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• 32760 3-24-96

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• 62286





UTILITIES

Item No. \_\_\_\_\_

Page Count 8

Mar #783

62284

IES Utilities Inc.  
200 First Street S.E.  
P.O. Box 351  
Cedar Rapids, IA 52406-0351  
Telephone 319 398 4411

March 28, 1996

Office of the Secretary  
Case Control Branch  
Attn: Finance Docket No. 32760  
Interstate Commerce Commission  
1201 Constitution Avenue, N.W.  
Washington, DC 20423

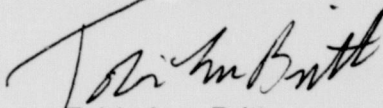
RE: Finance Docket No. 32760  
Statement of Opposition

Dear Secretary:

Enclosed for filing is an original and twenty (20) copies of IES Utilities Inc.'s Statement of Opposition in the above-referenced docket.

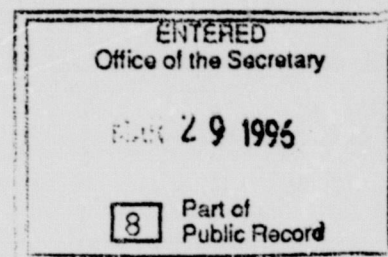
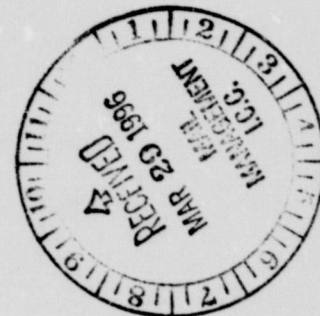
An additional copy is enclosed for file-stamping and return in the self-addressed envelope.

Very truly yours,

  
Tobin Lee Britt  
Attorney

TLB/jws  
Enclosure

cc: Administrative Law Judge Jerome Nelson  
Arvid E. Roach II, Esq.  
Paul A. Cunningham, Esq.  
Service List





BEFORE THE  
SURFACE TRANSPORTATION BOARD  
DEPARTMENT OF TRANSPORTATION  
(FORMERLY INTERSTATE COMMERCE COMMISSION)



---

Union Pacific Corporation, Union Pacific  
Railroad Company, and Missouri Pacific  
Railroad Company -- Control and Merger --  
Southern Pacific Rail Corporation, Southern  
Pacific Transportation Company, St. Louis  
Southwestern Railway Company, SPCSL  
Corp., and The Denver and Rio Grande  
Western Railroad Company

---

FINANCE DOCKET NO. 32760

IES UTILITIES INC. STATEMENT OF OPPOSITION

Pursuant to the Interstate Commerce Commission ("Commission") October 17, 1995 Order and December 21, 1995 Order ("Orders"), IES Utilities Inc. ("IES"), submits its Statement of Opposition in the above-captioned docket and states:

1. In the Commission's Orders, Parties were to submit all comments, protests, requests for conditions, and any other opposition evidence and argument by March 29, 1996.
2. IES is an investor-owned Iowa utility company that serves over 500,000 electric and natural gas customers in the state of Iowa. In producing electricity, IES has five coal-fired generating facilities with a combined generating capacity of approximately 1,400 MW. Since the this docket will have a direct impact on coal and rail service, IES will be directly affected by the outcome of this docket.

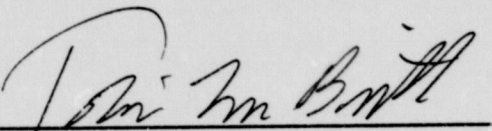
3. IES submits the attached Statement of Opposition by IES Vice President,  
Engineering & Generation, Philip D. Ward.

WHEREFORE, IES prays that the Commission accept its Statement of Opposition.

Dated this 29<sup>th</sup> day of March, 1996, at Cedar Rapids, Iowa.

Respectfully submitted,

IES Utilities Inc.

By 

Tobin Lee Britt  
Attorney for IES Utilities Inc.  
P.O. Box 351  
Cedar Rapids, Iowa 52406  
(319) 398-4327  
(319) 398-4533

## IES UTILITIES INC. STATEMENT OF OPPOSITION

I, Philip D. Ward, under oath depose and state that I am Vice President, Engineering & Generation of IES Utilities Inc. ("IES"), and as much, an Officer. In this capacity I am responsible for overseeing all engineering activities which support the non-nuclear generating facilities of IES and the operations of IES' non-nuclear generating facilities, specifically including the procurement and transportation of fuel for IES' five coal-fired power plants. In this capacity I am thoroughly aware of the coal source and transportation options available to IES' coal-fired power plants.

The purpose of the IES Statement of Opposition is to inform the Surface Transportation Board ("Board") that there exists a number of potentially adverse affects that IES will experience as a result of the pending merger of the Southern Pacific Transportation Company ("SP") into the Union Pacific System ("UP"). Specifically, IES views that the pending merger between the UP and SP will present threats to IES by reducing coal source competition and further eroding the quality of rail service from the UP.

### IES Utilities System:

IES is an investor-owned combination electric and gas utility based in Cedar Rapids, Iowa. IES serves more than 500 communities and 500,000 residential, commercial and industrial customers with electricity and natural gas in Iowa. IES is the minority or sole owner of five coal-fired generating stations (located in Cedar Rapids, Ottumwa, Burlington, and Marshalltown), eight combustion turbine units and three hydroelectric plants and is also the majority owner and operator of the Duane Arnold Energy Center, a nuclear power plant near Cedar Rapids. All combined, these generating units have a peak generating capacity of just over 1,900 megawatts.



Fossil generation accounts for approximately 1,400 of the 1,900 megawatts of system capacity and just over half of IES' total energy production. The power plants which contribute to electric generation are: the 710 megawatt Ottumwa Generating Station located near Ottumwa, Iowa; the 223 megawatt Prairie Creek Generating Station in Cedar Rapids; the 68 megawatt 6th St. Generating Station also in Cedar Rapids; the 210 megawatt Burlington Generating Station located near Burlington, Iowa; and the 148 megawatt Sutherland Generating Station located near Marshalltown, Iowa.

#### **Coal Supply and Transportation**

Although all but one of IES' coal-fired power plants were designed to burn bituminous coal (the 710 megawatt Ottumwa Generating Station), IES has made the change to burn increasing amounts of subbituminous coal originating in the Powder River Basin of northern Wyoming within the last five years to the point where now, roughly ninety (90) percent of the fossil fuel delivered to IES' coal-fired power plants originates from the Powder River Basin. The remaining ten percent of the fossil fuel originates from the Illinois Basin and from a petroleum coke production facility in Minnesota. This change in fossil fuel source stemmed from both the implications of the Clean Air Act of 1990 and a need to remain competitive in the marketplace through reductions in fossil fuel costs. Because the majority of fossil fuel originates in the Powder River Basin, the two primary transportation carriers for IES' coal-fired power plants are the UP and BN. The UP serves the coal needs of the three northern power plants; Sutherland Generating Station; Prairie Creek Generating Station; and the 6th St. Generating Station, while the BN serves both the Ottumwa Generating Station and the Burlington Generating Station. Except for the Burlington Generating Station, all of IES' coal-fired power plants are land locked.

### **Impacts of Proposed Merger Upon IES:**

As previously stated, IES views that there are two inherent adverse affects involved in the pending merger between the UP and SP:

#### **Threat of Reduced Competition**

As indicated above, IES has historically examined alternative sources for its fossil fuel needs both to reduce fossil fuel and ultimately generation costs and to meet developing environmental standards. There are currently "compliance" coals which originate in the Utah and Colorado regions served by the SP which are of potential interest to IES as competitive alternatives to "compliance" Midwestern bituminous coals. IES believes that as a result of the merger between the UP and SP, the UP will likely emphasize transportation from coal mines in the Powder River Basin and Hanna River Basin regions of Wyoming it already serves, due to its relatively more substantial investment and history of service in this region. Consequently, IES believes the UP will de-emphasize transportation of SP-serviced coal originating in Utah and Colorado which is in direct competition with bituminous coals originating in the Hanna River Basin served by the UP. The result for IES will be a reduction in cost-competitive fossil fuel supply options as compliance coals originating in Utah and Colorado become relatively more costly to rail.

#### **Threat to Adequate Service**

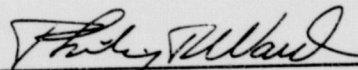
In 1995 IES' three coal-fired power plants in the northern tier of the state served by the UP suffered steady and significant increases in cycle times during 1995. The UP's cycle times for both Sutherland Generating Station and Prairie Creek Generating Station increased approximately 20 percent between the first and latter halves of 1996.

With additional coal from the Utah and Colorado regions now being served by the SP potentially being transported along UP's main west-east corridor, IES envisions additional degradation in service to these plants if no corresponding track improvements are entertained and completed by the UP. If cycle times on the UP worsen, IES could be forced to make additional investments in rail cars to adequately fulfill the northern coal-fired power plants' fossil-fuel needs, or worse, purchase higher-priced power to make-up for lost generation as a result of depleted coal supplies. Either scenario will move IES' generation costs upward, thereby putting us in a less competitive situation in a market gradually becoming more market driven.

**Conclusion:**

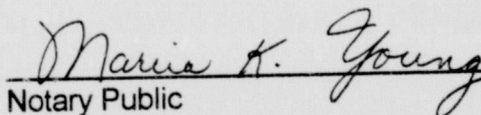
For the reasons cited above IES is opposed to the proposed merger between the UP and SP.

Philip D. Ward, being duly sworn, deposes and says that he has read the foregoing statement, knows the contents thereof, and that the same are true as stated to the best of this knowledge, information and belief.



Philip D. Ward  
Vice President,  
Engineering & Generation

Subscribed and sworn to before me this 28 th day of March, 1996.

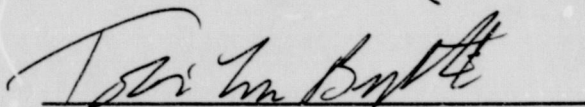
  
Notary Public



CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list copied by the Secretary in this proceeding.

Dated at Cedar Rapids, IA this 28<sup>th</sup> day of March, 1996.

A handwritten signature in cursive script, appearing to read "Tobin Lee Britt", is written over a horizontal line.

Tobin Lee Britt  
Attorney for IES Utilities Inc.  
P.O. Box 351  
Cedar Rapids, IA 52406  
(319) 398-4327 Phone  
(319) 398-4533 Fax

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3-29-96

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Item No. \_\_\_\_\_

Page Count 1

Mar #782

KIM BRIMER

COMMITTEES

BUSINESS &

RESEARCH & OVERSIGHT  
WORKERS' COMPENSATION, VICE CHAIRMAN



TEXAS HOUSE OF REPRESENTATIVES

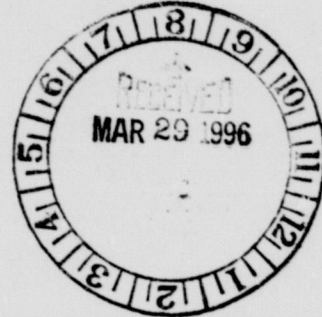
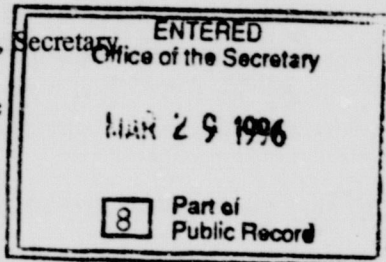
CALENDARS

LICENSING & ADMINISTRATIVE PROCEDURES

WORKFORCE DEVELOPMENT LEGISLATIVE  
OVERSIGHT COMMITTEE

March 25, 1996

The Honorable Vernon A. Williams,  
Surface Transportation Board  
12th Street and Constitution Avenue  
Washington, D.C. 20423



RE: Finance Docket 32760

Dear Mr. Secretary:

I am writing in regard to an application before you that seeks approval of a merger between Union Pacific Railroad Company (UP) and Southern Pacific Lines (SP). I am very concerned that the merger of these two railroads will significantly reduce rail competition in Texas, seriously impacting Texas businesses and our State's economy.

As proposed, the merger would grant UP control over a reported 90% of all rail traffic into and out of Mexico, 70% of the petrochemical shipments from the Texas Gulf Coast, and 86% of the plastics storage capacity in the Texas/Louisiana Gulf Region. UP acknowledges that the merger would greatly reduce rail competition and has proposed a trackage rights agreement with the Burlington Northern Santa Fe (BNSF) as the solution.

A trackage rights agreement, however, simply does not solve the problem. Owners of rail lines have incentives to invest in the track and to work with local communities to attract economic development. Owners have control over the service they provide---its frequency, its reliability, its timeliness. None of these things can be said about railroads that operate on someone else's tracks, subject to someone else's control.

Texas needs another owning railroad, not another merger, to ensure effective rail competition. An owning railroad willing to provide quality service and investment is the best solution for shippers, communities and economic development officials. An owning railroad also offers the best opportunity to retain employment for railroad workers who would otherwise be displaced by the proposed merger.

For all of these reasons, I urge the board to carefully review the proposed UP/SP merger and to recommend an owning railroad as the only means to ensure adequate rail competition on Texas.

**ADVISE OF ALL  
PROCEEDINGS**

Cordially,

Kim Brimer  
State Representative

cc: The Honorable Carole Keeton Rylander

CAPITOL OFFICE  
P.O. Box 2910, AUSTIN, TEXAS 78768-2910  
(512) 463-0632, FAX (512) 480-8629



DISTRICT 96 OFFICE  
P.O. Box 170154, ARLINGTON, TEXAS 76003  
(817) 483-9793, FAX (817) 572-3370

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Item No. \_\_\_\_\_

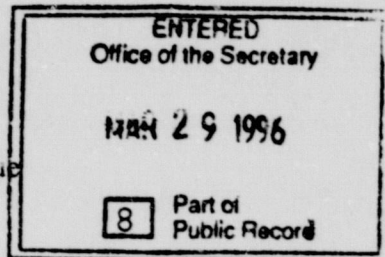
Page Count \_\_\_\_\_

Mar # 778 *of Brook Park*

*Thomas J. Coyne, Jr., Mayor*

March 25, 1996

Secretary Vernon A. Williams  
Surface Transportation Board  
12th Street & Constitution Avenue  
Washington D.C. 20423



Dear Secretary Williams,

I am concerned that the proposed Union Pacific-Southern Pacific railroad merger is not in the best interest of northeastern Ohio's public. My community in particular would be served far better if the UP-SP's eastern routes were, as part of the proposed merger, sold to Conrail instead of being leased to another railroad.

My city's industrial region needs direct service to the Gulf Coast and Mexico. Conrail is able to provide an efficient service and has incentive, as an owner-carrier, to improve markets along the route. By keeping Conrail strong, stronger price and service competition is enhanced among the major railroads in our region, particularly CSX, Norfolk and Southern and Conrail.

I am very concerned that railroad "mega-mergers" cost hardworking citizens jobs - as they have in other industries. Conrail is a major Ohio employer and I cannot in good conscience allow an opportunity to pass whereby I may assist protecting their future, their success and our economy.

For these reasons, I oppose the proposed merger unless it includes the Conrail purchase of the eastern lines of the old Southern Pacific. Only with the Conrail acquisition will northeast Ohio economies benefit. *Thank you for your consideration of this matter.*

Sincerely,

*Thomas J. Coyne, Jr.*  
Mayor Thomas J. Coyne, Jr.  
City of Brook Park

**ADVISE OF ALL  
PROCEEDINGS**

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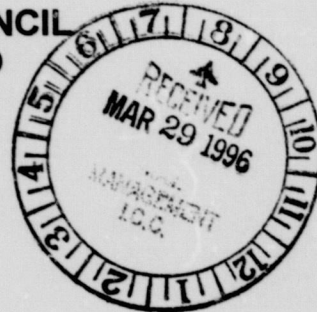
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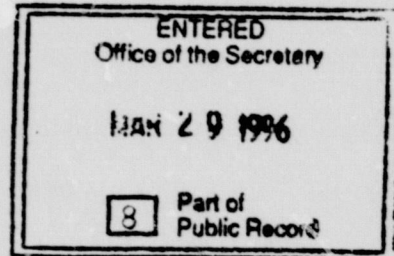
41

Mar # 777 **KENNETH W. KLEINMAN**  
**COUNCILMAN AT LARGE**  
**BEACHWOOD, OHIO CITY COUNCIL**  
**24340 FAIRMOUNT BOULEVARD**  
**BEACHWOOD, OHIO**  
**216-331-8789**



March 27, 1996

Honorable Vernon A. Williams  
Secretary  
Surface Transportation Board  
12th Street and Constitution Avenue  
Washington, D.C. 20423



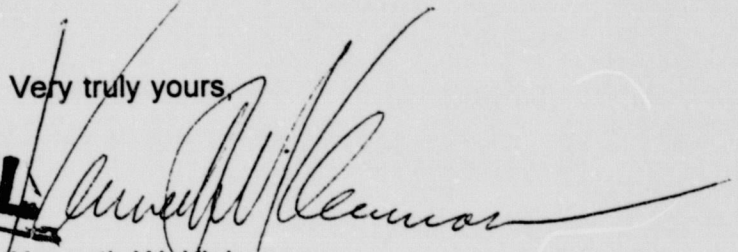
Re: *Union Pacific-Southern Pacific Merger*

Dear Secretary Williams:

As a local legislator, I share concerns with others that the proposed Union Pacific-Southern Pacific merger will not serve the interests of my constituents. The projected lease of lines to Burlington Northern may have a negative impact on jobs in northern Ohio. However, the concept of such a merger with the UP-SP eastern routes being sold to Conrail is not objectionable. It is in the public interest to have a healthy Conrail operating in the midwest, competing with other carriers and this proposed merger, without divestiture of the lines to Conrail, may eliminate that competition among carriers.

Thank you for your consideration.

Very truly yours,

  
Kenneth W. Kleinman

**ADVISE OF ALL  
PROCEEDINGS**

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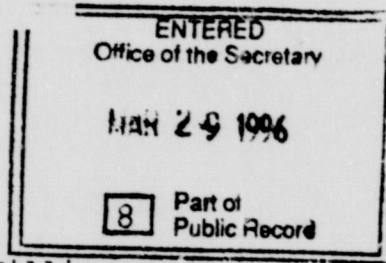
Item No. \_\_\_\_\_

Page Count \_\_\_\_\_

Mar #776

# City of Kent, Ohio

42279 40



March 25 1996

Honorable Vernon Williams  
Secretary  
Surface Transportation Avenue  
12th Street and Constitution Avenue  
Washington, D.C. 20423

Dear Secretary Williams:

As someone who represents working families and consumers in the City of Kent, and on the Portage County Regional Planning Commission, I am concerned about the proposed Union Pacific-Southern Pacific merger. I do not believe it is in the public interest for the following reasons:

1. I believe it would result in unnecessary layoffs & job losses among the affected railroad workers;
2. It would weaken Northeast Ohio's economy by weakening eastern & midwestern railroads, and threatening industrial jobs here; and
3. By concentrating so many resources, it could negatively affect prices & service - - potentially hurting area families at the market and in the workplace.

