maher & Company's concerns. We urge you to bear them in mind as your 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, Paul F. Wegener, 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 M. G. Maher & Company,Inc., executed on August 28, 1998.

Sincerely

M. G. MAHER & COMPANY,INC.

P. F. Wegener
Vice President

PFW:bor

STB FD 32760 (Sub 30) 8-28-98 J 190832

190832

CALABRIAN CORPORATION

August 24, 1998

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

Re: Finance Docket N. 32760 (Sub-No. 30)

Dear Secretary Williams:

I am writing on behalf of Calabrian Corporation to inform you of our support for the Consensus Plan filed on July 8, 1998.

Calabrian Corporation is a water treatment manufacturer with 70 employees, located in Pt. Neches, TX. We are absolutely dependent on the railroads to provide prompt reliable service both from our suppliers and for our customers. We have limited truck availability and no barge facilities at all; therefore, good, reliable, consistent railroad service is critical to our operations.

Calabrian is a medium sized company and our success depends on our customer service and reliability. As we are smaller than the major chemical companies in our area, we have to work even harder to achieve the customers that larger companies have, only because of their stature.

We receive raw materials from suppliers on the Texas/ Gulf Coast, Houston area, the Western U.S. and Canada. Our finished products are sold to customers located throughout the U.S., Mexico, and Canada.

The service meltdown resulting from the UP/SP merger is unprecedented in all aspects. I personally have 32 years of transportation experience and I have witnessed many mergers since 1966. During my career I have never seen such a mess as the UP-SP merger.

1521 GREEN OAK PLACE, SUITE 200 • KINGWOOD, TEXAS 77339 • TELEPHONE 281-348-2303 • FAX 281-348-2310

Calabrian Corporation has suffered economic damages: We and our customers have had to "cut-back" production, or shut-down the plant because of the UP's service failures; experienced inconsistent service (viz., 14 days from Eagle Pass, TX to Beaumont, TX); experienced unaparalleled delays in service (12 days from the UP yard in Houston to Freeport, TX); circuitous routing from the midwestern states to Brownsville, TX and through Louisiana in order to get to the UP yard in Houston, TX.

The Surface Transportation Board has rightfully recognized UP's inability to solve the problem and the Board has been wise to implement their oversight powers to alleviate the service crisis. A strong illness calls for some strong medicine.

During your oversight process, we strongly recommend that you give your utmost consideration to the Plan proposed by the Consensus Parties on July 8, 1998. We endorse their plan to alleviate the service crisis in Houston and the Texas/Gulf Coast region. The Consensus Plan will improve Rail Service by:

1. Expanding rail capacity and investment by all the existing carriers; (This would benefit the shippers and customers tremendously).

2. Providing neutral and fair dispatch of all rail traffic through Houston; (This would ensure an unbiased attitude towards all traffic).

3. Ensuring that all shippers in Houston have equal access to all of the carriers currently serving the area; (By giving the shippers a choice you provide them with an alternative as well as maintaining competition which is healthy).

4. Protecting the future competitiveness of the Houston ship Channel by ensuring that adequate rail service alternatives exist there in the future. (It is only through competition that service to customers can be assured at a competitive price).

These principals are central to our concerns and are thoroughly addressed by the Consensus Plan. We strongly implore you to exercise your oversight powers and your agreement to the Consensus Plan, the broad-base of parties which support it, and the fair and competitive proposals which are promoted by it.

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

I, Ernie Kenjura, 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 Calabrian Corporation, executed on August 24, 1998.

Sincerely,

Ernie Kenjura

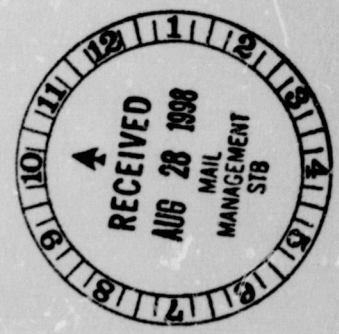
Ernie Kenjura
Traffic Manager

STB FD 32760 (Sub 30) 8-28-98 J 190831

190831

LaRoche Industries Inc.

1100 Johnson Ferry Road N.E.
Atlanta, GA 30342-1708
(404) 851-0300



August 24, 1998

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

Re: Finance Docket No. 32760 (Sub No. 30)

Dear Secretary Williams:

LaRoche Industries Inc. as a shipper, applauds your decision to institute a new proceeding as part of the five year oversight conditions imposed in the UP-SP merger decision.

LaRoche Industries is a world wide shipper of agricultural and industrial chemicals with annual freight expenditures of over twenty-five million dollars. We have some commodities such as chlorine, where the only viable way to ship is via rail.

The UP-SP service melt down has made it clear that alternative rail service is necessary to alleviate service problems when they occur. While service has improved in some areas (such as Houston), during the past few months it has been at the expense of reduced service in other areas (such as California).

LaRoche Industries supports the idea of:

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 have equal access to all of the carriers currently serving the area;

4. Protecting the future competitiveness by ensuring that adequate rail service alternatives exist in the future.

These principles are very important to LaRoche Industries. We urge you to bear them in mind as your proceedings continue.

Thank you again for your responsive action, keep it up. We will watch closely during the next weeks and months.

I, Dean W. DeVore, 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 LaRoche Industries, executed on August 24, 1998.

Sincerely,

Dean W. DeVore
Manager Transportation

DWD/sk

190830

Castrol North America Inc.

1500 Valley Road
Wayne NJ 07470

Telephone (973) 633 2200
Fax (973) 633 9867

August 24 1998

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

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

Dear Secretary Williams:

I am writing to you on behalf of Castrol North America Inc. (CNA), Automotive Division to inform you of our strong support for the Consensus Plan filed on July 8, 1998, to alleviate the service crisis in the Houston, Texas area.

CNA Automotive Division is a major motor oil manufacturer in North America, makers of the world famous GTX motor oil, with manufacturing plants in Toronto, Canada; Bayonne, NJ; Richmond, CA; Port Allen, LA; and Mexico City, Mexico with customers and suppliers located throughout the U.S.A., Canada and Mexico. Our annual freight budget is approximately $25MM.

I am the Manager of Traffic/Transportation Logistics for Castrol and have been in this position for over seven years. My responsibilities include policy and procurement of transportation and related equipment and services.

The service failures resulting from the UP/SP merger have impacted our company in many aspects, Castrol North America Inc. has suffered economic damages, experienced inconsistent services with unparalleled delays in service. The Surface Transportation Board has rightfully recognized UP's inability to solve the problem and the Board has been wise to implement their oversight powers to alleviate the service crises as they continue to exist. This experience in service failure has made it clear that alternative rail service is necessary to alleviate service problems in the future. Therefore Castrol North America Inc. strongly supports the Consensus Plan of July 8th and respectfully urges the Board to adopt this plan in total or in part to help promote greater competition in the Houston area.

We thank the Surface Transportation Board for the opportunity to present our comments and respectfully request our recommendations be strongly considered.

I, Raymond Kuri, 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 Castrol North America Inc, Automotive Division , executed on August 24, 1998.

Sincerely,

Raymond Kuri
Manager, Traffic/Transportation Logistics

TROUTMAN SANDERS LLP
ATTORNEYS AT LAW
A LIMITED LIABILITY PARTNERSHIP

1300 I STREET, N.W.
SUITE 500 EAST
WASHINGTON, D.C. 20005-3314
TELEPHONE: 202-274-2950
FACSIMILE: 202-274-2917
INTERNET: sandra.brown@troutmansanders.com

Sandra L. Brown
202-274-2959

August 20, 1998

BY FACSIMILE AND REGULAR MAIL

David L. Meyer, Esquire
Covington & Burling
1201 Pennsylvania Avenue, N.W.
P.O. Box 7566
Washington, D.C. 20044-7566

Re: Finance Docket No. 32760 (Sub-No. 26)/(Sub-No. 30)

Dear David:

We have tried unsuccessfully to reach you today to try and come to an agreement regarding certain documents which are the subject of a discovery conference set for Friday, August 21, 1998 at 10:00 a.m..

We wish to make clear that Tex Mex and KCS believe that Union Pacific's objections to the redactions are neither well-taken nor timely, and we do not waive those objections or any other objection previously raised, including but not limited to the relevance of the documents. In addition, neither Tex Mex nor KCS agree with the substance of arguments raised in your letter of August 17, 1998 to Judge Grossman requesting a discovery conference regarding this matter. In particular, we believe that the redactions in the documents previously provided are consistent with Judge Grossman's ruling on this matter at the discovery conference on July 13, 1998. In that conference, Judge Grossman held that redactions were permissible with respect to discussions of "the nature of ongoing negotiations with shippers or other railroads," Tr. 41-42, and "the commercial negotiating details of . . . a potential agreement," Tr. 49.

Nevertheless, other considerations lead Tex Mex and KCS to propose producing the pages listed in Appendix D of your August 17th letter in a less redacted manner, *i.e.* redacting only the numbers corresponding to proposed contractual terms, including, but not limited to, rates, divisions, and volumes.

We believe that this proposal should render the discovery conference on Friday, August 20 unnecessary. We also propose to have the less-redacted versions of these documents produced to you by COB Tuesday, August 25, 1998.

Please call us if you have any questions.

Sincerely yours,

Sandra L. Brown
Attorney for The Kansas City Southern
Railway Company

Scott Zimmerman /SLB

Scott M. Zimmerman
Zuckert Scoutt & Rasenberger, LLP
Attorney for The Texas-Mexican
Railway Company

cc: The Honorable Stephen Grossman (by hand)
The Honorable Vernon A. Williams (by hand)
Erika Z. Jones. Esquire (by facsimile)

190729

GROUP TESSENDERLO

ENTERED
Office of the Secretary
AUG 27 1998
Part of
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Tessenderlo
KERLEY

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

RECEIVED
AUG 25 1998
MAIL
MANAGEMENT
STB

Re: Finance Docket No. 32760 (Sub-No. 30)

Dear Secretary Williams:

Tessenderlo Kerley, as a 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.

Tessenderlo Kerley, a fertilizer manufacturer, ships from numerous plants in the United States, and ships railcars over the West Coast to terminals and customers.

The UP/SP merger has created a severe service crisis throughout the country. The Surface Transportation Board ("Board") has rightfully recognized UP's inability to solve the problem and the Board has been wise to implement their oversight powers.

