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**BEFORE THE
SURFACE TRANSPORTATION BOARD**

Finance Docket No. 32760 — 203172

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

Finance Docket No. 32760 (Sub-No. 21) — 203173

***Union Pacific Corporation, et al -- Control and Merger --
Southern Pacific Rail Corporation, et al
(Oversight)***

**REPLY COMMENTS ON UNRESOLVED ISSUES
RELATING TO THE
RESTATED AND AMENDED BNSF SETTLEMENT AGREEMENT**

submitted by

THE NATIONAL INDUSTRIAL TRANSPORTATION LEAGUE

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Dated: August 17, 2001

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SURFACE TRANSPORTATION BOARD**

Finance Docket No. 32760

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On July 25, 2001, the Union Pacific Corporation, Union Pacific Railroad Company, and the Southern Pacific Rail Corporation (collectively, "UP") and The Burlington Northern and Santa Fe Railway Company ("BNSF") jointly submitted to the Board a "Proposed Restated and Amended BNSF Settlement Agreement" ("July 25 Joint Submission"). In that filing, UP and BNSF indicated that they have engaged in negotiations over the past several months to update the Settlement Agreement that they had entered on September 25, 1995 ("Original Settlement Agreement") to incorporate the conditions imposed by the Board in Decision No. 44 and in



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subsequent Board decisions. They also indicated that, although they reached agreement on a majority of the changes to be made, there remained several unresolved issues. The carriers' July 25 Joint Submission contained the proposed changes on which UP and BNSF have agreed, and also contained UP's and BNSF's separate proposals on the issues on which the two carriers had been unable to reach final agreement. The July 25 Joint Submission proposed that interested parties file comments on the Proposed Restated and Amended BNSF Settlement Agreement on August 17, 2001. Finally, also on July 25, 2001, UP filed its "Opposition to Substantive Changes to the BNSF Settlement Agreement" ("UP Opposition"); and BNSF filed its "Comments on Unresolved Issues Relating to the Restated and Amended BNSF Settlement Agreement" ("BNSF Comments")

The National Industrial Transportation League ("League"), having reviewed the Amended and Restated Settlement Agreement contained in the July 25 Joint Submission as well as the BNSF Comments and UP Opposition, desires to submit these Reply Comments in support of the position of BNSF on three of the issues presented, namely, the issue of the proper definition of "2-to-1" points; the definition of "new" and "existing" transload facilities; and the proper scope of BNSF's trackage rights in two important rail corridors.

I. INTRODUCTION

The League is an organization of shippers that conduct industrial and/or commercial enterprises throughout the United States and internationally. The League is the oldest and largest nationwide organization representing shippers of all sizes and all commodities. The League has approximately 600 separate company members, ranging from smaller shippers to some of the largest shippers in the country. League members ship substantial volumes of commodities via rail, including rail transportation over the lines of BNSF and UP. The League has been an active

participant both in the merger proceedings involving the UP and the Southern Pacific Transportation Company ("SP"), and in the oversight of the implementation of the merger between the Union Pacific Railroad and SP. League members have an active interest in seeing that competition by the BNSF, that was intended to replace the competition that was formerly provided by the SP, is fully preserved.

II. THE BOARD SHOULD ACT TO CLARIFY THE SETTLEMENT AGREEMENT IN LIGHT OF ITS POLICIES AND ORDERS IN THE UP/SP MERGER PROCEEDING

In its Opposition, UP argues that the Board does not need to, should not, and cannot as a matter of law, "expand" BNSF's rights under the agreement in order to provide effective competition against UP. UP argues that BNSF's proposals would impose "unlawful retroactive conditions" on the UP/SP merger; and would contravene the Board's policy favoring settlements. UP Opposition, pp. 3-12. The League, however, believes that UP seriously mischaracterizes what is being sought by BNSF in this matter. The League also believes that the effective operation of the conditions that the Board imposed in Decision No. 44, slip op. served August 12, 1996, 1 S.T.B. 233 (1996), requires clarification by the Board of the issues presented by BNSF and UP.

A. These Three Issues Clearly Involve A Need to Clarify the Terms of the Original Settlement Agreement in Light of the Board's Subsequent Orders

Three of the issues presented by BNSF -- the definition of "2-to-1" points, the definition of "transload facility"; and the restrictions on trackage rights -- involve a clear need to clarify the Original Settlement Agreement. The need to clarify the meaning of the Original Settlement Agreement arises because the substance of the agreement that the parties negotiated; the terms that they used to express their agreement; and the wording of Decision No. 44, did not completely anticipate -- and realistically could not have completely anticipated -- the wide

variety of factual situations to which the Agreement and the conditions imposed by the agency would apply.

The League is aware, for example, that the issue of the definition of "2-to-1" points has been a matter for detailed discussion and disagreements between UP and BNSF right from the beginning, indeed soon after the BNSF trackage rights became effective after the merger of UP and SP was approved. Quarterly Reports for several years have set out a variety of disagreements on this matter. BNSF Quarterly Report, July 1, 1997, p. 12; BNSF Quarterly Report, January 2, 1998, p. 16; BNSF Quarterly Report, July 1, 1998, pp. 59-60; BNSF Quarterly Report, April 3, 2000, pp. 8-10. In fact, the Board's decision in its very first annual oversight proceeding extensively discussed the disagreements that had arisen on this issue. General Oversight Decision No. 10, 2 S.T.B. 703, 710-712 (1997). While the carriers have been able to resolve some of these disagreements, and while others have melted away because of the very uncertainty of the definition that BNSF now seeks to resolve, it is very clear that this issue is not the result of some late-blooming desire by BNSF to "expand" its rights, but is rather the result of uncertainties either in the Original Settlement Agreement and/or in the meaning of the Board's decision in Decision No. 44, and the complex situations to which these texts are applied.

Similarly, the issue of the meaning of "transload facilities" involves a long-standing disagreement.¹ In its decision in the very first oversight proceeding, the Board noted that the parties "seem to be unable to agree on what constitutes a 'new facility' or a 'new transloading facility.'" 2 S.T.B. at 715. Indeed, the Board has already acted several times to resolve disputes regarding the meaning of this condition. See, Decision No. 61, served November 20, 1996; Decision No. 75, 2 S.T.B. 697 (1997); and General Oversight Decision No. 10, 2 S.T.B. 703

¹ See, e.g., BNSF Quarterly Report, October 1, 1997, pp. 7-8.

(1997). More importantly, in both Decision No. 61 and in Decision No. 75, the Board rejected UP's interpretation of the transload condition, a fact that clearly indicates that the Board not only recognized the need for clarification, but also believed that the agency's action was not an unlawful "retroactive condition" or that the Board's policy favoring voluntary settlements was adversely implicated in any way.

Finally, the issue of the scope of the trackage rights in the Original Settlement Agreement clearly involves a clarification of the meaning of the terms of that document and the effect of Decision No. 44. In the Elvas to Stockton situation, UP itself admits that it granted BNSF local access to two shippers on that line. UP's alternative wording in the July 25 Joint Submission containing the Proposed Restated and Amended Settlement Agreement would confirm that access permanently. Indeed, UP's grant of permanent access is at odds with UP's current explanation that it granted access to those two shippers only because of the 1997-98 service crisis, which UP from the start had proclaimed to be only temporary. See page 8 of Proposed Amended and Restated BNSF Settlement Agreement contained in July 25 Joint Submission. UP's concession with respect to the two shippers, by itself, raises a question as to whether UP originally believed that the trackage rights that it granted to BNSF in that corridor were restricted to overhead rights only. In light of its own action, it is disingenuous for UP to argue now that BNSF is seeking some new right, or is acting inconsistently with its promises.

Similarly, in the Memphis to Valley Junction situation, UP is seeking to eliminate wording in the Original Settlement Agreement that would conflict with its current position -- a clear sign that UP itself recognizes that the Original Settlement Agreement was at minimum internally inconsistent. (See UP's proposed elimination of the first phrase ["Except as provided in Section 91 of this Agreement"] in UP Alternative of Section 6(d) of the Restated and

Amended Settlement Agreement [page 27 of Proposed Restated and Amended BNSF Settlement Agreement contained in July 25 Joint Submission]).

Thus, there is clearly a need to clarify the meaning of the Agreement.

B. Effective Competition Requires That the Board Resolve These Uncertainties

Both UP and BNSF have, in the July 25 Joint Submission and in their separate filings on July 25, asked the Board to resolve these areas of disagreements. The Board should do so. The League strongly believes that the interest of shippers in effective competition between UP and BNSF requires the Board to resolve these uncertainties.

Indeed, as a practical matter, the current uncertainty regarding several of these issues practicably resolves the issue in favor of no competition. Take, for example, the case of a shipper that is contemplating locating a facility at what is arguably a "2-to-1" point. Under Decision No. 44, if the location is in fact a "2-to-1" point, that shipper would have access to competitive rail service by both BNSF and UP. Decision No. 44, slip op. at 124, 1 S.T.B. at 393. However, if UP disagrees that the location is indeed a "2-to-1" point, then the shipper is faced with a dilemma. If the shipper locates the facility at the disputed point, and it is later determined that it does not qualify as a "2-to-1" point, the shipper would then be captive to the UP. Given the uncertainty and risks that such a course imposes, a rational shipper will simply choose not to build the facility at all, or build the facility elsewhere. In either case, the uncertainty over what qualifies as a "2-to-1" point is still unresolved, thus posing the same dilemma for the next shipper in the same position -- and so the problem continues.

The same is true for the issue of the definition of "new transload facilities." As the BNSF Comments and the UP Opposition both state, the issue is whether the operator of a new

transload facility may have any ownership of the product being transloaded. But the very disagreement between the carriers on this point decisively chills attempts to resolve the matter: why should a shipper expend the money to assemble land and construct a transload facility that may not be able to take advantage of BNSF access? Indeed, simply the time it would take for the Board to resolve a specific case is a serious negative factor, as markets and business conditions continually change.

Thus, the League strongly believes that the Board should act to resolve the questions presented by the carriers and, as noted further below, should act to resolve the issues in favor of effective competition between BNSF and UP.

C. UP Is Clearly Incorrect That BNSF's Proposals Would Impose Unlawful Retroactive Conditions on the UP/SP Merger, or Would Contravene the Board's Policy Favoring Settlements

In Decision No. 44, the agency imposed a broad oversight condition, in which it required initiation of yearly proceedings to determine "the effects of the merger and the implementation of the conditions." Decision No. 44, slip op. at 147, 1 S.T.B. at 421. Clearly, part of the issue of the "implementation of the conditions" involves the meaning of the conditions imposed, including the meaning of the Original Settlement Agreement that was itself imposed, with modifications discussed in Decision No. 44, as a condition of the UP/SP merger. See Decision No. 44, slip op. at 145-146, 1 S.T.B. at 419-420.

Thus, the UP's argument, that the Board has the power to "modify" a condition it imposed in Decision No. 44 *only* if the condition "failed to preserve competition," is incorrect. In the case of the issue of the definition of "2-to-1" points, "new" and "existing" transload facilities, and the scope of BNSF's trackage rights, the Board is not being asked to "modify" a

condition: it is being asked to determine the meaning of a condition that it has already imposed. The Board clearly has the power to do so.

Additionally, there is no real question that BNSF's request to the Board to clarify the meaning of the Original Settlement Agreement would contravene the Board's policy favoring settlements and BNSF's promises in the settlement agreement. These issues simply involve a good-faith dispute between BNSF and UP as to what the parties in fact agreed to in 1995 and the meaning of the words that they used to express their agreement, when both parties, and indeed the Board itself, could not foresee all the complex factual situations to which that agreement and the Board's conditions would apply. To accuse one party of bad faith is, the League believes, simply not helpful.

II. DEFINITION OF "2-to-1" POINTS

As pointed out by BNSF, the correct identification of "2-to-1" points is critical to the determination of the rights that BNSF received pursuant to the merger. BNSF notes that it received the right to serve "2-to-1" shippers, existing transloads, and new shipper facilities at "2-to-1" points. BNSF Comments, p. 3. Thus, notes BNSF, a clear definition of the term is vital to ensuring that shippers will receive the benefit of the Board's conditions. *Id.* UP apparently agrees that there *should* be a definition of "2-to-1" points in the Amended and Restated Settlement Agreement, since UP has itself proposed wording to define the concept. See page 3 of Proposed Amended and Restated BNSF Settlement Agreement contained in July 25 Joint Submission.