We therefore find that the merger is not in the public interest, and ask that it be disallowed by the Surface Transportation Board.

Sincerely,

*Carol E. Neff*

Carol E. Neff  
Councilwoman, City of Kent

**ADVISE OF ALL  
PROCEEDINGS**

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# FAX OR MAIL THIS LETTER TODAY

(The deadline for public comments is March 29.)

ENTER  
Office of the Secretary  
March 29, 1994  
Part of  
Public Record

Honorable Vernon A. Williams  
Secretary

Surface Transportation Board  
12th Street and Constitution Avenue

Washington, D.C. 20423

RE: Finance Docket 32760

FAX TO: (501) 732-1151

MAIL TO: P.O. Box 1151

Fayetteville, AR

Arkansas

Competitive Rail

James B. Sharp

ADVISE OF ALL  
PROCEEDINGS

*This Company can't take care of  
they New House. Rates will fluctuate*

I believe that the UP/SP merger will reduce competition, and believe  
that an owning railroad is the best choice for Arkansas and for the U.S.

Signature Wendell Chesskin - Retired Union Pacific 19-94  
City Shawwood Ark 72120

Item No. 62278.  
Page Count 1  
Mail #775

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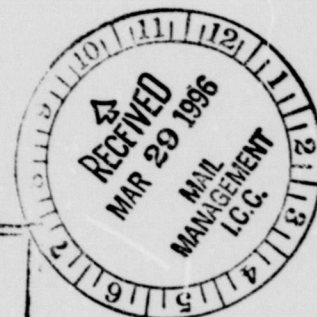


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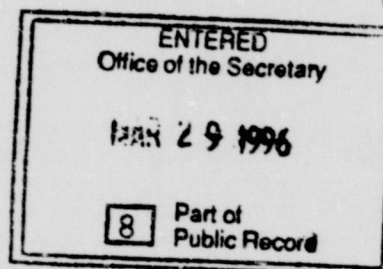
Page Count 2

Mar #774

HYDRO WEST, INC.  
P.O. BOX 2162  
GRAND JUNCTION, CO 81502



Office of the Secretary  
Surface Transportation Board  
1201 Constitution Avenue, NW  
Room 2215  
Washington, DC 20423



Re: Union Pacific-Southern Pacific Merger

### Statement of Opposition and Motion to Intervene

E.R. Jacobson, as President of Hydro West, Inc., a Colorado Company, states that he is opposed to their contemplated merger of the above railroads for the following reasons:

- 1) The Southern Pacific Railroad placed in excess of 1.5 million cubic yards of waste on the Hydro West power canal right of way in Mesa County, Colorado.
- 2) That Hydro West has sustained a loss of \$800,000 per year in gross revenues due to the railroad's blatant disregard of Hydro West's right of way.
- 3) That prior to said dumping the railroad acknowledged Hydro West's hydroelectric project (and rights of way appurtenant thereto).
- 4) That hydroelectric developments typically last for no less than 100 years.
- 5) That the total railroad induced injuries approach \$80 million.
- 6) That Federal law precluded the railroad from injuring the hydro project. The Hydro West site has been a Federal Power Reserve since 1982.
- 7) That the railroad ignored Federal Law.
- 8) That merger of the railroad companies would be prejudicial to Hydro West's case for actual and punitive damages.
- 9) That the Southern-Pacific Railroad is completely self-serving and is a maliciously poor neighbor (vide: recent Denver Post article about dumping ties and track sections into the Colorado River); things will only get worse by moving the headquarters from Denver to Omaha and imposing venue questions.

**ADVISE OF ALL  
PROCEEDINGS**

10) That local employment will suffer, shippers will be inconvenienced, and local tax bases will be decimated by merger concurrent with trackage abandonments.

11) That the Southern-Pacific Railroad occupies a historic right of way and that any Federal action will demand compliance with the Federal National Historic Preservation Act; the railroad has not submitted an accepted Cultural Resources Management Plan for their historic rights of way, trackage, structures and rolling stock and must, by law, do so prior to any Federal action.

12) That reducing train traffic via abandonment will increase truck traffic. The Southern-Pacific Railroad must submit an air quality analysis and a mitigation plan for additional pollutants caused by exhaust gases and dust as produced by the increased truck traffic.

13) That additional truck traffic will affect wildlife by causing additional road kills and construction impacts due to additional road construction. This may also affect threatened and endangered species.

14) That disturbing creosote treated ties will leave toxic tars in the soil, leaching of these tars will certainly affect listed federal endangered fish species including the squawfish, humpback chub and razor back sucker. A complete biological assessment including Section 7 consultation should be completed and accepted prior to definitive federal action in this matter. Additionally, compliance with the Federal Clean Water Act and amendments thereto must be assured prior to any Federal action by the lead Federal Agency (the Surface Transportation Board).

A handwritten signature in black ink, appearing to read 'E. R. Jacobson', written over a horizontal line.

E. R. Jacobson

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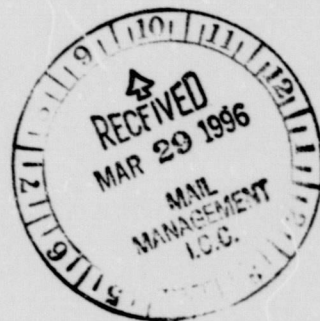


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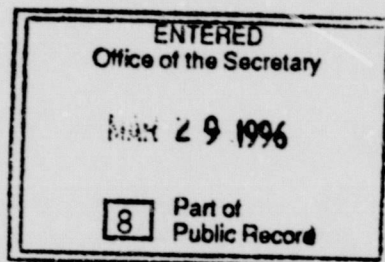
Page Count 2

Mar #712

DEEP CREEK RANCH  
COLORADO RIVER ROAD  
GLEN SUM, COLORADO 81637



Office of the Secretary  
Surface Transportation Board  
1201 Constitution Avenue, NW  
Room 2215  
Washington, DC 20423



E.R. Jacobson as a co-owner of the family ranching enterprise known as Deep Creek Ranch states that he is opposed to the contemplated merger of the above railroads and that said family ranch will be directly injured by any merger or track abandonment.

Deep Creek Ranch is situated in Eagle County, Colorado near Dotsero. The ranch contains a gravel deposit of approximately 8 million tons; this gravel deposit is the only significant gravel supply for the entire Eagle River Valley.

Recently B & B (the local sand and gravel supplier) has entered into contracts with Deep Creek Ranch for the supply of raw pit run gravel for their crushing and distribution operation at Edwards, Colorado. The Eagle County Commissioners voted against using county roads for transporting the pit run gravel due to truck traffic impacts (approximately 110 trucks daily of 50,000 lbs. each). Since both the Deep Creek Ranch gravel pit at Dotsero and the B&B crushing and distribution operation at Edwards are immediately adjacent to the Southern-Pacific trackage, the most sensitive solution is to load the raw gravel at Dotsero and carry it via rail gondola car to Edwards to avoid the feared truck induced impacts.

If the Southern-Pacific Railroad is allowed to merge with the union Pacific the following seems likely to occur:

- 1) The Tennessee Pass track segment will be abandoned, thus making the above-outlined plan unworkable.
- 2) Even if the Tennessee Pass segment is not abandoned, short distance shippers will be ignored.
- 3) That impacts caused by additional truck traffic due to track abandonment will negatively affect air quality.
- 4) That abandonment of trackage will cause financial injury to Deep Creek Ranch by prohibiting further development of the ranch gravel deposits.

**ADVISE OF ALL  
PROCEEDINGS**

5) That gravel based industries and consumers in the Eagle Valley will be financially inured by long distance importation of necessary gravel and similar materials.

6) That tax payers will suffer by having to do more road maintenance due to gravel truck caused damage.

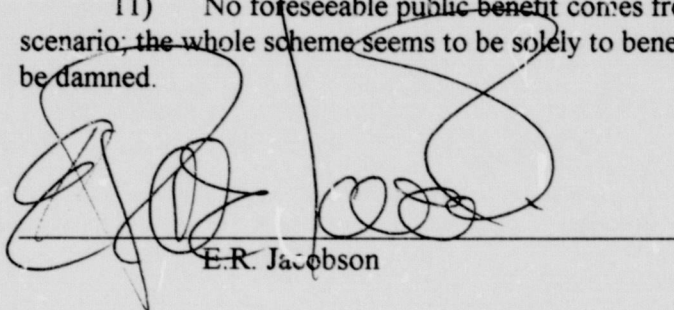
7) That local tax revenues will suffer.

8) That local employment will suffer.

9) That injuries to historic structures will occur.

10) That future mass transit programs will suffer (again recalling air quality impacts).

11) No foreseeable public benefit comes from this merger/abandonment scenario; the whole scheme seems to be solely to benefit Phillip Anschutz and the public be damned.



E.R. Jacobson



STB

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• 32760

3-29-96

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• 62274

# FAX OR MAIL THIS LETTER TODAY

(The deadline for public comments is March 29.)

The Honorable Vernon A. Williams  
Secretary

Surface Transportation Board  
12th Street and Constitution Avenue  
Washington, D.C. 20423  
RE: Finance Docket 32760

FAX TO: (501) 734-4061

MAIL TO: P.O. Box 552  
Brinkley, AR 72721

Arkansans For  
Competitive Rail Service  
James B. Sharp, Treasurer

I believe that the UP/SP merger will reduce competition, and believe  
that an owning railroad is the best choice for Arkansas and for the U.S.

Signature

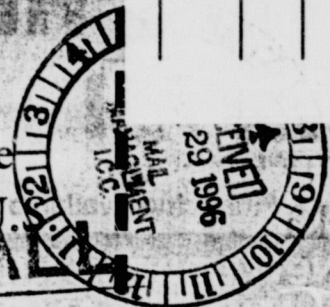
*J. L. Callaway*

City

*Pine Bluff, Ar 71602*

*3201 Ark Hwy 104*

Item No. 62274  
Page Count 1  
*Mar # 771*



ADVISE OF ALL  
PROCEEDINGS

## KANSANS FOR COMPETITIVE RAIL SERVICE

ENTERED  
Office of the Secretary

MAR 29 1996

Part of

STB

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• 32760

3-29-96

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• 62273

Item No. \_\_\_\_\_  
Page Count 1  
Mar #770  
State of Louisiana  
DEPARTMENT OF JUSTICE  
Baton Rouge  
70804-9005

RICHARD P. LEYBOUS  
ATTORNEY GENERAL

P. O. BOX 94005  
TELEPHONE (504) 342-7013  
FAX (504) 342-8703

March 27, 1996

Mr. Vernon A. Williams  
Secretary  
Surface Transportation Board  
12th Street and Constitution Avenue  
Room 2215  
Washington, D.C. 20423

RE: Finance Docket #32760

Dear Mr. Williams:

This letter is to confirm that I no longer support the merger of the Union Pacific and Southern Pacific Railroads.

Although I was an early supporter of the merger, I have continued to follow the developments in this matter. In the ensuing months it has become clear to me that Southern Pacific, while facing substantial financial concerns, is not close to total collapse. It has also become clear that this merger, if approved, will cost railroad jobs in Louisiana and that Louisiana businesses, especially those on the Gulf Coast, have clearly voiced their concerns about seeing their rail service options drop from two railroads to one.

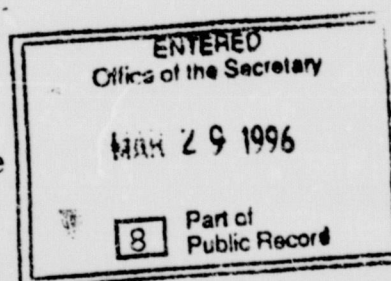
Accordingly, I am withdrawing my support of the UP/SP merger. I am also requesting that if the Surface Transportation Board approves the merger it should do so only on the condition that Union Pacific be required to divest itself of certain Southern Pacific lines, including all those in Louisiana.

Sincerely,

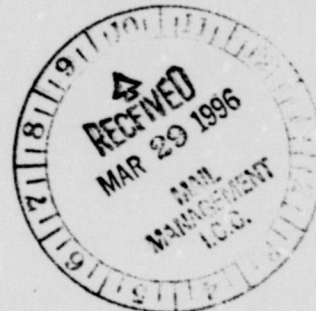
*Richard P. Ieyoub*

Richard P. Ieyoub  
Attorney General

RPI:gbe



**ADVISE OF ALL  
PROCEEDINGS**





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Item No. \_\_\_\_\_

Page Count 1

Mar #769



# ADVISE OF ALL PROCEEDINGS

March 28, 1996

Surface Transportation Board  
Office of the Secretary  
U.S. Department of Transportation  
1201 Constitution Avenue NW  
Washington D.C. 20423



Re: Case FD 32760 Union Pacific/Southern Pacific Merger

Dear Surface Transportation Board:

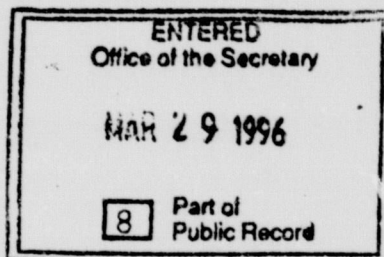
The Mayor and City Council of Fruita voted at a regular meeting held on Monday March 25, 1996 to express our concern about the possible loss of jobs and rail freight transportation service to western Colorado as a result of the proposed merger of the Union Pacific and Southern Pacific railroads. Our concern is that the abandonment of rail lines and service will result in a massive loss of railroad and related jobs which are based out of Grand Junction. The Union Pacific may choose to route much if not all of its traffic through Wyoming instead of Colorado. Coal shipments as well as other bulk commodity shipments into and out of Colorado may be forced to utilize trucks on the already heavily used I-70 corridor, thereby exacerbating highway safety problems and further deteriorating the federal highway system. The loss of medium-wage railroad jobs will deal a severe blow to the area's economy which has been recovering over the past several years from the oil/gas bust of the 1980's.

We, therefore, believe that any consolidation should retain all of the existing jobs and rail service in the Mesa County/Grand Junction area or be rejected. We support Club 20's call for a meeting in western Colorado before any further action is taken.

Sincerely,

Dan Wilkie, Mayor *BS*

xc. Greg Walcher, Club 20



101 W. McCune

Fruita, CO 81521

(303) 858-3663

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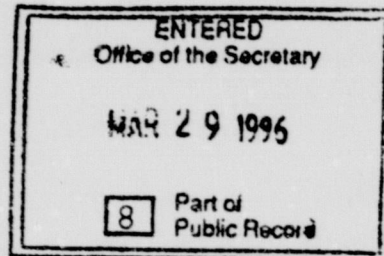
Page Count 3

Mar #767

**HUNTSMAN**



March 28, 1996



Mr. Vernon A. Williams  
Secretary  
Surface Transportation Board  
12th and Constitution Avenue, NW  
Washington, DC 20423

**ADVISE OF ALL  
PROCEEDINGS**

RE: Finance Docket #32760

Dear Secretary Williams,

I would like to share with you the concerns that Huntsman Corporation has over the pending merger between the Union Pacific Railroad and the Southern Pacific Lines railroad.

Huntsman Corporation is a privately held producer of chemicals and plastics with revenues of over \$4 billion. We produce more than half of our products in seven locations throughout Texas, and most of our other facilities are located throughout the United States. We employ over 3000 people in Texas and over 7500 people throughout our company.

We rely very heavily on rail transportation. Huntsman Corporation shipments are significant: over 2.25 billion pounds of product travels by rail to and from our facilities.

We are seriously concerned about the dramatic decrease in competition that would follow the proposed UP/SP merger. We have three major concerns.

- First, the merger likely would lead to significantly higher rail rates. No reasonable businessperson would expect rates to remain the same or to go down as the number of suppliers is reduced to two or to one.

This merger would create a significant number of key rail segments for Huntsman Corporation that would be serviced solely by the combined company. For example, the route east from Beaumont to New Orleans and the direct route from Beaumont to Houston would be supplied solely by the new company. This would impact over 3000 Huntsman shipments annually from our facilities in Jefferson County, TX.

In addition, our facility in Longview, TX, presently is served by the UP and the Atchison, Topeka and Santa Fe Railway Company railroads. The ATSF remains competitive through its connection

HUNTSMAN CORPORATION

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



with the SP in Tenaha, TX. Following this potential merger, the SP would no longer work with the ATSF to bid against the UP. Very simply, our rates would go up. This would affect 3000 shipments annually from our Longview facility.

Also, at our terminal in Brownsville, TX, we have been able to accept bids from both UP and SP. One bid came in significantly lower than the other, so we awarded the contract to that company. We will be unable to find any rail competition in Brownsville following the merger. This will affect over 200 rail cars per year.

In Laredo, TX, where we have another terminal, both UP and SP connect with the Tex Mex railroad into Mexico. Following this potential merger, shippers would have only one choice.

These are a few specific examples of the significant reduction in competition which would result from the proposed merger in its present form. There are numerous other rail segments outside Texas which would experience similar reductions in competition. We almost certainly would be forced to accept significantly higher rates along these routes if the merger goes through unchanged. It is highly unlikely that the combined company would pass along any savings from improvements in operating efficiency in the form of reduced rates. While we would welcome any increase in operating efficiency, rates would go up significantly, shippers would pay the price, and the only beneficiaries would be the new company and its stockholders.

- Second, service would suffer. Regional railroads that are important to our Texas facilities would be squeezed hard, and some likely would be unable to compete. For example, this merger would completely surround the regional carrier, the Kansas City Southern Railway Company, at our Jefferson County facilities, which obviously reduces our shipping options. The quantity and quality of service suffer as rail carrier options decline.
- Third, granting trackage rights to competitors, as the Union Pacific has offered, versus maintaining real competition through track ownership would result in increased rates and reduced service. The new company would own and lease its rail and would still maintain control over the rates, the frequency of shipments, and reciprocal switching. Maybe we could call this an enlightened monopoly, but it is not competition.

We would like to make three very specific recommendations to the Surface Transportation Board.

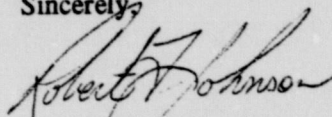
- First, we recommend that the U.S. Department of Justice conduct a complete review of the economic and anti-competitive impact of this proposed merger. The newly combined company would control 90% of the train traffic with Mexico and over half of petrochemical shipments from the Gulf coast. Anti-trust review certainly seems reasonable. If major railroad mergers like the UP/SP deal were subject to the same competition standards that apply to other businesses, they would not be approved. This anti-trust review should be the primary consideration of the Surface Transportation Board as it considers the UP-SP merger.
- Second, we recommend that the combined company be required to divest itself of rail segments over which it would have sole supplier status or unacceptable market power.

