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

APPLICANTS' OBJECTIONS TO WESTERN RESOURCES'
FIRST SET OF INTERROGATORIES
AND REQUESTS FOR PRODUCTION OF DOCUMENTS

CANNON Y. HARVEY
LOUIS P. WARCHOT
CAROL A. HARRIS
Southern Pacific
Transportation Company
One Market Plaza
San Francisco, California 94105
(415) 541-1000

PAUL A. CUNNINGHAM
RICHARD B. HERZOG
JAMES M. GUINIVAN
Harkins Cunningham
1300 Nineteenth Street, N.W.
Washington, D.C. 20036
(202) 973-7601

Attorneys for Southern
Pacific Rail Corporation,
Southern Pacific Transportation
Company, St. Louis Southwestern
Railway Company, SPCSL Corp. and
The Denver and Rio Grande
Western Railroad Company

CARL W. VON BERNUTH
RICHARD J. RESSLER
Union Pacific Corporation
Martin Tower
Eighth and Eaton Avenues
Bethlehem, Pennsylvania 18018
(610) 861-3290

JAMES V. DOLAN
PAUL A. CONLEY, JR.
LOUISE A. RINN
Law Department
Union Pacific Railroad Company
Missouri Pacific Railroad Company
1416 Dodge Street
Omaha, Nebraska 68179
(402) 271-5000

ARVID E. ROACH II
J. MICHAEL HEMMER
MICHAEL L. ROSENTHAL
Covington & Burling
1201 Pennsylvania Avenue, N.W.
P.O. Box 7566
Washington, D.C. 20044-7566
(202) 662-5388

Attorneys for Union Pacific
Corporation, Union Pacific
Railroad Company and Missouri
Pacific Railroad Company

February 2, 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

APPLICANTS' OBJECTIONS TO WESTERN RESOURCES' FIRST SET OF INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS

Applicants UPC, UPRR, MPRR, SPR, SPT, SSW, SPCSL and DRGW submit the following objections to the discovery requests served by Western Resources, Inc., on January 26, 1996. These objections are made pursuant to paragraph 1 of the Discovery Guidelines applicable to this proceeding, which provides that objections to discovery requests shall be made "by means of a written objection containing a general statement of the basis for the objection."

Applicants intend to file written responses to the discovery requests. These responses will provide information (including documents) in response to many of the requests, notwithstanding the fact that objections to the requests are noted herein. It is necessary and appropriate at this stage, however, for Applicants to preserve their right to assert permissible objections.
GENERAL OBJECTIONS

The following objections are made with respect to all of the interrogatories and document requests.

1. Applicants object to production of documents or information subject to the attorney-client privilege.

2. Applicants object to production of documents or information subject to the work product doctrine.

3. Applicants object to production of documents prepared in connection with, or information relating to, possible settlement of this or any other proceeding.

4. Applicants object to production of public documents that are readily available, including but not limited to documents on public file at the Board or the Securities and Exchange Commission or clippings from newspapers or other public media.

5. Applicants object to the production of draft verified statements and documents related thereto. In prior railroad consolidation proceedings, such documents have been treated by all parties as protected from production.

6. Applicants object to providing information or documents that are as readily obtainable by Western from its own files.

7. Applicants object to the extent that the interrogatories and document requests seek highly confidential or sensitive commercial information (including *inter alia*, contracts containing confidentiality clauses prohibiting
disclosure of their terms) that is of insufficient relevance to warrant production even under a protective order.

8. Applicants object to the inclusion of Philip F. Anschutz and The Anschutz Corporation in the definition of "Applicants" and "SP" as overbroad.

9. Applicants object to the definition of "referring to" as unduly vague.

10. Applicants object to Instructions A, C, D and E and the definition of "produce" to the extent that they seek to impose requirements that exceed those specified in the applicable discovery rules and guidelines.

11. Applicants object to Instructions A, C, D and E and the definition of "produce" as unduly burdensome.

12. Applicants object to the interrogatories and document requests to the extent that they call for the preparation of special studies not already in existence.

13. Applicants object to the interrogatories and document requests as overbroad and unduly burdensome to the extent that they seek information or documents for periods prior to January 1, 1993.

ADDITIONAL OBJECTIONS TO SPECIFIC INTERROGATORIES AND DOCUMENT REQUESTS

In addition to the General Objections, Applicants make the following objections to the interrogatories and document requests.

Interrogatory No. 1. "Describe all changes to Western’s present route of movement of bituminous coal by SP set forth
in the rail transportation agreement between Western, SP and The Atchison, Topeka and Santa Fe Railway Company ('Santa Fe') identified as ICC-DRGW-C-15052, which will be caused by Applicants' Operating Plan if the proposed UP/SP consolidation is approved."

Additional Objections: None.

Interrogatory No. 2: "State how soon after the approval of their proposed merger Applicants intend to consummate the proposed abandonment of track known as the Towner-NA Junction Line (portion of Hoisington Subdivision) in Kiowa, Crowley and Pueblo Counties, Colorado, authority for which has been sought by the Missouri Pacific Railroad Company in Docket No. AB-3(Sub No. 130)."

Additional Objections: None.