However, BNSF and UP disagree on the substance of the definition. Under BNSF's definition, a "2-to-1" point is "all geographic locations" (defined by 6-digit SPLC codes) "that

were commonly served by both UP and SP" when the Original Agreement was executed, regardless of how long before that date shippers at those locations may have shipped, or whether shippers at those locations were open to or served by both UP and SP.

UP, on the other hand, would define "2-to-1" points as "all geographic locations at which at least one '2-to-1' Shipper Facility is located." In turn, "2-to-1 Shipper Facilities," under UP's proposed definition, are defined as Shipper Facilities "that were open to both UP and SP . . . when the 1995 Agreement was executed. . . ." Thus, the UP definition would require the existence of a "2-to-1" shipper in 1995, and not just that the rail station was listed for service by both UP and SP in 1995.

The League respectfully submits that UP's proposed definition is inconsistent with the terms and policies of Decision No. 44.

It is extremely important to note that, at this point in time (*i.e.*, 2001 and forward for the life of the Settlement Agreement), the primary purpose for defining "2-to-1" points is to determine points at which new shipper facilities that may locate at such locations can receive competitive rail service from both BNSF and UP. Presumably, five years after the merger, BNSF and UP have already identified virtually all shipper facilities that were actually open to UP and SP in 1995, as well as all then-existing transload facilities.² Thus, the current dispute involves a narrow issue, and one that is primarily forward-looking: whether new shipper facilities planned today and for the future will be able to obtain competition from both BNSF and UP. Though the issue is narrow, it is very important: the Board noted in Decision No. 44 that "location of new facilities provides competitive pressure," and the Board took great care to

² The League is aware that there are two existing disputes, regarding Tracy, CA and Woodland, CA, that are historical in nature.

maintain the availability of such competitive pressure for the indefinite future. Decision No. 44, slip op. at 124, 1 S.T.B. at 393.³

But a shipper considering locating today at a rail station listed for service in 1995 by both UP and SP would, but for the merger of the UP and SP, have that "competitive pressure" available to obtain a rate and service package from the two railroads, regardless of whether there was another shipper at that location open to both UP and SP in 1995. Thus, it is necessary at this point in time to define "2-to-1" points as geographic locations that were open to service by both UP and SP in 1995 (regardless of the existence of a shipper open to both UP and SP in 1995), in order to replicate, through competition provided by BNSF today, the "competitive pressure" that would have existed today but for the changes wrought by the merger of the UP and SP.

Moreover, the use of 6-digit SPLCs to define such geographic locations is particularly appropriate, because 6-digit SPLCs comprise an extremely narrow geographic area -- a single rail station -- within which it is logical to believe that a shipper now or in the future choosing to locate would have ready access to both UP and SP, but for the merger of the two carriers. Indeed, such a geographic definition is particularly appropriate because in 1995, both UP and SP held out to the shipping public, in their tariffs, that they each in fact served that geographic location.

In its Opposition, UP argues that the Board "already rejected" BNSF's current proposal "when NITL advanced it in the merger proceeding," citing 1 S.T.B. at 392 n. 133. UP is wrong.

³ Indeed, the Board was so careful to preserve this source of competitive pressure that it specifically broadened both the Original Settlement Agreement between BNSF and UP, and even broadened that Agreement as modified by the subsequent CMA settlement. *Id.*

First, the context of the League's evidence, as well as the Board's discussion cited by UP, did not involve the proper definition of "2-to-1" points in the Original Settlement Agreement. Rather, the evidence submitted by the League was directed to the extent of the overall reduction in competition to be caused by the UP/SP merger, in support of the League's proposed remedy, namely, divestiture of various SP lines to other carriers. See, Comments, Evidence and Requests for Conditions Submitted on behalf of The National Industrial Transportation League, March 29, 1996, pp. 23-24. As the agency noted, the protestants

aggregate traffic that will experience various types of competitive problems that we think are readily susceptible to different types of remedies. Although divestiture of parallel lines could address harms discussed here, there are less intrusive ways and more focused ways of achieving that result, which are adopted here.

Decision No. 44, slip op. at 123, 1 S.T.B. at 392-393.

Second, UP implies in its Opposition that the agency rejected the League's approach in favor of UP's own approach. The actual situation is precisely the opposite. In its decision, the Board noted that, "[t]o identify points to be covered by corrective trackage rights, applicants have identified 2-to-1 points as those that can be served directly, or through reciprocal switching by UP and SP but by no other Class I railroad." In a footnote accompanying that quote, the agency specifically noted that the Applicants had "carefully checked actual accessibility" in defining "2-to-1" points. Decision No. 44, slip op. at 121-122, 1 S.T.B. at 391 [emphasis added]. After discussing the protestants' contentions that the applicants had not correctly measured the anticompetitive effects of the transaction, the Board noted that "[w]e agree with protestants that applicants have not gone far enough in addressing certain adverse competitive effects." Decision No. 44, slip op. at 123, 1 S.T.B. at 393. Thus, it is very clear UP's position, which then (as now) focused on "actual accessibility" to prescribe the limits of curative access by BNSF, was rejected

by the Board, although the Board also rejected the protestants' contention that divestiture was the proper remedy.

Indeed, the liberties that UP has taken with the Board's discussion in Decision No. 44 on this point are graphically illustrated in UP's "block quote" on page 12 of its Opposition, which conveniently omits the crucial words specifying the "arbitrary proximity" that the Board was discussing: "a BEA or 4-digit SPLC." [Emphasis added] BNSF in its Comments is not proposing a 4-digit SPLC, but the far narrower 6-digit SPLC, which defines an individual rail station. See 1 S.T.B. at 372, and compare to the passage quoted at UP's Opposition, p. 12.

The fact of the matter is that nowhere in Decision No. 44 is there any indication that the Board was requiring the existence of at least one-dual served shipper before the Board's remedies should apply, particularly in the narrow case now presented dealing with the location of future shipper facilities. In fact, the words and policies of Decision No. 44 argue strongly for BNSF's proposed definition of the term.

III. DEFINITION OF "EXISTING" AND "NEW TRANSLOAD FACILITIES"

As noted by BNSF, the Original Settlement Agreement granted BNSF the right to serve existing and new transload facilities at "2-to-1" points, and in Decision No. 44, the Board expanded the "new facilities" condition to also grant BNSF access to new transload facilities on trackage rights lines. The dispute on this issue between the parties involves a single area of disagreement, namely, whether a qualifying transload facility may have an ownership interest in the product being transloaded.

In its Opposition, UP argues that the Board should now make a distinction between "public" and "private" transload facilities. UP seems to argue that the lack of a "non-ownership"

requirement would make it "easy" for every shipper to build its own transload facility, and argues that BNSF's proposed definition would somehow convert the transload condition into an "open access" provision.

But the Board has already decided these questions both in Decision No. 61 and in Decision No. 75, where it said that BNSF should have access to any "legitimate transload operation." See, Decision No. 61, slip op. at 12; Decision No. 75, 2 S.T.B. at 702. In those decisions, the Board made no distinction between a "public" and a "private" transload. The Board ruled that the question of whether a transload operation was "legitimate" would involve only two inquiries: namely, would it "entail *both* the construction of a rail transload facility as that term is used in the industry *and* operating costs above and beyond the costs that would be incurred in providing direct rail service." Decision No. 61, slip op. at 12; Decision No. 75, 2 S.T.B. at 699-701 [emphasis in original]. UP would now have the Board engraft a *new* requirement, namely, that "the operator of [the transload facility] has no ownership of the property being transloaded." See page 7 of Proposed Restated and Amended BNSF Settlement Agreement contained in July 25 Joint Submission.

UP's position would simply erect an additional barrier for a shipper's use of the transload condition. Not only would the shipper need to construct or have constructed a new transload facility and pay costs over and above the costs that would be incurred in providing direct rail service, but it would also have to find an independent operator of the facility and overcome whatever operational problems might arise as a result of the facility's separate ownership and direction. Nothing in the Board's several decisions on the transload requirement suggests that such an additional barrier is appropriate, and UP introduces no evidence or even makes no

assertion that there has been any attempted misuse of the transload condition by BNSF or any shipper.

The UP's proposed new requirement is thus inconsistent with the precedent already established by the Board, and should be rejected.

IV. RESTRICTIONS ON BNSF'S TRACKAGE RIGHTS

Also at issue before the Board are certain alleged restrictions on BNSF's trackage rights, in two locations, Elvas (near Sacramento) to Stockton, CA; and in the Houston-Memphis-St. Louis Corridor.

While the League is not in a position to comment in detail on the substance of the parties' negotiations that led to the text of the Original Settlement Agreement, it does wish to briefly discuss two matters that bear directly on the issue now presented to the Board.

First, the League believes that UP is not correct in arguing that the scope of BNSF's rights in the two corridors at issue is only a matter of the private agreement of the parties. See, UP Opposition, pp. 15-16, 18. While the Original Settlement Agreement was negotiated and signed by the two parties, that agreement was subject to and radically affected by the orders and policies in Decision No. 44. In other words, the Original Settlement Agreement must be read in light of the subsequent decisions of the agency, which converted that agreement from a private settlement to an integral part of the mechanism by which the Board implemented its own statutory responsibility to protect the public interest. Thus, in resolving the current dispute, the Board must examine not only what the parties negotiated, but much more importantly, the words and policies of Decision No. 44 and the Board's subsequent rulings in the UP/SP merger proceeding.

Second, the League would urge the Board, in interpreting its orders in Decision No. 44 and subsequently, to avoid where possible imposing unnecessary operational restrictions on BNSF's trackage rights. The rail industry is long past the time that it can afford to tolerate inefficiencies, and it defies credulity that the Board's orders should be interpreted to mandate such inefficiencies, particularly when the Board intended in Decision No. 44 to make BNSF an effective competitor over the trackage rights lines.

These two points are particularly important in the case of the Houston-Memphis-St.Louis corridor. That corridor was one of the two key traffic lanes at issue in the UP/SP merger case for a variety of rail-dependent commodities, particularly chemicals, plastics, and forest products, and was the subject of numerous discussions and conditions throughout Decision No. 44. See Decision No. 44, slip op. at 122, 125-126, 132-137, 1 S.T.B. at 391, 394-395, 408-409. In approving BNSF's trackage rights in this corridor, the agency was aware of the need for BNSF to provide efficient and effective service over the trackage rights lines. For example, in discussing the concerns of International Paper Company regarding service in the Houston to Memphis/St. Louis corridor, the agency assured the shipping public in Decision No. 44 that "[t]he trackage rights and routes opened to BNSF will permit that carrier to provide quality service competition in these markets," and that the trackage rights granted would permit "efficient movement of northbound BNSF traffic from these points . . ." Decision No. 44, slip op. at 136, 1 S.T.B. at 409.

UP's position, that BSNF trains in the Houston-Memphis-St.Louis corridor should not be able to enter or leave these trackage rights at intermediate points north of Bald Knob and Fair Oaks, AK, is just such an operational restriction that the Board should not permit. Prior to the merger of the UP and SP, BNSF could, for example, have interchanged traffic running

southbound on its Kansas City to Memphis line with either SP or UP at Hoxie or Jonesboro, AK, depending upon the carrier with which it desired to interchange the traffic to destination. Under the restriction advocated by UP, BNSF traffic would need to continue past those points to Memphis, TN, and then come back to the lines of the merged UP at Bald Knob or Fair Oaks (or Brinkley, AK), depending upon the destination. But such a restriction would be inconsistent with the intent of the trackage rights condition imposed by the Board in this corridor, to replace the competitive rail service provided pre-merger.