- Finally, we recommend that this merger review process provide ample time for all shippers, state governments, and the U.S. Congress to determine fully the impact of a merger of this magnitude.

Our concerns are simple. This merger likely would reduce competition, reduce the level of service, and raise rates across the country, while increasing dividends for a small group of people.

I respectfully ask you to consider our concerns. Thank you very much.

Sincerely,



Robert Johnson  
Manager Rail Logistics

cc U.S. Senator Orrin Hatch  
U.S. Senator Phil Gramm  
U.S. Senator Kay Bailey Hutchison  
Congressman Tom Delay  
Congressman Steve Stockman

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Item No. \_\_\_\_\_ LAW OFFICES  
Page Count 1 **McFARLAND & HERMAN**  
Mar #766 VACKER DRIVE-SUITE 1330  
ILLINOIS 60606-2902  
PHONE (312) 236-0204  
FAX (312) 201-9695

THOMAS F. McFARLAND, JR.

March 28, 1996

STEPHEN C. HERMAN

By U.P.S. Overnight Mail

Vernon A. Williams, Secretary  
Surface Transportation Board  
U.S. Department of Transportation, Rm. 1324  
12th & Constitution Avenue, NW  
Washington, DC 20423



Re: **Finance Docket No. 32760, Union Pacific Corporation, et al. – Control and Merger – Southern Pacific Rail Corporation, et al.**  
and  
**Docket No. AB-33 (Sub-No. 98X), Union Pacific Railroad Company – Abandonment Exemption – Edwardsville-Madison Line in Madison County, IL\***

Dear Mr. Williams:

Illinois Transit Assembly Corporation (ITAC) has reached agreement with Union Pacific Railroad Company, as a result of which ITAC is not opposed to the merger and abandonment proposed in the above dockets. Twenty copies accompany the original of this filing. All parties of record are being served.

Very truly yours,

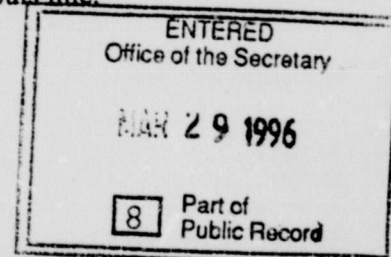
*Thomas F. McFarland Jr.*

Thomas F. McFarland, Jr.  
Attorney for Illinois Transit Assembly Corp.

TMCF:kl:525

cc: Ben Butterworth  
Ray Allamong

\* The interest of Illinois Transit Assembly Corp. also includes Docket No. AB-33 (Sub-No. 96) (Barr-Girard, IL) and (Sub-No. 97X) (DeCamp- Edwardsville, IL), which, like the Edwardsville-Madison Line, are parts of the former C&NW Chicago-St. Louis line.





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TRM #765



~~Louisiana Pacific Corporation~~

P.O. Box 4000-98

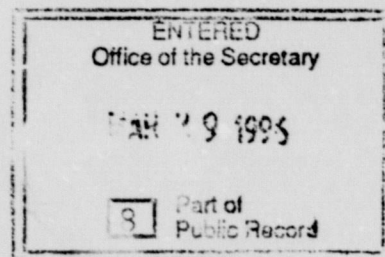
Hayden Lake, Idaho 83835

208/772-6011



March 27, 1996

The Honorable Vernon A. Williams  
Secretary Surface Transportation Board  
Case Control Branch  
12th Street and Constitution Ave. NW  
Washington, DC 20423



Dear Sir:

Louisiana Pacific is a major forest products company that has three mills located in Montana; at Deer Lodge, Missoula and Belgrade. The Missoula and Belgrade facilities are served solely by the Montana Rail Link (MRL) which interchanges only with the Burlington Northern on East bound traffic. Deer Lodge is serviced by the Montana Western (MW) which is a switch carrier that interchanges with the MRL at Garrison, MT and with the Union Pacific (UP) at Silver Bow, MT.

LP is a large volume shipper via rail. We depend on our rail carriers to get the bulk of our products to market. The following is a breakdown of the volume shipped out of our three facilities located in Montana via rail.

	<u>1995</u>	<u>1994</u>	<u>1993</u>
Deer Lodge	1342	1292	1104
Belgrade	820	811	763
Missoula	<u>1670</u>	<u>1826</u>	<u>1839</u>
cars	3832	3929	3706

It is quite evident by the large volume LP shipped via rail over the past three years how vital rail service is to LP to enable us to get our products to market.

**ADVISE OF ALL**  
**PROCEEDINGS**

LP has always favorably looked at opportunities to reduce costs and at the same time service our customers. We feel there is definitely a place for a regional carrier in today's environment to fill a void that has been created by the mega mergers. The MRL has a proven track record as an outstanding regional carrier that gives customized service. In a world of growing consolidation, one point should never be overlooked; service to the customer.

We feel the MRL as a third rail carrier alternative will add a more well rounded dimension to the proposed UP/SP merger.

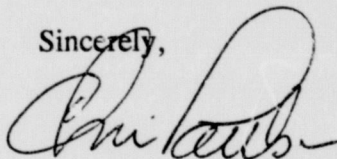
We wrote favorable letters of support for both BN/ATSF merger and we also initially favored the UP/SP proposed merger. However; the UP/SP combination will still only leave LP with one carrier to serve our rail customers in 65% of our rail shipments. It is of extreme importance that we have a viable rail alternative. MRL's proposal to acquire one of UP's or SP's routes between California and Kansas City will give LP that viable alternative. Competition can only be assured with an independent third party owner acquiring this important Central Corridor route that would provide competitive service.

The MRL as a low cost well run railroad has provided LP with superior rail service. I have no doubts that if the MRL has the opportunity to purchase trackage between Kansas City and California that their outstanding service would continue. They have a reputation as one of the most outstanding regional railroads in the nation. The MRL would give us the ability to get to markets that are now cost prohibitive from some of our Montana mills.

There are many benefits to the Union Pacific merger with Southern Pacific. The MRL proposal maintains the benefits of both UP/SP merger including the proposed trackage rights agreement with BNSF, and at the same time ensures true competition in the Central Corridor through sale of one of the routes to the MRL as an independent operator.

Our company conditions its support of the UP/SP merger application on sale of a Central Corridor route as described in the MRL proposal.

Sincerely,



Chris Paulson  
Senior Operations Manager

cc: J.F. Simpson - MRL  
D. Flugel  
D. Rydeen  
A. LaMantia  
M. Escovy  
G. Washington

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Page Count 3

MBX #764



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OFFICE OF THE  
MAYOR

JOE SERNA, JR.  
MAYOR

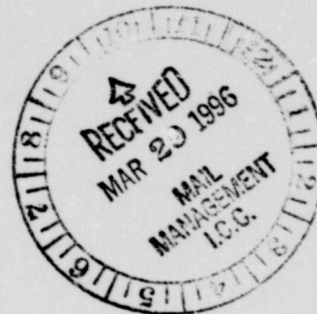
CITY OF SACRAMENTO  
CALIFORNIA

CITY HALL  
ROOM 205  
915 I STREET  
SACRAMENTO, CA  
95814-2672

March 28, 1996

PH 916-264-5300  
FAX 916-264-7680  
TDD (ONLY) 264-5819

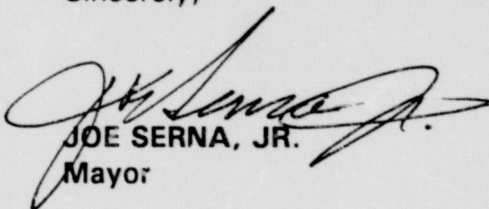
Office of The Secretary  
Case Control Branch - Room 2215  
Attn: Finance Docket No. 32760  
Surface Transportation Board  
1201 Constitution Avenue, N.W.  
Washington, D.C. 20423



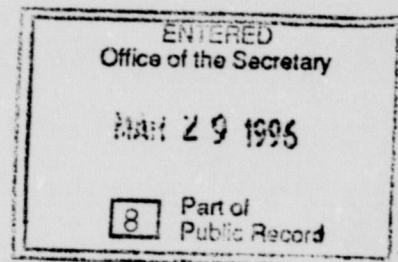
Dear Mr. Vernon A. Williams:

Please find enclosed the formal submission to the record of the City of Sacramento in the matter of the proposed merger of the Union Pacific and Southern Pacific rail companies, as set forth in Finance Docket No. 32760. Your consideration of this statement is respectfully requested.

Sincerely,

  
JOE SERNA, JR.  
Mayor

JS/mecv



**ADVISE OF ALL  
PROCEEDINGS**

Before the Surface Transportation Board

Finance Docket No. 32760

UNION PACIFIC CORPORATION, UNION PACIFIC RAILROAD COMPANY  
AND MISSOURI PACIFIC RAILROAD COMPANY

- CONTROL AND MERGER -

SOUTHERN PACIFIC RAIL CORPORATION, SOUTHERN PACIFIC  
TRANSPORTATION COMPANY, ST. LOUIS SOUTHWESTERN RAILWAY  
COMPANY, SPCSL CORPORATION AND THE DENVER AND RIO  
GRANDE WESTERN RAILROAD COMPANY CORP.

CITY OF SACRAMENTO (CA) COMMENTS ON THE PRIMARY APPLICATION  
AND RELATED APPLICATIONS AND PETITIONS

March 28, 1996

The City of Sacramento, California has for many decades been served by both the Union Pacific (UP) and Southern Pacific (SP) Railroads and, as such, has a history of working relationships with these corporations pertaining to trackage within the City of Sacramento. In addition, both corporations have significant land holdings within the Sacramento jurisdiction which have been and are the subject of discussions and/or negotiations and contractual terms between the corporations and the City of Sacramento. The City of Sacramento has been requested by the UP to support the proposed UP/SF merger, and the Mayor and City Council have taken this under advisement and established City policy.

The City of Sacramento's primary concern centers on the affect of the proposed merger upon the sustained operation of freight traffic on the UP trackage which is known as the "19th Street" line, a right-of-way which bisects the City north-south and on which operate substantial numbers of UP freight trains. This trackage passes through a number of residential neighborhoods, commercial areas, and at one point is only approximately six blocks from the State Capitol. The right-of-way has long existed as a barrier between residential areas and its use by lengthy freight traffic has impacted daily traffic movements, and forced the City to incur costs associated with maintaining emergency services on both sides of the right-of-way. It has long been an objective of the City of Sacramento to seek means by which the freight traffic utilizing the 19th Street line could be transferred to alternative trackage.

Approximately parallel to the 19th Street line and largely removed from residential neighborhoods and the central part of the City is the north-south SP trackage



(the "Elvas" line), used by the SP for freight movements. In the view of the City, the proposed UP/SP merger provides an opportunity to address the long-standing impacts of the train movements on the 19th Street line since the merger would provide the opportunity for the transfer of north-south freight movements from the UP 19th Street line to the SP Elvas line to the east. The City recognizes that certain capital improvements would have to be made in order to facilitate this transfer of freight traffic, but nonetheless the opportunity is presented via the proposed merger and the City would be committed to cooperating with the UP/SP to accomplish the necessary modifications.

It is the understanding of the City of Sacramento that applications related to the proposed merger submitted to the Surface Transportation Board would, upon approval and completion of the proposed merger, convey to the Burlington Northern Railroad Company and The Atchison, Topeka and Santa Fe Railway Company (BN/Santa Fe) operating rights on the 19th Street line, in order that carrier competition be sustained and enhanced. This conveyance of operating rights would allow the BN/Santa Fe to utilize the 19th Street line for freight traffic movements. The opportunity presented by the proposed merger for the transfer of freight traffic from the 19th Street line would apparently be lost and the City of Sacramento, its citizens, and its commerce would continue to be impacted by the movements of train traffic through the City.

It is the view of the City of Sacramento that the proposed merger definitely provides an unprecedented opportunity for relief of important impacts upon the life and commerce of Sacramento, and that this relief can yet be realized in the framework of the proposed conveyance of operating rights to the BN/Santa Fe. Given the aforementioned necessary modifications to the trackage, the UP/SP could agree to modify the proposed agreement with the BN/Santa Fe in order to grant shared trackage rights with the BN/Santa Fe on the Elvas line, thus allowing the cessation of freight movements on the 19th Street line. It is the view of the City that shared trackage rights on the Elvas line between the UP/SP and the BN/Santa Fe would in no way jeopardize sustained competition between the carriers.

The City of Sacramento recognizes the importance of the proposed UP/SP merger to the future delivery of train service to the City and the Sacramento region. Both the UP and the SP have historically played important roles in supporting Sacramento's economy and commerce. However, Sacramento has at stake in the proposed merger other important public interests, including the potential removal of disruptive freight traffic from the City's neighborhoods. The UP/SP merger application, through its related applications, does not explicitly set forth the opportunity for the City of Sacramento to work with the UP/SP toward the City's objectives, but instead transfers and sustains the disruptive impacts to the BN/Santa Fe. The City of Sacramento, in hereby setting forth its support for the proposed UP/SP merger, requests the Surface Transportation Board to establish a condition, or conditions, to the merger, that will assure that the City of Sacramento will be able to conduct good faith negotiations with the UP/SP and the BN/Santa Fe pursuant to the abatement of freight traffic on the 19th Street line, as set forth above, in an effort to reach agreement.

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Page Count 2  
Mar # 762



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ATTORNEY GENERAL OF MISSOURI

JEREMIAH W. (JAY) NIXON  
ATTORNEY GENERAL

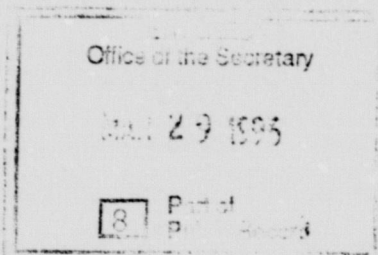
JEFFERSON CITY  
65102

P. O. Box 899  
(314) 751-3321

March 28, 1996

VIA FEDERAL EXPRESS

Mr. Vernon Williams, Secretary  
Surface Transportation Board  
U.S. Department of Commerce  
Room 2215  
12th Street and Constitution Avenue, N.W.  
Washington, DC 20423



Re: Proposed Merger of Union Pacific and Southern Pacific Railroads

Dear Mr. Williams:

As the official charged with enforcement of the antitrust laws in Missouri, I am writing to express my concerns regarding the proposed merger of the Union Pacific and Southern Pacific railroads. I am particularly concerned that the proposed merger may substantially lessen railroad competition along the routes running between St. Louis and Missouri's southeast corner.

The transportation of freight by Missouri's rail system is vital to the State's businesses and consumers. In 1993, 23.1 million tons of rail freight originated in Missouri and 43.6 million tons terminated in the State. The leading commodity originating in the State was farm products, and the leading commodity terminating in the State was coal.

Missouri's rail system is also important to national commerce. The cities of St. Louis and Kansas City have long served as key interchange points for rail traffic moving between the eastern and western United States, while the routes running between St. Louis and Missouri's southeast corner serve a substantial portion of the traffic moving between Chicago and the Gulf ports. Including both "through traffic" and traffic that originated from or terminated in Missouri, a total of 237.5 million tons of rail freight were carried within the State in 1993.

**ADVISE OF ALL  
PROCEEDINGS**

Page Two  
Mr. Vernon Williams  
March 28, 1996

Re: Proposed Merger of Union Pacific and Southern Pacific Railroads

The largest carrier of rail freight in Missouri is Burlington Northern Railroad, which operates about one-third of the rail trackage in the State. As measured by route miles, Union Pacific Railroad is Missouri's second largest rail carrier with 18 percent of the trackage, and Saint Louis Southwestern Railroad (a subsidiary of Southern Pacific Transportation Company) is the State's fourth largest carrier with nine percent of the trackage.

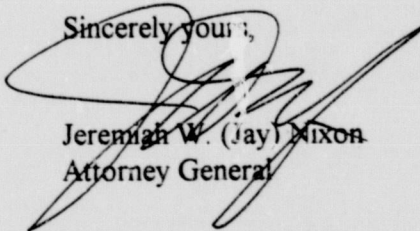
Currently, Union Pacific and Southern Pacific (through its subsidiary) compete directly in two of the major rail corridors that run through Missouri. They are two of four carriers operating the east-west routes between St. Louis and Kansas City, and two of only three carriers operating the north-south routes between St. Louis and Missouri's southeast corner. As now proposed, the merger of Union Pacific and Southern Pacific would reduce the number of competitors from four to three along the St. Louis-Kansas City routes and from three to two along the St. Louis-southeast Missouri routes. Along the St. Louis-southeast Missouri routes, the merged company's only competitor would be Burlington Northern.

According to the measure of market concentration applied by the state attorneys general (see Horizontal Merger Guidelines of the National Association of Attorneys General, March 30, 1993), the presence of only three or four competitors in a market means that the market is "highly concentrated," regardless of the particular market shares of the individual competitors. In such a market, any merger involving two or more significant competitors is presumed to be anticompetitive. Such a merger has the potential to harm competition by making it easier for the remaining competitors to engage in collusive behavior. Moreover, if only two competitors are left, one competitor may be able to act unilaterally to raise its prices or to reduce the quality of its services. Even if the merger does result in some efficiencies, there is no assurance that the prices charged to customers will reflect those cost savings.

The proposed merger of Union Pacific and Southern Pacific would substantially increase market concentration in markets that are already highly concentrated, thereby threatening to deprive businesses and consumers in Missouri of the lower prices and higher quality service that result from free and open competition among railroad freight carriers. For this reason, I urge the Surface Transportation Board not to approve the merger as now proposed.

I appreciate the Board's consideration of these views.

Sincerely yours,

  
Jeremiah W. (Jay) Nixon  
Attorney General

JWN:ll

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Page Count 1

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26



OFFICE OF THE GOVERNOR

STATE CAPITOL

DES MOINES, IOWA 50319

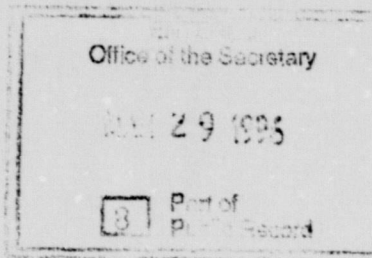
515 281-5211

TERRY E. BRANSTAD  
GOVERNOR

March 28, 1996



Mr. Vernon A. Williams, Secretary  
Surface Transportation Board  
Case Control Branch  
1201 Constitution Avenue  
Washington, D.C. 20423



RE: Finance Docket No. 32760

Union Pacific Corporation, et al. -- Control and Merger --  
Southern Pacific Rail Corporation, et al.