The UP/SP service meltdown has made it clear that alternative rail service is necessary to alleviate service problems when they occur. Tessenderlo Kerley supports the idea of:

1. Expanding rail capacity and investment by all the existing carriers;

2. Providing neutral and fair dispatch of all rail traffic;

3. Ensuring that all shippers have equal access to all of the carriers currently serving the area; and,

4. Protecting the future competitiveness by ensuring that adequate rail service alternatives exist in the future.

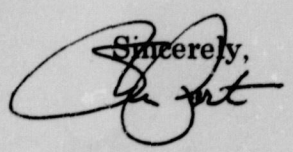
Tessenderlo Kerley, Inc • P. O. Box 11589, Phoenix, Arizona 85061-1589
2801 West Osborn Road, Phoenix, Arizona 85017-5024
Tel. (602) 528-0600 • Fax (602) 528-0683

These principles are central to Tessenderlo Kerley's concerns. We urge you tc bear them in mind as your 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, Stan Polwort, 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 Tessenderlo Kerley, executed on August 19, 1998.

Sincerely,



STB FD-32760 (SUB30) 8-25-98 J ID-190728

190728

HERCULES

ENTERED
Office of the Secretary

AUG 27 1998

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Hercules Incorporated
Hercules Plaza
1313 North Market Street
Wilmington, DE 19894-0001
(302) 594-5000

August 19, 1998

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

Finance Docket No. 32760 (Sub-No. 30)

Dear Secretary Williams:

Hercules Incorporated, as a 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.

Hercules Incorporated manufactures chemical specialty products for a variety of markets world wide. Its businesses include Paper Technology, Resins, Fibers, Food Gums and Aqualon water-soluble polymers. The corporation concentrates on value-added, high-performance products where it has a market or technology advantage. Hercules operates 45 manufacturing plants worldwide including 14 domestic plants in the United States.

We have 14 facilities in the United States located at Chicopee, MA; Parlin, NJ; West Elizabeth, PA; Hopewell, VA; Franklin, VA; Savannah, GA; Brunswick GA; Covington, GA; Milwaukee, WI; Kalamazoo, MI; Louisiana, MO; Hattiesburg, MS; Portland, OR; Kenedy, TX. These facilities are presently served by the ST; CR; NS; CSX; CPRS; BNSF; IC; UP.

The UP/SP merger has created a severe service crisis throughout the country. The Surface Transportation Board ("Board") has rightfully recognized UP's inability to solve the problem and the Board has been wise to implement their oversight powers.

The US/SP service meltdown has made it clear that alternative rail service is necessary to alleviate service problems when they occur. Hercules Incorporated supports the idea of:

1. Expanding rail capacity and investment by all the existing carriers;

2. Providing neutral and fair dispatch of all rail traffic;

3. Ensuring that all shippers have equal access to all of the carriers currently serving the area; and,

4. Protecting the future competitiveness by ensuring that adequate rail service alternatives exist in the future.

These principles are central to Hercules Incorporated concerns. We urge you to bear them in mind as your 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.

We thank the STB for the opportunity to present our comments and respectfully request our recommendations be strongly considered.

I, John E. Thomas, 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 Hercules Incorporated, executed on August 19, 1998.

Sincerely,

J. E. Thomas
Manager, Bulk Transportation
Purchasing & Transportation

JET:sms
WILLIAMS.JET

VERIFICATION

I, John E. Thomas, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement. Executed on August 19, 1998.

(Name)

SUBSCRIBED AND SWORN TO BEFORE ME THIS 19TH DAY OF AUGUST 1998.

NOTARY PUBLIC

Ellen L. Burk

My Commission expires May 8, 2000

CERESTAR USA, INC.
1100 INDIANAPOLIS BOULEVARD
HAMMOND, INDIANA 46320-1094
CHICAGO : (773) 374-1400
HAMMOND : (219) 659-2000
FAX : (219) 473-6600

194590

Cerestar

J

August 19, 1998

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

Re: Finance Docket No. 32760 (Sub No. 30)

Dear Secretary Williams:

My name is Robert A. Sieffert, and I am Manager of Transportation/Distribution for Cerestar USA, Inc. My company is in the corn refining business, and we make syrups, starches, and feed products from corn. We have manufacturing plants in Alabama, Indiana, and Texas, and we ship or receive more than 20,000 rail cars per year. We also have numerous distribution facilities where product is brought in by rail and transloaded to trucks for local distribution. Our two largest facilities of this type are in Houston and Fort Worth, Texas, in the heart of the recent rail service meltdown. Since most of our products are shipped in bulk over long distances, Cerestar is heavily dependent upon rail transportation.

The rail service crisis brought about by the takeover of Southern Pacific by Union Pacific has been unprecedented and unconscionable. And, contrary to reports eminating from Union Pacific's Public Relations Department, service is not improving. The meltdown has simply been relocated from Texas to California. Cerestar is now leasing 100 additional tank cars at an annual cost of $600,000. These cars were acquired solely to accommodate the serious deterioration in rail service.

Rail carriers and their trade association, the Association of American Railroads, have insisted that the ongoing rail service problems are not a result of a lack of competition. This position is self-serving, and, frankly, ridiculous. Competition...rail-to-rail competition...results in improved service for everyone. The carriers have used the gift of antitrust immunity to absorb their competitors, and this is the real reason rail service has become erratic, unpredictable, and intolerable.

In response to the ongoing rail service crisis, The Chemical Manufacturers Association, The Society of The Plastics Industry, The Texas Chemical Council, The Railroad Commission of Texas, The Texas Mexican Railway Company, and The Kansas City Southern Railway Company (collectively, the "Consensus Parties") have joined together

to develop a set of conditions to alleviate service and competitive problems related to the UP meltdown in the Texas Gulf Coast area. This plan was presented to the Surface Transportation Board by the Consensus Parties On July 8. Cerestar USA endorses this plan, and we believe it will improve rail service by:

1. Ensuring that all shippers in Houston have equal access to all carriers serving the area.

2. Providing neutral and fair dispatching of all rail traffic through Houston.

3. Expanding rail capacity and investment by all existing carriers.

4. Providing shippers with increased routing options.

The plan presented to the Board by the Consensus Parties addresses the service crisis in the Houston area by alleviating the virtual monopoly held by Union Pacific, and by providing shippers with alternative carriers.

The STB has correctly implemented its oversight powers to review issues of competition and access in the rail industry. I strongly urge the Board to accept the recommendations of the Consensus Parties to improve service in the Texas Gulf Coast area.

I, Robert A. Sieffert, state under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified to file this statement of behalf on Cerestar USA, Inc., executed on August 19, 1998.

Sincerely,

Robert A. Sieffert
Manager of Transportation/
Distribution

RR DONNELLEY LOGISTICS SERVICES

3075 Highland Parkway
Downers Grove, IL 60515
Phone (630) 963-9494
Fax (630) 322-6746

190533

ENTERED
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AUG 14 1998

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

Re: Finance Docket No. 32760 (Sub – No. 30)

Dear Secretary Williams:

I am writing on behalf of R.R. Donnelley & Sons/Donnelley Logistics Services to inform you of our support for the Consensus Plan filed on July 8, 1998.

Donnelley Logistics Services is a business unit of R.R. Donnelley & Sons Company, Chicago, IL. R.R. Donnelley & Sons is the largest commercial printer in North America, with 1997 gross revenues of $4.8 billion. Donnelley has 24 printing plants in the United States, and all but one are directly rail served. R.R. Donnelley consumes approximately 2.8 million tons of paper per year in the United States, and receives approximately 70 per cent of this tonnage by rail. This makes Donnelley the largest consumer of printing paper in North America. Donnelley plants also ship a substantial amount of scrap paper via rail. On the outbound side, while virtually all of Donnelley's product moves in trailers, more than 10 per cent of these trailerloads are shipped via intermodal. R.R. Donnelley ships finished product to every state in the United States, as well as to all Canadian provinces. Barge transportation is not presently an option for any of R.R. Donnelley's inbound or outbound transportation.

The service meltdown resulting for the UP/SP merger is unprecedented in all aspects. Donnelly Logistics Services has suffered economic damages, experienced inconsistent service and unparalleled delays in service. The Surface Transportation Board ("Board") has rightfully recognized UP's inability to solve the problem and the Board has been wise to implement their oversight powers to alleviate the service crisis.

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

1. Expanding rail capacity and investment by all the existing carriers;

2. Providing neutral and fair dispatch of all rail traffic through Houston;

3. Ensuring that all shippers in Houston have equal access to all of the carriers currently serving the area; and,

4. Protecting the future competitiveness of the Houston Ship Channel by ensuring that adequate rail service alternatives exist there in the future.

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

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

I, Jim Giblin, 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 RR Donnelley Logistics Services, executed on August 13, 1998.

Sincerely,

Jim Giblin
Intermodal Marketing Manager

SUMMARY OF THE CONSENSUS PLAN

The merger between Union Pacific ("UP") and Southern Pacific ("SP") was promoted to improve the railroad system in the United States. However, what began as promise has turned into a nightmare which has resulted in an unprecedented service meltdown. The Houston area has been the hardest hit region during this service crisis because UP controls 9 out of the 11 tracks into and out of Houston, approximately 70% of the switching, and controls an 87% market share of Houston traffic bound to and from the Southeast. This virtual monopoly by UP has led the Houston area shippers to bear the brunt of the service meltdown. As a result of UP's dominance of the Houston market, Texas manufacturers and shippers have suffered enormous economic damages. A February study estimated that Texas businesses have lost an estimated $1.093 billion because of UP's service meltdown.

In response to the service crisis, The Chemical Manufacturers Association ("CMA"), The Society of the Plastics Industry, Inc. ("SPI"), The Texas Chemical Council ("TCC"), The Railroad Commission of Texas ("RCT"), The Texas Mexican Railway Company ("Tex Mex"), and The Kansas City Southern Railway Company ("KCS") (collectively "Consensus Parties") have joined together to develop a set of conditions to alleviate service and competitive problems that are related to the UP/SP merger in the Houston area.