Interrogatory No. 3: "State how soon after approval of their proposed merger Applicants intend to consummate the proposed discontinuance of trackage rights over the Towner-NA Junction Line, authority for which has been sought by the Denver and Rio Grande Western Railroad Company in Docket No. AB-8(Sub No. 38)."

Additional Objections: None.

Interrogatory No. 4: "State how soon after approval of their proposed merger Applicants intend to consummate the proposed abandonment of track known as the Hope-Bridgeport Line (portion of Hoisington Subdivision) in Dickinson and Saline Counties, Kansas, authority for which has been sought by the Missouri Pacific Railroad Company in Docket No. AB-3/Sub No. 131)."

Additional Objections: None.

Interrogatory No. 5: "State how soon after approval of their proposed merger Applicants intend to consummate the proposed discontinuance of trackage rights over the Hope-Bridgeport line, authority for which has been sought by the Denver and Rio Grande Western Railroad Company in Docket No. AB-8(Sub No. 37)."

Additional Objections: None.

Interrogatory No. 6: "State how soon after approval of their proposed merger Applicants intend to consummate the proposed abandonment of a 109-mile portion of track as the Malta-Canon City Line, between Malta and Canon City in Lake, Chaffee, and Fremont Counties, Colorado, authority for which has been
sought by Southern Pacific Transportation Company in Docket No. AB-12(Sub No. 188)."

Additional Objections: None.

Interrogatory No. 7: "State how soon after approval of their proposed merger Applicants intend to consummate the proposed discontinuance of trackage rights over the Malta-Canon City Line, authority for which has been sought by The Denver Rio Grande and Western Railroad Company in Docket No. AB-8(Sub No. 39)."

Additional Objections: None.

Interrogatory No. 8: "State when the proposed upgrades to the original Kansas Pacific line from Denver to Topeka via Salina, Kansas described in Applicants' Operating Plan are expected to be commenced, and the estimated time for completion of such upgrades "

Additional Objections: None.

Interrogatory No. 9: "State when Applicants proposed to begin rerouting SP trains carrying coal from Colorado mine origins which presently use the Tennessee Pass route to Kansas City via Pueblo, Colorado to the upgraded Kansas Pacific line to Kansas City via Denver, Colorado."

Additional Objections: None.

Interrogatory No. 10: "Describe in detail the '$50 million worth of new track, ten new 9,300 foot sidings and five siding extensions' referenced in conjunction with the upgrades to the Kansas Pacific Line in the Merger Application, Volume 3, at pages 58 and 219."

Additional Objections: None.

Interrogatory No. 11: "Describe in detail the means by which Applicants intend to route empty coal trains to the Powder River Basin of Wyoming via Topeka and Denver, including but not limited to all planned connections, interchanges, newly constructed track, upgrades, and other reconfigurations or additions or subtractions to existing trackage and routing deemed necessary to accomplish this objective."

Additional Objections: None.

Interrogatory No. 12: "Describe any studies or analyses Applicants have conducted on the effect of the Operating Plan on coal unit train cycle times."
Additional Objections: None.

Interrogatory No. 13: "Describe in detail the extent to which the Operating Plan contemplates the use by Applicants of the line of rail currently owned by the Santa Fe running between Topeka, Kansas and Kansas City Kansas/Missouri, including but not limited to:

a. Whether it is intended that loaded coal unit trains will traverse the line in either direction, and if so, the level of this traffic on a daily basis and the origins of such coal;

b. Whether it is intended that empty coal unit trains will traverse the line in either direction, and if so, the level of this traffic on a daily basis and the origins of such empty trains;

c. The extent to which intermodal trains use this line, and the level of such traffic on a daily basis; and

d. The extent to which (a)-(c) above will improve Santa Fe's ability to serve existing shippers along the line."

Additional Objections: None.

Interrogatory No. 14: "Describe how Applicant's trains traveling west over the Santa Fe line between Topeka and Kansas City will reach Herington, Kansas, including but not limited to a description of all new or modified interchanges, connections, trackage, or other rail facilities, between Applicants and Santa Fe in Topeka, Kansas, required to facilitate this routing."

Additional Objections: None.

Interrogatory No. 15: "Describe how Applicant's trains traveling west over the Santa Fe line between Topeka and Kansas City will reach Salina, Kansas, including but not limited to all new or modified interchanges, connections, trackage, or other rail facilities, between Applicants and Santa Fe in Topeka, Kansas, required to facilitate this routing."

Additional Objections: None.
Interrogatory No. 16: "State when Applicants intend to close the current SP Lines' yard in Topeka, Kansas, as described in the Merger Application at Volume 3, page 182."

Additional Objections: None.

Interrogatory No. 17: "State whether the present rail interchange between the SP and Santa Fe at First Street in Topeka, Kansas is to be eliminated under Applicants' Operating Plan."

Additional Objections: None.

Interrogatory No. 18: "If the Santa Fe/SP interchange at First Street in Topeka is to remain in place, describe the type and projected levels of UP/SP traffic over the Santa Fe main line pursuant to the trackage rights granted to SP by Santa Fe in the Agreements dated April 13, 1995 and August 1, 1995, between SP, Santa Fe and the Burlington Northern Railroad Company, and SP and Santa Fe, respectively."

Additional Objections: None.