Dear Secretary Williams:

As Governor of the state of Iowa, I want to express my support for the proposed merger of the Union Pacific and Southern Pacific railroads. A strong, competitive rail system is essential to Iowa. Some of the benefits that will be provided Iowa shippers are:

- \* The creation of shorter, more direct routes to the west coast resulting in faster intermodal service.
- \* New single line service to the Pacific Southwest for Iowa grain and grain products.
- \* A more direct route and access to the Mexican export markets through a number of SP served Mexican gateways.

In addition, Iowa strongly recommends that the Surface Transportation Board carefully review and consider the comments about the need for rail service competition and prevention of market dominance that may be submitted by Iowa shippers and industries.

Sincerely,

Terry E. Branstad

**ADVISE OF ALL  
PROCEEDINGS**

TEB:bb

cc: Frank Stork



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Page Count 7

Mar # 760

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BEFORE THE

SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 32760



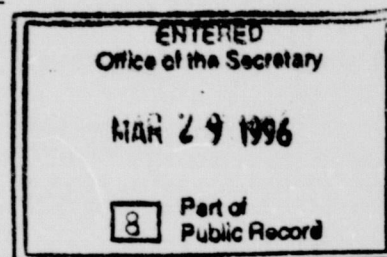
UNION PACIFIC CORPORATION, UNION PACIFIC RAILROAD COMPANY. AND  
MISSOURI PACIFIC RAILROAD COMPANY

-- CONTROL AND MERGER --

SOUTHERN PACIFIC RAIL CORPORATION,  
SOUTHERN PACIFIC TRANSPORTATION COMPANY, et al

COMMENTS OF

WASHINGTON STATE



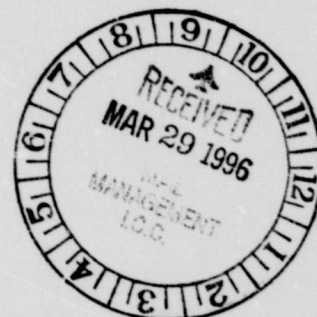
SID MORRISON,  
SECRETARY OF TRANSPORTATION  
Washington State Department of Transportation  
P. O. Box 47387  
Olympia, WA 98504-7316  
(360) 705-7054

March 28, 1996

Before the  
**SURFACE TRANSPORTATION BOARD**

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**FINANCE DOCKET NO. 32760**



**UNION PACIFIC CORPORATION, UNION PACIFIC RAILROAD COMPANY AND  
MISSOURI PACIFIC RAILROAD COMPANY**

**-- CONTROL AND MERGER --**

**SOUTHERN PACIFIC RAIL CORPORATION,  
SOUTHERN PACIFIC TRANSPORTATION COMPANY, et al**

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**COMMENTS OF  
WASHINGTON STATE**

---

These comments on the proposed merger of the Union Pacific and Southern Pacific railroads are offered by the Secretary of Transportation in behalf of the citizens of the state. Washington State Department of Transportation (WSDOT) is the designated state agency responsible for planning and administration of rail development programs within the state. The department has the mandate of the State Legislature to carry out research into conditions affecting rail service and to administer programs to preserve, support and enhance the service available to the shippers and travelers of the state. This includes responsibility to analyze the impacts upon Washington State rail service that would result from any merger, consolidation, or acquisition proposed by rail carriers. This Control and Merger Application is thus a matter falling within the responsibility of the WSDOT.

Washington's rail network is an important element of the state's multimodal transportation system. As such, the growing mobility needs of citizens and of commerce will place increasing demands on the rail sector. Fully one half of Washington State's rail tonnage is port-related. High future growth is expected in this waterborne segment. Recent forecasts of future container traffic volume through the Puget Sound ports expect the present level of traffic to increase approximately 2½ times by the year 2015, an average annual increase of 4.1 percent. This traffic is highly service-sensitive, and it will require continued top quality rail service to keep Washington State's ports competitive with other ports. Traffic through Washington's Canadian gateways is also increasing and free trade treaties are expected to produce added growth.

WSDOT staff has carefully studied this proposed merger to determine its impact on the shippers of our state. Washington State supported the Burlington Northern Santa Fe (BNSF) merger because it appeared likely to improve rail service and to enhance competition for the state's transportation customers. WSDOT has concluded that even greater benefits could flow to our shippers from a UP-SP merger with its accompanied BNSF trackage rights and line purchase agreement, as well as the direct marketing and pricing authority for UP/SP in the Pacific Northwest.

The most significant benefit Washington will enjoy as a result of the merger and its related BNSF expanded operations will be the creation of two competitive single-line routes between Seattle/Tacoma and California points. For the first time in history, the Pacific Northwest will have direct single carrier service to California and the Southwest provided by two competitive rail carriers. There is no such rail service today, and as a result trucks dominate the north-south freight movements among the West Coast states. After the merger, Union Pacific will offer single-



line service on a combination of UP lines and upgraded SP lines. In addition, Burlington Northern Santa Fe will gain a competitive single-line route between Washington and California. These new rail routes will open new markets and offer a modal choice to our shippers, which will take trucks off Interstate Route-5, reducing highway congestion.

In addition, Washington businesses served by UP will gain single-line service to SP points in Oregon, California, Arizona and many other western states. They will gain more direct routes to Texas, the Gulf Coast, and Mexican gateways and improved service to the UP/SP eastern gateways. These and other service improvements should provide expanded opportunities for export and import traffic through Seattle and Tacoma ports. This in turn should create increased employment opportunities for the state.

Equipment supply should improve as a result of the new operating efficiencies and the ability to reposition rail cars efficiently between California and the Pacific Northwest. Washington's forest products shippers will benefit from access to the combined UP and SP fleets of specialized forest products rail equipment. The ability of UP/SP to provide combined equipment, rate, billing and car tracing services will benefit all shippers of this state.

The merger should also strengthen intermodal competition. As noted above, the new single-line rail service on the I-5 corridor will provide important new intermodal competition for trucks as well as barges on this route. There will also be increased competition between railroads. We have enjoyed the benefits of vigorous competition between UP and BN at Seattle, Tacoma, and other points in the state. If BNSF acquires a West Coast route between Washington and Southern California and the UP/SP route is merged together, north-south competition between the two railroads will be effective through Southern California, Arizona, New Mexico, and Texas as well.

Washington shippers will also benefit from the new direct marketing and pricing authority UP/SP will receive for traffic originating or terminating at points in the State of Washington served by BNSF. This direct marketing and pricing authority will allow UP to offer new competition to BNSF at many points where BNSF previously has provided the only rail service. The increased competition between railroads and with other transportation modes will promote improved service and reduced costs to the shippers of Washington.

The one area of concern to the state is in the matter of effective competition in the Central Corridor between Northern California and Kansas City after the merger. This route is a possible service route for low priority Washington traffic that could remove some of the congestion existing for Washington shippers on present northern BNSF east-west rail corridors. It is also a corridor of interest to some Washington shippers with origins or destinations along this route.

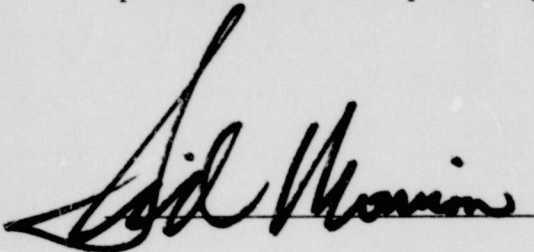
Washington State is concerned about the viability and competitiveness of BNSF operations across the Central Corridor under the trackage rights conditions proposed. The Inconsistent or Responsive Applications of regional / short line operators for purchase of this corridor may produce more effective competition in this corridor than would the proposed BNSF operation over trackage rights. Such independent ownership of this route would also preserve considerable miles of line in California, Colorado, and Kansas which are otherwise planned for abandonment by UP. These lines comprising the Central Corridor would provide Washington shippers both an alternate route for through traffic and local origin/destination points for shipments if operated by an efficient regional railroad.

We would therefore urge the Board to consider a conditional grant of BNSF trackage rights in this corridor and to retain Board jurisdiction over the permanent right to

operate, subject to the demonstrated provision of effective competitive service. If adequate competitive service did not result, the Board would be free to seek a remedy through divestiture, joint ownership, or a third carrier trackage rights. We reserve the right to submit further comments on the Inconsistent or Responsive Applications which will be filed in March.

Viewed in its entirety, approval of the UP-SP Control and Merger Application with the above condition would be in the best interests of the shippers of this state because it will broaden competitive rail services available, which will lead to a growth in the state's rail traffic.

For the above reasons Washington State conditionally supports the proposed transaction. We submit these comments upon the proposal and intend to submit further comments upon Inconsistent or Responsive Applications which are filed later in the proceeding.

A handwritten signature in dark ink, appearing to read "Sid Morrison", written over a horizontal line.

Sid Morrison  
Secretary of Transportation



VERIFICATION

STATE OF WASHINGTON

)

COUNTY OF THURSTON

) §  
)

Sid Morrison, being duly sworn, deposes and says that he has read the foregoing document and knows the contents thereof, and that the same are true to the best of his knowledge.

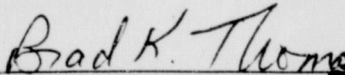


Sid Morrison

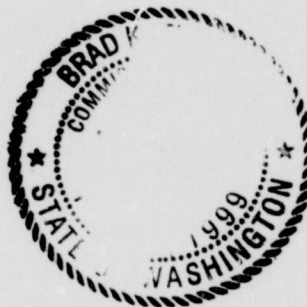
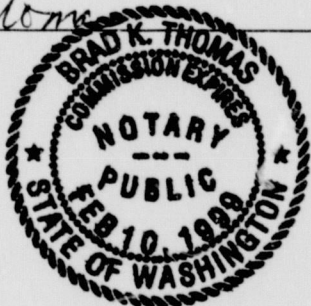
Secretary of Transportation

Subscribed and sworn to before me

this 28 day of March, 1996.



Notary Public





STB

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32760

3-29-96

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Item No. \_\_\_\_\_

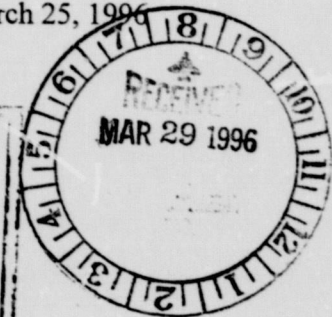
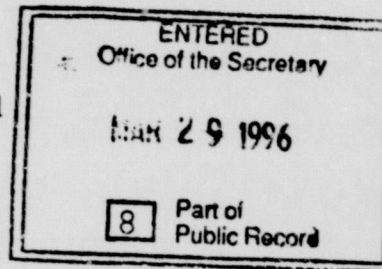
62283 43

Page Count 1

Mar #780 *City of Barberton*

March 25, 1996

Honorable Vernon A. Williams  
Secretary, Surface Transportation Board  
12th Street & Constitution Avenue  
Washington, D.C. 20423



Dear Secretary Williams,

I am concerned that the proposed Union Pacific-Southern Pacific railroad merger is not in the public interest in Northeast Ohio. We would be far better served if the UP-SP's eastern routes were, as part of the proposed merger, sold to Conrail, not leased to another western railroad.

My reasoning is straightforward. First, our industrial companies, particularly in the booming polymers sector, need direct service to raw materials and markets in the Gulf "chemical coast" region and to Mexico. Second, we believe that an owner-carrier, such as Conrail, would have greater incentive to improve markets along the route. Third, by keeping Conrail strong, we ensure a variety of service options and strong price competition among the major railroads in our region, namely CSX, Norfolk and Southern, and Conrail.

Finally, I am concerned that railroad "mega mergers" cost hardworking citizens jobs -- as they have in other industries. Conrail is a major Ohio employer, and their success is in the public interest here.

For those reasons I would oppose the proposed merger unless it includes the Conrail purchase of the eastern lines of the old Southern Pacific. Only with the Conrail acquisition will Northeast Ohio economics be maximally served.

Thank you for your consideration.

Sincerely,

*Harry Bauschlinger*

Harry Bauschlinger  
Council-At-Large, City of Barberton

HB/na

**ADVISE OF ALL  
PROCEEDINGS**

STB

FD

32760

3-29-96

D

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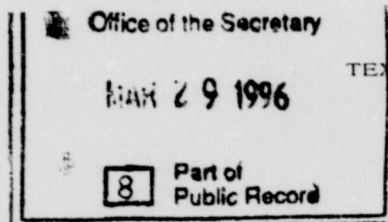
Item No. \_\_\_\_\_

Page Count 2

Mar # 759



62262



BEVERLY WOOLLEY  
TEXAS HOUSE OF REPRESENTATIVES  
HOUSTON - DISTRICT 136

March 14, 1996



The Honorable Vernon A. Williams, Secretary  
Surface Transportation Board  
12th Street and Constitution Avenue  
Room 2215  
Washington, DC 20423

## ADVISE OF ALL PROCEEDINGS

RE: Request for Conditions from the Members of the Texas Legislature Regarding Finance  
Docket No. 32760

Dear Secretary Williams:

On March 29, 1996, Texas State Representatives Junell, Cook and Saunders submitted for the board's consideration a request for conditions (JRC-2, RAJ-2, RMS-2) regarding finance docket no. 32760. I am writing to express my support for this request. I am very concerned that the merger of the Union Pacific Corporation and the Southern Pacific Rail Corporation will significantly reduce rail competition in Texas, seriously impacting Texas business and our State's economy. I believe the request for conditions from these Texas Legislators address my concerns.

As proposed, the merger would grant UP control over a reported 90% of rail traffic into and out of Mexico, 70% of the petrochemical shipments from the Texas Gulf Coast, and 86% of the plastics storage capacity in the Texas/Louisiana Gulf Region. UP acknowledges that the merger would greatly reduce rail competition and has proposed a trackage rights agreement with the Burlington Northern-Santa Fe (BNSF) as the solution.

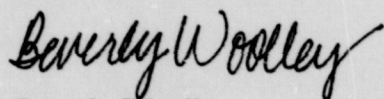
A trackage rights agreement, however, simply does not solve the problem. Owners of rail lines have incentives to invest in the track and to work with local communities to attract economic development. Owners have control over the service they provide--its frequency, its reliability, its timeliness. None of these things can be said about railroads that operate on someone else's tracks, subject to someone else's control.

Texas needs another Class I railroad, not another merger, to ensure effective rail competition. A Class I railroad willing to provide quality service and investment is the best solution for shippers, communities and economic development officials. A Class I railroad also offers the best opportunity to retain employment for railroad workers who would otherwise be displaced by the proposed merger.



For all these reasons I urge the Board to approve the request for conditions filed by my colleagues in the Texas Legislature. The approval of this request, in my opinion, is vital to guaranteeing rail competition in Texas.

Sincerely,

A handwritten signature in cursive script that reads "Beverly Woolley". The signature is fluid and written in dark ink.

Beverly Woolley

STB

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3-21-96

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✓

Item No. \_\_\_\_\_

Page Count 14

GOLLATZ, GRIFFIN & EWING, P.C.  
ATTORNEYS AT LAW

62261

21

MEV # 758

WEST MINER STREET  
POST OFFICE BOX 796  
CHESTER, PA 19381-0796

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DELAWARE COUNTY OFFICE:  
205 N. MONROE STREET  
POST OFFICE BOX 1430  
MEDIA, PA 19063-8430  
(610) 565-6040

ERIC M. HOCKY

March 28, 1996

FEDERAL EXPRESS

Office of the Secretary  
Case Control Branch  
ATTN: Finance Docket No. 32760  
Surface Transportation Board  
1201 Constitution Ave., N.W.  
Washington, DC 20423



Re: Finance Docket No. 32760  
Union Pacific Corporation, et al.--Control and Merger  
--Southern Pacific Rail Corporation, et al.

Dear Sir or Madam:

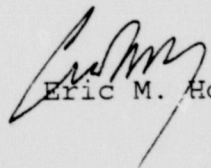
Enclosed for filing are documents submitted on behalf of  
Toledo, Peoria & Western Railway Corporation, as follows:

- (a) an original plus five (5) copies of TPW-3, Certificate of Service;
- (b) an original plus twenty (20) copies of TPW-4, Comments.

Also enclosed is a 3.5" diskette containing the text of the pleadings in WordPerfect 5.1 format.

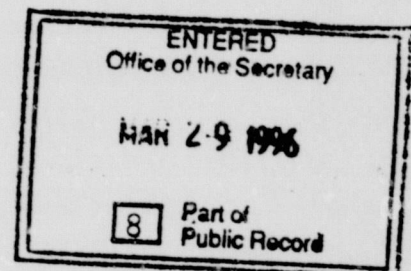
Please time stamp the extra copy of each of these documents to indicate receipt, and return them to me in the enclosed self-addressed stamped envelope provided for your convenience.

Respectfully,

  
Eric M. Hocky

Enclosures

cc: (by First Class Mail)  
The Honorable Jerome Nelson  
Arvin E. Roach, II, Esq.  
Paul A. Cunningham, Esq.



ORIG + 5

TPW-3

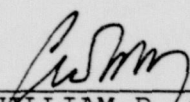
BEFORE THE  
SURFACE TRANSPORTATION BOARD  
FINANCE DOCKET NO. 32760

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



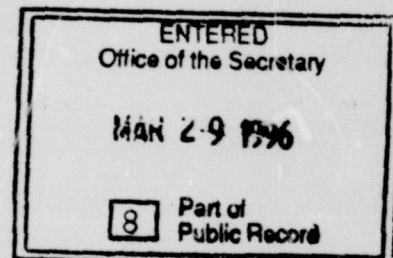
CERTIFICATE OF SERVICE

Pursuant to Decision No. 26 in this proceeding, the undersigned counsel for Toledo, Peoria & Western Railway Corporation ("TPW"), hereby certifies that on this date a copy of all filings previously submitted in this proceeding by TPW, was sent to all newly designated PORs by U.S. first class mail, postage prepaid.