Moreover, as discussed above, the text of the Original Settlement Agreement made an explicit provision in Section 6(d), dealing with UP or SP lines between Memphis and Valley Junction IL, that BNSF would "have the right to connect, for movement in all directions, with its present lines (including existing trackage rights) at points where its present lines . . . intersect with Trackage Rights Lines." See page 27 and page 43 of Proposed Amended and Restated BNSF Settlement Agreement contained in July 25 Joint Submission. BNSF's own lines clearly intersect with the Trackage Rights Lines north of Bald Knob and Fair Oaks, and thus by the text of the Original Settlement Agreement itself, BNSF should have the right to connect to its own lines north of Bald Knob and Fair Oaks.

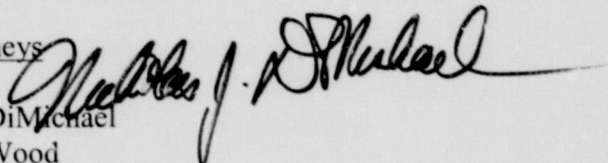
VI. CONCLUSION

The Board is respectfully requested to clarify and interpret the Original Settlement Agreement and its prior decisions to approve the text proposed by BNSF to the Amended and Restated BNSF Settlement Agreement contained in the July 25 Joint Submission to the Board, as discussed in these Reply Comments.

Respectfully submitted,

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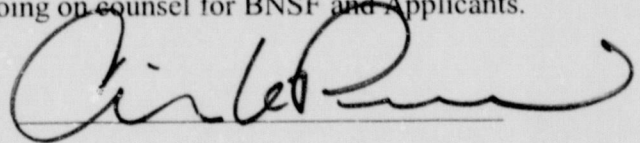
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Dated: August 17, 2001

Certificate of Service

I hereby certify that I have on this 17th day of August 2001 served a copy of the foregoing Reply Comments on all parties of record, in accordance with the Board's Rules of Practice, and have hand-served a copy of the foregoing on counsel for BNSF and Applicants.



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August 17, 2001

BY HAND DELIVERY

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

Re: Finance Docket No. 32760, Union Pacific Corporation,
et. al. -- Control and Merger -- Southern Pacific
Transportation Company et. al., and Finance Docket
No. 32760 (Sub No. 21) - Oversight — 203165

Dear Secretary Williams:

Enclosed for filing in the above-referenced case please
find an original and twenty-five (25) copies of the Comments and
Objections of Entergy Services, Inc. and Entergy Arkansas, Inc.
("Entergy") on the "Amended and Restated BNSF Settlement Agreement"
(ESI-33).

Please note that Entergy's Comments and Objections are
being filed under seal, as they contain confidential information
relating to settlement arrangements between Entergy and Union Pa-
cific. Accordingly, also enclosed herewith are twenty-five (25)
copies of Entergy's Comments and Objections in redacted form, suit-
able for public dissemination (ESI-34).

A diskette containing Entergy's filing (both confidential
and redacted) in WordPerfect format is enclosed.

Sincerely,

A handwritten signature in dark ink, appearing to read "Donald G. Avery".

Donald G. Avery
An Attorney for Entergy Ser-
vices, Inc. and Entergy Arkan-
sas, Inc.

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Office of the Secretary

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**BEFORE THE
SURFACE TRANSPORTATION BOARD**

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
RAILROAD COMPANY

Finance Docket No. 32760 — 203164

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
RAILROAD COMPANY

Finance Docket No. 32760 — 203165
(Sub-No. 21)

(OVERSIGHT)

ENTERED
Office of the Secretary

AUG 17 2001

Part of
Public Record

**COMMENTS AND OBJECTIONS OF
ENTERGY SERVICES, INC. AND ENTERGY ARKANSAS, INC.
REGARDING A SUBSTANTIVE CHANGE PROPOSED BY UP
TO THE UP/BNSF SETTLEMENT AGREEMENT**

ENTERGY SERVICES, INC. and ENTERGY ARKANSAS, INC.
(collectively, "Entergy"), by their undersigned attorneys,
respectfully submit these, their comments and objections regard-
ing a substantive change proposed by Union Pacific Railroad
Company, et al. ("UP") to the "BNSF Settlement Agreement" under

which the Burlington Northern and Santa Fe Railway Company ("BNSF") provides a competitive alternative to UP as required by the Board's decision approving the UP-SP merger.

SUMMARY

As explained more fully below, Entergy's particular objection is to a change proposed by UP in § 6(c) (to be renumbered § 6(d)) of the Agreement, which as presently drafted allows BNSF to move freely between its own lines and the UP trackage rights lines, even on the otherwise-restricted portions of those lines running north from Bald Knob and Fair Oaks, Arkansas to the St. Louis Gateway. UP's change would abrogate that unfettered entry/exit right on its lines north of Bald Knob and Fair Oaks, thereby increasing the cost -- and reducing the competitiveness -- of BNSF service to Entergy's coal-fired electric generating station at White Bluff, Arkansas.

UP's proposed change to § 6(c) can have no purpose other than to restrict BNSF's ability to compete on an even playing field for Entergy's, and perhaps other shippers', traffic. By increasing the distance BNSF's trains must travel to reach White Bluff, UP's proposed change could significantly lengthen BNSF's cycle times on Entergy's traffic, increasing both BNSF's cost of service and Entergy's cost of equipment in comparison to those experienced with the competing UP service to White Bluff. Indeed, UP's change would effectively prevent BNSF from replicating, insofar as possible, the competitive alternative that SP offered for Entergy prior to the merger. UP's change

would thus conflict with the Board's goal of making post-merger BNSF-UP competition under the BNSF Settlement Agreement as effective as UP-SP competition would have been, had the merger not taken place. Moreover, by needlessly interfering with efficient BNSF service to White Bluff, UP's change would also undermine the commitments it made directly to Entergy just last year, in the context of settling court litigation between them. For both of these reasons, the Board should unequivocally reject UP's proposed change to § 6(c).¹

BACKGROUND

1. BNSF Trackage Rights, Houston-St. Louis Gateway. The final pre-merger version of the BNSF Settlement Agreement, filed in Finance Docket No. 32760 on June 28, 1996 (UP/SP-266, Exhibit A), granted BNSF a broad array of trackage rights over substantial portions of both UP's and SP's rail systems, in order to mitigate the loss of competition that would otherwise result from the proposed merger. Among the lines included in that grant were

¹BNSF, in addition to opposing UP's change in Section 6(c), has also proposed its own change, the effect of which would be to eliminate completely the existing restrictions on its entry and exit from the UP trackage north of Bald Knob/Fair Oaks. Under BNSF's proposal, it would be free to enter and exit, not only at junctions with its own, existing lines (and trackage rights lines), but also at junctions with new lines and lines owned by third parties.

As a matter of principal Entergy supports the changes advocated by BNSF, as they would increase BNSF's ability to compete with UP and thereby improve competition for shippers generally. However, because such further expansion would not directly affect Entergy, Entergy's primary focus must remain on preserving BNSF's existing entry/exit rights.

UP's and SP's lines running between Houston, Texas and the St. Louis area, via Pine Bluff and Little Rock, Arkansas, and Memphis, Tennessee. BNSF also received trackage rights over various connecting segments in the same areas, including UP's line between Little Rock and Pine Bluff. BNSF Settlement Agreement, § 6(a).

The trackage rights BNSF received under the Settlement Agreement - including those between Houston and St. Louis - were for the most part overhead rights, except that (as augmented by subsequent STB decisions) BNSF was also given access to new facilities and to "2-1" shippers and short line railroads (including those that would have had an opportunity to obtain 2-carrier competition via a build-out).² However, § 6(c) of the Agreement imposed an additional restriction on the northern portion of the Houston-St. Louis route, providing that "[e]xcept as provided in Section 9 of this Agreement," BNSF would not be allowed to enter or exit the portion of these lines situated north of Memphis, but rather would have to traverse the entire distance between Memphis and the St. Louis Gateway.³

²Several points at which the parties agreed such 2-1 competition had been present were identified in Appendix A to the Settlement Agreement, and included Pine Bluff.

³UP refers to this as the "Bald Knob/Fair Oaks" limitation, apparently because those stations are at about the same latitude as Memphis on the UP lines actually used for most of the BNSF movements. One of the other changes UP now proposes is to substitute references to those stations for the present reference to Memphis.

Section 9(c), to which the § 6(c) entry/exit restriction was expressly made subject, provided that notwithstanding the overhead nature of most of the trackage rights BNSF was receiving, BNSF would always have the right to enter and exit UP's tracks where they intersected with BNSF's then-existing lines.⁴ The net effect, then, of the Memphis-St. Louis restriction on entry and exit was to preclude BNSF from connecting with the lines of other carriers between those points, including short lines, even if it subsequently acquired ownership of or operating rights over such carriers' lines.⁵

2. BNSF Service to White Bluff. As the Board is aware, Entergy owns and operates a coal-fired electric generating

⁴Section 9(c) reads in pertinent part as follows:

BNSF shall have the right to connect, for movement in all directions, with its present lines (including existing trackage rights) at points where its present lines (including existing trackage rights) intersect with lines it will purchase or be granted trackage rights over pursuant to this Agreement.

"First Supplemental Agreement" dated November 18, 1995 (amending the initial settlement agreement between UP and BNSF, dated September 25, 1995), at 7.

⁵Examples of such prohibited entry/exit points would be UP's connection with the Missouri & Northern Arkansas Railroad at Diaz, AR, and its connection with the Jackson & Southern Railroad at Delta, MO.

Initially, UP argued that the § 6(c) restriction also precluded BNSF from serving new shipper facilities on its lines north of Memphis, notwithstanding the broad access BNSF otherwise received to such facilities on other trackage rights lines, but the Board rejected that argument in its Decision No. 61, served November 20, 1996 (at sheet 11).

station known as the White Bluff Station, which is located on UP's Pine Bluff-Little Rock line, just north of Pine Bluff, Arkansas. UP controls the only rail line directly accessing White Bluff, and accordingly UP has always handled the delivery of coal to White Bluff. Since 1984 such deliveries have been covered by rail transportation contracts.

Because SP had also operated through nearby Pine Bluff prior to the UP/SP merger (and indeed had served the US Government's Pine Bluff Arsenal, which is located between White Bluff and Pine Bluff), thus giving Entergy a pre-merger build-out opportunity, the Board's decision approving the UP/SP merger not only awarded BNSF trackage rights to and through Pine Bluff as SP's replacement, but additionally allowed Entergy to obtain BNSF service by building out to the BNSF trackage rights lines. Union Pacific et al. - Control and Merger - Southern Pacific et al., Decision No. 44, 1 S.T.B. 233, at 429-30 and 469 (1996) ("UP/SP," Decision No. 44).

In the fall of 1997, UP's mushrooming service problems created significant disruptions in its delivery of coal to Entergy, and ultimately led Entergy to file suit against UP in federal court for breach of contract.⁶ While the court litiga

⁶The saga of Entergy's problems with UP and of the resultant litigation between them has been recounted in several filings in these proceedings and others, including, among others, these Finance Dockets (Petition of Entergy Services, Inc. and Entergy Arkansas, Inc. for Modification of Decision No. 44 or, in the Alternative, for Additional Condition, filed October 23, 1997), See also STB Ex Parte No. 573 and Service Order Nos. 1518 and 1518 (Sub-No. 1), Rail Service in the Western United States,

(continued...)

tion proceeded during the ensuing 2-3/4 years, Entergy also began its efforts to obtain access to BNSF as an alternative to UP for its coal delivery requirements at White Bluff. Such efforts, resisted vigorously by UP at every turn, included its successful prosecution of two actions before the Board: (1) a declaratory order proceeding to confirm Entergy's right to access BNSF by connecting to a former SP track near the Arsenal rather than building all the way into downtown Pine Bluff (UP/SP Decision No. 88, served March 21, 2000) and (2) a railroad construction proceeding authorizing that build-out (Finance Docket No. 33782, Entergy Arkansas and Entergy Rail - Construction and Operation Exemption - White Bluff to Pine Bluff, AR, Decision served May 4, 2000).