In summary, the eight part Consensus Plan would:

1. make provisions of the Emergency Service Order ("ESO") permanent, i.e. lift the northbound restriction placed on Tex Mex in the decision granting the merger of UP and SP, and permit Tex Mex to maintain the additional trackage rights granted under the ESO;

2. restore neutral switching in the Houston area with the PTRA as the provider of this neutral switching;

3. expand neutral switching to include all customers on the former SP Galveston Subdivision;

4. require that the neutral switching area also have neutral dispatching;

5. require UP and BNSF to acknowledge Tex Mex's and the Port of Houston Authority's full voting membership on the PTRA;

6. require UP to sell its rights to the former SP line between Rosenberg and Victoria, Texas upon which Tex Mex will re-construct and operate the line;

7. require UP to sell or lease an existing yard in Houston to Tex Mex, such as Booth Yard; and

8. allow Tex Mex/KCS to construct a new rail line immediately adjacent to UP's Lafayette Subdivision between Houston and Beaumont in exchange for UP's Beaumont Subdivision line between Houston and Beaumont.

The Consensus Plan addresses the severe service crisis in the Houston area by alleviating the virtual monopoly held by UP and by providing shippers with alternative carriers, as well as alternative tracks to ship their products. The Plan has three basic objectives to alleviate the monopoly. First, the Plan will add substantial new competitive infrastructure to the region. Second the Plan will essentially restore the competition and operating arrangements that existed before the UP/SP merger. For example, as recently as 1988, there were five separate Class I railroads serving Houston shippers and two terminal railroads, HBT and PTRA, which provided all of those Class I railroads and a substantial number of Houston shippers with neutral dispatching and switching services. While the Plan will not restore five railroads back to Houston it will restore neutral switching and dispatching to the three railroads that do serve Houston today. Third, the Plan will enable Tex Mex to be an effective competitive alternative to UP for U.S.-Mexican traffic.

The restoration of competition in the Houston area will be beneficial to all of the parties involved. The evidence establishes that there is a significant relationship between the reduction of competition and UP's unprecedented service failures. It is axiomatic that competition

Cydsa

Grupo Cydsa, S.A. de C.V.

Ave. Ricardo Margáin Zozaya No. 325
Garza García, N. L., México
Apartado Postal 642
Tel. (8) 335-90-90
Fax: (8) 335-33-30

August 10th, 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-No. 30)

Dear Secretary Williams:

I am writing on behalf of **Grupo Cydsa, S.A. de C.V.** to inform you of our strong support for the Plan filed by the Consensus Parties on July 8th, 1998, to aleviate the service crisis in th e Houston area.

Grupo Cydsa S.A. de C.V. is a group of companies dedicated to the manufacture of various commercial and industrial products such as: PVC resins, PVC pipe and fittings, acrilyc fiber and yarn, rayon filament, textile home products and garnments, flexible packing films, chlorine and caustic soda, salt, toluendiamine, refrigerant gases and propelants among others, with annual sales close to 1 billion dollars with exports of 30% of the total.

Founded in 1945, Cydsa employs over 10,000 people and has 18 plants distributed nation wide with the corporate headquarters based in Monterrey Mexico suburbs.

In many of our manufacturing processes we use various types of chemical products as raw materials which we import from the U.S. due to advantages in quality, availability, price, etc., mostly from the Texas, Mississipi and Louisiana areas.

Such chemical products include among others but not limited to: carbon tet, chloroform, toluenediamine, acrylonitrile, coke, cellulose pulp, polypropilene resins, etc. Our traffic department handles about 25 million dlls/year using several types of freight and our rail traffic corresponds to approximately 200,000 tons/year or 30% of the total.

Since the merger of UP/SP we have experienced constant delays in our business from the U.S. mainly because of the congestment problems on the rail transportation over the Laredo, Tx. / Nuevo Laredo, Tamps. border.

Cydsa

Grupo Cydsa, S.A. de C.V.

Ave. Ricardo Margáin Zozaya No. 325
Garza García, N. L., México
Apartado Postal 642
Tel. (8) 335-90-90
Fax: (8) 335-33-30

These delays, we have identified are caused by the unproper handling of our shipments as a result of the UP/SP merger, have come close to produce plant shutdown, thus jeopardizing our business in general. This situation as been affecting us to the extension that we have been forced to seek alternate ways of transporting into México our raw materials, such as truck shipping and vesseling from near ports with the implied significant additional cost.

If any of our plants had the option of using an alternative rail carrier during UP's continuing service crisis, we would have thankfully turned to that other carrier. However UP's dominance which they gained through merging with the SP has forced us to remain with them despite their terrible service.

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

The Consensus Plan will improve Rail Service by:

Expanding rail capacity and investment by all the exiisting carriers;

Providing neutral and fair dispatch of all rail traffic through Houston;

Ensuring that all shippers in Houston have equal acces to all of the carriers currently serving the area and,

Protecting the future competitiveness of the Houston Ship Channel by ensuring that adequate rail service alternatives exist there in the future.

We firmly endorse these principles of competititon and cannot stress the importance of providing alternative rail carriers, neutral switching and neutrai dispatching enough.

I, Jesus Hernández, 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 og Grupo Cydsa, S.A. de C.V., executed on August 10, 1998,

Signature

Jesus Hernandez
Import and Traffic Corporate Manager.
Grupo Cydsa S.A. de C.V.

Hon. Vernon A. Williams
Secretary

Surface Transportation Board
Room 711
1925 K Street, N.W.
Washington, DC 2043-0001

Re: Finance Docket No. 32760 (Sub-No. 30)

Hon. Vernon A. Williams:

I am writing on behalf of Montoi, S.A. de C.V. to inform you of our strong support for the Plan filed by the Consensus Parties on July 8th,1998 to alleviate the service crisis in Houston area.

Montoi is a company owned by Mattel Inc. in Monterrey, Mexico. It employs a total of 2000 workers in peak season, and exports besides the United States of America and Canada to 24 countries worldwide. Last Year 4,900 trailers and containers were shipped with only finished goods. Our location is 370,000 square feet. And a second plant is being built in the metropolitan area and should be operational by the end of this year.

The service meltdown resulting from the UP/SP merger is unprecedent in all aspects. Montoi have suffered economic damages, experienced inconsistent service and unparalleled delays in service. The Surface Transportaion Board ("Board") has rightfully recognized UP's inability to solve the problem and the Board has been wise to implement their oversight powers to alleviate the service crisis.

Our main problem has been not to receive our raw material on time in order to meet our production schedule and being forced to use full truck trailers in order to not stop manufacturing, increasing our costs, icluding forwarding agent fees. We need to cross four trailers to be equivalent to one hopper.

If Montoi had the option of using an alternative rail carrier during UP's continuing service crisis, we would have thankfully turned to other carrier. However, UP's dominance which they gained through merging with SP has forced us to remain with them despite their horrible service.

MONTOI, S. A. DE C.V. AVE. MANUEL ORDOÑEZ 509 APDO. POSTAL / P.O. BOX 1387 STA. CATARINA, N. L. 66350 MEXICO MONTERREY, N. L. 64000 MEXICO TELEX 383271 TEL. 399-35-00 FAX: 399-35-70

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

Expanding rail capacity and investment by all the existing carriers;

Providing neutral and fair dispatch of all rail traffic through Houston;

Ensuring that all shippers in Houston have equal access to all of the carriers currently serving the area; and.

Protecting the future competitiveness of the Houston Ship Channel by ensuring that adequate rail service alternatives exist there in the future.

We firmly endorse these principals of competition and cannot stress the importance of providing alternative rail carriers, neutral switching and neutral dispatching enough. All of these principals are thoroughly addressed by the Consensus Plan. We strongly encourage you to pay utmost attention to the Plan and the fair and competitive proposals which are promoted by it.

I, Rafael Vanegas 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 Montoi, S.A. de C.V. executed on August 12, 1998.

Sincerely,

Vanegas

MONTOI, S. A. DE C.V.
AVE. MANUEL ORDOÑEZ 509
APDO. POSTAL / P.O. BOX 1387
STA. CATARINA, N. L. 66350 MEXICO
MONTERREY, N. L. 64000 MEXICO
TELEX 383271
TEL. 399-35-00
FAX: 399-35-70

STB FD-32760(SUB30) 8-12-98 J ID-190505

190505

AMERIPOL SYNPOL CORPORATION

P.O. BOX 667
1215 MAIN STREET
PORT NECHES, TEXAS 77651

August 10, 1998

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

Dear Secretary Williams:

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

I am writing for Ameripol Synpol Corporation to inform you of our support for the Consensus Plan filed on July 8, 1998.

Ameripol Synpol Corporation with headquarters and plants in Port Neches, Texas, is the world's largest manufacturer of SBR synthetic rubber and serves a worldwide market. Our plant occupies 124 acres with 943,000 square feet of office, plant and warehouse under roof. Our rail shipments originate on the Kansas City Southern Railway. We have an average yearly volume of twelve hundred (1,200) sixty (60') foot rail boxcars moving to various synthetic rubber consumers in the United States and Canada.

The service meltdown resulting from the UP/SP merger is unprecedented in all aspects. Ameripol Synpol Corporation has suffered economic damages, experienced inconsistent service and unparalleled delays in service. The Surface Transportation Board (Board) has rightfully recognized UP's inability to solve the problem and the Board has been wise to implement their oversight powers to alleviate the service crisis.

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

- Expanding rail capacity and investment by all the existing carriers
- Providing neutral and fair dispatch of all rail traffic through Houston
- Ensuring that all shippers in Houston have equal access to all of the carriers currently serving the area
- Protecting the future competitiveness of the Houston ship channel by ensuring that adequate rail service alternatives exist there in the future.

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

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

Sincerely,

M. L. McClintock
Corporate Traffic Manager

MLM:ldr (8020.MLM)

I, M. L. McClintock, declare under penalty of perjury that the foregoing is true and correct. Further, that I am qualified and authorized to file this verified statement, executed this 10th day of August 1998.

SUMMARY OF THE CONSENSUS PLAN

The merger between Union Pacific ("UP") and Southern Pacific ("SP") was promoted to improve the railroad system in the United States. However, what began as promise has turned into a nightmare which has resulted in an unprecedented service meltdown. The Houston area has been the hardest hit region during this service crisis because UP controls 9 out of the 11 tracks into and out of Houston, approximately 70% of the switching, and controls an 87% market share of Houston traffic bound to and from the Southeast. This virtual monopoly by UP has led the Houston area shippers to bear the brunt of the service meltdown. As a result of UP's dominance of the Houston market, Texas manufacturers and shippers have suffered enormous economic damages. A February study estimated that Texas businesses have lost an estimated $1.093 billion because of UP's service meltdown.