Document Request No. 1: "All documents referring or relating to the new route for coal trains moving between the Powder River Basin in Wyoming and Texas using segments of UP and SP trackage identified and described in the Merger Application at Volume 3, page 123."

Additional Objections: Applicants object to this document request as unduly vague and unduly burdensome, and overbroad in that it includes requests for information that is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence.

Document Request No. 2: "All documents, including but not limited to maps, diagrams and track charts which relate to the 'new route for coal and grain traffic to Texas via Topeka, Kansas' identified and described in the verified statement of King/Ongerth in the Merger Application, at Volume 3, pages 56-58."

Additional Objections: Applicants object to this document request as unduly vague and unduly burdensome, and overbroad in that it includes requests for information that is neither
relevant nor reasonably calculated to lead to the discovery of admissible evidence.

**Document Request No. 3:** "All documents, including but not limited to maps, diagrams and track charts which refer or relate to the Kansas Pacific Route identified in the verified statement of King/Ongerth."

**Additional Objections:** Applicants object to this document request as unduly vague and unduly burdensome, and overbroad in that it includes requests for information that is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence.

**Document Request No. 4:** "All documents, including but not limited to maps, diagrams and track charts which refer or relate to the yard consolidation and conversion, and 'other changes in the routing of traffic' in UP's Neff Yard and 18th Street Yard, and SP's Armourdale Yard, located in Kansas City, Kansas/Missouri, which are described in the Merger Application, at Volume 3, pages 179-180."

**Additional Objections:** None.

**Document Request No. 5:** "All documents, including but not limited to maps, diagrams and track charts which discuss or illustrate (1) the present configuration of the SP's and UP's rail yards in Kansas City, Kansas and (2) the changes Applicants have proposed to make to these rail yards, as described in the Merger Application at Volume 3, at page 223."

**Additional Objections:** Applicants object to this document request as unduly vague and unduly burdensome, and overbroad in that it includes requests for information that is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence.

**Document Request No. 6:** "All documents, including but not limited to maps, diagrams and track charts which relate to the proposed changes to UP and SP trackage in Herington, Kansas, described in the Merger Application at Volume 3, pages 180-182."
Additional Objections: None.

Document Request No. 7: "All documents, including but not limited to maps, diagrams and track charts which discuss or illustrate (1) the present configuration of the SP’s and UP’s rail yards in Topeka, Kansas, and (2) all changes Applicants have proposed to make to these rail yards, as described in the Merger Application at Volume 3, at page 182."

Additional Objections: Applicants object to this document request as unduly vague and unduly burdensome, and overbroad in that it includes requests for information that is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence.

Document Request No. 8: "All documents, including but not limited to maps, diagrams, and track charts referring or relating to the construction by UP and SP of a connection in Topeka 'to allow continued access to SP served industry while eliminating current UP-SP crossing,' described in the Merger Application at Volume 3, page 227."

Additional Objections: None.

Document Request No. 9: "All documents which refer or relate to the effect of the Applicants' proposed Operating Plan on the current arrangement by which coal is delivered by SP for Western Resources, Inc. from Colorado origin mines to SP's interchange with Santa Fe in Kansas City, Kansas/Missouri, via Pueblo, Colorado, for final delivery to Western's Lawrence and Tecumseh Energy Stations."

Additional Objections: None.
Respectfully submitted,

CANNON Y. HARVEY
LOUIS P. WARCHOT
CAROL A. HARRIS
Southern Pacific
Transportation Company
One Market Plaza
San Francisco, California 94105
(415) 541-1000

PAUL A. CUNNINGHAM
RICHARD B. HERZOG
JAMES M. GUINIVAN
Harkins Cunningham
1300 Nineteenth Street, N.W.
Washington, D.C. 20036
(202) 973-7601

Attorneys for Southern
Pacific Rail Corporation,
Southern Pacific Transportation
Company, St. Louis Southwestern
Railway Company, SPCSL Corp. and
The Denver and Rio Grande
Western Railroad Company

CARL W. VON BERNUTH
RICHARD J. RESSLER
Union Pacific Corporation
Martin Tower
Eighth and Eaton Avenues
Bethlehem, Pennsylvania 18019
(610) 861-3290

JAMES V. DOLAN
PAUL A. CONLEY, JR.
LOUISE A. RINN
Law Department
Union Pacific Railroad Company
Missouri Pacific Railroad Company
1416 Dodge Street
Omaha, Nebraska 68179
(402) 271-5000

ARVID E. ROACH II
T. MICHAEL HEMMER
MICHAEL L. ROSENTHAL
Covington & Burling
1201 Pennsylvania Avenue, N.W.
P.O. Box 7566
Washington, D.C. 20044-7566
(202) 662-5388

Attorneys for Union Pacific
Corporation, Union Pacific
Railroad Company and Missouri
Pacific Railroad Company

February 2, 1996
CERTIFICATE OF SERVICE

I, Michael L. Rosenthal, certify that, on this 2nd day of February, 1996, I caused a copy of the foregoing document to be served by hand on Nicholas J. DiMichael, counsel for Western Resources, Donelan, Cleary, Wood & Maser, P.C., 1100 New York Avenue, N.W., Suite 750, Washington, D.C. 20005-3934, and by first-class mail, postage prepaid, or by a more expeditious manner of delivery on all parties appearing on the restricted service list established pursuant to paragraph 9 of the Discovery Guidelines in Finance Docket No. 32760, and on