Last summer, Entergy and UP reached agreement on the settlement of Entergy's lawsuit. As part of that settlement, XX
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In reliance on UP's commitment, Entergy and BNSF have negotiated the terms of a rail transportation contract covering BNSF deliveries of Powder River Basin coal to White Bluff. However, BNSF has advised Entergy that UP's proposed modification of § 6(c) of the Settlement Agreement, if adopted by the Board,

⁶(...continued)
 Statement of Entergy Services, Inc. and Entergy Arkansas, Inc. (filed October 23, 1997), Second Supplemental Statement and Additional Request for Emergency Relief of Entergy Services, Inc. and Entergy Arkansas, Inc., filed May 18, 1998, and Petition for Service Order by Entergy Services, Inc. and Entergy Arkansas, Inc., filed July 28, 1998.

would seriously degrade the efficiency of BNSF's proposed service to White Bluff.

The problem created by UP is this: BNSF's most efficient routing for unit coal trains to White Bluff is to move loaded trains via its own lines to Jonesboro, Arkansas, thence southbound with the directional flow of UP traffic over the former SP line through Fair Oaks to Pine Bluff, then north over UP's Pine Bluff-Little Rock line to the White Bluff turnout. Empty trains would then move back onto the Pine Bluff-Little Rock line and continue north to Little Rock, where they would transfer to the northbound UP line from Houston to St. Louis and move -- again, with the flow of traffic -- through Bald Knob to Hoxie, Arkansas. At Hoxie they would exit back onto BNSF's own lines for the return movement to the PRB. UP, however, insists that BNSF may not enter or exit its lines at either Jonesboro or Hoxie, but rather must continue on its own lines all the way to Memphis before entering or leaving UP. This would force BNSF to operate over a significantly more circuitous and expensive routing.

As we shall see, UP's position has no basis in the current Settlement Agreement, and in fact runs directly counter to the express language of that Agreement. Its proposed change to § 6(c) is plainly designed to ratify, after the fact, the anticompetitive position it is taking, and thereby enhance its inherent advantage, as track owner and operator, in the nascent competition for Entergy's coal traffic.

ARGUMENTI. BNSF PLAINLY HAS THE RIGHT TO SERVE WHITE BLUFF VIA ITS CONNECTIONS AT JONESBORO AND HOXIE.A. The Unambiguous Language of the BNSF Settlement Agreement Authorizes BNSF to Enter and Exit the Trackage Rights Lines at Any and All Points Where They Intersect with BNSF's Own Lines, Including Hoxie and Jonesboro.

UP does not deny that BNSF has the right to use UP's tracks to deliver coal to Entergy's generating station at White Bluff once the requisite connection is completed. It does not deny that, in the Houston-St. Louis corridor, BNSF may use both the former SP line and the former UP line for such purposes, in order to avoid running against the directional flow of UP's traffic. It does not even deny that BNSF may use its "restricted" tracks north of Bald Knob and Fair Oaks for such purposes -- provided BNSF enters those tracks at one end or the other. Nevertheless, it insists that BNSF may NOT serve White Bluff via the connections at Jonesboro and Hoxie. Why? Because, UP blithely asserts, Jonesboro and Hoxie are north of Bald Knob and Fair Oaks, and under § 6(c) "BNSF ... may not move trains between its own lines and the UP trackage north of those two points [i.e., Bald Knob and Fair Oaks]. See UP/SP-266, Ex. A, §5d, p. 12 (amending §6c of the Agreement)." UP/SP-387, at 15.

In fact current § 6(c) has precisely the opposite effect -- it explicitly permits BNSF to enter and exit UP's lines north of Bald Knob and Fair Oaks, provided only that BNSF is entering from or exiting to its own existing lines (including

trackage rights lines). The very sentence in § 6(c) that imposes the intermediate entry/exit restriction makes this exception to the restriction clear by beginning "[e]xcept as provided in Section 9[...]"⁷ As previously noted, § 9(i) is the provision that authorizes BNSF entry and exit at all connections with its own lines.

UP offers no explanation for its apparent belief that the cross-reference to § 9(i) should be read out of § 6(c); it simply ignores the provision (though its proposed revision of the Agreement would delete it). In any event, because the language of the BNSF Settlement Agreement unambiguously grants BNSF the right to use the Jonesboro and Hoxie connections, there is no need for resort to extrinsic evidence of the parties' intent;⁸ the Board can and should forthwith confirm that right, and direct UP to allow BNSF's proposed routing of its White Bluff coal trains via those connections.

⁷The sentence in question, which appears at page 12 of Exhibit A to UP/SP-266, reads in full as follows:

Except as provided in Section 9 of this Agreement, BNSF shall not have the right to enter or exit at intermediate points between Memphis and Valley Junction, IL.

As noted *supra* at footnote 3, the reference to Memphis in § 6(c) has apparently been construed as meaning Bald Knob and Fair Oaks on the UP and SP lines, respectively.

⁸See, e.g., 3 Corbin on Contracts § 573 (1960); Restatement (2nd) of Contracts § 215 (1981).

B. UP Offers No Evidence that the Parties Intended § 6(c) to Preclude BNSF Entry or Exit at its Own Lines, Contrary to its Plain Language.

Even if existing § 6(c) of the BNSF Settlement Agreement were deemed ambiguous (which it is not), so that resort to extrinsic evidence of intent would be appropriate, the Board would still have to conclude that BNSF has the right to enter and exit the trackage rights lines at Jonesboro and Hoxie. This is so because UP offers no evidence whatsoever that the three parties to the negotiations leading to the Agreement -- UP, BNSF, and the Chemical Manufacturers' Association ("CMA") -- shared an intent that such entry and exit, the norm everywhere else on the trackage rights BNSF and UP were granting one another, would not be available on these particular track segments.⁹ This silence further undercuts UP's claim that the current Agreement precludes BNSF's use of the Hoxie and Jonesboro connections.

⁹UP's witness Rebensdorf states only that "[n]o one in the UP/SP proceeding ever suggested that BNSF needed a more direct route for traffic to and from any point other than St. Louis Gateway traffic," and that accordingly BNSF's use of the tracks north of Bald Knob and Fair Oaks was to be limited to traffic going all the way to St. Louis. (UP/SP-387, "Verified Statement of John H. Rebensdorf" ("Rebensdorf"), at 4.)

Mr. Rebensdorf's testimony is perhaps most significant for what he does not say. Mr. Rebensdorf does not say that the parties discussed BNSF's entry/exit rights vis-a-vis its own lines north of Bald Knob and Fair Oaks, and agreed that BNSF would not have such rights; indeed, he does not even say that UP itself focused on the matter and intended to prohibit such entry and exit.

II. UP'S PROPOSED ELIMINATION OF BNSF'S ENTRY/EXIT RIGHTS AT JONESBORO AND HOXIE WOULD UNDERMINE BNSF'S ABILITY TO COMPETE FOR ENTERGY'S COAL TRAFFIC AT WHITE BLUFF, CONTRARY TO BOARD DIRECTIVES THAT BNSF COMPETITION BE AN EFFECTIVE SUBSTITUTE FOR THE UP-SP COMPETITION THAT WAS LOST.

As noted earlier, UP's proposed amendment of § 6(c) is clearly intended to achieve what its untenable reading of the current provision cannot -- a complete ban on BNSF's entry or exit at intermediate points north of Bald Knob and Fair Oaks, even where the connection is with BNSF's own lines. However, this change is not simply anti-competitive, it runs directly against one of the Board's oft-stated goals in imposing the BNSF settlement as a condition on the UP/SP merger -- that BNSF-UP competition be as complete and effective as UP-SP competition could have been, had the merger not taken place. See e.g., UP/SP Decision No. 44, 1 S.T.B. at 384 and 419; UP/SP Decision No. 75, 2 S.T.B. 697, 699 (1997); UP/SP, Oversight Decision No. 10, 2 S.T.B. 703, 704-05 (1997).

Had SP and UP remained competitors, and had Entergy built out to SP to obtain direct SP service at White Bluff, SP could have offered such service in partnership with BNSF, from their connection at Jonesboro, and the resulting route would have been less circuitous than the route via Memphis that UP now seeks to impose on BNSF.

In order for BNSF to be able to compete with the same level of efficiency as a through BNSF-SP route could have but for the merger, BNSF must be allowed to replicate, insofar as possi-

ble, the same route and operational conditions. But for UP's post-merger imposition of directional flows, this would simply have required routing BNSF trains to White Bluff in both directions over the Jonesboro connection. Under directional flow conditions, however, BNSF must be allowed to substitute the paired northbound route and connection, *i.e.*, UP's line to the connection at Hoxie.¹⁰ By preventing BNSF from routing its trains returning from White Bluff in that manner, UP's proposed amendment of § 6(c) would give itself a cost advantage vis-a-vis BNSF that it would not have enjoyed against a BNSF-SP through movement. This, by itself, should be enough to warrant rejection of UP's change.

III. UP'S PROPOSED AMENDMENT OF § 6(c), BY INTERFERING WITH BNSF'S ABILITY TO SERVE WHITE BLUFF EFFICIENTLY, WOULD UNDERMINE UP'S COMMITMENTS TO ENTERGY.

Finally, as noted earlier, just last year UP promised Entergy XXX XXXXXXXXXXXXXXXXXXXXXXXXXXXX XXXXXXXXXXXXXXXXXXXX XXX X
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 XX XXXXXX XXX
 XXXX.

¹⁰It is worthy of note that the BNSF Settlement Agreement itself recognizes the need for BNSF to have access to both tracks in order to deal with directional flows efficiently. See Rebensdorf, *supra* footnote 9, at 2-3. UP's proposed change to prohibit BNSF's exit or entry at Hoxie and Jonesboro would prevent BNSF from using that recognized right on the White Bluff traffic.

At the time UP made those commitments to Entergy, BNSF had the right pursuant to § 9(c) of the BNSF Settlement Agreement to use the Jonesboro and Hoxie connections in providing such service. Entergy does not claim XXXXX XXXXXXXXXXX XXXXXXXX XXX XX XXXXXXXXXXX XXXXXXXX XXXXXXXX XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX XXXXX XX X XXX XXXXX XXXXX XXX XXXXX XXXXX XXX XXXXX.¹¹ However, it is hornbook law that a contracting party undertakes an implied obligation of good faith in carrying out its commitments, and violates that commitment when it takes deliberate action not contemplated by the contract to interfere with the other party's enjoyment of its bargained-for benefits. Restatement (2d) of Contracts § 205, Cmt. d (1981) (the obligation of good faith includes the avoidance of "interference with or failure to cooperate in the other party's performance"); Calamari and Perillo, Contracts § 11-38, at 510 (3rd ed. 1987). UP's efforts to reroute BNSF trains to White Bluff via an inefficient Memphis connection, if successful, would significantly reduce the benefits afforded Entergy by the BNSF service.¹²

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17To put the added circuitry that UP's proposed amendment of § 6(c) would cause in perspective, note that, according to the Rand McNally "Handy Railroad Atlas" (1988) map for Arkansas, BNSF's proposed routing would have its loaded trains travel a total of 157 miles over UP from Jonesboro to the White Bluff turnout, and 144 in the empty direction from the turnout to Hoxie, for a grand total of 301 miles. If forced to comply with UP's proposed restrictions, however, the distance from Jonesboro

(continued...)

The Board is, of course, not a court of law charged with enforcement of contracts or punishment of those who violate contracts. Nevertheless, the Board has committed itself during the oversight process to reviewing "vigilant[ly]" the implementation of the BNSF Settlement Agreement, and to taking all appropriate actions to remedy any dispute that "threatens to impede the ability of BNSF to provide competitive service" under the Agreement. UP/SP Oversight Decision No. 10, *supra*, 2 S.T.B. at 705, 711-12. Entergy respectfully submits that the Board should avoid becoming an unwitting partner in UP's undermining of its settlement with Entergy by sanctioning UP's proposed change to § 6(c). For this reason, as well as for the reasons discussed above, the Board should reject UP's attempt to eliminate BNSF's intermediate exit and entry rights at Jonesboro and Hoxie.

WHEREFORE, Entergy respectfully requests that the Board (1) confirm that BNSF has the right, under the present BNSF Settlement Agreement, to enter and exit UP trackage at Jonesboro and Hoxie, and (2) reject UP's proposal to delete the provisions of § 6(c) that give BNSF that right.