In response to the service crisis, The Chemical Manufacturers Association ("CMA"), The Society of the Plastics Industry, Inc. ("SPI"), The Texas Chemical Council ("TCC"), The Railroad Commission of Texas ("RCT"), The Texas Mexican Railway Company ("Tex Mex"), and The Kansas City Southern Railway Company ("KCS") (collectively "Consensus Parties") have joined together to develop a set of conditions to alleviate service and competitive problems that are related to the UP/SP merger in the Houston area.

In summary, the eight part Consensus Plan would:

1. make provisions of the Emergency Service Order ("ESO") permanent, i.e. lift the northbound restriction placed on Tex Mex in the decision granting the merger of UP and SP, and permit Tex Mex to maintain the additional trackage rights granted under the ESO;

2. restore neutral switching in the Houston area with the PTRA as the provider of this neutral switching;

3. expand neutral switching to include all customers on the former SP Galveston Subdivision;

4. require that the neutral switching area also have neutral dispatching;

5. require UP and BNSF to acknowledge Tex Mex's and the Port of Houston Authority's full voting membership on the PTRA;

6. require UP to sell its rights to the former SP line between Rosenberg and Victoria, Texas upon which Tex Mex will re-construct and operate the line;

7. require UP to sell or lease an existing yard in Houston to Tex Mex, such as Booth Yard; and

8. allow Tex Mex/KCS to construct a new rail line immediately adjacent to UP's Lafayette Subdivision between Houston and Beaumont in exchange for UP's Beaumont Subdivision line between Houston and Beaumont.

The Consensus Plan addresses the severe service crisis in the Houston area by alleviating the virtual monopoly held by UP and by providing shippers with alternative carriers, as well as alternative tracks to ship their products. The Plan has three basic objectives to alleviate the monopoly. First, the Plan will add substantial new competitive infrastructure to the region. Second the Plan will essentially restore the competition and operating arrangements that existed before the UP/SP merger. For example, as recently as 1988, there were five separate Class I railroads serving Houston shippers and two terminal railroads, HBT and PTRA, which provided all of those Class I railroads and a substantial number of Houston shippers with neutral dispatching and switching services. While the Plan will not restore five railroads back to Houston it will restore neutral switching and dispatching to the three railroads that do serve Houston today. Third, the Plan will enable Tex Mex to be an effective competitive alternative to UP for U.S.-Mexican traffic.

The restoration of competition in the Houston area will be beneficial to all of the parties involved. The evidence establishes that there is a significant relationship between the reduction of competition and UP's unprecedented service failures. It is axiomatic that competition stimulates service to consumers. It is not only a matter of

competition giving service providers the proper incentive to serve their customers. If one provider is unwilling or unable to give its customers good service because of mismanagement or other service difficulties the presence of effective competitors enables the customers to obtain that service from others. After the UP/SP merger, UP's customers did not have that option and this Plan will restore it.

Union Pacific Market Share Carload Freight from Houston

	Pre-meltdown	Post-meltdown
To Northeast	86%	84%
To Southeast	91%	87%
To Midwest	80%	80%

Overall the Consensus Plan will restore and enhance competition to the Houston area. The restoration of competition will alleviate the service crisis that Houston is experiencing on several levels. First, it will give shippers a choice of carriers so that if one is not working the shippers have the option of going elsewhere. Second, it will force the competing railroads to provide good and effective service to keep their customers. Third, to stay competitive, the railroads will consistently seek to repair and improve existing tracks and facilities. Finally, the Plan restores neutral switching and neutral dispatching to help keep all of the railroads in equal competition. The Plan will provide the relief that the shippers and manufacturers have been requesting since the advent of the service crisis.

STB FD-32760 (SUB30) 8-13-98 J ID-190515

190515

DUNLOP
TIRE CORPORATION

August 7, 1998

Handle it!

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

RE: Finance Docket No. 32760(sub-no, 30)

Dear Secretary Williams:

I am writing on behalf of Dunlop Tire Corporation to inform you of our support for the Consensus Plan filed on July 8, 1998.

Dunlop Tire Corporation has tire manufacturing facilities in Huntsville, AL and Tonawanda, NY as well as distribution centers in Ontario, CA, Shelby, OH and Pottstown, PA. Our annual freight expenditures are in excess of $35 million and our rail movements are in excess of 1,000 cars per year.

The service meltdown resulting from the UP/SP merger is unprecedented in all aspects. Dunlop Tire has suffered economic damages, experienced inconsistent service and unparalleled delays in service. The Surface Transportation Board ("Board") has rightfully recognized UP's inability to solve the problem and the Board has been wise to implement their oversight powers to alleviate the service crisis.

During your oversight process, we strongly recommend that you give your utmost consideration to the Plan proposed by the Consensus Parties on July 8, 1998. We endorse their plan to alleviate the service crisis in Houston and the Texas/Gulf Coast region. The Consensus Plan will improve Rail Service by:

1. Expanding rail capacity and investment by all the existing carriers;

2. Providing neutral and fair dispatch of all rail traffic through Houston;

3. Ensuring that all shippers in Houston have equal access to all of the carriers currently serving the area; and

4. Protecting the future competitiveness of the Houston Ship Channel by ensuring that adequate rail service alternatives exist there in the future.

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

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

Sincerely,

DUNLOP TIRE CORPORATION

James Bangle

James M. Bangle
Transportation Manager

STB FD-32760(SUB30) 8-11-98 J ID-190484

190484

PPG Industries, Inc. One PPG Place Pittsburgh, Pennsylvania 15272 (412) 434-3628

Michael E. Petruccelli
Director
Distribution and Transportation
Chemicals Group

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

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

Dear Secretary Williams:

PPG is writing to request that the Surface Board give their full attention to resolving the service issues surrounding the Union Pacific merger with the Southern Pacific. Although the Union Pacific's service has improved somewhat their are still critical areas that need to be corrected.

PPG is a multi-business, multi-plant corporation with manufacturing plants and other interests throughout much of the free world. In 1996, worldwide sales were in excess of $7 billion, of which approximately $4.7 billion was generated in the United States. In 1996, PPG had approximately 31,000 employees worldwide and approximately 20,000 in the United States. PPG owns and leases approximately 2,500 rail cars to transport various commodities including rail dependent commodities such as chlorine, vinyl chloride and 73% caustic soda.

PPG as well as other shippers and receivers has experienced and encountered countless service delays. The service failures have resulted in additional costs and penalties. These costs are well into the millions of dollars. The Board is well aware of these service failures as a result of the oversight proceedings and the service reports issued by the Union Pacific.

Service must be returned to realistic and dependable schedules. PPG would encourage the Board to implement any steps necessary to create a dependable, reliable and competitive rail system in the Western Region of the Country. The Consensus Parties have proposed a plan on July 8, 1998 to alleviate some of the problems in the Houston Region. PPG would request that the Board give serious consideration to this plan or any other suggested plans that would create a competitive rail system capable of providing the required service levels and eliminating congestion and lengthy delays to service performance. Each carrier should be given the opportunity to compete in a fully competitive environment and the Board should implement changes to reach those goals.

I, Michael E. Petruccelli, declare under penalty of perjury that the foregoing statement is true and correct. Further, I certify that I am qualified and authorized to file this statement on behalf of PPG, executed on July 31, 1998.

Sincerely Yours

M. Petruccelli

Michael E. Petruccelli
Director Distribution and Transportation
Chemicals

190483

100 INDEPENDENCE MALL WEST PHILADELPHIA, PA 19106-2399 U.S.A.
TELEPHONE (215) 592-3000 CABLE ADDRESS: ROHMHAAS CENTRAL FAX (215) 592-3377

ROHM AND HAAS COMPANY

August 7, 1998

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STB

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

Re: Finance Docket No. 32760 (Sub-No. 30)

Dear Secretary Williams:

I am writing on behalf of the Rohm and Haas Company to inform you of our support for the Plan filed by the Consensus Parties on July 8, 1998 to alleviate the service crisis in the Houston area.

Rohm and Haas is a Specialty Chemical company based in Philadelphia, PA with worldwide operations involving approximately 11,500 people, and sales of $4 billion. The backbone of Rohm and Haas manufacturing, and Rohm and Haas' largest Plant, is located in Houston, TX. The efficient, continuous operation of this Houston facility is extremely critical to Rohm and Haas.

The service problems resulting from the UP/SP merger are unprecedented. Rohm and Haas has experienced inconsistent and severe delays in service, and has suffered significant economic damages. The Surface Transportation Board has recognized UP's inability to solve the problem and the Board has correctly implemented oversight powers to alleviate the service crisis.

During your oversight process, we encourage the Board to give serious consideration to the Plan proposed by the Consensus Parties on the Texas/Gulf Coast region. It is Rohm and Haas' belief that the Consensus Plan will improve rail service in the Houston area.

Rohm and Haas is in support of any plan which will foster rail competition. We endorse the Consensus Plan for its principals of competition and stress the importance of providing alternative rail carriers. neutral switching and neutral dispatching in the Houston/Gulf Coast region. We strongly encourage you to pay utmost attention to the Plan and the fair and competitive proposals which are promoted by it.

Sincerely,

Thomas R. Doberstein

Thomas R. Doberstein
Rail Specialist,
Rohm and Haas Company

STB FD-32760(SUB30) 8-1198 J ID-190482

190482

Matson Intermodal System

1534 McDaniel Drive, West Chester PA 19380
Telephone (800) 522-2939 FAX (610) 431-4336

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

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

Dear Secretary Williams:

I am writing on behalf of Matson Intermodal System to inform you of our strong support for the Plan filed by the Consensus Parties on July 8, 1998, to alleviate the service crisis in the Houston area.

Matson Intermodal is an Intermodal Marketing Company with over $100 million dollars in annual revenues. We have over eight offices located throughout the United States and conduct business on a nationwide basis. We are severely affected by service problems in any area of the country's rail network, as we rely heavily on our rail carriers to perform up to standard in order to provide service to our customers.

The service meltdown resulting from the UP/SP merger is unprecedented in all aspects. Matson Intermodal has suffered economic damages, experienced inconsistent service and unparalleled delays in service. The Surface Transportation Board ("Board") has rightfully recognized UP's inability to solve the problem and the Board has been wise to implement their oversight powers to alleviate the service crisis.

The situation in Houston has caused us several problems with both inbound and outbound service. We have lost a customer's inbound loads into Texas due to the inconsistent service and the inability of the UP to give an accurate estimate of transit time. The service problems have also caused delays and extra cost on outbound shipments. We moved international loads from Houston to Savannah for a major steamship line. Trying to cope with the service delays we informed the line that we would need 10 days in this lane. Despite this increase in lead time several shipments were delayed so badly at origin that we had to incur the extra cost of trucking the loads to Savannah, GA.