Director of Operations
Antitrust Division
Room 9104-TEA
Department of Justice
Washington, D.C. 20530

Premerger Notification Office
Bureau of Competition
Room 303
Federal Trade Commission
Washington, D.C. 20580

Michael L. Rosenthal
December 4, 1995

Via Hand Delivery
Honorable Vernon A. Williams
Secretary
Interstate Commerce Commission
1201 Constitution Avenue, N.W.
Washington, D.C. 20423


Dear Secretary Williams:

Please find enclosed for filing with the Commission an original and twenty (20) copies of the Notice of Intent to Participate submitted jointly on behalf of Kennecott Utah Copper Corporation, Kennecott Energy Company, and U.S. Borax, Inc. for filing in this proceeding. In accordance with 49 C.F.R. § 1180.4(a)(2), these parties select the acronym “KENN” and, accordingly, the enclosed document is identified as KENN-1. Also enclosed is a 3.5-inch diskette containing the text of the enclosed pleading in WordPerfect 5.1 format. Finally, in accordance with Decision No. 6 in this proceeding, copies of the enclosed document are being served upon Applicants’ counsel, Administrative Law Judge Jerome Nelson, and all known parties of record.

Should you have any questions, please do not hesitate to contact the undersigned.

Respectfully submitted,

[Signature]

John K. Maser III
Attorney for Kennecott Utah Copper Corporation, Kennecott Energy Company, and U.S. Borax, Inc.

Enclosures

cc: Hon. Jerome Nelson
All parties of record

3760-020
NOTICE OF INTENT TO PARTICIPATE

Pursuant to Decision No. 6 in this proceeding, and in accordance with 49 C.F.R. §1180.4(a)(4), Kennecott Utah Copper Corporation, Kennecott Energy Company, and U.S. Borax, Inc. hereby submit their joint Notice of Intent to Participate. These parties respectfully request that their representatives, as listed below, be included in the service list maintained by the Commission in this proceeding so that the listed representatives receive copies of all orders, notices, and other pleadings in this proceeding. Further, these parties request that Applicants and other parties of record serve copies of all pleadings filed in this proceeding directly upon the indicated representatives as listed below:

John K. Maser III, Esquire
Jeffrey O. Moreno, Esquire
DONELAN, CLEARY, WOOD & MASER, P.C.
1100 New York Avenue, N.W.
Suite 750
Washington, D.C. 20005-3934

Mr. Wayne L. Stockebrand
Director-Transportation
KENNECOTT UTAH COPPER CORPORATION
8315 West, 3595 South
P.O. Box 6001
Magna, Utah 84044-6001

Ray D. Gardner, Esquire
Chief Legal Officer
KENNECOTT UTAH COPPER CORPORATION
8315 West, 3595 South
P.O. Box 6001
Magna, Utah 84044-6001

Mr. Gary L. McFarlen
Director-Transportation
KENNECOTT ENERGY COMPANY
505 South Gillette Avenue
Gillette, Wyoming 82716
Respectfully submitted,

John K. Maser III
Jeffrey O. Moreno
DONELAN, CLEARY, WOOD & MASER, P.C.
1100 New York Avenue, N.W., Suite 750
Washington, D.C. 20005-3934
(202) 371-9500

Attorneys for Kennecott Utah Copper Corporation, Kennecott Energy Company, and U.S. Borax, Inc.

December 4, 1995
CERTIFICATE OF SERVICE

I hereby certify that on this 4th day of December, 1995, copies of the foregoing NOTICE OF INTENT TO PARTICIPATE were served upon Administrative Law Judge Jerome Nelson, Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426, Arvid E. Roach II, Esquire, Covington & Burling, 1201 Pennsylvania Avenue, N.W., P.O. Box 7566, Washington, D.C. 20044, Paul A. Cunningham, Esquire, Harkins Cunningham, 1300 19th Street, N.W., Washington, D.C. 20036, and upon other known parties of record by first-class mail, postage prepaid, in accordance with the rules of the Interstate Commerce Commission.

John K. Maser III
November 30, 1995

The Honorable Vernon A. Williams, Secretary
Interstate Commerce Commission
12th Street and Constitution Avenue
Washington, DC 20423

Dear Secretary Williams:

It has been brought to my attention that the Southern Pacific Railroad is requesting to be acquired by the Union Pacific Railroad.

This proposed acquisition in my opinion does not appear to be in the best interest of area businesses and in my opinion the future of railroading in general.

As a State Senator and a former Rock Island Lines employee I have seen the shenanigans played by some carriers in acquisitions that soon become extinct lines.

It is my opinion the railway industry would be better served by allowing a limited acquisition of the Southern Pacific by Conrail.

Without spending a lot of time on the fear of megarailroads, the closing of routes, economic loss, and loss of competition let me simply state I feel a Conrail/Southern Pacific marriage is one that will last and will add to a competitive situation which is always healthy!

For these reasons I currently oppose the UP/SP merger at the ICC unless it is conditioned upon acceptance of Conrails proposal.