¹²(...continued)
to the turnout will swell to 214, while the distance from the turnout to Hoxie will increase to 253, for a grand total of 467 miles and an aggregate increase of 166 miles, or 55% of the BNSF-route mileage for this portion of the movement.

Respectfully submitted,

ENTERGY SERVICES, INC. and
ENTERGY ARKANSAS, INC.

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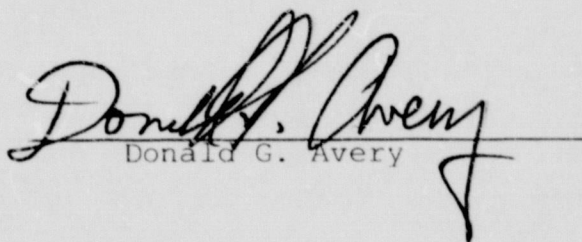
Dated: August 17, 2001

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Certificate of Service

I hereby certify that I have this 17th day of August, 2001, caused copies of the foregoing document to be served upon counsel for Union Pacific Railroad Company, and redacted copies to be served upon all other parties of record in Finance Docket No. 32760 (Sub-No. 21), by first class United States mail, in accordance with the Board's Rules of Practice.


Donald G. Avery

STB

FD-32760

8-17-01

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203160

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August 17, 2001

BY HAND DELIVERY

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
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— 203160

Re: Finance Docket No. 32760, Union Pacific
Corporation, et. al. -- Control and Merger --
Southern Pacific Transportation
Company et. al. and Finance Docket No. 32760 — 203161
(Sub No. 21) - Oversight

Dear Secretary Williams:

Enclosed for filing in the above-referenced case please find an original and twenty-five (25) copies of Comments of City Public Service Board of San Antonio, Texas On The Restated and Amended BNSF Settlement Agreement (CPSB-15).

Also enclosed is a diskette containing the filing in Word Perfect format. Please date stamp the extra copy of this filing and return it to our messenger.

Thank you for your attention to this matter.

Respectfully submitted,

John H. LeSeur
An Attorney for City Public
Service Board of San Antonio,
Texas

JHL:cef
Enclosures

ENTERED
Office of the Secretary

AUG 17 2001

Part of
Public Record

CPSB-15

BEFORE THE
SURFACE TRANSPORTATION BOARD

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

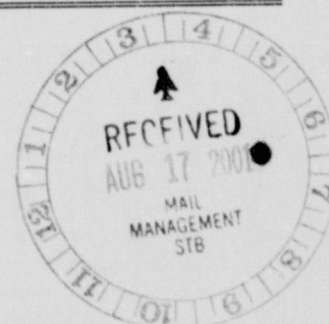
Finance Docket No. 32760 - 203160
and Finance Docket
No. 32760 (Sub-No. 21) -- 203161
Oversight

COMMENTS OF THE
CITY PUBLIC SERVICE BOARD
OF SAN ANTONIO, TEXAS ON THE
RESTATE AND AMENDED
BNSF SETTLEMENT AGREEMENT

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Office of the Secretary

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CITY PUBLIC SERVICE BOARD
OF SAN ANTONIO, TEXAS
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Dated: August 17, 2001

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Attorneys for City Public
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BEFORE THE
SURFACE TRANSPORTATION BOARD

UNION PACIFIC CORPORATION, UNION)	
PACIFIC RAILROAD COMPANY, AND)	
MISSOURI PACIFIC RAILROAD COMPANY)	
-- CONTROL AND MERGER -- SOUTHERN)	
PACIFIC RAIL CORPORATION, SOUTHERN)	Finance Docket No. 32760
PACIFIC TRANSPORTATION COMPANY,)	and Finance Docket
ST. LOUIS SOUTHWESTERN RAILWAY)	No. 32760 (Sub.No. 21) --
COMPANY, SPCSL CORP., AND THE)	Oversight
DENVER AND RIO GRANDE WESTERN)	
RAILROAD COMPANY)	
)	
)	

COMMENTS OF THE
CITY PUBLIC SERVICE BOARD
OF SAN ANTONIO ON THE
RESTATED AND AMENDED
BNSF SETTLEMENT AGREEMENT

City Public Service Board of San Antonio, Texas ("CPSB") presents the following Comments on the draft "Restated and Amended BNSF Settlement" ("BNSF Agreement" or "Agreement") submitted by Burlington Northern and Santa Fe Railway Company ("BNSF") and Union Pacific Railroad Company ("UP") to the Board on July 25, 2001.

In Decision No. 44, the Board imposed conditions relating to transportation service for City Public Service Board of San Antonio, Texas (the "CPSB Conditions"). See 1 S.T.B. 233, 469-71 (1996). The STB ordered CPSB, BNSF and UP to jointly negotiate and submit to the Board agreed-upon terms respecting implementation of the CPSB Conditions. Id. at 548.

UP and CPSB presented agreed-upon terms implementing the CPSB Conditions on August 23, 1996 (UP/SP-273/CPSB-9). BNSF concurred in these agreed upon terms with one exception relating to certain UP-imposed service restrictions on a line of track called "Track No. 2." See Decision No. 52, 1 S.T.B. 623, 627 (1996).

On September 10, 1996, the Board issued the following order concerning the CPSB Conditions:

2. BNSF is directed to accept the UP/SP-273 amendments agreed to by UP/SP and CPSB. Such acceptance will be without prejudice to BNSF's right to continue to object to the Track No. 2 facilities restriction.

3. UP/SP, CPSB, and BNSF may at any time vary, upon agreement of all three parties, the UP/SP-273 amendments agreed to by UP/SP and CPSB.

4. Except insofar as UP/SP, CPSB, and BNSF mutually agree otherwise, the CPSB conditions imposed in Decision No. 44 and reflected in the UP/SP-273 amendments agreed to by UP/SP and CPSB will become effective on September 11, 1996.

Id. at 629-30.

The Board subsequently resolved the outstanding Track 2 issue in its Decision No. 61, served on November 20, 1996. In this Decision the Board also requested UP, BNSF and CPSB to "make conforming agreements" to the BNSF Agreement. Decision No. 61 states in pertinent part:

In Decision No. 52, we directed BNSF to accept, pending our review of the UP/SP-275 petition, the Track No. 2 facilities restriction agreed to by UP/SP and CPSB. See Decision No. 52, slip op. at 5. The action we are taking today effectively nullifies this facilities restriction. We therefore anticipate that the relevant parties (UP/SP, BNSF, and CPSB) will make conforming amendments to the BNSF agreement....

Id. at sheet 11 n. 34.

Following the issuance of Decision No. 61, UP, BNSF and CPSB filed a "Joint Submission of the Parties Concerning the CPSB Condition." (UP/SP-321/CPSB-14/BNSF-83, Sept. 15, 1997). There, UP, BNSF and CPSB informed the Board that they had agreed on all terms implementing the San Antonio Conditions. The Joint Submission stated in pertinent part:

On July 1, 1997, UP submitted an amended and restated version of the BNSF Agreement. Although UP and BNSF are still attempting to resolve certain disagreements, UP, BNSF and CPSB have agreed on the amendments designed to conform that Agreement, insofar as it applies to the CPSB Condition, to Decision Nos. 52 and 61, which amendments are reflected in the July 1 filing.

Id. at sheet 3.

On July 25, 2001, BNSF and UP submitted a revised draft of the BNSF Agreement. That version of the Agreement does not conform to the prior agreement between CPSB, BNSF and UP. The

agreement between CPSB, BNSF and UP contained specific language amending the BNSF Agreement. Omitted from the July 25 version of this Agreement is (1) language concerning CPSB's use of its own trackage rights, (2) language making CPSB's Elmendorf, Texas facility a covered Exhibit A point, and (3) language including "SP's line in San Antonio between SP Tower 105 and SP Junction (Tower 112)" as a covered trackage rights line.¹

On August 14, 2001 counsel for CPSB wrote to counsel for UP and BNSF concerning the failure of the July 25, 2001 BNSF Agreement draft to conform to the agreed upon terms implementing the CPSB Conditions. Following receipt of this letter counsel for BNSF and UP promptly contacted each other. Counsel for BNSF and UP then reported to counsel for CPSB that BNSF and UP had inadvertently failed to correctly memorialize the CPSB Conditions in the July 25, 2001 Agreement draft. Counsel for BNSF and UP have also advised counsel for CPSB that UP and BNSF will correct this drafting oversight.

CPSB reserves the right to seek proper memorialization and enforcement of the CPSB Conditions should it become necessary to do so.

¹BNSF and UP have no authority to amend or revise the language BNSF, UP and CPSB have agreed upon to implement the CPSB Conditions without CPSB's prior consent. See, e.g., Decision No. 52, 1 S.T.B. at 630.

Respectfully submitted,

CITY PUBLIC SERVICE BOARD
OF SAN ANTONIO
P.O. Box 1771
San Antonio, Texas 78296

OF COUNSEL:

Slover & Loftus
1224 Seventeenth Street, N.W.
Washington, D.C. 20036

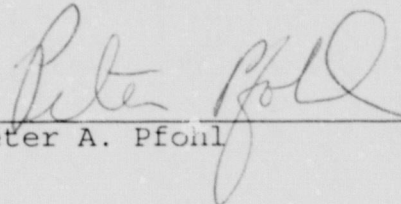
Dated: August 17, 2001

By: William L. Slover
John H. LeSeur *John Colea*
Peter A. Pfohl
Slover & Loftus
1224 Seventeenth Street, N.W.
Washington, D.C. 20036

Attorneys for City Public
Service Board of San Antonio

CERTIFICATE OF SERVICE

I hereby certify that on this 17th day of August, 2001 copies of the Comments of City Public Service Board of San Antonio, Texas on the Restated and Amended BNSF Settlement Agreement were served on counsel for Applicants and counsel for BNSF via hand delivery and on all other parties of record by postage prepaid first class mail.



Peter A. Pfohl

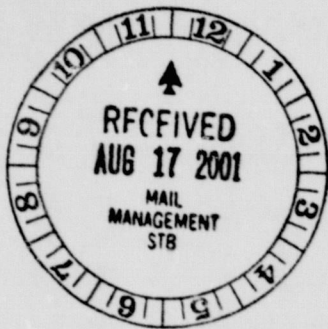
STB

FD-32760

8-17-01

D

203157



BEFORE THE
SURFACE TRANSPORTATION BOARD

ACC-1

Finance Docket No. 32760 — 203157

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 (Sub-No. 21) — 203158

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

(OVERSIGHT)

ENTERED
Office of the Secretary

AUG 17 2001

Part of
Public Record

AMERICAN CHEMISTRY COUNCIL'S COMMENTS
REGARDING UNRESOLVED ISSUES RELATING TO
THE RESTATED AND AMENDED BNSF SETTLEMENT AGREEMENT

Thomas E. Schick, Esq.
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Counsel for American Chemistry Council

August 17, 2001

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

Finance Docket No. 32760 (Sub-No. 21)

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
(OVERSIGHT)

AMERICAN CHEMISTRY COUNCIL'S COMMENTS
REGARDING UNRESOLVED ISSUES RELATING TO
THE RESTATED AND AMENDED BNSF SETTLEMENT AGREEMENT

The American Chemistry Council¹ ("the Council") respectfully comments on the four
issues left unresolved in the negotiations between the UP and BNSF regarding the restated and

¹ The American Chemistry Council represents the leading companies engaged in the
business of chemistry. Council members apply the science of chemistry to make innovative
products and services that make people's lives better, healthier and safer. The Council is
committed to improved environmental, health and safety performance through Responsible
Care®, common sense advocacy designed to address major public policy issues, and health and
environmental research and product testing. The business of chemistry is a \$460 billion a year

amended BNSF settlement agreement. The four issues are: (1) the definition of "two-to-one" points, (2) the definitions of "existing transload facilities" and "new transload facilities," (3) the scope of BNSF trackage rights,² and (4) BNSF's proposal to require UP to sell unused team tracks to BNSF. In addition, the Council comments on whether an audit should be performed to ensure that the trackage rights fees BNSF is paying to UP are in accordance with the agreement. Finally, the Council suggests that the Board clarify that it will continue to entertain petitions to interpret or enforce the restated BNSF agreement and the other conditions imposed in the UP/SP merger to preserve competition.