If Matson Intermodal had the option of using an alternative rail carrier during UP's continuing service crisis, we would have thankfully turned to that other carrier. However, UP's dominance which they gained through merging with SP has forced us to remain with them despite their horrible service.

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

1. Expanding rail capacity and investment by all the existing carriers;

2. Providing neutral and fair dispatch of all rail traffic through Houston;

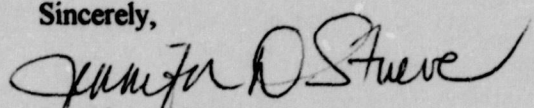
3. Ensuring that all shippers in Houston have equal access to all of the carriers currently serving the area; and,

4. Protecting the future competitiveness of the Houston Ship Channel by ensuring that adequate rail service alternatives exist there in the future.

We firmly endorse these principals of competition and cannot stress the importance of providing alternative rail carriers, neutral switching and neutral dispatching enough. All of these principals are thoroughly addressed by the Consensus Plan. We strongly encourage you to pay utmost attention to the Plan and the fair and competitive proposals which are promoted by it.

I, Jennifer D. Stueve, 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 Matson Intermodal System, executed on August 4, 1998.

Sincerely,



Jennifer D. Stueve

STB FD-32760 (SUB30) 8-10-98 J ID-1940456

190456

August 5, 1998

MESSER
MG Industries

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

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Re: Finance Docket No. 32760 (Sub-No. 30)

Dear Secretary Williams:

MG Industries (MG), as a 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.

MG is a producer of liquid carbon dioxide in the Houston area and delivers approximately 300 tons per day by truck in the Tri-State area. Every time we looked to expand our market share, rail service was a deterrent due to service infrequency and cost. We invested approximately $200,000.00 in constructing a rail siding back in 1993 and have not used it for those reasons. Competitive rail service, in our situation, could only help with predictable service and competitive pricing.

The UP/SP merger has created a severe service crisis throughout the region. The Surface Transportation Board ("Board") has rightfully recognized UP's inability to solve the problem and the Board has been wise to implement their oversight powers.

The UP/SP service meltdown has made it clear that alternative rail service is necessary to alleviate service problems when they occur. MG supports the idea of:

1. Expanding rail capacity and investment by all the existing carriers;

MG Industries

Corporate Office
3 Great Valley Parkway
PO Box 3039
Malvern, PA 19355-0739

Tel (610) 695-7400
Fax (610) 695-7900
www.mgindustries.com

2. Providing neutral and fair dispatch of all rail traffic;
3. Insuring that all shippers have equal access to all of the carriers currently serving the area; and,
4. Protecting the future competitiveness by ensuring that adequate rail service alternatives exist in the future.

These principles are central to MG's concerns. We urge you to bear them in mind as your proceeding goes forward.

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

I, Matt Brown, 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 MG, executed on August 5, 1998.

Sincerely,

Matt Brown
Corporate Distribution Manager

190455

Matson Intermodal System

1534 McDaniel Drive, West Chester PA 19380
Telephone (800) 522-2939 FAX (610) 431-4336

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ANNEMARIE HASKINS
Vice President - Sales - Northeastern

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

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

Dear Secretary Williams:

I am writing on behalf of Matson Intermodal System to inform you of our strong support for the Plan filed by the Consensus Parties on July 8, 1998, to alleviate the service crisis in the Houston area.

Matson Intermodal is an Intermodal Marketing Company with over $100 million dollars in annual revenues. We have over eight offices located throughout the United States and conduct business on a nationwide basis. We are severely affected by service problems in any area of the country's rail network, as we rely heavily on our rail carriers to perform up to standard in order to provide service to our customers.

The service meltdown resulting from the UP/SP merger is unprecedented in all aspects. Matson Intermodal has suffered economic damages, experienced inconsistent service and unparalleled delays in service. The Surface Transportation Board ("Board") has rightfully recognized UP's inability to solve the problem and the Board has been wise to implement their oversight powers to alleviate the service crisis.

The situation in Houston has caused us several problems with both inbound and outbound service. We have lost a customer's inbound loads into Texas due to the inconsistent service and the inability of the UP to give an accurate estimate of transit time. The service problems have also caused delays and extra cost on outbound shipments. We moved international loads from Houston to Savannah for a major steamship line. Trying to cope with the service delays we informed the line that we would need 10 days in this lane. Despite this increase in lead time several shipments were delayed so badly at origin that we had to incur the extra cost of trucking the loads to Savannah, GA.

If Matson Intermodal had the option of using an alternative rail carrier during UP's continuing service crisis, we would have thankfully turned to that other carrier. However, UP's dominance which they gained through merging with SP has forced us to remain with them despite their horrible service.

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

1. Expanding rail capacity and investment by all the existing carriers;

2. Providing neutral and fair dispatch of all rail traffic through Houston;

3. Ensuring that all shippers in Houston have equal access to all of the carriers currently serving the area; and,

4. Protecting the future competitiveness of the Houston Ship Channel by ensuring that adequate rail service alternatives exist there in the future.

We firmly endorse these principals of competition and cannot stress the importance of providing alternative rail carriers, neutral switching and neutral dispatching enough. All of these principals are thoroughly addressed by the Consensus Plan. We strongly encourage you to pay utmost attention to the Plan and the fair and competitive proposals which are promoted by it.

I, Annemarie J. Haskins, 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 Matson Intermodal System, executed on August 4, 1998.

Sincerely,

A. J. Haskins

Annemarie J. Haskins
VP Northeastern Sales

190452

ULTRAMAR DIAMOND SHAMROCK
CORPORATION

August 6, 1998

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

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Re: Finance Docket No. 32760 (Sub-No. 30)

Dear Secretary Williams:

Ultramar Diamond Shamrock, as a 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.

Ultramar Diamond Shamrock is a producer and marketer of petrochemicals with headquarters in San Antonio, Texas. We employ approximately 24,000 people throughout our system and have annual sales in the neighborhood of ten billion dollars. Annual freight expenditures exceed fifty million dollars.

We have manufacturing facilities in Quebec, Michigan, Colorado, California, Oklahoma and Texas. The Texas, Colorado and Oklahoma facilities have all been affected by the UP service meltdown. Our Mont Belvieu, Texas plant just east of Houston has been severely impacted by congestion in the Houston terminal area, through which more than 600 rail cars of propylene from multiple suppliers must pass each month. This traffic will increase to nearly 700 cars following the completion of our expansion project at the end of this September. Fluid, uninterrupted train operations throughout the Houston area is vital to the successful operation of our Mont Belvieu facility. We cannot receive products by barge and the volume of the product deliveries and distance involved make trucking impractical and too costly.

The UP/SP merger has created a severe service crisis throughout the country. The Surface Transportation Board ("Board") has rightfully recognized UP's inability to solve the problem and the Board has been wise to implement their oversight powers.

P.O. Box 696000 • San Antonio, Texas 78269-6000 • 210 / 592-2000

The UP/SP service meltdown has made it clear that alternative rail service is necessary to alleviate service problems when they occur. Ultramar Diamond Shamrock supports the idea of:

1. Expanding rail capacity and investment by all the existing carriers;

2. Providing neutral and fair dispatch of all rail traffic;

3. Ensuring that all shippers have equal access to all of the carriers currently serving the area; and,

4. Protecting the future competitiveness by ensuring that adequate rail service alternatives exist in the future.

These principles are central to Ultramar Diamond Shamrock's concerns. We urge you to bear them in mind as your preceeding 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, Steve Geneva, 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 Ultramar Diamond Shamrock, executed on August 6, 1998.

Sincerely,

Steve Geneva

Steve Geneva
General Manager Transportation

190435

Matson Intermodal System

1534 McDaniel Drive, West Chester PA 19380
Telephone (800) 522-2939 FAX (610) 431-4336

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ANNEMARIE HASKINS
Vice President Sales - Northeastern

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

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

Dear Secretary Williams:

I am writing on behalf of Matson Intermodal System to inform you of our strong support for the Plan filed by the Consensus Parties on July 8, 1998, to alleviate the service crisis in the Houston area.

Matson Intermodal is an Intermodal Marketing Company with over $100 million dollars in annual revenues. We have over eight offices located throughout the United States and conduct business on a nationwide basis. We are severely affected by service problems in any area of the country's rail network, as we rely heavily on our rail carriers to perform up to standard in order to provide service to our customers.

The service meltdown resulting from the UP/SP merger is unprecedented in all aspects. Matson Intermodal has suffered economic damages, experienced inconsistent service and unparalleled delays in service. The Surface Transportation Board ("Board") has rightfully recognized UP's inability to solve the problem and the Board has been wise to implement their oversight powers to alleviate the service crisis.

The situation in Houston has caused us several problems with both inbound and outbound service. We have lost a customer's inbound loads into Texas due to the inconsistent service and the inability of the UP to give an accurate estimate of transit time. The service problems have also caused delays and extra cost on outbound shipments. We moved international loads from Houston to Savannah for a major steamship line. Trying to cope with the service delays we informed the line that we would need 10 days in this lane. Despite this increase in lead time several shipments were delayed so badly at origin that we had to incur the extra cost of trucking the loads to Savannah, GA.

If Matson Intermodal had the option of using an alternative rail carrier during UP's continuing service crisis, we would have thankfully turned to that other carrier. However, UP's dominance which they gained through merging with SP has forced us to remain with them despite their horrible service.

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

1. Expanding rail capacity and investment by all the existing carriers;

2. Providing neutral and fair dispatch of all rail traffic through Houston;

3. Ensuring that all shippers in Houston have equal access to all of the carriers currently serving the area; and,

4. Protecting the future competitiveness of the Houston Ship Channel by ensuring that adequate rail service alternatives exist there in the future.

We firmly endorse these principals of competition and cannot stress the importance of providing alternative rail carriers, neutral switching and neutral dispatching enough. All of these principals are thoroughly addressed by the Consensus Plan. We strongly encourage you to pay utmost attention to the Plan and the fair and competitive proposals which are promoted by it.

I, Frank Whalen, 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 Mat:on Intermodal System, executed on August 4, 1998.

Sincerely,

Frank Whalen

Frank Whalen

STB FD-32760(SUB30) 8-7-98 J ID-190433

190433

STAR SHIPPING, INC.