Sincerely,

Denny Jacobs
State Senator
36th District

DJJ/Jo
November 28, 1995

Mr. Vernon Williams  
Interstate Commerce Commission  
room 3315  
12th and Constitution, N W.  
Washington, D.C. 20423-0001

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

Dear Mr. Williams:

My name is Tommie A. Turner. I have been in Transportation and General Traffic Management for over thirty years. My current position is Manager of Rail Transportation at James River Corporation.

James River is a leading marketer and manufacturer of Consumer Products, Food and Consumer Packaging, and Communication Papers, with 116 manufacturing facilities in North America and Europe.

Our company ships more than 300 carloads of product annually to and from Mexico via Laredo. This volume will most likely increase with the recent acquisition of additional sourcing facilities in Mexico.

Our company is a major user of rail service for transportation between the United States and Mexico. James River Corporation has a strong interest in competitive rail transportation between the United States and Mexico. The Laredo/Nuevo Laredo gateway is the primary route for shipments between the two countries for the majority of international traffic. This gateway possesses the strongest infrastructure of customs brokers. It also provides the shortest routing between major Mexican industrial and population centers and the Midwest and Eastern United States.

Our company depends on competition to keep prices down and to spur improvements in products and services. For many years Union Pacific and Southern Pacific have competed for our traffic via Laredo, resulting in substantial cost savings and a number of service innovations. TexMex has been Southern Pacific's partner in reaching Laredo in competition with Union Pacific, as Southern Pacific does not reach Laredo directly.
A merger of Union Pacific and Southern Pacific will seriously reduce our competitive alternatives via the Laredo gateway. Although these railroads have recently agreed to give certain trackage rights to the new Burlington Northern Santa Fe Railroad, we do not believe the BNSF, as the only other major rail system remaining in the Western United States, will be an effective competitive replacement for an independent Southern Pacific on this important route.

I understand there is an alternative that will preserve effective competition for my traffic. TexMex has indicated a willingness to operate over trackage rights from Corpus Christi (or purchase trackage where possible) to connect with other rail carriers to provide efficient competitive routes. Trackage rights operating in such a way as to allow TexMex to be truly competitive are essential to maintain the competition at Laredo that would otherwise be lost in the merger. Thus I urge the Commissioners to correct this loss of competition by conditioning this merger with a grant of trackage rights via efficient routes between Corpus Christi and these connecting railroads.

Economical access to international trade routes should not be jeopardized when the future prosperity of both countries depends so strongly on international trade.

Yours truly,

Tommie A. Turner

cc: The Texas Mexican Railway Company
The Honorable Vernon A. Williams  
Secretary  
Interstate Commerce Commission  
12th Street and Constitution Avenue  
Washington, DC 20423  
RE: Finance Docket 32760  

Dear Secretary Williams:

As a member of the State Legislature from Northeast Arkansas, I am extremely concerned about the competitive efforts on area businesses of the proposed acquisition of the Southern Pacific (SP) Railroad by the Union Pacific (UP). While I am familiar with the proposed agreement between UP and the Burlington Northern-Santa Fe (BNSF) which is intended to remedy those effects, I am not persuaded that this arrangement will produce effective competition for area rail traffic.

I also have reviewed Conrail's proposal to acquire a significant portion of the SP's eastern lines in connection with the merger, especially the lines running from Chicago and St. Louis to Arkansas, Texas and Louisiana. I find this proposal to be more appropriate and far more effective in addressing my concerns. The Conrail proposal calls for ownership of the lines, whereas the UP-BNSF agreement primarily involves the granting of trackage rights. I believe that trackage rights provide only limited benefits and limited guarantees which easily can be lost if railroads disagree over whose traffic has priority and who is in charge of operations on the line. Further, I believe an owning railroad is in a far better position than a renter to encourage economic development activities on its lines.

Another reason I favor Conrail's proposal is that it would provide efficient service for area shippers, especially to northeast and midwest markets. Conrail service to these markets would be the fastest and more direct, and involve the fewest car handlings.
Finally, I believe Conrail's proposal will ensure that area rail customers have multiple rail options. I am extremely concerned about the recent merger trend that could lead to only a few giant railroads serving the nation's businesses. Clearly, mega-railroads will only further limit competition and reduce productivity.

For all of these reasons, I will actively oppose the UP-SP merger at the ICC unless it is conditioned upon acceptance of Conrail's proposal.

Warmest Regards,

Tim Wooldrige
Arkansas House of Representatives
November 28, 1995

The Honorable Vernon A. Williams
Secretary
Interstate Commerce Commission
12th Street & Constitution Avenue, NW
Washington, DC 20423

Dear Mr. Secretary,

North American Film Corporation is in very competitive commodity markets, in which raw material costs including inbound freight is our primary cost. We are highly dependent on plastic resin produced on the Gulf coast and shipped by rail to our plant in the Metro Philadelphia area. We are extremely concerned about the proposed purchase of Southern Pacific by Union Pacific. Our experience with companies that effectively monopolize regions or portions of areas, even when regulated, is that costs rise do to the lack of direct competition. The proposed trackage agreements between the Union Pacific and the Burlington Northern/Santa Fe do not provide for direct competition of the type that would lower costs through more efficient operations. We strongly oppose this merger unless some alternate arrangement to provide direct competition can be arranged.

We need your understanding and help to insure we maintain a level, competitive, open market environment on our primary purchased commodity. Our employees, local suppliers and community thank you for your consideration.