A. Definition of Two-to-One Points

BNSF proposes language defining two-to-one points to be:

All geographic locations (as defined by 6-digit Standard Point Location Codes ("SPLCs")) served in any manner by both UP and SP before the merger, regardless of how long before the merger shippers may have availed themselves of that service, and regardless of whether any shipper at such location was open to or served by both UP and SP pre-merger.

BNSF-93 at 3. BNSF argues that this definition is necessary to capture, and permit BNSF to replicate, all of the actual and potential competition between UP and SP prior to the merger. For example, BNSF points out that UP and SP in some instances competed through existing transload facilities on either UP or SP that gave shippers physically located on one of the two lines a choice to use the second carrier.

enterprise and a key element of the nation's economy. It is the nation's largest exporter, accounting for 10 cents out of every dollar in US exports. Chemistry companies invest more in research and development than any other business sector. The Council was, prior to June 12, 2000, known as the Chemical Manufacturers Association ("CMA").

² The Council comments on the trackage rights between Memphis and Valley Junction, Illinois and between Bald Knob and Fair Oaks, Arkansas, but takes no position on the issue of trackage rights between Elvas and Stockton in California.

UP opposes the proposed definition because it claims that the Board rejected the use of SPLCs to define two-to-one points. The UP argues that the Board, rather than define two-to-one points, decided to impose as conditions the various provisions of the BNSF settlement agreement, as supplemented by the CMA agreement and further expanded by the Board.

The Council respectfully disagrees with the UP's position. Although the Board declined to define two-to-one points in its decision, the question remains how two-to-one points should be defined for purposes of the BNSF and CMA agreements, which are now, together with subsequent revisions and clarifications, being recodified into a single amended and restated BNSF settlement agreement. The Council submits that BNSF's proposed definition is in accordance with the overall logic of the settlement agreements to preserve all forms of competition at two-to-one points, and with the specific intention expressed by UP during the Board's review of the merger. As BNSF sets out in detail (BNSF-93 at 6-8), UP witnesses Peterson and Rebensdorf made it clear that UP was going to define two-to-one points very broadly, in a manner that would not stop with the 6-digit SPLCs at which one or more shippers was open to both UP and SP. As BNSF points out (BNSF-93 at 5, n.4), the inclusion of Reno, Nevada as a two-to-one point on Exhibit A to the BNSF settlement agreement evidences UP's contractual intent, because no shipper at Reno was actually served by or open to both UP and SP before the merger.

In sum, the Council supports BNSF's position on the definition of 2-to-1 points.

B. Definitions of "Existing Transload Facilities" and "New Transload Facilities"

The issue of BNSF access to transload facilities is one on which the Board has played an active role. The Board expanded the original CMA agreement by permitting BNSF to serve new

transload facilities (including BNSF-owned transload facilities) on UP and former SP lines over which BNSF received trackage rights. Decision No. 44 (served August 12, 1996), slip op. at 145-46. Subsequently, in Decision No. 86 relating to the new facility constructed by Four Star Sugar Co., the Board clarified that the new facilities open to BNSF included facilities located on a spur, industrial track or yard served by a line over which BNSF obtained trackage rights in the merger. Decision No. 86 (decided July 9, 1999), slip op. at 4.

1. Existing Transload Facilities

BNSF proposes that existing transload facilities be defined as set out in BNSF's and UP's Joint Submission, UP/SP-386, BNSF-92, at 5-6. UP takes the position that no definition of existing transload facilities is necessary.

BNSF's definition would make clear that the existing transload facilities to which BNSF has access at 2-to-1 points would include private transload facilities maintained for the exclusive benefit of a single company. BNSF argues that such facilities created actual or potential competition pre-merger, and that those competitive benefits should be preserved post-merger. BNSF-93 at 10. UP responds that defining existing transload facilities is unnecessary because "the parties have identified all such facilities." UP/SP-387 at 21.

The Council agrees with BNSF that including private transload facilities in the definition of existing transload facilities is consistent with the original intention of the parties and the Board to preserve all forms of competition between UP and SP that existed pre-merger. Furthermore, contrary to UP's position, UP and BNSF have not identified and jointly agreed on all such points. BNSF specifically points to the RDS facility at Tracy, California as a transload facility on which UP and BNSF have not agreed. See BNSF-93 at 8, fn. 7 and 9, fn. 8. There may be other cases in which existing transload facilities are hereafter discovered by BNSF.

Therefore, it would be helpful to clarify the definition of existing transload facilities to govern current and future disputes on this issue.

In sum, the Council believes that "existing transload facilities" should be defined as suggested by BNSF or, alternatively, that the Board should clarify that existing transload facilities include both public and private facilities.

2. New Transload Facilities

UP and BNSF propose alternative definitions of "new transload facilities" to be included in the amended and restated agreement. See UP/SP-386, BNSF-92 at 6-7. The BNSF definition would include both public transload facilities and transload facilities dedicated to the use of a single shipper/receiver. The UP definition would effectively exclude private transload facilities from the definition, because it would exclude facilities handling products in which the owner of the transload facility has an ownership interest. Both definitions would adopt the key elements of Decision No. 75 in which the Board noted that an eligible new transload facility would be ones that entailed at least some new construction, as well as operating costs above and beyond the costs that would be incurred in providing direct rail service.

For the reasons previously stated, the Council believes that the BNSF definition, which would include private transload facilities as well as public, better reflects the intention of the parties and the Board to replicate all actual and potential competition that existed between UP and SP pre-merger. Contrary to UP's position, the Board has not ruled that private transload facilities are outside of the definition of new facilities to which BNSF has access on its trackage rights line. Rather, the Board ruled in Decision No. 61 (slip op. at 7) that the new facilities condition should be read literally to include transload facilities. There is no reason at this late date to engraft upon the new facilities condition an exclusion of private transload facilities.

C. Scope of BNSF Trackage Rights

UP and BNSF disagree on whether BNSF's rights to use the UP/SP lines between Memphis and Valley Junction, IL (St. Louis) and between Bald Knob and Fair Oaks, AR should be limited to overhead trackage rights. UP argues that the original intent of the CMA Agreement was solely to enhance BNSF's trackage rights in the corridor between Texas and Louisiana on the south and Memphis and St. Louis on the north. For that reason, UP argues, the trackage rights on those segments were intended to be overhead rights only. BNSF argues that the Board has already rejected the position that these trackage rights are limited to overhead traffic.

The Council agrees with BNSF. In Decision No. 61 (at 11) the Board clarified that the new facilities condition would apply to these trackage rights lines. In other words, the Board clarified that BNSF had access to traffic originating and terminating on these lines, and was not limited to using the lines for the movement of overhead traffic originating and terminating in Texas and Louisiana.

The Board's rationale was that the competitive conditions imposed in the UP/SP merger were designed both to permit BNSF to rectify the loss of competition on particular lines, and also to enable BNSF to achieve sufficient densities of traffic on its trackage rights lines to be competitive. Decision No. 61 at 11. For the same reason, the Council supports BNSF's position that it should have the flexibility to use the lines between Memphis and Valley Junction, IL and between Bald Knob and Fair Oaks, AR for traffic originating and terminating at points other than in Texas and Louisiana.

D. BNSF Proposal to Require UP to Sell Unused Team Tracks

BNSF acknowledges that nothing in the original BNSF settlement agreement addressed the issue of replicating pre-merger competition between UP and SP that may have occurred by shippers' use of team tracks. Nonetheless, BNSF argues that such competition existed, and that its proposal to require UP to offer to sell unused team tracks to BNSF would preserve at least some of that competition. BNSF argues that it is difficult to replicate such competition through building its own team tracks because of the difficulty of obtaining UP approval for the construction and operation of such tracks.

UP takes the position that the team track proposal (1) would amount to creating a new contractual provision rather than restating existing provisions, (2) would constitute an intrusion into UP's right to own and operate its system, (3) would be difficult to implement because many tracks are used temporarily as team tracks and (4) is contrary to the provision of the BNSF settlement agreement that requires BNSF to construct its own rail-owned facilities unless UP consented to provide them. In addition, UP argues that BNSF is free to construct its own team tracks along UP/SP lines:

BNSF does not need UP's former team tracks in order to compete. Team tracks are inexpensive to construct. They require only a switch, a small area of land, and a short segment of track.

UP/SP-387 at 9.

The Council shares UP's view that BNSF's team track proposal would venture into an area not specifically addressed by the BNSF or CMA settlement agreements. In addition, for the reasons stated by UP, it would be difficult and intrusive to implement. Significantly, however, UP acknowledges in the passage quoted above that BNSF has the ability to construct team tracks along UP/SP lines. The Council believes that, due to BNSF's expressed concern about delays in

obtaining UP approvals in connection with team track construction, the Board should clarify that UP must work cooperatively with BNSF to enable BNSF to construct team tracks and ancillary facilities, including loading facilities and necessary connections with UP/SP tracks.

E. Audit of Trackage Rights Fees

BNSF has raised the issue of whether UP has correctly adjusted the trackage rights fee charged to BNSF for the use of UP's tracks. See BNSF-PR-20. Accurate calculation of this fee is important to ensuring that BNSF can compete on an equal footing with UP over the trackage rights lines.

In the event that BNSF and UP are unable to resolve their current dispute over the adjustment of the trackage rights fee, the Council will consider invoking its rights under the CMA agreement to request an audit of the adjustment calculations. The Council respectfully requests that the Board reaffirm the continuation of the Council's audit right under the Restated and Amended BNSF Settlement Agreement.

F. Continuation of Jurisdiction to Resolve Disputes and Enforce Competitive Conditions

The Council concurs with BNSF's request (BNSF-PR-20 at 120) that the Board continue its oversight proceeding until pending issues are resolved.


In addition, because issues of interpretation will undoubtedly arise in the future with respect to the restated BNSF settlement agreement and the other conditions imposed by the Board to preserve competition, the Board should clarify that, even after the formal oversight period ends, it will continue to entertain petitions to resolve disputes that the interested parties have been unable to resolve to interpret or enforce the merger conditions.

Conclusion

For the reasons stated above, the Board should (1) adopt BNSF's proposed definitions of 2-to-1 points, (2) adopt BNSF's proposed definitions of existing and new transload facilities, (3) clarify that BNSF's use of the trackage rights lines between Memphis, TN and Valley Junction, IL and between Bald Knob and Fair Oaks, AR is not restricted to overhead traffic originating or terminating in Louisiana or Texas, (4) clarify that UP must cooperate with BNSF in instances in which BNSF notifies UP of its desire to construct team tracks along a UP or former SP line, (5) clarify that the right of the Council to audit the adjustment calculations of the trackage rights fee charged by UP to BNSF will continue under the restated BNSF settlement agreement and (6) clarify that the Board will continue to entertain petitions to interpret or enforce the restated BNSF agreement or the other conditions imposed in the UP/SP merger to preserve competition.

Respectfully submitted

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Commonwealth Tower
1300 Wilson Boulevard
Arlington, VA 22209
(703) 741-5172



John L. Oberdorfer, Esq.
Scott N. Stone, Esq.
Patton Boggs LLP
2550 M Street, NW
Washington, DC 20037
(202) 457-6335

Counsel for American Chemistry Council

August 17, 2001

CERTIFICATE OF SERVICE

This is to certify that I have, this 17th day of August, 2001, caused copies of the foregoing comments to be served by hand upon counsel for UP and BNSF and upon all other parties of record by first class mail.

A handwritten signature in black ink, consisting of two large, stylized loops followed by a horizontal line and a small flourish.

Scott N. Stone

STB

FD-32760

(SUB 21)

8-17-01

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203156



U.S. Department of
Transportation
Office of the Secretary
of Transportation

GENERAL COUNSEL

400 Seventh St., S.W.
Washington, D.C. 20590

August 17, 2001



Vernon A. Williams, Secretary
Surface Transportation Board
Suite 700
1925 K Street, N.W.
Washington, D.C. 20423-0001

Re: Fin. Dkt. No. 32760 (Sub-No. 21)

Dear Secretary Williams:

Enclosed herewith are the original and twenty-five copies of the Initial Comments of the United States Department of Transportation in the above-referenced proceeding. Also enclosed is a 3-1/2 inch disk containing a version of this document saved in WordPerfect. We also have included an additional copy of the Department's comments for date stamping.