1100 B DAUPHIN STREET, MOBILE, AL 36604 • TEL. (334) 433-3800 • FAX (334) 434-6252 • TELEX 882822

Head Office: Bergen, Norway

Offices in: Saint John, NB; Atlanta, Georgia; Savannah, Georgia; Panama City, Florida; Long Beach, California; San Francisco, California; Portland, Oregon; Vancouver, B.C; Tokyo, Japan; Sydney, NSW; Singapore; Livorno, Italy; Antwerp; Rotterdam; Rio de Janiero

August 3, 1998

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

Re: Finance Docket No. 32760 (Sub-No. 30)

Dear Secretary Williams:

Star Shipping 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.

Star Shipping is an ocean carrier, operating approximately 80 vessels worldwide. Our company was formed in Norway in 1961, and we are one of the leading forest products carriers in the world. Our trade routes include major ports of the U.S. East Coast, Gulf Coast, and West Coast to and from Europe, the Mediterranean, Brazil and Pacific Rim countries. In 1996, our freight revenues totaled $710,000,000 for cargoes carried totaling 17.0 million metric tons. Fast and efficient rail service is absolutely vital to our customers, who are the shippers and receivers of the cargoes carried in our vessels.

The UP/SP merger has created a severe service crisis throughout the country. The Surface Transportation Board ("Board") has rightfully recognized UP's inability to solve the problem and the Board has been wise to implement their oversight powers.

STAR SHIPPING

The UP/SP service meltdown has made it clear that alternative rail service is necessary to alleviate service problems when they occur. Star Shipping supports the idea of:

1. Expanding rail capacity and investment by all the existing carriers;

2. Providing neutral and fair dispatch of all rail traffic;

3. Ensuring that all shippers have equal access to all of the carriers currently serving the area; and,

4. Protecting the future competitiveness by ensuring that adequate rail service alternatives exist in the future.

These principles are central to Star Shipping's concerns. We urge you to bear them in mind as your 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, Raymond W. Zielke, 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 Star Shipping, executed on August 3, 1998.

Sincerely,

STAR SHIPPING, INC.

Raymond W. Zielke
District Manager

190417

AEROPRES
CORPORATION

Mailing Address
P.O. Box 78588
Shreveport, LA
71137-8588

Administrative Offices: • 200 Petroleum Square Two • 1324 N. Hearne • Shreveport, LA 71107 • 318-221-6282 — FAX: 318-429-6739

COMPETITION SUPPORT LETTER FOR CONSENSUS PLAN TO SURFACE TRANSPORTATION BOARD

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

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

Dear Secretary Williams:

I am writing on behalf of Aeropres Corporation, dba Stephens Butane to inform you of our strong support for the Plan filed by the Consensus Parties on July 8, 1998 to alleviate the service crisis in the Houston area.

The UPSP merger has created a severe service crisis thoughout the country. The Surface Transportation Board ("Board") has rightfully recognized UP's inability to solve the problem and the Board has been wise to implement their oversight powers.

The UP/SP service meltdown has made it clear that alternative rail service is necessary to alleviate service problems when they occur. Aeropres Corporation, dba Stephens Butane supports the idea of:

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

These principles are central to Aeropres Corporation, dba Stephens Butane concerns. We urge you to bear them in mind as your proceeding goes forward.

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

I, Mickey R. Walker, 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 Aeropres Corporation, dba Stephens Butane, executed on the 31st day of July 1998.

Sincerely,

AEROPRES CORPORATION
DBA STEPHENS BUTANE

Mickey R. Walker
Vice President-Finance

MRW/gba

190416

AEROPRES
CORPORATION

Mailing Address
P.O. Box 78588
Shreveport, LA
71137-8588

Administrative Offices: • 200 Petroleum Square Two • 1324 N. Hearne • Shreveport, LA 71107 • 318-221-6282 — FAX: 318-429-6739

COMPETITION SUPPORT LETTER FOR CONSENSUS PLAN TO SURFACE TRANSPORTATION BOARD

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

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

Dear Secretary Williams:

I am writing on behalf of Aeropres Corporation, dba Daniel Butane, to inform you of our strong support for the Plan filed by the Consensus Parties on July 8, 1998 to alleviate the service crisis in the Houston area.

The UPSP merger has created a severe service crisis thoughout the country. The Surface Transportation Board ("Board") has rightfully recognized UP's inability to solve the problem and the Board has been wise to implement their oversight powers.

The UP/SP service meltdown has made it clear that alternative rail service is necessary to alleviate service problems when they occur. Aeropres Corporation, dba Daniel Butane, supports the idea of:

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

These principles are central to Aeropres Corporation, dba Daniel Butane, concerns. We urge you to bear them in mind as your proceeding goes forward.

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

I, Robert R. Wilkie, 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 Aeropres Corporation, dba Daniel Butane, executed on the 31st day of July 1998.

Sincerely,

AEROPRES CORPORATION

Robert R. Wilkie
Executive Vice President

RRW/gba

190404

7/31/98

FD32760 SUB 30

Mr. Olson's title was inadvertently omitted from the original letter that was mailed out on 7/29/98. Please replace the original mailing with this corrected version.

J

My apologies for any inconvenience.

Debbie Martin
Secretary to Ivan A. Olson
Longview Fibre Company

190404

LONGVIEW FIBRE COMPANY

MAIN OFFICE AND MILLS • LONGVIEW, WASHINGTON 98632
1-360-425-1550

7/29/98

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

Re: Finance Docket No. 32760 (Sub No. 30)

Dear Secretary Williams:

Longview Fibre Company is concerned about the ongoing rail congestion and therefore suggests that consideration be given to issues raised in the Consensus Plan filed on July 8, 1998.

Longview Fibre has converting plants located in eleven states in addition to the main mill located in Longview, Washington. The large, heavy rolls of paper used for the converting process are well suited for rail transportation.

Problems in the Texas areas have obviously strained the rail resources in other parts of the country and particularly in the Pacific Northwest.

We believe the Union Pacific is working in good faith to try to overcome the bottleneck obstacles. However, it appears the problems are more far reaching than most could have surmised and the on-going level of business will make it difficult to adequately address all issues.

The Southern Pacific was a very large railroad with unique operating conditions that have not readily blended into a single unified transportation system that was envisioned in the early aspirations of melding it into one operating property.

We are an industry strongly dependent on the rail industry. Relief in providing dependable and consistent service to our customers is contingent on an appraisal of what can be done to reverse the continuous adverse situations developing in rail service that is not satisfactorily providing service needed by our customers.

This nation cannot continue the status quo of substandard service from a large segment of the rail industry. For that reason it is time for the Surface Transportation Board to accept a responsible role and provide alternatives that will bring relief to western rail shippers.

I, Ivan A. Olson, state under penalty of perjury that the foregoing is true and correct. Further, that I am qualified to file this statement on behalf of Longview Fibre Company.

Sincerely,

Ivan A. Olson
Vice President-Transportation

/dm

190376

LONGVIEW FIBRE COMPANY

MAIN OFFICE AND MILLS • LONGVIEW, WASHINGTON 98632
1-360-425-1550

J

7/29/98

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

Re: Finance Docket No. 32760 (Sub No. 30)

Dear Secretary Williams:

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Longview Fibre has converting plants located in eleven states in addition to the main mill located in Longview, Washington. The large, heavy rolls of paper used for the converting process are well suited for rail transportation.

Problems in the Texas areas have obviously strained the rail resources in other parts of the country and particularly in the Pacific Northwest.

We believe the Union Pacific is working in good faith to try to overcome the bottleneck obstacles. However, it appears the problems are more far reaching than most could have surmised and the on-going level of business will make it difficult to adequately address all issues.

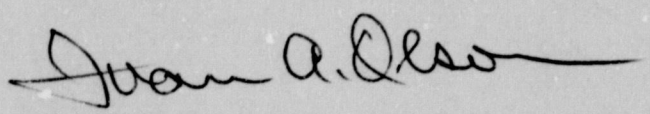
The Southern Pacific was a very large railroad with unique operating conditions that have not readily blended into a single unified transportation system that was envisioned in the early aspirations of melding it into one operating property.

We are an industry strongly dependent on the rail industry. Relief in providing dependable and consistent service to our customers is contingent on an appraisal of what can be done to reverse the continuous adverse situations developing in rail service that is not satisfactorily providing service needed by our customers.

This nation cannot continue the status quo of substandard service from a large segment of the rail industry. For that reason it is time for the Surface Transportation Board to accept a responsible role and provide alternatives that will bring relief to western rail shippers.

I, Ivan A. Olson, state under penalty of perjury that the foregoing is true and correct. Further, that I am qualified to file this statement on behalf of Longview Fibre Company.

Sincerely,



Ivan A. Olson

/dm

AEROPRES
PROPANE GAS
A Division of Aeropres Corp

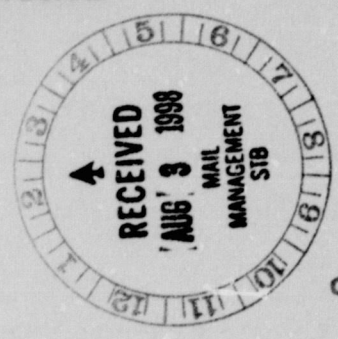
• DOMESTIC
• INDUSTRIAL
• AGRICULTURAL
• ENGINE FUEL

1324 N. Hearne Ave., Ste. 200 • Shreveport, LA 71107 • Phone: 318-221-6282 • Faxes: 318-429-[illegible]731/39

190374

J

COMPETITION SUPPORT LETTER FOR CONSENSUS PLAN TO SURFACE TRANSPORTATION BOARD



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

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

Dear Secretary Williams:

I am writing on behalf of Aeropres Propane Gas to inform you of our strong support for the Plan filed by the Consensus Parties on July 8, 1998 to alleviate the service crisis in the Houston area.

The UPSP merger has created a severe service crisis thoughout the country. The Surface Transportation Board ("Board") has rightfully recognized UP's inability to solve the problem and the Board has been wise to implement their oversight powers.

The UP/SP service meltdown has made it clear that alternative rail service is necessary to alleviate service problems when they occur. Aeropres Propane Gas supports the idea of:

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

These principles are central to Aeropres Propane Gas concerns. We urge you to bear them in mind as your proceeding goes forward.

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

I, Ron Horne, 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 Aeropres Propane Gas, executed on the 31st day of July 1998.