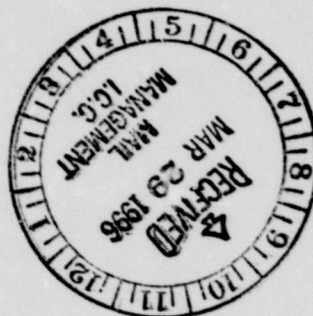
  
WILLIAM P. QUINN  
ERIC M. HOCKY  
GOLLATZ, GRIFFIN & EWING, P.C.  
213 West Miner Street  
P.O. Box 796  
West Chester, PA 19381-0796  
(610) 692-9116

Attorneys for  
Toledo, Peoria & Western  
Railway Corporation

Dated: March 28, 1996





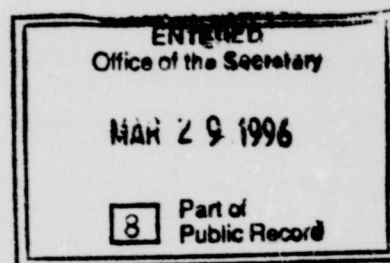


TPW-4

BEFORE THE  
SURFACE TRANSPORTATION BOARD  
FINANCE DOCKET NO. 32760

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

COMMENTS  
OF  
TOLEDO, PEORIA & WESTERN RAILWAY CORPORATION



William P. Quinn  
Eric M. Hocky  
GOLLATZ, GRIFFIN & EWING, P.C.  
213 West Miner Street  
P.O. Box 796  
West Chester, PA 19381-0796  
(610) 692-9116

Attorneys for Toledo, Peoria &  
Western Railway Corporation

March 28, 1996

BEFORE THE  
SURFACE TRANSPORTATION BOARD  
FINANCE DOCKET NO. 32760

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

---

COMMENTS  
OF  
TOLEDO, PEORIA & WESTERN RAILWAY CORPORATION

---

Toledo, Peoria & Western Railway Corporation ("TPW") files these Comments with respect to the control and merger transactions proposed by applicants, Union Pacific Corporation ("UPC"), Union Pacific Railroad Company ("UP"), Missouri Pacific Railroad Company ("MP"), Southern Pacific Rail Corporation ("SPR"), Southern Pacific Transportation Company ("SPT"), St. Louis Southwestern Railroad Company ("SSW"), SPCSL Corp. ("SPCSL"), and The Denver and Rio Grande Western Railroad Company ("DRGW")<sup>1</sup>, in accordance with 49 C.F.R. 1180.4(d) and Decision No. 9 in this proceeding.

Description of TPW and Relevant Traffic Flows

TPW is a Class III regional railroad of 284 route miles extending from Fort Madison, IA, on the west, to Logansport, IN, on

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<sup>1</sup> SPT, SSW, SPCSL, and DRGW are referred to collectively as SP.

the east. A map showing TPW's line and intersecting carriers is attached as Exhibit 1. In 1995, TPW handled 35,000 carloads of freight of which 33,000 carloads either originated or terminated on its line. TPW's intermodal ramps at East Peoria, IL, and Remington, IN, handled 40,000 loads of intermodal traffic during the same period.

Through connections with the major trunkline carriers, TPW's route has traditionally provided shippers between the eastern and western regions of the nation a means of bypassing Chicago and St. Louis and gaining improved transit times. TPW maintains interchanges with Burlington Northern Santa Fe ("BNSF"), Conrail, CSX Transportation, Illinois Central, Norfolk Southern ("NS"), SP and UP, as well as regional carriers.

The future of TPW's connections with the applicant railroads is clouded by the changed competitive environment produced by recent consolidations of TPW's major western connections - the merger of Chicago and North Western Railway ("CNW") into UP, the Burlington Northern-Santa Fe merger, and the transaction now proposed.

Prior to the consummation of the BNSF consolidation, TPW's only interchange with SP was with SP's Chicago-St. Louis line at Chenoa, IL. However, TPW's connections with SP at Bushnell and Lomax (intermodal/automotive only) were established to "ameliorate the anticompetitive consequences that would otherwise flow from an unconditioned [Burlington Northern-Santa Fe] merger." Burlington Northern, Inc. et al.--Control and Merger-Santa Fe Pacific



Corporation et al., Finance Docket No. 32549 (ICC served August 23, 1995). Regrettably, the anticipated competitive benefits of the Bushnell interchange have not been realized.

The Bushnell interchange was designed to enable TPW to connect with SP's Chicago-Kansas City trains utilizing trackage rights over Santa Fe which predate the creation of BNSF. In particular, TPW expected that its Bushnell interchange would enable it to continue and increase its participation in traffic originating at Keokuk, IA, and destined to Kansas City and beyond. Instead of moving this traffic from La Harpe, IL, to Fort Madison, IA, where it was handed off to Santa Fe for movement to SP at Kansas City, TPW now has the right to move the traffic to SP at Bushnell, thus eliminating BNSF as an intermediary. However, Bushnell is not a priority stop for SP's fast, heavy tonnage trains through Bushnell. For operational reasons, these trains usually make only a single stop on their route through the area, and this is normally at Galesburg. Consequently, TPW's route is not competitive with new BNSF routes from Keokuk.

TPW interchanges with UP at Sommer (Peoria), a former CNW interchange point, and Watseka. Traffic to and from western points via TPW-UP moves via Sommer. However, on February 28, 1996, UP, without explanation, notified TPW that it would terminate its Sommer interchange agreement. As a result, TPW traffic now routed to and from UP via Sommer will require a movement over Peoria and Pekin Union Railway with uncertain economic consequences. UP's



line at Watseka handles traffic to and from points at and beyond St. Louis in the southwest.

#### The Effect of This Transaction

In assessing the effect of the proposed transaction on TPW, the UP-SP consolidation cannot be viewed in isolation from the other consolidation transactions affecting TPW's major connections. TPW does not oppose the present transaction because, standing alone, its effects upon TPW are not likely to give rise to the competitive harm that require the Board's intervention under the guidelines and criteria established in decisions of the ICC. However, this transaction arises at a time when TPW is beginning to experience traffic losses to BNSF which cannot be offset by the new competitive options created by the settlement agreements endorsed in that transaction. This transaction, including the BNSF-UPSP settlement agreement, divides rail business in the west between two major systems whose vast route structures and other resources can, depending on their policies, nourish or destroy regional railroads such as TPW.

TPW has elected not to attempt to obstruct the proposed transaction by the traditional exercise of calculating anticipated traffic diversions that are claimed either to threaten its essential services or produce anticompetitive harm to the public interest. Nevertheless, it would be absurd to pretend that this transaction either alone or in combination with BNSF and UP/CNW has not or will not alter the competitive equation confronting TPW. Without the cooperation of UP - and BNSF - TPW cannot continue to

offer shippers a competitive alternative at a crossroads of the midwest.

TPW has arranged to confer with UP so that it can propose areas where TPW's ability to offer cooperative routing will be enhanced by minor commitments from UP. It is not TPW's purpose to demonstrate that the commitments it seeks will ameliorate or eliminate the adverse effect of the proposed transaction in any quantitative sense. Rather, these commitments will, at little or no cost to UP and certainly without detracting from the enormous benefits of the consolidation, aid TPW's efforts to continue to provide adequate transportation. The proposals to be made by TPW include the following:

Sommer Interchange - UP's closing of this interchange will have material economic consequences to affect carriers and shippers at Mapleton and Kolbe, IL. Under a TPW-CNW agreement, each party gave the other access to tracks in the area. TPW has provided switching services for CNW-UP. It is essential that the parties negotiate the economic and other effects of the closure on this and other existing arrangements.

Peoria Terminal - This five mile segment of railroad in the Peoria area is a necessary link between the eastern and western segments of TPW. The line is owned by UP, but is operated, dispatched and maintained by TPW. The track is in critical need of improvement. TPW is willing to undertake the necessary track improvements provided that it acquires ownership of the track from UP, a necessary step to protect any track investment.

**TPW Bridging Capabilities** - The consolidated UP-SP will have the five interchange points with TPW described above. By providing expanded switching and connecting service for the unified system, TPW can effectively connect these points to the mutual benefit of TPW and the consolidated UP-SP system.

**Fort Madison and Galesburg Switching** - TPW believes that, by gaining access to industries at Fort Madison and Galesburg and by coordinating traffic to and from those industries with trains now operated by TPW, it can facilitate the movement of UP-SP through trains and utilize available capacity on TPW's existing trains. TPW desires to explore these operations with UP.

The following information is responsive to 49 C.F.R. 1180.4(d)(iii):

SECTION 1180.4(d)(iii)(B)  
**NAMES, ADDRESSES AND TELEPHONE NUMBERS**

The names, addresses and telephone numbers of TPW and its representatives are:

Toledo, Peoria & Western  
Railway Corporation  
1990 E. Washington Street  
East Peoria, IL 61611  
(309) 698-2600

William P. Quinn  
Eric M. Hocky  
GOLLATZ, GRIFFIN & EWING, P.C.  
213 West Miner Street  
P.O. Box 796  
West Chester, PA 19381-0796  
(610) 692-9116



SECTION 1180.4(d)(iii)(C)  
COMMENTING PARTY'S POSITION

TPW's position is one of neutrality with respect to the proposed transaction. TPW anticipates that applicants will negotiate in good faith with TPW to achieve the cooperative arrangements described above that will enable TPW to maintain its role as an effective participant in joint routes with the consolidated company and its competitors.

SECTION 1180.4(d)(iii)(D)  
COMMENTERS' PARTICIPATION IN PROCEEDING

TPW will participate in this proceeding as a party of record.

SECTIONS 1180.4(d)(iii)(E) and (F)  
ORAL HEARING AND DISCOVERY

In view of the procedural schedule adopted in this proceeding, these sections are not applicable.

SECTION 1180.4(d)(iii)(G)  
DETAILED STATEMENT OF ISSUES

The issues to be considered by the Board in this merger transaction are defined in 49 U.S.C. §11344. Since TPW is not requesting the Board to order any relief other than that sought by applicants, the relevant issues are those enumerated in section 11344 as discussed in the application.

SECTION 1180.4(d)(iii)(H)  
NONRAILROAD CONDITIONS

This section is not applicable to TPW.



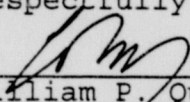
SECTION 1180.4(d)(iii)(I)  
SOLICITATION AGREEMENTS, RUN-THROUGH  
TRAINS, PROTECTIVE CONDITIONS

- (1) There are no existing preferential solicitation agreements.
- (2) TPW does not have any run-through train operations with the applicant railroads.
- (3) TPW does not request the Board to condition its approval of the proposed transaction.

CONCLUSION

For the reasons stated in these Comments, TPW supports the proposed transaction based on its expectation that applicant railroads will cooperate with TPW in arrangements such as those described above that will preserve TPW's ability to continue to provide transportation service that effectively fulfills the public's need for competitive rail transportation service in TPW's service area.

Respectfully submitted,

  
\_\_\_\_\_  
William P. Quinn  
Eric M. Hocky  
GOLLATZ, GRIFFIN & EWING, P.C.  
213 West Miner Street  
P.O. Box 796  
West Chester, PA 19381-0796  
(610) 692-9116

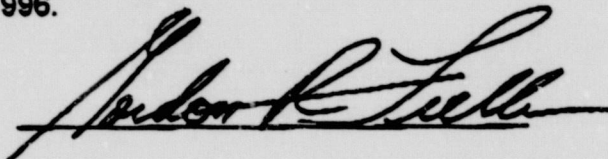
Dated: March 28, 1995

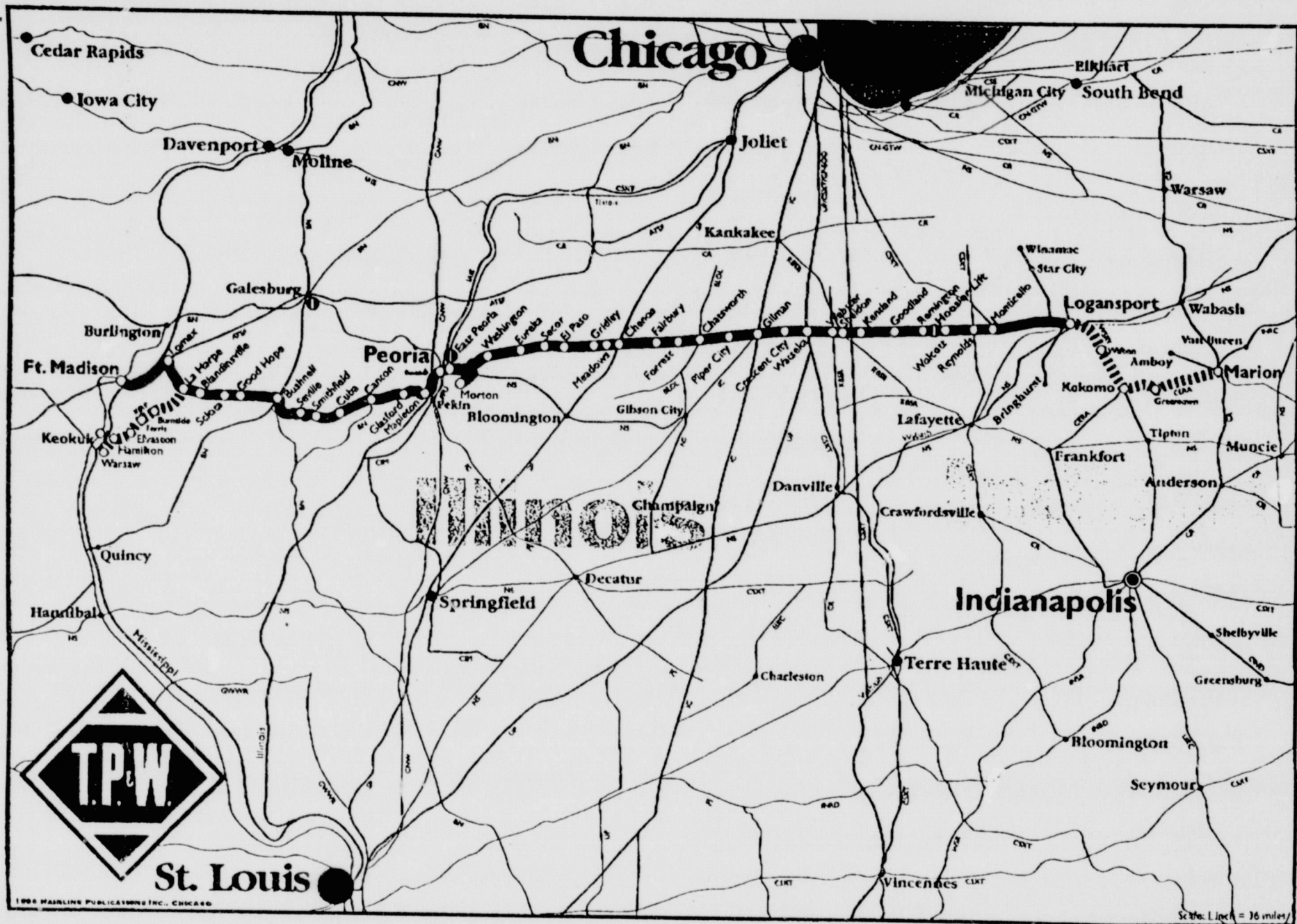
Attorneys for Toledo, Peoria &  
Western Railway Corporation

# VERIFICATION

I, Gordon R. Fuller, Executive Vice President, have the responsibility for Marketing and Sales for the Toledo, Peoria & Western Railway Corporation. I verify under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file the foregoing Comments.

Executed on March 28, 1996.

A handwritten signature in black ink, appearing to read "Gordon R. Fuller", written over a horizontal line.





CERTIFICATE OF SERVICE

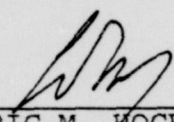
I hereby certify that on this date a copy of the foregoing  
Comments of Toledo, Peoria & Western Railway Corporation was served  
on:

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

Paul A. Cunningham, Esq.  
Harkins Cunningham  
1300 Nineteenth Street, N.W.  
Washington, DC 20036

by overnight courier and on all other Parties of Record by First  
Class Mail, Postage Prepaid.

Dated: March 28, 1996

  
\_\_\_\_\_  
ERIC M. HOCKY



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3-29-96

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62260

P.O. BOX 633  
AUSTIN, TX 78768-0633

(512) 463-2212  
FAX: (512) 463-2628

Item No. \_\_\_\_\_

Page Count 2

Mar #757

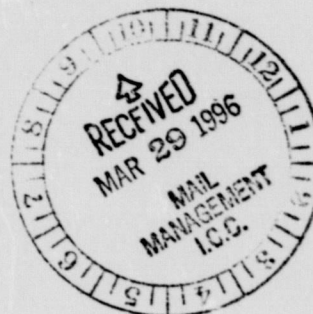
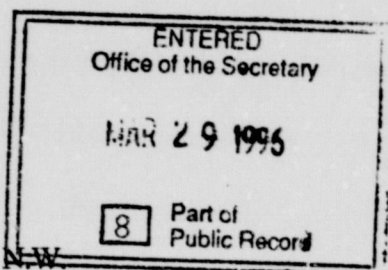


62260  
P.O. BOX 633  
MT. VERNON, TX 75457  
(903) 537-2212  
FAX: (903) 537-2628

**TOM RAMSAY**  
TEXAS HOUSE OF REPRESENTATIVES

March 27, 1996

Mr. Vernon A. Williams  
Secretary  
Surface Transportation Board  
Room 2215  
12th and Constitution Avenue, N.W.  
Washington, D.C. 20423



RE: Request for Conditions from the Members of the Texas Legislature Regarding Finance  
Docket No. 32760

Dear Secretary Williams:

On March 29, 1996, Texas State Representatives Junell, Cook, and Saunders submitted for the Board's consideration a request for conditions (JRC-2, RAJ-2, RMS-2) regarding finance docket no. 32760. I am writing to express my support for this request.

I am very concerned that the merger of the Union Pacific Corporation and the Southern Pacific Rail Corporation will significantly reduce rail competition in Texas, seriously impacting Texas business and our State's economy. I believe the request for conditions from my fellow Texas Legislators address my concerns.

As proposed, the merger would grant UP control over a reported 90% of rail traffic into and out of Mexico, 70% of the petrochemical shipments from the Texas Gulf Coast, and 86% of the plastics storage capacity in the Texas/Louisiana Gulf Region. UP acknowledges that the merger would greatly reduce rail competition and has proposed a trackage rights agreement with the Burlington Northern-Santa Fe (BN/SF) as the solution.

A trackage rights agreement, however, simply does not solve the problem. Owners of rail lines have incentives to invest in the track and to work with local communities to attract economic development. Owners have control over the service they provide-its frequency, its reliability, its timeliness. None of these things can be said about railroads that operate on someone else's tracks, subject to someone else's control.

**ADVISE OF ALL**  
**PA. MEETINGS**

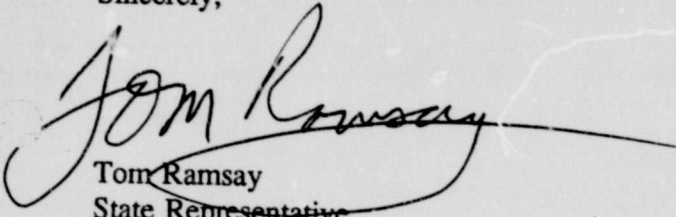
DISTRICT 2  
COMMITTEES: STATE AFFAIRS • ENERGY RESOURCES

The Honorable Vernon A. Williams  
UP-SP Merger  
Page 2

Texas needs another class I railroad, not another merger, to ensure effective rail competition. A class I railroad willing to provide quality service and investment is the best solution for shippers, communities, and economic development officials. A class I railroad also offers the best opportunity to retain employment for railroad workers who would otherwise be displaced by the proposed merger.

For all of these reasons, I urge the Board to approve the request for conditions filed by my colleagues in the Texas Legislature. The approval of this request, in my opinion, is vital to guaranteeing rail competition in Texas.