Sincerely,

Dale C. Andrews
Deputy Assistant General Counsel
for Litigation

Enclosures

cc: Parties of Record

ENTERED
Office of the Secretary

AUG 17 2001

Part of
Public Record

AUG 17 2001

Part of
Public Record

DOT-6

**BEFORE THE
SURFACE TRANSPORTATION BOARD
WASHINGTON, D.C.**



Union Pacific Corp., Union Pacific Railroad Co.)
and Missouri Pacific Railroad Co.)
- - Control and Merger - - Southern Pacific)
Railroad Corp., Southern Pacific Transportation)
Co., St. Louis Southwestern Railway Co.,)
PCSL Corp., and the Denver & Rio Grande)
Western Railroad Company (OVERSIGHT))

F.D. No. 32760 (Sub-No. 21)

**INITIAL COMMENTS OF THE
UNITED STATES DEPARTMENT OF TRANSPORTATION**

Introduction

The Surface Transportation Board ("STB" or "Board") instituted this proceeding to implement the oversight condition it imposed in Finance Docket No. 32760, the merger of the Union Pacific ("UP") and the Southern Pacific ("SP") railroads (collectively, "UP/SP"). Decision No. 1, served May 7, 1997 ("Decision"). In this proceeding the Board annually has sought input on the effects of the merger, on the effectiveness of the conditions used to address the transaction's competitive harms, and on other matters. *Id.* at 2. The most important of these conditions was the award of trackage rights to the Burlington Northern and Santa Fe Railway Co. ("BNSF") to enable it to replace the competition previously provided by SP.

The United States Department of Transportation ("DOT" or "Department") has participated in each year of this proceeding. DOT-1 (filed August 1, 1997); DOT-2 (filed August 20, 1997); DOT-3 (filed September 1, 1998); DOT-4 (filed August 16, 1999); DOT-5 (filed September 5, 2000). Following our traditional approach at this stage of the annual oversight proceeding, where the only content of the record thus far has been

produced by UP/SP and BNSF, DOT will for now remain neutral. After we have reviewed the submissions of other parties, DOT will offer its views on the merits. The Department also notes that, whatever the fully developed record eventually shows, there is at least one question that the Board has not previously had to face in this proceeding: Whether and to what extent it should continue to monitor rail developments in the western United States at the conclusion of the oversight period originally established.

Background

Approximately one year after the UP/SP merger, in its first oversight decision the STB preliminarily concluded that the merger, as conditioned, had not caused substantial competitive harm. Decision No. 10 (served October 24, 1997) at 2. The Board also expressed concern over post-merger safety and service problems. *Id.* at 13-14.¹ In the second year following the merger UP/SP was still suffering from what had become an unprecedented service crisis. After reviewing the record the Board concluded that “notwithstanding . . . the effects of the UP service crisis, the UP/SP merger has not thus far caused any substantial competitive harm.” Decision No. 13 (served December 21, 1998) at 8 (emphasis in original). The competition provided by BNSF appeared to the STB to be “at least as effective as the pre-merger UP vs. SP competition.” *Id.* at 11. The Board also found that “the UP service situation, although still not perfect, has improved considerably and all indications are that it will continue to improve.” *Id.* Finally, the Board noted that DOT had found no safety problems requiring action in the context of the general oversight proceeding. *Id.* In the third year of its oversight of this transaction, the Board determined that “the service crisis is over and . . . there have been no competitive problems resulting from the merger.” Decision No. 15 (served November 30, 1999) at 1. Finally, last year the STB reaffirmed these conclusions. Decision No. 16 (served December 15, 2000) at 6.

¹/ Indeed, the Board instituted separate proceedings to address UP/SP's then-growing service crisis. E.g., Rail Service in the Western United States, STB Ex Parte No. 573 (served October 2, 1997); Joint Petition for Service Order, STB Service Order No. 1518 (served October 31, 1997).

The Record

As noted, the record to date in this year's proceeding contains only documents filed by UP/SP and BNSF. These include their respective annual progress reports (UP/SP-384; BNSF-PR-20), a joint submission by both carriers on the "restated and amended" settlement agreement between them that they have submitted for approval (UP/SP-386/BNSF-92), and their respective comments on issues related to that agreement (UP/SP-385; BNSF-93). UP/SP has also filed an opposition to any substantive changes to the settlement agreement. UP/SP-387. These documents alone reflect sometimes significant disagreements between the two railroads. The potential for contrary information or argument from shippers, communities, or others suggests that this year will also produce a range of issues for the Board to consider.

We have previously reported that on the safety front the merged UP/SP had shown marked improvement after a difficult beginning, to the point that the carrier was no longer "a singular safety concern." DOT-4 at 7. FRA has worked closely with both labor and management at UP/SP to provide safety oversight of the closing phases of merger implementation. The Department commends UP/SP as it continues to improve its safety record with regard to reportable safety injuries and its reduction of collisions between vehicles and trains at grade crossings. (UP/SP-234 at 33.) Equally commendable is the fact that UP/SP only had one train accident-related fatality in 2000, and none thus far in 2001. However, even with these successes, FRA notes that a review of FRA safety statistics for UP/SP indicates that overall train accidents are up 11 percent on an annualized basis from July 2000 through May 2001 when compared with the previous year. Moreover, a causation breakdown indicates that human factor causes are up 18 percent, equipment causes are up 15 percent, and track causes are up 19 percent.² Of particular concern are UP's track related derailments caused by broken rail and wide gauge/tie conditions and equipment derailments related to locomotive axle failures. FRA will continue to monitor and work with UP/SP through our Safety Assurance and Compliance Program (SACP) coupled with FRA's vigilant safety enforcement by its

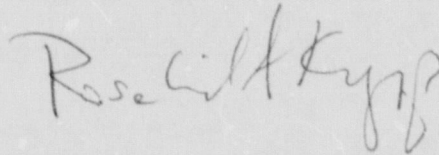
²/ The figures set forth above are derived from FRA safety data, which is available on line at <http://safetydata.fra.dot.gov/officeofsafety/Query/Default.asp>.

regional inspection forces in order to address these and any other safety issues. We will also continue to keep the Board informed of any safety concerns associated with the merger.

Conclusion

The Board in this year's proceeding already faces disagreement between the two major rail systems in the West, including whether some form of oversight should continue. Submissions by other interested parties should enrich the record further. The Department will review subsequent filings and will offer our substantive views in reply comments.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Rosalind A. Knapp". The signature is written in a cursive, flowing style with some loops and flourishes.

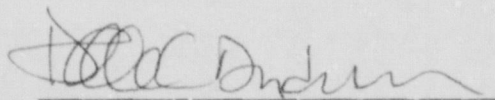
Rosalind A. Knapp

ACTING GENERAL COUNSEL

August 17, 2001

CERTIFICATE OF SERVICE

I hereby certify that on this date I caused a copy of the Initial Comments of the United States Department of Transportation in STB Finance Docket No. 32760 (Sub-No. 21) to be served upon all parties of record by first class mail, postage prepaid.

A handwritten signature in dark ink, appearing to read "Dale C. Andrews", is written over a horizontal line.

Dale C. Andrews

August 17, 2001

STB

FD

32760

10-3-97

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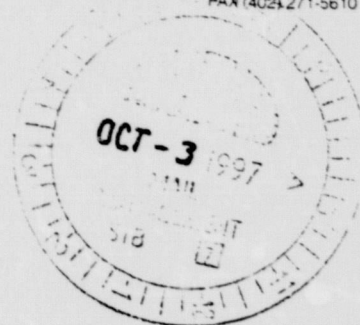
182332

UNION PACIFIC RAILROAD COMPANY



October 2, 1997

1416 DODGE STREET
ROOM 830
OMAHA, NEBRASKA 68179-0001
FAX (402) 271-5610



Mr. Vernon A. Williams, Secretary
Surface Transportation Board
1925 K Street NW, Suite 700
Washington, DC 20423

Re: Finance Docket 32760, UP - Control and Merger - SP

Dear Mr. Williams:

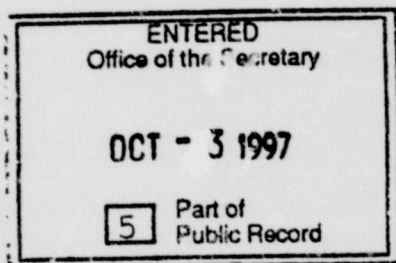
Pursuant to Decision No. 44, UP/SP submits station passing reports for the month of September, 1997 for the cities of Reno, Nevada and Wichita, Kansas. The reports indicate that UP/SP is in compliance with Condition 22.a and Condition 23.a of Exhibit G to Decision No. 44.

	<u>Reno</u>	<u>Wichita</u>
Cap	14.7	6.4
Average Through Freight Trains	9.9	3.53

The attached original and 20 copies of the verified reports include the details for both included and excluded trains for each day during September.

Very truly yours,

Louise A. Rinn
General Attorney
(402) 271-4227



LAR:msw
Attachments

C: (With attachments)

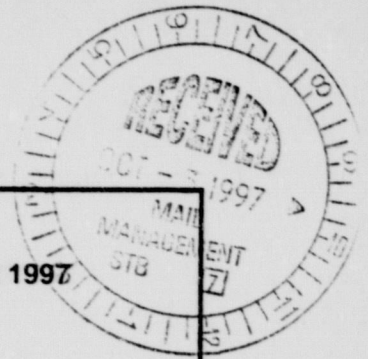
PERSONAL (2 copies)
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Covington & Burling
1201 Pennsylvania Avenue, NW
Washington, DC 20044

(With Wichita Report)
Bill Stockwell
Metropolitan Planning Department
City Hall
455 North Main Street
Wichita, KS 67202



RECAP OF PASSING REPORTS FOR MONTH OF SEPTEMBER 1997
RENO, NEVADA

DATE	FREIGHT
1-Sep	8
2-Sep	9
3-Sep	10
4-Sep	9
5-Sep	11
6-Sep	6
7-Sep	10
8-Sep	8
9-Sep	9
10-Sep	8
11-Sep	12
12-Sep	13
13-Sep	9
14-Sep	10
15-Sep	12
16-Sep	12
17-Sep	11
18-Sep	9
19-Sep	9
20-Sep	10
21-Sep	10
22-Sep	10
23-Sep	10
24-Sep	11
25-Sep	11
26-Sep	9
27-Sep	10
28-Sep	9
29-Sep	10
30-Sep	12

FREIGHT TRAIN MONTH TO DATE AVERAGE

9.9

STATION PASSING REPORT FOR September 1, 1997
Train and Engine Movements through central Reno, Nevada
Twenty-four hour period

	Reno Time (Est)	Train / Engine ID	Direction	Type*
1	340 AM	1MRVRO-30	E	F
2	830 AM	2MSTNPB-K31	E	F
3	455 PM	1MRVRO-31	E	F
4	1045 PM	1MEUNP-K31	E	F
5	510 AM	1MROSTB-K29	W	F
6	645 AM	1AKSOA-29	W	F
7	245 PM	1ZG1OA-30	W	F
8	910 PM	1CSKNC-31	W	F
9	614 PM	PASSENGER	E	P
10	1007 AM	PASSENGER	W	P
11	349 AM - 429 AM	HELPER ENGINE	N/A	LE
12				
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23				
24				
25				

*Type: F (Freight) P (Passenger) W (Work) D (Detour) LE (Light Engine)
SW (Local and Industry Switch Movements)
EM (Snow, Wreck, Fire and other emergency movements)

AUTHENTICATION:

I certify under penalty of perjury that the foregoing record is true and correct and compiled from records maintained by SPT Company in the usual and ordinary course of business.