Sincerely,

AEROPRES PROPANE GAS

Ron Horne
General Manager

RH/gba

AmeriGas

America's Propane Company

190378

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

ENTERED
Office of the Secretary

AUG 04 1998

Part of
Public Record

Re: Finance Docket No. 32760 Sub.-No. 30

Dear Secretary Williams:

Amerigas Propane LP, as a 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.

Amerigas Propane LP is the largest propane retail company in the USA. We have over 5,000 employees, 600 plus outlets and spend 18 to 20 million dollars a year for rail service throughout all states except Hawaii.

The UP/SP merger has created a severe service crisis throughout the country. This service meltdown has made it clear that alternative rail service is necessary to alleviate service problems when they occur. Amerigas supports the idea of:

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

These principles are central to Amerigas' concerns. We urge you to bear them in mind as your proceeding goes forward.

I, Thomas W. Livingston, 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 Amerigas, executed on July 29, 1998.

Sincerely,

Thomas W. Livingston

13105 Northwest Freeway - Suite 500 - Houston, TX 77040 - (281) 552-4000

190372

CITGO Petroleum Corporation
TRANSPORTATION DEPARTMENT

P.O. Box 40
Tulsa, Oklahoma 74102

July 31, 1998

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

Re: Finance Docket No. 32760 (Sub-No. 30)

Dear Secretary Williams:

I am writing on behalf of CITGO Petroleum Corporation to inform you of our strong support for the Plan filed by the Consensus parties on July 8, 1998, to alleviate the service crisis in the Houston area.

CITGO Petroleum Corporation is a domestic petroleum refining, marketing and transportation company with 5,000 employees, 6 major manufacturing facilities, (with 2 refineries in the Gulf coast region, Lake Charles, LA., and Corpus Christi, TX., and a down stream plant also in Lake Charles affected greatly by service deficiencies by the Union Pacific railroad) ownership in 52 product terminals, and a supplier of motor fuels, and lubricating oils, to more than 13,000 independent CITGO branded outlets.

CITGO ships in excess of 1,000 carloads per year of lube oils, waxes, petroleum coke from the above mentioned source points to destinations throughout the United States.

We are extremely concerned with the severe service meltdown created in the gulf coast region due to the UP/SP merger. This service meltdown has made it clear that the STB Board needs to strongly consider the Plan proposed by the Consensus parties on

July 8. We endorse their plan to alleviate the service crisis in Houston and the Texas/Gulf coast region. The Consensus plan will improve rail service by:

1. Expanding rail capacity and investments by all carriers.

2. provide neutral and fair dispatch of all rail traffic through Houston.

3. Ensure that all shippers in Houston have equal access to all of the carriers.

4. Protect the future competitiveness of the Houston Ship Channel by ensuring that adequate rail service alternatives exist there in the future.

We firmly endorse these principles of competition and cannot stress the importance of providing alternative rail carriers, neutral switching and neutral dispatching enough. All of these principals are thoroughly addressed by the Consensus Plan. We strongly encourage you to pay utmost attention to the plan and the fair and competitive proposals which are promoted by it.

I, Tony Benway, 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 CITGO Petroleum Corporation, executed on this day, July 31, 1998.

Sincerely,

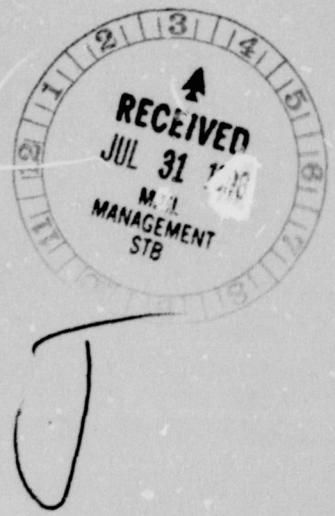
Tony Benway

Tony Benway
Transportation Operations Manager

STB FD-32760(SUB30) 7-31-98 J ID-190339

190339

HUNTSMAN



July 29, 1998

ENTERED
Office of the Secretary
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Part of
Public Record

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

Re: Finance Docket No. 32760 (Sub-No. 30)

Dear Secretary Williams:

I am writing on behalf of Huntsman Corporation to inform you of our strong support for the Plan filed by the Consensus Parties on July 8, 1998, to alleviate the rail service crisis in the Houston area.

Our operating companies, with locations worldwide, manufacture basic products for the chemical, plastics, detergent, personal care, rubber and packaging industries. We employ over 3000 people in Texas and over 7500 throughout our company. Of the approximately 300 million pounds of product Huntsman ships by rail each year, more than half originates in the Southern Gulf Coast Region. Four of our Texas facilities are captive on UP lines. These locations make up over 20% of our total production shipped via rail. Although we are not captive at other Huntsman locations, the combined UP/SP participates in many of our routes in the Midwest and West

The UP/SP merger has created a severe service crisis throughout the country. The Surface Transportation Board ("Board") has rightfully recognized UP's inability to solve the problem and the Board has been wise to implement their oversight powers.

The UP/SP service crisis has made it clear that alternative rail service is necessary to alleviate service problems when they occur. Huntsman Corporation supports:

1. Expanding rail capacity and investment by all the existing carriers;

2. Providing neutral and fair dispatch of all rail traffic;

3. Ensuring that all shippers have equal access to all of the carriers currently serving the area; and,

HUNTSMAN CORPORATION
3040 Post Oak Boulevard • Houston, Texas 77056 • 713-235-6000 • Fax 713-235-6416

4. Protecting the future competitiveness by ensuring that adequate rail service alternatives exist in the future.

These principles are central to Huntsman Corporation's concerns. We urge you to bear them in mind as your proceeding goes forward.

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

I, David Parkin, 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 Huntsman Corporation, executed on July 29, 1998.

Sincerely,

David Parkin /RTJ

David Parkin
Director-Transportation & Logistics

RTJ/wd

190337

ENTERED
Office of the Secretary

AUG - 3 1998

Part of
Public Record

AVENUE
INTERMODAL

July 27, 1998

RECEIVED
JUL 31 1998
MAIL
MANAGEMENT
STB

Mr. Vernon A. Williams
Secretary, Surface Transportation Board
12th Street & Constitution Avenue, N.W.
Washington, D.C.

Dear Secretary Williams: FD32760-SUB 30

I am writing on behalf of Avenue Intermodal to inform you of our strong support for the plan filed by the consensus Parties on July 8, 1998, to alleviate the service crisis in the Houston area.

As President of Avenue Intermodal I operate a rail to truck transfer business that is dependent upon rail traffic out of Houston, Texas. Avenue I's planned greenfield site in Tuscaloosa, Alabama was to require a 10 million dollar investment and employ 54 people. Due to the rail crisis in Houston, Texas, Butler and Company, (Avenue I's) parent, had to divert 7 million in capital to locate 85 tractor trailers in Houston, Texas this drain on funds has delayed construction plans for Tuscaloosa and delayed the jobs of 54 people.

The service meltdown resulting from the UP/SP merger is unprecedented in all aspects. Avenue Intermodal has suffered economic setbacks due to inconsistent and unparalleled delays in service. The Surface Transportation Board ("Board") has rightfully recognized UP's inability to solve the problem and the Board has been wise to implement their oversight powers to alleviate the service crisis.

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

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

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

P.O. Box 3146 • Tuscaloosa, Alabama 35403 • 1-800-2GO-RAIL (246-7245)

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

I, George Newman, 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 Avenue Intermodal, Executed on July, 27,1998.

Sincerely,

George Newman,

190335

AEROPRES
CORPORATION

Mailing Address
P.O. Box 78588
Shreveport, LA
71137-8588

Administrative Offices: • 200 Petroleum Square Two • 1324 N. Hearne • Shreveport, LA 71107 • 318-221-6282 — FAX: 318-429-6739

COMPETITION SUPPORT LETTER FOR CONSENSUS PLAN TO SURFACE TRANSPORTATION BOARD

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

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

Dear Secretary Williams:

I am writing on behalf of Aeropres Corporation to inform you of our strong support for the Plan filed by the Consensus Parties on July 8, 1998 to alleviate the service crisis in the Houston area.

Aeropres ships tank cars of liquefied petroleum gas in and out of four facilities throughout the U.S., the largest in being in the state of Louisiana serviced by the Kansas City Southern Railway.

The service meltdown resulting from the UP/SP merger is unprecedented in all aspects. Aeropres has suffered economic damages, experienced inconsistent service and unparalleled delays in service. The Surface Transportation Board ("Board") has rightfully recognized UP's inability to solve the problem and the Board has been wise to implement their oversight powers to alleviate the service crisis.

Aeropres has had numerous problems during the service crisis, including delayed shipments, inconsistent service, broken promises, etc.

If Aeropres had the option of using an alternative rail carrier during UP's continuing service crisis, we would have thankfully turned to that other carrier. However, UP's dominance which they gained through merging with SP has forced us to remain with them despite their horrible service.

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

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

We firmly endorse these principals of competition and cannot stress enough the importance of providing alternative rail carriers, neutral switching and neutral dispatching. All of these principals are thoroughly addressed by the Consensus Plan. We strongly encourage you to pay utmost attention to the Plan and the fair and competitive proposals which are promoted by it.

I, Ferrell Person, 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 Aeropres Corporation, executed on July 28, 1998.

Sincerely,

AEROPRES CORPORATION

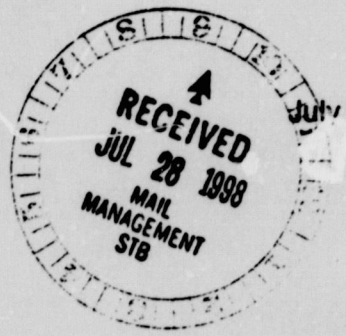
Ferrell Person
Manager-Logistics

FP/gba

cc: Bob Wilkie

MOORE & MUNGER, INC.

Since 1888



July 24, 1998

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

RE: **FINANCE DOCKET NO. 32760 (Sub-No. 30)**

Dear Secretary Williams:

I am writing on behalf of MOORE & MUNGER, INC. to inform you of our support for the Consensus Plan filed on July 8, 1998.

We presently have bulk storage in the Houston area which is only serviced by the UNION PACIFIC. As a small company of sixty employees we must rely on prompt rail service, which we are not presently receiving. Tankcars are being delayed (two weeks to go 100 miles), and tankcars are getting misrouted or given bad billing. We ship to the Midwest and Southwest, distances that only rail economics can service. We are in need of alternate service to avoid a potential loss of customers due to delays with our delivery.