Sincerely,



Tom Ramsay  
State Representative  
District 2

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✓ 3-29-96

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• 62255





Item No. \_\_\_\_\_

Page Count 12

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17

**JOHN R. COOK**  
STATE REPRESENTATIVE  
DISTRICT 60

P.O. BOX 2910  
AUSTIN, TEXAS 78768-2910  
512-463-0656  
FAX 512-472-5019

**The State of Texas**  
**House of Representatives**  
Austin, Texas

March 28, 1996

**DISTRICT OFFICE:**  
212 W. ELM  
BRECKENRIDGE, TEXAS 76424  
817-559-3319  
1-800-304-9045  
FAX 817-559-8393

**VIA FEDERAL EXPRESS**

Honorable Vernon Williams, Secretary  
Surface Transportation Board  
12th & Constitution Avenue, N.W.  
Washington, D.C. 20423



RE: Finance Docket No. 32760

Dear Secretary Williams:

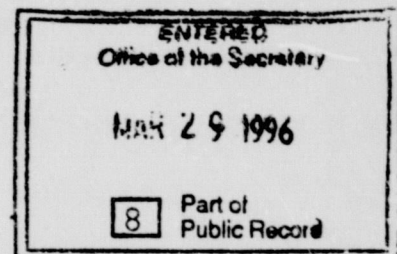
Pursuant to the procedural rules of the Surface Transportation Board, enclosed please find the original and twenty (20) copies of the "Request for Conditions from Members of the Texas Legislature" for filing in the above-referenced proceeding. Also enclosed please find a 3.5" computer diskette containing the "Comments and Request for Conditions from Representative John R. Cook".

Sincerely,

A handwritten signature in cursive script, reading "Billy W. Howe".

Billy W. Howe  
Legislative Aide

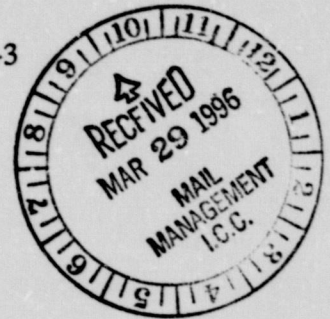
Enclosures



**COMMITTEES: APPROPRIATIONS; JUVENILE JUSTICE AND FAMILY ISSUES**

**DISTRICT 60: HOOD, PALO PINTO, SHACKELFORD, STEPHENS, EASTLAND, CALLAHAN, RUNNELS, AND TAYLOR (SOUTHERN)**

JRC-3



BEFORE THE  
SURFACE TRANSPORTATION BOARD

---

Finance Docket No. 32760

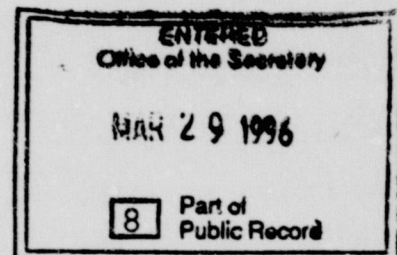
UNION PACIFIC CORPORATION, UNION PACIFIC RAILROAD COMPANY AND  
MISSOURI PACIFIC RAILROAD COMPANY  
-- CONTROL AND MERGER --  
SOUTHERN PACIFIC RAIL CORPORATION, SOUTHERN PACIFIC  
TRANSPORTATION COMPANY, ST. LOUIS SOUTHWESTERN RAILWAY  
COMPANY, SPCSL CORP. AND THE DENVER AND  
RIO GRANDE WESTERN RAILROAD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

---

COMMENTS AND REQUEST FOR CONDITIONS FROM  
REPRESENTATIVE JOHN R. COOK

---

The Honorable John R. Cook  
Texas House of Representatives  
P.O. Box 2910  
Austin, TX 78768-2910  
(512)463-0656



Member of the Texas House of Representatives

March 29, 1996

BEFORE THE SURFACE TRANSPORTATION BOARD

---

FINANCE DOCKET NO. 32760

---

VERIFIED STATEMENT OF REPRESENTATIVE JOHN R. COOK

During the 74th Session of the Texas Legislature, House Bill 1208 was adopted to limit the liability of Texas excursion train operators, the owner of the trackage used by the excursion train, the host carrier and the owner of the equipment. Class I rail companies were providing a barrier to the operation of excursion trains and promotion of tourism in Texas by arbitrarily requiring these operators to carry \$25 million per occurrence in liability insurance coverage to operate on their Class I trackage. Therefore, the Texas Legislature found it necessary to limit the liability of Texas excursion train operators, the owner of the trackage used by the excursion train, the host carrier and the owner of the equipment to a more reasonable sum of \$5 million per occurrence. Without this limitation on their liability, excursion train operators find it difficult to provide an excursion service at a reasonable rate to the public and promote the state's tourism interest.

Rural areas have seen a definite trend toward the relocation of industry into the urban areas. This trend has caused great economic concerns as rural areas have struggled to maintain current revenue sources, and attract new economic development. The excursion train operations have become a vital source of tourism revenue for rural areas in Texas. Currently, excursion services are available to Granbury, TX from Ft. Worth, TX via the Ft. Worth-Western Railroad's Tarantula Train, to Burnet, TX from Austin, TX via the Austin Steam Train Association's Hill Country Flier, to Tyler, TX from Whitehouse, TX via the Cotton Belt Historical Society, and



from Houston, TX to Galveston, TX via the Texas Limited.

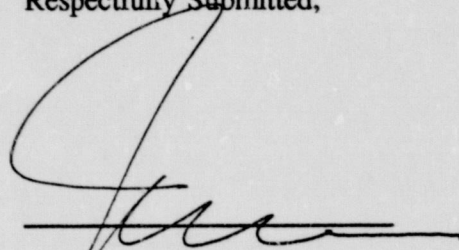
These excursion services provide an influx of urban consumers into the rural communities thereby creating a need for new business and jobs. The city of Granbury has projected revenues of \$4,570,020 as a direct result of the excursion service by Tarantula Corporation. This revenue estimate, and the increasing demand for excursion services in Texas, demonstrate how the operation of excursion trains is clearly viewed to be in the public's interest. Citizens in the urban areas benefit from the positive utility they receive for their purchases of the excursion service and the goods available in the excursion train's community of destination. Citizens in the rural areas benefit from the stable influx of consumers into their community on a regular basis. Texas Limited estimates that their previous excursion service from Houston, TX to Galveston, TX from 1992 to 1995 transported 40,000 to 50,000 passengers a year.

Since H.B. 1208 became effective Union Pacific Rail Corporation has ignored the limitation on liability by continuing to require excursion train operators to carry \$25 million per occurrence in liability coverage. Ironically, the Union Pacific filed an application with the Texas Comptroller of Public Accounts and has been certified under their owned subsidiary Missouri Pacific Railroad Company as an excursion train operator. Therefore, they are receiving the benefits of the very law which they refuse to recognize in the case of other excursion train operators. In my opinion, the Union Pacific Rail Corporation is not acting in the public interest. The proposed merger would result in dominating control of rail lines by a company that denies economic viability to the rural areas of Texas not only through the abandonment of parallel combinations, but by providing barriers to the operation of excursion trains. A service which is viewed to be in the public's interest in urban and rural areas of Texas.



I respectfully request the Surface Transportation Board to use the opportunity this proposed merger presents to affirm the intrastate jurisdiction of Texas to place limits, absence of federal regulation, on the liability of railroad companies operating in the state of Texas. And, that the board would require the UPRR, SPR, and BN/SF to remove any provision from the trackage rights agreement with excursion train operator certified under Article 9030(1) of the Texas Civil Statutes which requires the operator to maintain liability insurance which is in excess of the amount specified in Article 9030(2)(b) of the Texas Civil Statutes.

Respectfully Submitted,

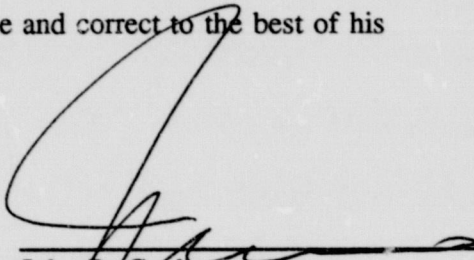
A handwritten signature in black ink, appearing to be 'John R. Cook', written over a horizontal line.

John R. Cook  
State Representative  
District 60  
Texas House of Representatives  
P.O. Box 2910  
Austin, TX 78768-2910

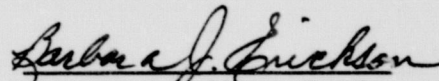
**VERIFICATION**

THE STATE OF TEXAS )  
  )  
COUNTY OF TRAVIS )

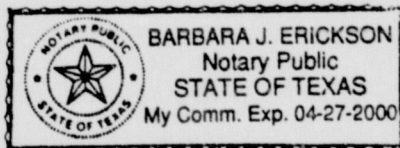
The following person being duly sworn, deposes and says that they has read the foregoing statement, and that the contents thereof are true and correct to the best of his knowledge and belief.

  
\_\_\_\_\_  
John R. Cook  
Texas House of Representatives  
P.O. Box 2910  
Austin, TX 78768-2910

Subscribed and sworn to before me on this 27 day of March, 1996.

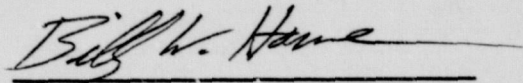
  
\_\_\_\_\_  
Notary Public

My Commission expires:



CERTIFICATE OF SERVICE

I, Billy W. Howe, certify that, on this 29th day of March, 1996, I caused a copy of the foregoing Request for Conditions from Members of the Texas Legislature to be served by first-class mail, postage prepaid, on all parties of record in Finance Docket No. 32760.

A handwritten signature in cursive script, reading "Billy W. Howe", is written over a horizontal line.

Legislative Aide for  
Representative John R. Cook  
Texas House of Representatives



# **EXHIBIT I**



## Art. 9029

## OCCUPATIONS AND BUSINESS Title 132

Health shall adopt rules relating to the assessment and collection of an administrative penalty.

Acts 1995, 74th Leg., ch. 332, eff. Aug. 28, 1995.

### Historical and Statutory Notes

#### Title of Act:

An Act relating to lead-based paint activities in target housing; providing civil, administrative, and criminal penalties. Acts 1995, 74th Leg., ch. 332.

## Art. 9030. Excursion train operators; certification; limitation of liability

### Certification

Sec. 1. (a) A person may apply to the comptroller for certification as an operator of an excursion train. The comptroller shall certify an applicant if the comptroller determines that the applicant will operate a passenger train that:

- (1) is primarily used for tourism or public service; and
- (2) leads to the promotion of the tourist industry in Texas.

(b) The comptroller may not certify a person under Subsection (a) of this section unless the person files with the comptroller evidence of insurance providing coverage for liability resulting from injury to persons or damages to property in the amount of at least \$5,000,000 for the operation of the train.

(c) The comptroller may not certify an applicant under Subsection (a) of this section if the applicant or any person that owns an interest in the applicant also owns or operates a regularly scheduled passenger train service with interstate connections.

### Limitation of Liability

Sec. 2. (a) A person that is certified as an operator of an excursion train under Section 1(a) of this Act and maintains insurance in the minimum amount required under Section 1(b) of this Act is not liable for injury or damages over \$5,000,000 resulting from a single occurrence.

(b) The limitation of liability under Subsection (a) of this section applies to the person certified as an operator under Section 1(a) of this Act, the owner of equipment used by the excursion train, the owner of track used by the excursion train, and the host carrier.

(c) The limitation of liability under Subsection (a) of this section does not apply if:

(1) the injury or damages result from intentional, malicious, or grossly negligent conduct; or

(2) at the time of the injury or damages the operator of the excursion train:

- (A) failed to maintain insurance as required under Section 1(b) of this Act; or
- (B) failed to comply with Section 5 of this Act.

### Application

Sec. 3. An application made under Section 1 of this Act must include:

- (1) the name and address of each person who owns an interest of at least 10 percent in the applicant;
- (2) an address in this state at which the excursion train is based;
- (3) an operations plan including the route to be used and a schedule of operations and stops along the route; and
- (4) evidence of insurance in an amount that meets the requirements of Section 1(b) of this Act.

### Notice to Passengers

Sec. 4. The operator of an excursion train that is certified under Section 1(a) of this Act shall:

## OCCUPATIONS AND BUSINESS Title 132

(1) issue a  
"THE OPEN  
WRONGFUL  
(2) post no  
Subdivision (

Sec. 5. T  
may not car  
(1) freight  
equipment n  
(2) passen  
(3) passen  
purposes.  
Acts 1995, 74

Title of Act:  
An Act relat  
tourism throu

**OCCUPATIONS AND BUSINESS**  
**Title 132**

(1) issue each passenger a ticket with the following statement in 12-point boldface type:  
**"THE OPERATOR OF THIS TRAIN IS NOT LIABLE FOR PERSONAL INJURY OR WRONGFUL DEATH IN AN AMOUNT IN EXCESS OF \$5,000,000";** and

(2) post notice near a passenger boarding area containing the same statement required in Subdivision (1) of this section in letters that are at least two inches high.

**Restrictions**

Sec. 5. The operator of an excursion train that is certified under Section 1(a) of this Act may not carry:

(1) freight other than the personal luggage of the passengers or crew or supplies and equipment necessary to serve the needs of the passengers and crew;

(2) passengers who are commuting to work; or

(3) passengers who are traveling to their final destination solely for business or commercial purposes.

Acts 1995, 74th Leg., ch. 910, eff. Sept. 1, 1995.

**Historical and Statutory Notes**

**Title of Act:**

An Act relating to the economic development of tourism through the limitation of liability of pas-

senger excursion trains. Acts 1995, 74th Leg., ch. 910.

# **EXHIBIT II**

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Item No. \_\_\_\_\_

Page Count 2 REPRESENTATIVESMar # 716 STATE OF UTAH

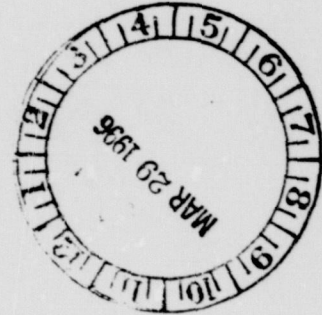
REPRESENTATIVE PETE SUAZO

23RD DISTRICT  
(SALT LAKE COUNTY)  
1307 CARNETTE STREET  
SALT LAKE CITY, UTAH 84116  
RES. 521-3751 / BUS. 928-8181



ENTERED  
Office of the Secretary  
MAR 31 1996  
Part of  
Public Record  
STANDING COMMITTEES: EDUCATION, JUDICIARY  
APPROPRIATIONS, COMMUNITY AND ECONOMIC  
DEVELOPMENT

March 29, 1996



Vernon A. Williams, Secretary  
Surface Transportation Board  
Room 1324  
Twelfth Street & Constitution Avenue N.W.  
Washington, D.C. 20423

Re: Finance Docket No. 32760, Union Pacific Corporation, et al -  
Control and Merger - Southern Pacific Rail Corp., et al

Dear Secretary Williams:

As a member of the Utah House of Representatives representing District 23 of the Utah Legislature, I want to express my strong support for the proposed merger of Union Pacific Railroad Company and Southern Pacific Transportation Company which is presently pending before the Surface Transportation Board.

Union Pacific has had a long and rich history intertwined with the State of Utah since completion of the first transcontinental railroad commemorated by the driving of the golden spike in 1869 at Promontory Point, Utah. Southern Pacific, which now includes the Denver and Rio Grande Western Railroad Company, has also provided rail services in the State of Utah. Both Railroads have competed vigorously for rail traffic to and from the state of Utah.

The recent merger of the Burlington Northern and Santa Fe Railroads ("BNSF") has raised serious concerns regarding Southern Pacific's continuing economic viability as a competitive rail line. SP's Chairman, Phil Anschutz, has stated that SP cannot survive financially in the wake of the BNSF merger. Moreover, Union Pacific's competitive position in the West has been jeopardized by the BNSF merger. The UP/SP merger will create a competitor that is fully equal with the BNSF.

Although the merger of Union Pacific and Southern Pacific will remove Southern Pacific as a rail competitor within the State of Utah, Union Pacific has taken significant steps to eliminate the potential loss of rail competition for Utah shippers. Union Pacific has entered into a track agreement with the BNSF to ensure that shippers currently served by two railroads will still have access to two strong class one railroads. The Union Pacific and Southern Pacific

PROCEEDINGS

ADVISE OF ALL

have also entered an agreement granting Utah Railway Company the right to operate over an expanded service area to preserve rail competition for Utah's coal industry and to help assure the long term viability of the Utah Railway.

The UP/SP merger will benefit Utah shippers by improving railroad services from Utah to the Bay area, Denver, Texas, and the Gulf coast. In particular, Utah shippers will obtain faster routes to cement and trona plants in the Mojave Desert and to Los Angeles/Long Beach port facilities. Utah shippers will enjoy extensive new single line service between SP points in Utah and UP points in Washington, Idaho, Montana, Oregon, and California, the Midwest and upper Midwest, Southwest and Gulf Coast, and points throughout the SP system.

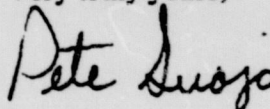
The merger of the Union Pacific and Southern Pacific will also provide other benefits to Utah:

- It will result in less rail congestion along the Wasatch Front (Provo, Salt Lake and Ogden), thus benefitting the motoring public; and
- It will enhance the opportunities for mass transit in the metropolitan Salt Lake area.

A coalition of western shippers raised concerns that the BNSF may not intend to commit the resources and effort necessary to compete for Utah rail transportation to the same extent that Southern Pacific competed and arranged for introduction of a proposed Senate Concurrent Resolution (SCR 5) during the 1996 Legislature to make those concerns known. Officials of Union Pacific, Southern Pacific and BNSF met repeatedly with the Western Shippers Coalition, as well as with individual shippers and the Governor's Task Force, to explain the need for the merger and to address competition issues. The Railroads are continuing that dialogue on a group and individual basis. As a result of those discussions, the Legislature withdrew support for SCR 5 and it failed.

The UP/SP merger will assure that Utah shippers continue to have access to high quality rail service in the State. In light of these advantages to shippers within the State of Utah, I urge your support of the Union Pacific/Southern Pacific merger.