Sincerely,

John Davis
General Manager

JD/dmp
Honorable Vernon A. Williams  
Secretary  
Interstate Commerce Commission  
12th Street and Constitution Avenue, NW  
Washington, DC 20423

Dear Mr. Williams:

Swanson Group, LTD. is in favor of Conrail's proposal to purchase Southern Pacific's eastern lines, especially those lines running from Chicago and St. Louis to Texas and Louisiana. Your acquisition of this SP trackage would solidify CR’s position as a premier U.S. rail carrier.

We are extremely concerned about the trend toward a few giant railroads. Swanson Group, LTD. feels such consolidation is not in the interest of shippers. In connection with these issues, we believe track ownership will ensure viable competitive rail options for my company and other shippers.

For all of these reasons, Swanson Group, LTD. will actively support Conrail's proposal to purchase the SP’s eastern lines.

Very truly yours,

SWANSON GROUP, LTD.

Alan C. Dyar  
Vice President

ADVISE OF ALL PROCEEDINGS
December 1, 1995

BY HAND

Honorable Vernon A. Williams
Secretary
Interstate Commerce Commission
Twelfth Street and Constitution Avenue, N.W.
Room 2215
Washington, D.C. 20423


Dear Secretary Williams:

Enclosed for filing in the above-captioned docket are the original and twenty copies of Applicants’ Reply to Scott Manatt’s Petition to Reopen Procedural Schedule and Protective Order (UP/SP-29). Also enclosed is a 3.5-inch disk containing the text of this pleading in WordPerfect 5.1 format.

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

Sincerely,

Michael L. Rosenthal
Attorney for Union Pacific Corporation, Union Pacific Railroad Company and Missouri Pacific Railroad Company

Enclosures

cc: The Honorable Jerome Nelson (By Hand)
Parties of Record
BEFORE THE
INTERSTATE COMMERCE COMMISSION

_________________________________

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

_________________________________

APPLICANTS' REPLY TO SCOTT MANATT'S PETITION
TO REOPEN PROCEDURAL SCHEDULE AND PROTECTIVE ORDER

Union Pacific Corporation ("UPC"), Union Pacific
Railroad Company ("UPRR"), Missouri Pacific Railroad Company
("MPRR"),南方太平洋铁路公司 ("SPR"),
Southern Pacific Transportation Company ("SPT"), St. Louis
Southwestern Railway Company ("SSW"), SPCSL Corp. ("SPCSL"),
and The Denver and Rio Grande Western Railroad Company
("DRGW"),南方太平洋铁路公司, St. Louis
Southwestern Railway Company ("SSW"), SPCSL Corp. ("SPCSL"),
and The Denver and Rio Grande Western Railroad Company
("DRGW"), collectively, "Applicants," hereby reply to Scott
Manatt's "Petition to Reopen and Reconsider the Procedural
Schedule Order and Protective Order."

1/ UPC, UPRR and MPRR are referred to collectively as "Union
Pacific." UPRR and MPRR are referred to collectively as "UP."

2/ SPR, SPT, SSW, SPCSL and DRGW are referred to
collectively as "Southern Pacific." SPT, SSW, SPCSL and DRGW
are referred to collectively as "SP."
BEFORE THE
INTERSTATE COMMERCE COMMISSION

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

APPLICANTS' REPLY TO SCOTT MANATT'S PETITION
TO REOPEN PROCEDURAL SCHEDULE AND PROTECTIVE ORDER

CANNON Y. HARVEY
LOUIS P. WARCHOT
CAROL A. HARRIS
Southern Pacific
Transportation Company
One Market Plaza
San Francisco, California 94105
(415) 541-1000

PAUL A. CUNNINGHAM
RICHARD B. HERZOG
JAMES M. GUINIVAN
Harkins Cunningham
1300 Nineteenth Street, N.W.
Washington, D.C. 20036
(202) 973-7601

Attorneys for Southern
Pacific Rail Corporation,
Southern Pacific Transportation
Company, St. Louis Southwestern
Railway Company, SPCSL Corp.,
and The Denver and Rio Grande
Western Railroad Company

CARL W. VON BERNUTH
RICHARD J. RESSLER
Union Pacific Corporation
Martin Tower
Eighth and Eaton Avenues
Bethlehem, Pennsylvania 18018
(610) 861-3290

JAMES V. DOLAN
PAUL A. CONLEY, JR.
LCUISE A. RINN
Law Department
Union Pacific Railroad Company
Missouri Pacific Railroad Company
14.6 Dodge Street
Omaha, Nebraska 68179
(402) 271-5000

ARVID E. ROACH II
J. MICHAEL HEMMER
MICHAEL L. ROSENTHAL
Covington & Burling
1201 Pennsylvania Avenue, N.W.
P.O. Box 7566
Washington, D.C. 20044
(202) 662-5388

Attorneys for Union Pacific
Corporation. Union Pacific
Railroad Company and Missouri
Pacific Railroad Company

December 1, 1995
The Commission should reject Mr. Manatt's petition to reopen or reconsider its decisions entering procedural schedule and the protective order in this matter. "A proceeding may be reopened, reconsideration of action taken therein may be granted, and that action may be changed upon a showing of material error, new evidence, or substantially changed circumstances." See Decision No. 8, served Nov. 22, 1995. Mr. Manatt has made no such showing with respect to either of the Commission's decisions.