The service meltdown resulting from the UP/SP merger is unprecedented in all aspects. MOORE & MUNGER, INC. has suffered economic damages, experienced inconsistent service and unparalleled delays in service. The Surface Transportation Board ("Board") has rightfully recognized UP's inability to solve the problem and the Board has been wise to implement their oversight powers to alleviate the service crises.

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

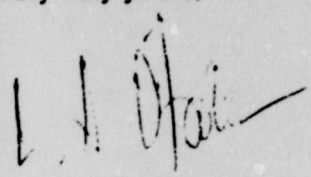
1. Expanding rail capacity and investment by all the existing carriers;
2. Providing neutral and fair dispatch of all rail traffic through Houston;
3. Ensuring that all shippers in Houston have equal access to all of the carriers currently serving the area; and,
4. Protecting the future competitiveness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

TWO CORPORATE DRIVE • SUITE 434 • SHELTON, CT 06484-6248
TELEPHONE (203) 925-4300 • TELEFAX (203) 926-9844

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

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

Very truly yours,



Lawrence A. O'Toole
Director of Operations

LAO/pml

MEMBER

P.O. Box 4454
Houston, Texas 77210-4454
Telephone 713 321 4111
Fax 713 321 5461

Lyondell LUBRICANTS

July 24, 1998

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

Re: Finance Docket No. 32760 (Sub-No. 30)

Dear Secretary Williams:

I am writing on behalf of ***Lyondell-Citgo Refining Company Ltd.*** to inform you of our strong support for the Plan filed by the Consensus Parties on July 8, 1998, to alleviate the service crisis in the Houston area.

Lyondell-Citgo's Houston Refinery is currently the ninth largest refinery in the nation with a rated crude oil capacity of 265,000 barrels per day. Products from the refinery include gasoline, jet fuel, heating oil, aromatics and a variety of lubricants.

The service meltdown resulting from the UP/SP merger is unprecedented in all aspects. ***Lyondell-Citgo*** has suffered economic damages, experienced inconsistent service and unparalleled delays in service. The Surface Transportation Board ("Board") has rightfully recognized UP's inability to solve the problem and the Board has been wise to implement their oversight powers to alleviate the service crisis.

If ***Lyondell-Citgo*** had the option of using an alternative rail carrier during UP's continuing service crisis, we would have thankfully turned to that other carrier. However, UP's dominance which they gained through merging with SP has forced us to remain with them despite their poor service.

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

1. Expanding rail capacity and investment by all the existing carriers;

2. Providing neutral and fair dispatch of all rail traffic through Houston;

3. Ensuring that all shippers in Houston have equal access to all of the carriers currently serving the area; and,

4. Protecting the future competitiveness of the Houston Ship Channel by ensuring that adequate rail service alternatives exist in the future.

We firmly endorse these principals of competition and cannot stress the importance of providing alternative rail carriers, neutral switching and neutral dispatching enough. All of these principals are thoroughly addressed by the Consensus Plan. We strongly encourage you to pay utmost attention to the Plan and the fair and competitive proposals which are promoted by it.

Sincerely,

Charles P. Halvorson
Manager, Operations & Supply

Vinyl Building Products Group

CertainTeed Corporation
P.O. Box 253
Sulphur, LA 70664
(318) 882-1441

CertainTeed

July 24, 1998

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
Room 711
1925 K Street, N.W.
Washington, DC 20423-00001

Re: *Finance Docket No. 32760 (Sub-No. 30)*

Dear Secretary Williams:

CertainTeed Corporation, as a 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.

CertainTeed is a manufacture of poly vinyl chloride (PVC) which we ship about 2,500 carloads (450 million pounds) a year to our plants. We ship to Waco, TX, Social Circle, GA, McPherson, KS, Williamsport, MD, Social Circle, GA, Grinnell, IA, and Jackson, MI. We have about 100 people employed at the Lake Charles Polymer Plant. Our annual freight expenditures are approximately $4 million dollars a year. Trucking is not an option for us due to the extreme high cost. We are not open to barge facilities at this plant and neither is any of our plants which receive our PVC.

The UP/SP merger has created a severe service crisis throughout the country. The Surface Transportation Board ("Board") has rightfully recongnized UP's inability to solve the problem and the Board has been wise to implement their oversight powers.

The UP/SP service meltdown has made it clear that alternative rail service is necessary to alleviate service problems when they occur. CertainTeed supports the idea of:

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

These principles are central to CertainTeed's concerns. We urge you to bear them in mind as your 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, Nancy C. Wease, Traffic Manager, 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 CertainTeed Corporation, executed on July twenty-fourth, 1998.

Regards,

Nancy C. Wease

Nancy C. Wease
Traffic Manager
CertainTeed Corporation

pc: Congressman Chris John
House of Representatives
Washington, DC 20510

Senator Mary Landrieu
Senate Office Building
Washington, DC 20510

Representative Dan Flavin
4320 Lake Street
Lake Charles, LA 70605

MOORE & MUNGER, INC.

Since 1888

July 24, 1998

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

RE: **FINANCE DOCKET NO. 32760 (Sub-No. 30)**

Dear Secretary Williams:

I am writing on behalf of MOORE & MUNGER, INC. to inform you of our support for the Consensus Plan filed on July 8, 1998.

We presently have bulk storage in the Houston area which is only serviced by the UNION PACIFIC. As a small company of sixty employees we must rely on prompt rail service, which we are not presently receiving. Tankcars are being delayed (two weeks to go 100 miles), and tankcars are getting misrouted or given bad billing. We ship to the Midwest and Southwest, distances that only rail economics can service. We are in need of alternate service to avoid a potential loss of customers due to delays with our delivery.

The service meltdown resulting from the UP/SP merger is unprecedented in all aspects. MOORE & MUNGER, INC. has suffered economic damages, experienced inconsistent service and unparalleled delays in service. The Surface Transportation Board ("Board") has rightfully recognized UP's inability to solve the problem and the Board has been wise to implement their oversight powers to alleviate the service crises.

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

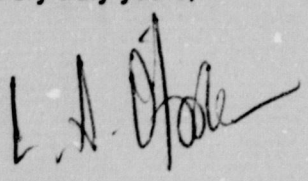
1. Expanding rail capacity and investment by all the existing carriers;
2. Providing neutral and fair dispatch of all rail traffic through Houston;
3. Ensuring that all shippers in Houston have equal access to all of the carriers currently serving the area; and,
4. Protecting the future competitiveness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

TWO CORPORATE DRIVE • SUITE 434 • SHELTON, CT 06484-6248
TELEPHONE (203) 925-4300 • TELEFAX (203) 926-9844

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

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

Very truly yours,



Lawrence A. O'Toole
Director of Operations

LAO/pml

Vinyl Building Products Group

CertainTeed Corporation
P.O. Box 253
Sulphur, LA 70364
(318) 882-1441

CertainTeed

July 24, 1998

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
Room 711
1925 K Street, N.W.
Washington, DC 20423-00001

Re: *Finance Docket No. 32760 (Sub-No. 30)*

Dear Secretary Williams:

CertainTeed Corporation, as a 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.

CertainTeed is a manufacture of poly vinyl chloride (PVC) which we ship about 2,500 carloads (450 million pounds) a year to our plants. We ship to Waco, TX, Social Circle, GA, McPherson, KS, Williamsport, MD, Social Circle, GA, Grinnell, IA, and Jackson, MI. We have about 100 people employed at the Lake Charles Polymer Plant. Our annual freight expenditures are approximately $4 million dollars a year. Trucking is not an option for us due to the extreme high cost. We are not open to barge facilities at this plant and neither is any of our plants which receive our PVC.

The UP/SP merger has created a severe service crisis throughout the country. The Surface Transportation Board ("Board") has rightfully recongnized UP's inability to solve the problem and the Board has been wise to implement their oversight powers.

The UP/SP service meltdown has made it clear that alternative rail service is necessary to alleviate service problems when they occur. CertainTeed supports the idea of:

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

These principles are central to CertainTeed's concerns. We urge you to bear them in mind as your 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, Nancy C. Wease, Traffic Manager, 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 CertainTeed Corporation, executed on July twenty-fourth, 1998.

Regards,

Nancy C. Wease

Nancy C. Wease
Traffic Manager
CertainTeed Corporation

pc: Congressman Chris John
House of Representatives
Washington, DC 20510

Senator Mary Landrieu
Senate Office Building
Washington, DC 20510

Representative Dan Flavin
4320 Lake Street
Lake Charles, LA 70605

MEMBER

P.O. Box 4454
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Telephone 713 321 4111
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Lyondell LUBRICANTS

July 24, 1998

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

Re: Finance Docket No. 32760 (Sub-No. 30)

Dear Secretary Williams:

I am writing on behalf of ***Lyondell-Citgo Refining Company Ltd.*** to inform you of our strong support for the Plan filed by the Consensus Parties on July 8, 1998, to alleviate the service crisis in the Houston area.

Lyondell-Citgo's Houston Refinery is currently the ninth largest refinery in the nation with a rated crude oil capacity of 265,000 barrels per day. Products from the refinery include gasoline, jet fuel, heating oil, aromatics and a variety of lubricants.

The service meltdown resulting from the UP/SP merger is unprecedented in all aspects. ***Lyondell-Citgo*** has suffered economic damages, experienced inconsistent service and unparalleled delays in service. The Surface Transportation Board ("Board") has rightfully recognized UP's inability to solve the problem and the Board has been wise to implement their oversight powers to alleviate the service crisis.

If ***Lyondell-Citgo*** had the option of using an alternative rail carrier during UP's continuing service crisis, we would have thankfully turned to that other carrier. However, UP's dominance which they gained through merging with SP has forced us to remain with them despite their poor service.

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

1. Expanding rail capacity and investment by all the existing carriers;

2. Providing neutral and fair dispatch of all rail traffic through Houston;

3. Ensuring that all shippers in Houston have equal access to all of the carriers currently serving the area; and,

4. Protecting the future competitiveness of the Houston Ship Channel by ensuring that adequate rail service alternatives exist in the future.

We firmly endorse these principals of competition and cannot stress the importance of providing alternative rail carriers, neutral switching and neutral dispatching enough. All of these principals are thoroughly addressed by the Consensus Plan. We strongly encourage you to pay utmost attention to the Plan and the fair and competitive proposals which are promoted by it.

Sincerely,

Charles P. Halvorson
Manager, Operations & Supply