Very truly yours,



Pete Suazo

1307 Garnette Street  
Salt Lake City, UT 84116  
Utah House of Representatives  
District 23

STB

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62235



Item No. \_\_\_\_\_

Page Count 2MAR #715

62235

## FAX TRANSMISSION COVER SHEET

**TO:** Mr. Vernon Williams  
Secretary  
Surface Transportation Board

**FAX NO.:** (202) 927-5984

**FROM:** Assemblywoman Joan Lambert  
Nevada State Assembly

**FAX NO.:** (702) 345-0516

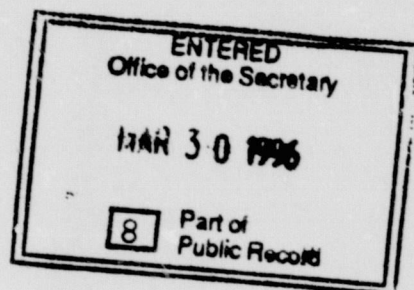
**VOICE NO.:** (702) 345-0516

**SUBJECT:** Union Pacific / Southern Pacific Merger

**DATE:** March 29, 1996

**NUMBER OF PAGES (including cover page):** 2

**COMMENTS:** The attached comments regarding the proposed merger of the Union Pacific and Southern Pacific Railroads are to be added to those made in my previous letter on this subject dated December 10, 1995.



**ADVISE OF ALL  
PROCEEDINGS**



JOAN A. LAMBERT

ASSEMBLYWOMAN

District No. 29

## COMMITTEES:

Co-Chairman

Government Affairs

Co-Vice Chairman

Elections and Procedures

Member

Taxation



State of Nevada  
Assembly  
Sixty-Eighth Session

## DISTRICT OFFICE:

55 Bitterbrush Road  
Reno, Nevada 89523

Office: (702) 345-0516

Fax No.: (702) 345-0516

## LEGISLATIVE BUILDING:

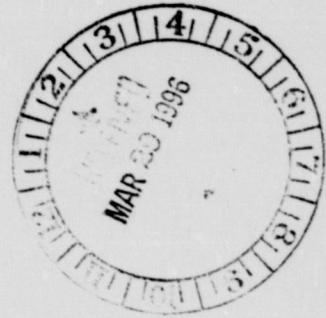
401 S. Carson Street

Carson City, Nevada 89710

Office: (702) 687-3666 or 687-5739

Fax No.: (702) 687-5962

March 29, 1996



Mr. Vernon A. Williams  
Secretary  
Surface Transportation Board  
Twelfth Street and Constitution Avenue, N.W.  
Washington, D.C. 20423

Dear Secretary Williams:

Since my first letter to you on December 10, 1995, regarding the proposed merger of Union Pacific and Southern Pacific, a number of additional facts have come to light concerning the potential negative impact of the merger on northern Nevada and particularly, on the City of Reno. While, at first glance, the merger appeared to offer many benefits to the region, questions have since been raised as to whether or not these benefits might, in fact, be outweighed by the social, environmental, and quality of life costs associated with the increased rail traffic generated by the new corporate entity.

With the main rail line going directly through the heart of downtown Reno, concerns have grown that the merger, with its resulting increase in rail traffic, will lead to substantial safety, pollution, noise and traffic problems. In addition, evidence is continuing to mount that the local community does not possess the financial resources necessary to adequately mitigate these problems. As a result, while northern Nevada has generally been supportive of measures that will help to strengthen and diversify its economic base, it may simply not have the capacity to absorb the impacts associated with the proposed merger.

As discussions have progressed since the merger proposal was first announced, it has become increasingly clear this is an extremely complex issue that will be difficult to resolve to the satisfaction of all interested parties. Nevertheless, it is very important that the potential problems raised by the City of Reno and Washoe County be fully taken into account before any final decision is made in this matter. In the final analysis, the merger should be allowed to go forward only if it is in the best interests of all the stakeholders involved, including customers, shareholders, employees, and the communities through which the railroad travels.

Sincerely,

Joan A. Lambert  
Assemblywoman

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Item No. \_\_\_\_\_

Page Count 2

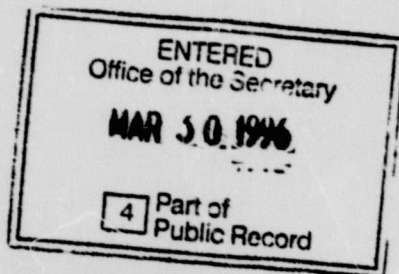
MAR # 709

EARL'S DISTRIBUTING, INC.

P.O. BOX 4247 • MISSOULA, MONTANA 59806-4247 • 406/721-3900

62229

March 26, 1996



The Honorable Vernon A. Williams  
Secretary Surface Transportation Board  
Case Control Branch  
12th St and Constitution Avenue NW  
Washington, DC 20423

FD 32760

Dear Secretary Williams:

Earl's Distributing, Inc. has learned that an entity controlled by the majority shareholder of Montana Rail Link will be filing with the Surface Transportation Board an inconsistent or responsive application in which that entity will propose acquiring one of the Union Pacific or Southern Pacific routes between California and Kansas City (the "MRL Proposal"). In our opinion, without the MRL proposal or a comparable solution, the UP/SP proposal eliminates rail competition in the Central Corridor of the United States. The trackage rights UP/SP have agreed to grant to BNSF are unlikely to result in BNSF's providing meaningful competition in the Central Corridor. It will cost BNSF nothing if it elects not to use those rights. Competition can only be assured with an independent third party owner/operator acquiring one of the Union Pacific or Southern Pacific routes between California and the Kansas City area. We, therefore, condition our support of the merger on sale of a Central Corridor route to an independent party that would have to provide competitive service in order to justify its investment in that rail line.

Earl's Distributing strongly supports the proposed acquisition of the Union Pacific line between Silver Bow, Montana, and Pocatello, Idaho as a strategic element of the Central Corridor solution. The Silver Bow-Pocatello line ties together the present MRL system with the Central Corridor route at Ogden, Utah, providing important traffic to support the new Central Corridor system and affording the economic synergies of tying both systems together. The ("MRL Proposal") will provide routing options on both Union Pacific and Burlington Northern Santa Fe as well as direct routing via the new MRL proposed system.

ADVISE OF ALL

PROCEEDINGS



page 2

Our annual rail usage through MRL is approximately 70 cars. We use this service to transport beer and wine products from the following destinations:

- 1) Fort Worth, Texas via BN and MRL
- 2) Olympia, Washington via BN and MRL
- 3) Modesto, California via Southern Pacific, BN and MRL

There are many benefits to the Union Pacific's proposed merger with Southern Pacific. The MRL proposal maintains the benefits of both the UP/SP merger including the proposed trackage rights agreement with Burlington Northern Santa Fe, and at the same time ensures true competition in the Central Corridor through sale of one of the routes to an independent operator.

Our company conditions its support of the UP/SP merger application on sale of a Central Corridor route as described in the MRL Proposal.

Best regards,

EARL'S DISTRIBUTING, INC.

*Earl L. Sherron Jr.* <sup>B.K.</sup>

Earl L. Sherron, Jr.  
President/Owner

:kls



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32760

3-29-96

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62221

Item No. Chamber of Commerce

Page Count 2

Mar # 701

# the CHAMBER

March 28, 1996

62221  
FD-32760

Honorable Vernon A Williams  
Surface Transportation Board  
Twelfth Street and Constitution Avenue, N.W.  
Room 1324  
Washington, D. C. 20423



Dear Honorable Williams:

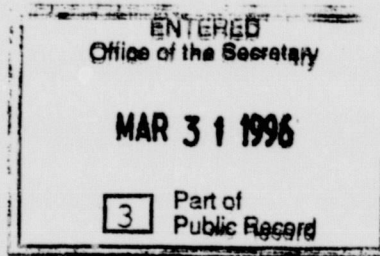
The Fort Collins Chamber of Commerce would like to offer their support of the merger between Union Pacific Corporation and Southern Pacific Rail Corporation. The Chamber is always looking at ways to enhance the success and profitability of our business community. This merger is a perfect example since it will benefit Fort Collins businesses and manufacturers with more competitive shipping rates and potential new. The merger will also lower the cost to our community through more efficient use of the rail system through our town. We are strong advocets of partnerships and mergers such as this one because it creates a win-win situation for the Union Pacific and the Southern Pacific and also the communities they serve.

Please feel free to call me if you have further need for information.

Sincerely,

Michael D. Hauser  
President,  
Fort Collins Area Chamber of Commerce

**ADVISE OF ALL  
PROCEEDINGS**



**ATTACHMENT**

STB docket information for the UP/SP merger proceeding in as follows:

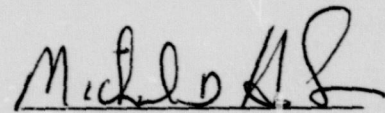
Finance Docket No. 32760, Union Pacific Corp., et al -- Control & Merger --  
Southern Pacific Rail Corp. et al.

Format to be used for verification:

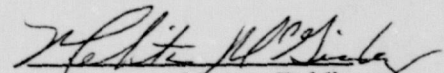
STATE OF Colorado )

COUNTY OF Garfield )

Michael D. Hauser, being the first duly sworn, deposes and says that he has read the foregoing document, knows the facts asserted therein, and that the same are true as stated.

  
Michael D. Hauser

Subscribed and sworn to before this 28 day of March 1996

  
Notary Public

My Commission expires: **My Commission Expires August 25, 1996**

Format to be used for affirmation (alternative to verification):

I, \_\_\_\_\_, 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 \_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

STB

FD

32760

3-29-96

D

62216



Item No. \_\_\_\_\_

Page Count 2

Mar #696

62216  
of the Western Slope, since 1953"  
of counties, communities, businesses & individuals

970 / 242-3264 ★ FAX 970 / 245-8300

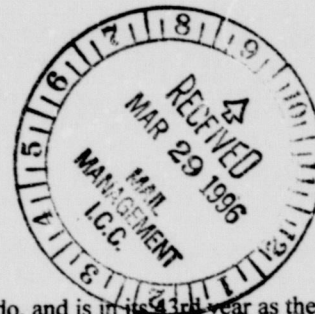
P.O. Box 550

Grand Junction, Colorado 81502-0550

March 27, 1996

Surface Transportation Board  
Office of the Secretary  
Department of Transportation  
1201 Constitution Avenue, N.W.  
Washington, D.C. 20423

RE: UP/SP Merger  
Case # FD-32760



Dear Friends:

CLUB 20 represents the communities of Western Colorado, and is in its 43rd year as the collective voice of our region. Our members include 20 counties, 75 towns, 41 chambers of commerce, several dozen non-profits and special districts, and hundreds of businesses and individuals concerned about the economic future of the Western Slope. We do not take positions on issues without a vote of our full Board, which includes voting representatives of all those communities. On the railroad merger issue, there has been such a process, and these comments are made on behalf of all those members.

Western Colorado is deeply concerned about the economic impacts of this merger on our communities. While we understand the economics of the railroads' plans, we are also concerned about the effect of the plan on our industries. Northwestern Colorado has already lost over 700 jobs in the coal mining industry, and regional leaders are concerned that increases in the shipping rates will completely destroy what remains of that industry in the region. Since national policy has encouraged low-sulfur, clean-burning coal technologies over the past 20 years, these communities have invested heavily in production of some of the nation's cleanest coal. The government should not now take actions which may have the opposite effect without very careful consideration. Beyond the issue of shipping prices, we must also point out that one of the lines originally proposed to be abandoned, south of Grand Junction, provides the only shipping available for coal from the Somerset and Paonia areas. Clearly the abandonment of that line is not in the national interest.

Other lines proposed to be abandoned are very important to Western Colorado. A vast quantity of construction supplies, for instance, for this entire region are shipped over the Tennessee Pass line, so that abandonment would result in an unacceptable increase in truck traffic in Interstate 70. That highway had to be closed 37 times last Winter because of truck/traffic/weather conflicts. It has become one of the most over-capacity segments of Interstate in the West, and cannot handle the increased commercial traffic which would result from abandonment of the rails.

**ADVISE OF ALL  
PROCEEDINGS**

ENTERED  
Office of the Secretary

MAR 31 1996

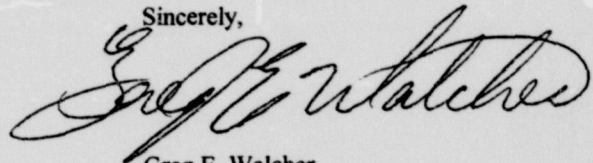
3 Part of  
Public Record

Surface Transportation Board  
March 27, 1996  
page 2

Finally, many of our communities along the corridor from Dotsero to Canyon City are very concerned about the effect of this abandonment on their efforts to improve passenger service. Western Colorado no longer enjoys passenger rail service to many of these destinations. The sole remaining Amtrak line serves only Grand Junction, Glenwood Springs and Winter Park in Western Colorado, along the Moffat Route. But the Eagle Valley has developed over the years into a series of world-class resorts, which attract hundreds of thousands of visitors each year, nearly all of them arriving in passenger cars. The loss of most of the region's jet service has further complicated our region's transportation problems. These communities fear that their effort to address the transportation crisis on an intermodal basis would be greatly frustrated by the loss of these tracks.

We are not expert on railroad economics, and it is not clear that the merger itself must necessarily cause all these problems. But it is vitally important to the communities of Western Colorado that these issues be addressed before approval of a merger with such important and far-reaching implications. Many thanks for your consideration.

Sincerely,

A handwritten signature in cursive script, reading "Greg E. Walcher". The signature is fluid and stylized, with the first name "Greg" being particularly prominent.

Greg E. Walcher  
President

STB

FD

• 32760

3-29-96

D /

• 62215



Item No. \_\_\_\_\_ STATE of TEXAS  
Page Count 2 HOUSE of REPRESENTATIVES  
Mar #695

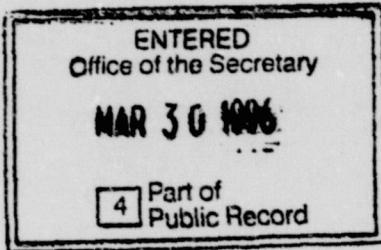
CAPITO  
D. BC  
STIN  
12-46



62215  
DISTRICT OFFICE:  
9219 KATY FREEWAY, SUITE 223  
HOUSTON, TX 77024  
713-468-1990  
FAX 713-468-2873

GARY ELKINS

District 135  
Harris County



March 25, 1996



The Honorable Vernon A. Williams, Secretary  
Surface Transportation Board  
12th Street and Constitution Avenue  
Washington, D.C. 20423

**ADVISE OF ALL  
PROCEEDINGS**

RE: Finance Docket 32760

Dear Secretary Williams:

I am writing in regard to an application pending before you that seeks approval of a merger between the Union Pacific Railroad Company (UP) and Southern Pacific Lines (SP). I am very concerned that the merger of these two railroads will significantly reduce rail competition in Texas, seriously impacting Texas businesses and our State's economy.

As proposed, the merger would grant UP control over a reported 90% of rail traffic into and out of Mexico, 70% of the petrochemical shipments from the Texas Gulf Coast, and 86% of the plastics storage capacity in the Texas/Louisiana Gulf Region. UP acknowledges that the merger would greatly reduce rail competition and has proposed a trackage rights agreement with the Burlington Northern-Santa FE (BNSF) as the solution.

A trackage rights agreement, however, simply does not solve the problem. Owners of rail lines have incentives to invest in the track and to work with local communities to attract economic development. Owners have control over the service they provide - its frequency, reliability and timeliness. None of these things can be said about railroads that operate on someone else's tracks, subject to someone else's control.

COMMITTEES:

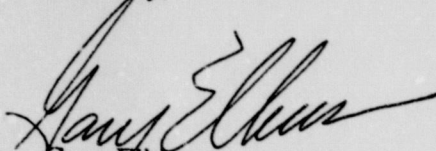
FINANCIAL INSTITUTIONS • RULES & RESOLUTIONS • STATE, FEDERAL AND INTERNATIONAL RELATIONS



Texas needs another owning railroad, not another merger, to ensure effective rail competition. An owning railroad willing to provide quality service and investment is the best solution for shippers, communities and economic development officials. An owning railroad also offers the best opportunity to retain employment for railroad workers who would otherwise be displaced by the proposed merger.

For all of these reasons I urge the Board to carefully review the proposed UP/SP merger, and to recommend an owning railroad as the only means to ensure adequate rail competition in Texas.

Sincerely,

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

Gary Elkins  
State Representative  
District 135

cc: Carole Keeton Rylander, Chairman  
Railroad Commission of Texas  
P.O. Box 12967  
Austin, Texas 78711-2967

STB

FD

• 32760

3-29-96

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• 62201

RALPH "M"  
DII  
POWE  
BANN

Item No. \_\_\_\_\_

Page Count \_\_\_\_\_

Mar #681

HOME ADDRESS  
659 GIFFORD AVE.  
AMERICAN FALLS, IDAHO 83211 - 1318  
HOME (208) 226-2409

Part of  
Public Record

Idaho State Senate

62201

COMMITTEES  
AGRICULTURE AFFAIRS  
HEALTH & WELFARE  
COMMERCE & HUMAN  
RESOURCES

Honorable Vernon A. Williams, Secretary  
Surface Transportation Board  
Twelfth Street and Constitution Avenue, N.W.  
Room 1324  
Washington, DC 20423

ADVISE OF ALL  
PROCEEDINGS

Finance Docket No. 327650, Union Pacific Corp., et al. - Control & Merger - Southern Pacific Rail Corp., et al.

Dear Mr. Williams:

I, Ralph "Moon" Wheeler, am a member of the Senate, representing Bingham and Power Counties in the Idaho legislature.

I support the proposed merger of the Union Pacific Railroad and the Southern Pacific Lines. The merger of the UP and SP will enhance rail competition, strengthen the Idaho transportation system and help fulfill the potential for increased economic development within the State of Idaho.

In particular, this merger will provide faster, more direct and new single-line routes for many of the areas that trade by rail with Idaho. For example, eastern and northern Idaho will obtain much shorter single-line routes to many points in California and Oregon. In addition there will be a new single-line route for the Eastport, Idaho gateway to Mexico and to SP-served points in California, Arizona and Texas, as well as new single-line service from all UP-served points in Idaho to numerous points now served only by SP in Colorado, New Mexico, Louisiana, and the Midwest. Both shippers and receivers in Idaho will benefit from this streamlining.

Also important is the fact that the merger will enable UP to provide a ready supply of railcars, particularly the refrigerated equipment that Idaho shippers need. By making use of backhaul opportunities and taking the best advantage of seasonal patterns, the UP could provide more reefer cars for Idaho potatoes, for example, without any corresponding increase in its fleet and the cost that would entail. In addition, more capital investment for expanded capacity would be possible with the additional cost savings from combining the operations of the two railroads.

A merged UP/SP will strengthen competition with the now-merged BN/Santa Fe and its new single-line routes. It is important to Idaho that UP/SP be permitted to compete by merging because of the benefits outlined above, and so that the UP will remain a financially strong match for BN/Santa Fe in Idaho.

For these reasons, the undersigned fully supports the merger and urges the Surface Transportation Board to approve the merger promptly.