The Commission adopted the procedural schedule governing this matter after receiving extensive comments from a variety of parties. See Decision No. 6, served Oct. 19, 1995. Mr. Manatt's arguments regarding the procedural schedule are no different in kind from those raised by many other parties and considered by the Commission in adopting the final procedural schedule. (In fact, his arguments appear to be directed at Applicants' proposed schedule, rather than the schedule adopted in Decision No. 6.)

With respect to the protective order, the Commission has already considered and rejected several challenges to the protective order. See Decision No. 2, served Sept. 1, 1995 (adopting protective order and rejecting KCS' opposition to the protective order); Decision No. 7, served Oct. 27, 1995 (rejecting challenges to the protective order by NIT League, Western Resources and RLEA). Mr. Manatt's arguments are of
the same type that the Commission has rejected in this and prior proceedings.1/

Mr. Manatt simply makes no showing of material error, new evidence, or substantially changed circumstances with respect to either the Commission's decision establishing the procedural schedule or the Commission's decision entering the protective order, and thus presents no reason for the Commission to reconsider either decision.

Mr. Manatt also objects to provisions in Applicants' proposed discovery guidelines, which are modelled closely upon those developed by the parties and the presiding administrative law judge in BN/Santa Fe. See UP/SP-4. Many of his objections, such as his objection (¶ 9) to having only twenty-four hours' notice that a deposition will take place, are based on misreadings or misunderstandings of the proposed guidelines. (The twenty-four hour period refers to notice regarding the documents that may be the subject of questioning during a deposition. See id., App. A, p. 5). Mr. Manatt's other objections relate to provisions of the proposed guidelines that are necessary in order to accommodate the needs and requirements of the many parties that wish to participate in this proceeding. And while proposed guidelines make provisions for the administrative law judge to vary the

---

1/ Mr. Manatt also objects (¶ 4) to waivers involving 49 C.F.R. § 1152.25(d)(6) and (7). Applicants have not sought waiver of those provisions.
procedures for good cause, see id., p. 6, Applicants believe their proposed guidelines are consistent with the right of all parties to participate in this proceeding, as was demonstrated in the BN/Santa Fe case.

Respectfully submitted,

CANNON Y. HARVEY
LOUIS P. WARCHOT
CAROL A. HARRIS
Southern Pacific Transportation Company
One Market Plaza
San Francisco, California 94105
(415) 541-1000

PAUL A. CUNNINGHAM
RICHARD B. HERZOC
JAMES M. GUINIVAN
Harkins Cunningham
1300 Nineteenth Street, N.W.
Washington, D.C. 20036
(202) 973-7601

Attorneys for Southern Pacific Rail Corporation, Southern Pacific Transportation Company, St. Louis Southwestern Railway Company, SPCSL Corp., and The Denver and Rio Grande Western Railroad Company

CARL W. VON BERNUTH
RICHARD J. RESSLER
Union Pacific Corporation
Martin Tower
Eighth and Eaton Avenues
Bethlehem, Pennsylvania 18018
(610) 861-3290

JAMES V. DOLAN
PAUL A. CONLEY, JR.
LOUISE A. RINN
Law Department
Union Pacific Railroad Company
Missouri Pacific Railroad Company
1416 Dodge Street
Omaha, Nebraska 68179
(402) 271-5000

ARVID E. ROACH II
J. MICHAEL HEMMER
MICHAEL L. ROSENTHAL
Covington & Burling
1201 Pennsylvania Avenue, N.W.
P.O. Box 7566
Washington, D.C. 20044
(202) 662-5388

Attorneys for Union Pacific Corporation, Union Pacific Railroad Company and Missouri Pacific Railroad Company

December 1, 1995
CERTIFICATE OF SERVICE

I, Michael L. Rosenthal, certify that, on this 1st day of December, 1995, I caused a copy of the foregoing document to be served by first-class mail, postage prepaid, or by a more expeditious manner of delivery on all parties of record in Finance Docket No. 32760, and on

Director of Operations
Antitrust Division
Room 9104-TEA
Department of Justice
Washington, D.C. 20530

Premerger Notification Office
Bureau of Competition
Room 303
Federal Trade Commission
Washington, D.C. 20580

Michael L. Rosenthal
November 28, 1995

Mr. Vernon Williams  
Interstate Commerce Commission  
Room 3316  
12th and Constitution, N.W.  
Washington, D.C. 20423-0001

RE: Finance Docket #32760

Dear Mr. Williams:

Our company has the occasion to use the services of the Texas Mexican Railway. The proposed merger between the Union Pacific and the Southern Pacific will seriously reduce, if not eliminate, the competitive alternatives for rail service available to our company.

Max-Torque depends upon competition to keep prices down and to spur improvements in products and services. The only two carriers connecting with TexMex are the Union Pacific at Laredo and the Southern Pacific at Corpus Christi. For many years these two railroads have competed for shipments to and from the TexMex, which resulted in substantial cost savings and service improvements. A merger of these two railroads will eliminate that competition. Although these railroads have recently agreed to give certain trackage rights to the new Burlington Northern Santa Fe Railroad, we do not believe the BNSF, as the only major rail system remaining in the Western United States, will be an effective competitive replacement for an independent Southern Pacific on this important route. We anticipate significant price increases and service deterioration for that portion of rail service needs beyond TexMax.