3/25/96  
Date

Ralph "Moon" Wheeler

STB

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• 32760

3-29-96

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• 62200



Item No. \_\_\_\_\_

Page Count 1

Mr #680

**Strongsville**

FD 32760

62200

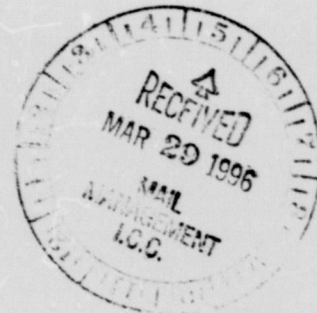


WALTER F. EHRENFELT  
MAYOR

18688 ROYALTON ROAD  
STRONGSVILLE, OHIO 44136  
TELEPHONE: 216/238-5720  
FAX: 216/238-3001

# ADVISE OF ALL PROCEEDINGS

March 27, 1996



The Honorable Vernon A. Williams  
Secretary  
Surface Transportation Board  
12th Street and Constitution Avenue  
Washington, D.C. 20423

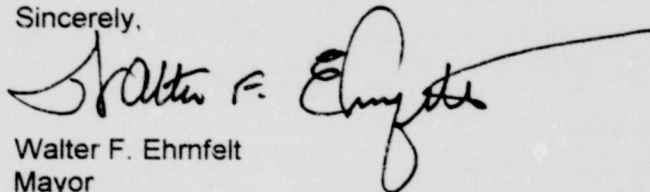
Dear Secretary Williams:

I am writing this letter to express my concerns concerning the proposed Union Pacific-Southern merger. As Mayor of the City of Strongsville I represent 44,000 working residents, and I do not believe it is in the public interest for the following reasons:

1. I believe the merger would result in unnecessary layoffs and job losses among the affected railroad workers.
2. It would weaken Northeast Ohio's economy by weakening eastern and midwestern railroads, and threatening industrial jobs here; and
3. By concentrating so many resources, it could negatively affect prices and service--potentially hurting area families at the market and in the workplace.

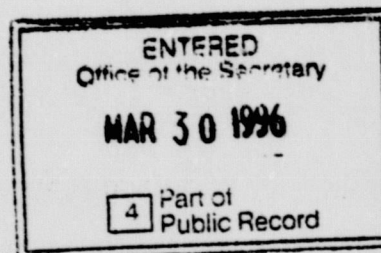
We, therefore, find that the merger is not in the public interest, and ask that it be disallowed by the Surface Transportation Board.

Sincerely,



Walter F. Ehrnfelt  
Mayor

WFE/dd



STB

FD

• 32760

3-29-96

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• 62199

Item No. \_\_\_\_\_

Page Count 1

Mar #629

62199

# ADVISE OF ALL PROCEEDINGS

March 26, 1996

Honorable Vernon A. Williams  
Secretary  
Surface Transportation Board  
12th Street & Constitution Avenue  
Washington, D.C. 20423



Dear Secretary Williams:

I am concerned that the proposed Union Pacific-Southern Pacific railroad merger is not in the public interest in Northeast Ohio. We would be far better served if the UP-SP's eastern routes were, as part of the proposed merger, sold to Conrail, not leased to another western railroad.

My reasoning is straight forward. First, our industrial companies, particularly in the booming polymers sector, need direct service to raw materials and markets in the Gulf "chemical coast" region and to Mexico. Second, I believe that an owner-carrier, such as Conrail, would have greater incentive to improve markets along the route. Third, by keeping Conrail strong, we ensure a variety of service options and strong price competition among the major railroads in our region, namely CSX, Norfolk and Southern, and Conrail.

Finally, I am concerned that railroad "mega mergers" cost hardworking citizens jobs as they have in other industries. Conrail is a major Ohio employer, and their success is in the public interest here.

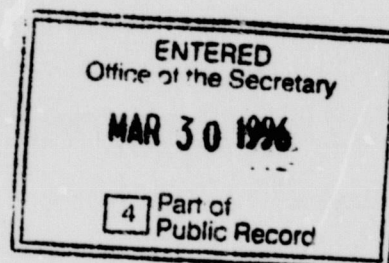
For those reasons I would oppose the proposed merger unless it includes the Conrail purchase of the eastern lines of the old Southern Pacific. Only with the acquisition will Northeast Ohio economies be saved.

Thank you for your consideration.

Sincerely

A handwritten signature in cursive script, appearing to read "Regis Barrett".

Regis Barrett  
Councilman  
Brooklyn, Ohio 44144



STB

FD

• 32760

3-29-96

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• 62198



Item No. \_\_\_\_\_

Page Count 1

Mar # 678

62198

**Mayor/Safety Director**  
**JOHN M. ROGERS**

**Council President**  
**WARREN C. ZORN**

**Council Vice President**  
**JOHN HAWKINS**

**Members of Council**

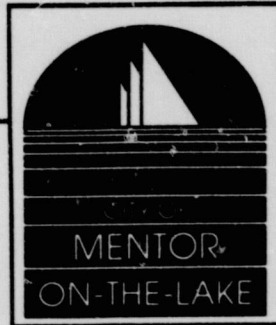
**KAY T. CATLETT**

**TROY D. ELAM**

**DALE O. LANGBEHN**

**SUSAN M. SHIRLEY**

**DIANE E. STROUD**



**Administrative Director**  
**KIP L. MOLENAAR**

**Law Director**  
**JAMES M. LYONS**

**Police Prosecutor**  
**JOSEPH M. GURLEY**

**Engineer**  
**FRANK FEDERICO**

**Fire Chief**  
**ROBERT J. MAHONEY**

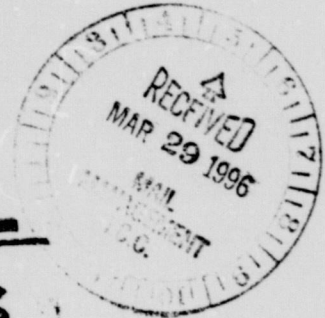
**Police Chief**  
**EDWARD P. WILD**

**Service Director**  
**BERT A. GUINN**

March 26, 1996

Honorable Vernon Williams  
Secretary  
Surface Transportation Board  
12th Street and Constitution Ave  
Washington, D.C. 20423

## ADVISE OF ALL PROCEEDINGS



Dear Secretary Williams:

I am of the understanding that the Union Pacific-Southern railroad merger is not in the public interest in Northeast Ohio. We would be far better served if the UP-SP's eastern routes were, as part of the proposed merger, sold to Conrail, not leased to another western railroad.

My reasoning is straightforward. First, our industrial companies, particularly in the booming polymers sector, need direct service to raw materials and markets int. Gulf "chemical coast" region and to Mexico. Second, we believe that an owner-carrier, such as Conrail, would have greater incentive to improve markets along the route. Third, by keeping Conrail strong, we ensure a variety of service options and strong price competition among the major railroads in our region, namely CSX, Norfolk and Southern, and Conrail.

Finally, I am concerned that railroad "mega mergers" cost hardworking citizens jobs -- as they have in other industries. Conrail is a major Ohio employer, and their success is in the public interest here.

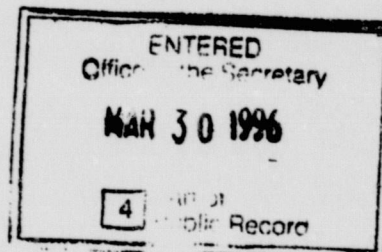
For those reasons I would oppose the proposed merger unless it includes the Conrail purchase of the eastern lines of the old Southern Pacific. Only with the Conrail acquisition will Northeast Ohio economies be maximally served.

Thank you for your consideration.

Respectfully,

John M. Rogers  
Mayor

JMR:pg



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3-29-96

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62190

Item No. \_\_\_\_\_  
Page Count 1  
Mar #670  
March 23, 1996

62190

FD 32760



The Honorable Vernon A. Williams, Secretary  
Surface Transportation Board  
12th St. and Constitution Ave.  
Washington, D. C. 20423

Dear Sir:

The proposed merger between the Union Pacific and Southern Pacific railroads will have a highly negative impact on the state of Texas by reducing competition with the formation of a monopoly for so long as those companies do not divest themselves of most of their parallel tracks.

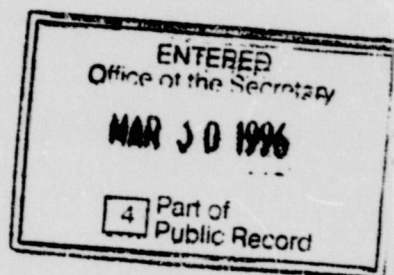
Please register our voices of two of many in support of disapproving this proposed merger.

Thank you.

*Barbara P. Carver*  
*Raymond E. Carver*

Raymond E. Carver and Barbara P. Carver  
Box 1023  
Salado, TX 76571

cc:  
State Representative Robert Junell  
Box 2910  
Austin, TX 78768-2910



**ADVISE OF ALL**  
**PROCEEDINGS**

STB

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• 32760

3-29-96

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• 62196



Item No. 62196

Page Count 2

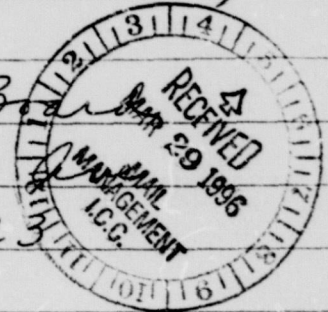
Mar #676

**ADVISE OF ALL  
PROCEEDINGS**

March 25, 1996

The Honorable Part of  
Public Record Vernon A. Williams,  
Secretary

Surface Transportation Board  
12<sup>th</sup> Street & Constitution  
Washington, D.C. 20423



Dear Sir:

As the wife of a loyal employee of Southern Pacific for almost 27 years, of course, I strongly oppose the Union Pacific/Southern Pacific merger. Southern Pacific is and always has been a flourishing dynasty - an American landmark which has made a great contribution to the success of our country. Rather than try to find innovative ways to continue the uncomparable means of rail transportation to meet the new technological advances of the times, they chose rather to follow the demands of a few men in high positions and lay masses of middle class men and women off. These layoffs have weakened the company

and put great demands on the few who are left to run a company that still has much potential. But what can we, the common workers, do to convince someone in authority that a merger would not strengthen the economy, but cause the end of not one but two great American traditions, two fine railroads - both very essential entities - Southern Pacific and Union Pacific. Don't make things worse - don't jeopardize my husband's job, our future, our whole lives, don't merge Union Pacific and Southern Pacific.

"Finance Docket 32760"

Sincerely,

Connie Shelton

5610 Lancaster Ln.

Beaumont, Tx. 77708

STB

FD

32760

3-29-96

D

62185



Item No. \_\_\_\_\_

Page Count 3Mar #665

**Congress of the United States**  
**House of Representatives**  
**Washington, DC 20515-1604**

SCIENCE COMMITTEE  
 SUBCOMMITTEE  
 SPACE AND AERONAUTICS  
 TECHNOLOGY

ASSISTANT MAJORITY WHIP

REPUBLICAN TASK FORCE  
 ON AGRICULTURE

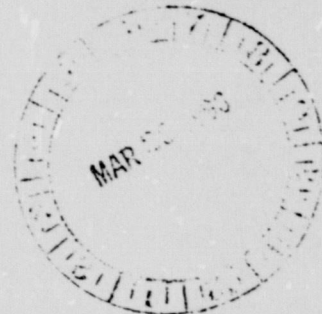
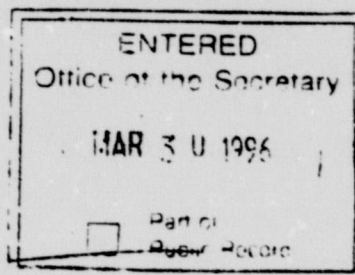
155 NORTH MARKET, SUITE 400  
 WICHITA, KS 67202  
 (316) 262-6992  
 FAX: (316) 752-6308

325 NORTH PENNA. SUITE 9  
 INDEPENDENCE, KS 67301  
 (316) 331-3056  
 FAX: (316) 331-3728

1319 LONGWORTH HOUSE OFFICE BUILDING  
 WASHINGTON, DC 20515  
 (202) 225-6216  
 FAX: (202) 225-3489  
 TIAHRT@HRLHOUSE.GOV

March 29, 1996

Vernon A. Williams  
 Secretary  
 Surface Transportation Board  
 1201 Constitution Ave  
 Washington, D.C. 20423



Dear Secretary Williams:

I recently wrote to you of my number one concern regarding the UP-SP merger. Namely, the impact of the merger on automobile commuting in the Wichita, Kansas metro area. (attached) Today, I would also like to mention the concern of Kansas shippers for true competition in the midst of the rail mergers. In addition, the Kansas shippers are concerned about the need for reciprocal switching.

Please analyze and then appropriately attend to the capacity of independent carriers to be competitive in the face of the carriers who would dominate the market subsequent a merger. I appreciate your attention to this matter and am hopeful that it will be resolved in a thorough, deliberative manner.

Best Regards,

*Todd Tiahrt*  
 Todd Tiahrt



TODD TIAHRT

8TH DISTRICT, KANSAS

NATIONAL SECURITY COMMITTEE

SUBCOMMITTEES:

RESEARCH AND DEVELOPMENT  
PERSONNEL

SCIENCE COMMITTEE

SUBCOMMITTEES:

SPACE AND AERONAUTICS  
TECHNOLOGY

ASSISTANT MAJORITY WHIP

REPUBLICAN TASK FORCE  
ON AGRICULTURE**Congress of the United States****House of Representatives****Washington, DC 20515-1604****March 21, 1996**

WICHITA, KS 67202

(316) 262-8992

FAX: (316) 262-5306

325 NORTH PENN. SUITE 2

INDEPENDENCE, KS 67301

(316) 331-8056

FAX: (316) 331-3728

1319 LONGWORTH HOUSE OFFICE BUILDING

WASHINGTON, DC 20515

(202) 225-6216

FAX: (202) 725-3489

TIAHRT@H.R.HOUSE.GOV

Surface Transportation Board  
1201 Constitution Ave  
Washington, D.C. 20423

Dear Board Members:

I am writing to make two requests of the Surface Transportation Board regarding an expected increase in train traffic in Wichita, Kansas, due to the proposed merger of the Union Pacific (UP) and Southern Pacific (SP) Railroad. First, please consider the severe impact increased train traffic will have on the residents of the Wichita metro area as you weigh the elements of this merger. Second, I would like to know what the Board determines to be the number and size of trains impacting the Wichita metro area.

From the figures we have been sent, Wichita would experience a three fold increase in train traffic in the event of a UP-SP merger. The size of trains would be approximately 8000 feet long. This increase in number and length of trains would be across 12 major arterials in the city.

In addition, train traffic would also isolate at least two major emergency medical facilities of our city. A newly built police and rescue station would be blocked from road access. Secondly, our Via Christi St. Francis Campus Level I Trauma Center is adjacent to three rail tracks. Officials at Via Christi are concerned about the immediate access of emergency trauma patients to the center.

As you examine the effect of the UP-SP merger upon Wichita, please consider the appropriate mitigating actions which should be taken by the railroad. The benefits of a merger for the UP and SP would be significant. Therefore, it is imperative that the UP-SP provide substantial financial aid in relieving the traffic burden under which they would place the Wichita metro area.

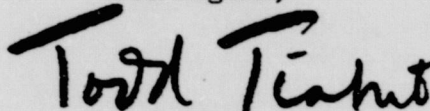
Board Members

Page 2

March 21, 1996

Thank you for your attention to this matter. I am hopeful that this problem can be resolved in a fair and studied manner and I look forward to hearing the factual results of your investigation into this situation.

Best Regards,

A handwritten signature in black ink that reads "Todd Tiaht". The signature is written in a cursive, slightly stylized font.

Todd Tiaht

Member of Congress

cc The Honorable Bob Knight, Mayor of Wichita

Thomas G. Winters, Chairman of the Board of County Commissioners of Sedgwick  
County, Kansas

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32760

3-29-96

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62171



Item No. \_\_\_\_\_

Page Count 1

Mar # 651



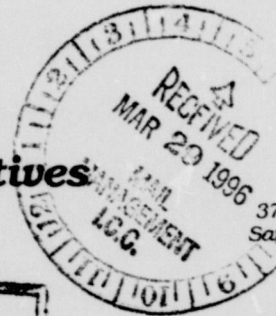
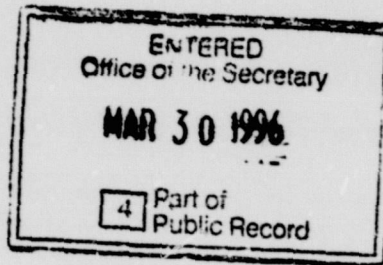
**State of Texas  
House of Representatives**

**Leticia Van de Putte, R. Ph.**

State Representative  
District 115

March 26, 1996

Mr. Vernon A. Williams, Secretary  
Surface Transportation Board, Rm. 2215  
12th and Constitution Ave. N.W.  
Washington, DC 20423



3718 Blanco Rd., Suite 2  
San Antonio, Texas 78212  
210-733-6604

P. O. Box 2910  
Austin, Texas 78768-2910  
512-463-0532

RE: Request for Conditions from the Members of the Texas Legislature Regarding Finance Docket #32760.

Dear Secretary Williams,

I would like to take this opportunity to express my support for the March 29, 1996 request for conditions, submitted to the Board by Texas State Representatives Junell, Cook, and Saunders (JRC-2, RAJ-2, RMS-2) regarding finance docket no. 32760. The merger of the Union Pacific Corporation and the Southern Pacific Rail Corporation will significantly affect rail competition in Texas, seriously impacting Texas business and our state's economy.

As proposed, the merger would grant UP control over a reported 90% of rail traffic into and out of Mexico, 70% of the petrochemical shipments from the Texas Gulf Coast, and 86% of the plastics storage capacity in the Texas/Louisiana Gulf Region. Up Acknowledges that the merger would greatly reduce rail competition and has proposed a trackage rights agreement with the Burlington Northern-Sante Fe (BN/SF) as the solution.

A trackage rights agreement, however, simply does not solve the problem. Owners of rail lines have incentives to invest in the track and to work with local communities to attract economic development. Owners have control over the service they provide: its frequency, its reliability, its timeliness. Owners that can not control the track schedules can not guarantee their business.

Texas needs another Class I railroad, not another merger, to ensure effective rail competition. A Class I railroad willing to provide quality service and investment is the best solution for shippers, communities and economic development officials. A Class I railroad also offers the best opportunity to retain employment for railroad workers who would otherwise be displaced by the proposed merger.

As you consider the complicated implications that the merger of these two major rails would have on competition Texas, I appreciate your consideration of this request for conditions. As we move in to a new age of transportation, limits placed on the use of rail by any party in ownership, will not only limit the availability goods but also the ability of Texan's themselves to travel. I ask you to see farther than tomorrow, I ask you to consider the future.

Sincerely,

Leticia Van de Putte, R.Ph.

District 115

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