The TexMex has historically relied on international traffic intertwined with the SP for much of its traffic base. Since a UP/SP merger will eliminate most of this traffic, this lost volume will likely reduce train frequency on the TexMex and slow service. There is also a question of whether the TexMex will be able to survive this loss of business.

These price increases and service reductions will seriously reduce the ability of many companies to compete both domestically and internationally.
The alternative that will preserve competition is to grant trackage rights or allow the TexMex to purchase trackage from Corpus Christi to Houston, and connect with the Kansas City Southern and other railroads in Houston. In such a way, competition could be maintained through Laredo. We urge the Commission to correct this loss of competition and service by conditioning the merger with a grant of trackage rights to the TexMex allowing service to Houston.

Preserving competition and service is an important function of the Interstate Commerce Commission. In this instance it is possible to do so while furthering the national goal of promoting international trade.

Sincerely,

Frederick C. Meyers
President

FCM/ff
Dear Secretary Williams:

The Chamber of Commerce of St. Joseph County and Project Future have carefully evaluated the proposed Union Pacific/Southern Pacific merger and its effects on this community and the State of Indiana. While there may be benefits to the consolidation between these two railroads, it is important from an economic development standpoint that other options and proposals be weighed and considered before any merger approval is given by the Interstate Commerce Commission (ICC). Furthermore, the Chamber of Commerce of St. Joseph County and Project Future are not persuaded that the proposed agreement between Union Pacific and Burlington Northern/Santa Fe will satisfy our concerns over competition.

Conrail has approached the Chamber of Commerce of St. Joseph County and Project Future with its proposal for acquiring some of the Southern Pacific Eastern lines from Chicago and St. Louis to Texas and Louisiana. This proposal holds great benefit for our Midwest cities and states eager to encourage economic growth through the North American Free Trade Agreement (NAFTA).

Conrail has been, and continues to be, a good corporate resident of South Bend, and its level of service has greatly benefited the manufacturers and shippers in our community. This proposed acquisition by Conrail will only enhance the current service being provided. Economic expansion opportunities will be available to the businesses and industries in our community. In addition, with direct shipments of Midwest-made products to new markets in Mexico, the mid-South and Gulf Coast regions, areas currently not easily accessed by Midwest shippers, will be opened.

For these reasons, the Chamber of Commerce of St. Joseph County and Project Future strongly support Conrail’s purchase of the Southern Pacific Eastern lines. Without the Conrail proposal
being a part of the ICC’s approval, the Union Pacific/Southern Pacific merger should not be consummated. Conrail’s ownership of the Southern Pacific Eastern lines is good business sense and brings more corporate responsibility than the lease arrangement as proposed by Burlington Northern/Santa Fe. Thank you for the opportunity to comment on this proposal.

Sincerely,

Stephen M. Queior, CCE
President
The Chamber of Commerce of St. Joseph County

cc: Mr. David M. LeVan
    President & CEO
    Consolidated Rail Corporation
    2001 Market Street - 17th Floor
    Philadelphia, PA 19101-1409

    Ms. Maria F. Ward
    Manager, Community Relations
    Consolidated Rail Corporation
    17301 Michigan Avenue, Suite 230
    Dearborn, MI 48126
Mr. Vernon Williams  
Interstate Commerce Commission  
Room 3315  
12th and Constitution, N.W.  
Washington, D.C. 20423-0001

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

Dear Mr. Williams,

My name is Vern W. Wills, Director of Transportation,  
Italgrani USA, Inc. My business address is 7900 Van Buren  
Street, St. Louis, MO. 63111. My responsibilities include  
the managing of all transportation aspects of the company.  
We have a vital interest in the proposed UP/SP merger with a  
large flour mill and terminal elevator located on the Union  
Pacific here in St. Louis, Mo.

Due to obvious reasons we supported the UP/SP merger,  
however, my company depends on competition to keep prices in  
line. At the present time we do not have any business to  
Mexico via the Laredo gateway, but looking into the future  
this is certain to become a market for our by-products.

A merger of Union Pacific and Southern Pacific will reduce  
competition alternatives via the Laredo gateway and the Texas  
Mexican Railway Company. We do not believe the Burlington  
Northern / Santa Fe Railroad trackage right agreement will  
be an effective competitive replacement for an independent  
Southern Pacific on this important route.

I understand there is an alternative that will preserve  
effective competition in this corridor. The TexMex Railroad  
has indicated a willingness to operate over trackage rights  
from Corpus Christi to Houston, Texas and to connect with the  
Kansas City Southern Railroad and other carriers at Houston.  
Trackage rights of this nature would allow TexMex to remain  
competitive at Laredo that would otherwise be lost in the  
merger.

I strongly urge the Commissioners to correct this loss of  
competition by conditioning this merger with a grant of  
trackage rights to TexMex allowing service to Houston,
Texas.

The countries of Mexico and the United States depend very strongly on international trade between themselves and this should not be jeopardized by limited access to trade routes.

Sincerely,

Vern Wills
Director of Transportation