Assistant General Manager
Transportation Service Center

9/2/97
Date

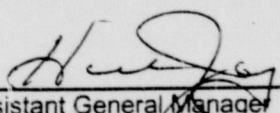
STATION PASSING REPORT FOR September 2, 1997
Train and Engine Movements through central Reno, Nevada
Twenty-four hour period

	Reno Time (Est)	Train / Engine ID	Direction	Type*
1	930 AM	1AOAKS-01	E	F
2	1120 AM	2MSTNPB-K31	E	F
3	205 PM	1MEUNP-01	E	F
4	725 PM	1MSTNPB-01	E	F
5	1255 AM	1ZG1OA-31	W	F
6	120 AM	1AHNOA-30	W	F
7	1135 AM	1MNPSTB-28	W	F
8	200 PM	1AKSOA-30	W	F
9	930 PM	1MNPSTB-30	W	F
10	615 PM	PASSENGER	E	P
11	1007 AM	PASSENGER	W	P
12	520 AM - 558 AM	HELPER ENGINE	N/A	LE
13				
14				
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23				
24				
25				

*Type: F (Freight) P (Passenger) W (Work) D (Detour) LE (Light Engine)
SW (Local and Industry Switch Movements)
EM (Snow, Wreck, Fire and other emergency movements)

AUTHENTICATION:

I certify under penalty of perjury that the foregoing record is true and correct and compiled from records maintained by SPT Company in the usual and ordinary course of business.



Assistant General Manager
Transportation Service Center

9/3/97

Date

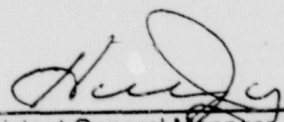
STATION PASSING REPORT FOR September 3, 1997
Train and Engine Movements through central Reno, Nevada
Twenty-four hour period

	Reno Time (Est)	Train / Engine ID	Direction	Type*
1	720 AM	1MRVRO-K01	E	F
2	1040 AM	1AOAKS-02	E	F
3	1105 AM	1ZOACH-03	E	F
4	340 PM	1MSTNPB-02	E	F
5	850 PM	1GPYUP-02	E	F
6	100 AM	1UPBKG-02	W	F
7	610 AM	1AKSOA-31	W	F
8	1210 PM	1MROSTB-01	W	F
9	905 PM	1ZG1OA1-01	W	F
10	925 PM	1UPBKG-02	W	F
11	617 PM	PASSENGER	E	P
12	1041 AM	PASSENGER	W	P
13	502 AM - 535 AM	HELPER ENGINE	N/A	LE
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				

*Type: F (Freight) P (Passenger) W (Work) D (Detour) LE (Light Engine)
SW (Local and Industry Switch Movements)
EM (Snow, Wreck, Fire and other emergency movements)

AUTHENTICATION:

I certify under penalty of perjury that the foregoing record is true and correct
and compiled from records maintained by SPT Company in the usual and
ordinary course of business.



Assistant General Manager
Transportation Service Center

9/4/97

Date

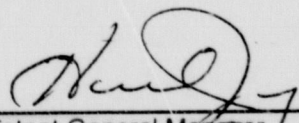
STATION PASSING REPORT FOR September 4, 1997
Train and Engine Movements through central Reno, Nevada
Twenty-four hour period

	Reno Time (Est)	Train / Engine ID	Direction	Type*
1	825 AM	1MRVRO-02	E	F
2	855 AM	1AOAKS-03	E	F
3	1140 AM	1ZOACH-04	E	F
4	515 PM	1CRIGV-02	E	F
5	815 PM	1GBKOG-03	E	F
6	340 AM	1AKSOA-01	W	F
7	450 AM	1MROSTB-02	W	F
8	255 PM	1ZG1OA2-02	W	F
9	1110 PM	1MNPSTB-31	W	F
10	609 PM	PASSENGER	E	P
11	1032 AM	PASSENGER	W	P
12	300 AM	YARD ENGINE	W	SW
13	430 AM	YARD ENGINE	E	SW
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				

*Type: F (Freight) P (Passenger) W (Work) D (Detour) LE (Light Engine)
SW (Local and Industry Switch Movements)
EM (Snow, Wreck, Fire and other emergency movements)

AUTHENTICATION:

I certify under penalty of perjury that the foregoing record is true and correct and compiled from records maintained by SPT Company in the usual and ordinary course of business.



Assistant General Manager
Transportation Service Center

9/5/97

Date

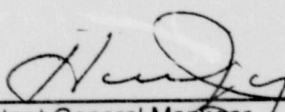
STATION PASSING REPORT FOR September 5, 1997
Train and Engine Movements through central Reno, Nevada
Twenty-four hour period

	Reno Time (Est)	Train / Engine ID	Direction	Type*
1	145 AM	1MEUNP-K03	E	F
2	730 AM	1ACAKS-04	E	F
3	1100 AM	1ZOACH-05	E	F
4	500 PM	1MEUNP-04	E	F
5	920 PM	1MSTNPB-04	E	F
6	1050 PM	1MRVRO-04	E	F
7	910 AM	1ZG1OA3-03	W	F
8	210 PM	1AKSOA-02	W	F
9	435 PM	1MNPSTB-05	W	F
10	440 PM	1CSKTA-03	W	F
11	1020 PM	2MNPSTB-30	W	F
12	551 PM	PASSENGER	E	P
13	1007 AM	PASSENGER	W	P
14	805 PM	YARD ENGINE	W	SW
15	950 PM	YARD ENGINE	E	SW
16				
17				
18				
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22				
23				
24				
25				

*Type: F (Freight) P (Passenger) W (Work) D (Detour) LE (Light Engine)
SW (Local and Industry Switch Movements)
EM (Snow, Wreck, Fire and other emergency movements)

AUTHENTICATION:

I certify under penalty of perjury that the foregoing record is true and correct and compiled from records maintained by SPT Company in the usual and ordinary course of business.



Assistant General Manager
Transportation Service Center

9/8/97

Date

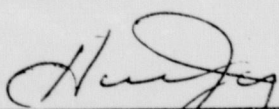
STATION PASSING REPORT FOR September 6, 1997
Train and Engine Movements through central Reno, Nevada
Twenty-four hour period

	Reno Time (Est)	Train / Engine ID	Direction	Type*
1	415 AM	1MSTNFB-K05	E	F
2	1135 AM	1ZOACH-06	E	F
3	450 PM	1AOAKS-05	E	F
4	610 AM	1MROSTB-05	W	F
5	255 PM	1ZG10A-04	W	F
6	400 PM	1MROSTB-03	W	F
7	551 PM	PASSENGER	E	P
8	1007 AM	PASSENGER	W	P
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24				
25				

*Type: F (Freight) P (Passenger) W (Work) D (Detour) LE (Light Engine)
SW (Local and Industry Switch Movements)
EM (Snow, Wreck, Fire and other emergency movements)

AUTHENTICATION:

I certify under penalty of perjury that the foregoing record is true and correct and compiled from records maintained by SPT Company in the usual and ordinary course of business.



Assistant General Manager
Transportation Service Center

9/8/97

Date

STATION PASSING REPORT FOR September 7, 1997
Train and Engine Movements through central Reno, Nevada
Twenty-four hour period

	Reno Time (Est)	Train / Engine ID	Direction	Type*
1	440 AM	1MRVRO-05	E	F
2	605 AM	1AOAKS-06	E	F
3	1100 AM	1ZOACH-07	E	F
4	1135 AM	1MOARO-05	E	F
5	405 PM	1MSTNPB-K06	E	F
6	1145 PM	1MEUNP-06	E	F
7	425 AM	1MNPSTB-03	W	F
8	720 AM	1AKSOA-03	W	F
9	105 PM	1ZG10A-05	W	F
10	840 PM	1MNPSTB-01	W	F
11	604 PM	PASSENGER	E	P
12	1025 AM	PASSENGER	W	P
13	1207 AM - 100 AM	HELPER ENGINE	N/A	LE
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				

*Type: F (Freight) P (Passenger) W (Work) D (Detour) LE (Light Engine)
SW (Local and Industry Switch Movements)
EM (Snow, Wreck, Fire and other emergency movements)

AUTHENTICATION:

I certify under penalty of perjury that the foregoing record is true and correct and compiled from records maintained by SPT Company in the usual and ordinary course of business.



Assistant General Manager
Transportation Service Center

9/8/97

Date

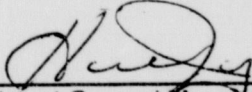
STATION PASSING REPORT FOR September 8, 1997
Train and Engine Movements through central Reno, Nevada
Twenty-four hour period

	Reno Time (Est)	Train / Engine ID	Direction	Type*
1	300 AM	1MRVRO-06	E	F
2	220 PM	1MRVRO-07	E	F
3	145 AM	1MRVSTB-K06	W	F
4	700 AM	2AKSOA-04	W	F
5	1110 AM	1ZG10A-06	W	F
6	1205 PM	1MROSTB-05	W	F
7	425 PM	1AKSOA-05	W	F
8	435 PM	1CCOPT-08	W	F
9	633 PM	PASSENGER	E	P
10	415 PM	PASSENGER	W	P
11				
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23				
24				
25				

*Type: F (Freight) P (Passenger) W (Work) D (Detour) LE (Light Engine)
SW (Local and Industry Switch Movements)
EM (Snow, Wreck, Fire and other emergency movements)

AUTHENTICATION:

I certify under penalty of perjury that the foregoing record is true and correct and compiled from records maintained by SPT Company in the usual and ordinary course of business.



Assistant General Manager
Transportation Service Center

9/9/97

Date


STATION PASSING REPORT FOR September 9, 1997
Train and Engine Movements through central Reno, Nevada
Twenty-four hour period

	Reno Time (Est)	Train / Engine ID	Direction	Type*
1	550 AM	1MOARD-06	E	F
2	1005 AM	1MSTNPB-07	E	F
3	1050 AM	1ZOACH-09	E	F
4	120 PM	1AOAKS-08	E	F
5	245 PM	1MSTNPB-08	E	F
6	1110 AM	1GUPTZ-09	W	F
7	105 PM	1ZG10A-07	W	F
8	320 PM	1MNPSTB-06	W	F
9	510 PM	1MNPSTB-05	W	F
10	750 PM	PASSENGER	E	P
11	1003 AM	PASSENGER	W	P
12	530 PM	YARD ENGINE	W	SW
13	630 PM	YARD ENGINE	E	SW
14				
15				
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17				
18				
19				
20				
21				
22				
23				
24				
25				

*Type: F (Freight) P (Passenger) W (Work) D (Detour) LE (Light Engine)
SW (Local and Industry Switch Movements)
EM (Snow, Wreck, Fire and other emergency movements)

AUTHENTICATION:

I certify under penalty of perjury that the foregoing record is true and correct and compiled from records maintained by SPT Company in the usual and ordinary course of business.



Assistant General Manager
Transportation Service Center

9/10/97

Date

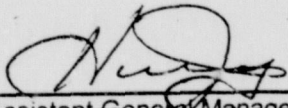
STATION PASSING REPORT FOR September 10, 1997
Train and Engine Movements through central Reno, Nevada
Twenty-four hour period

	Reno Time (Est)	Train / Engine ID	Direction	Type*
1	745 AM	1AOAKS-09	E	F
2	1155 AM	1ZOACH-09	E	F
3	525 PM	1MRVRO-08	E	F
4	355 AM	2AKSOA-09	W	F
5	445 AM	1AKSOA-07	W	F
6	1055 AM	1ZG1OA-08	W	F
7	100 PM	1MROSTB-07	W	F
8	545 PM	2MROSTB-08	W	F
9	651 PM	PASSENGER	E	P
10	1010 AM	PASSENGER	W	F
11	949 AM - 111 PM	HELPER ENGINE	N/A	LE
12				
13				
14				
15				
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21				
22				
23				
24				
25				

*Type: F (Freight) P (Passenger) W (Work) D (Detour) LE (Light Engine)
SW (Local and Industry Switch Movements)
EM (Snow, Wreck, Fire and other emergency movements)

AUTHENTICATION:

I certify under penalty of perjury that the foregoing record is true and correct and compiled from records maintained by SPT Company in the usual and ordinary course of business.



Assistant General Manager
Transportation Service Center

9/11/97

Date

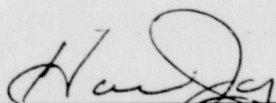
STATION PASSING REPORT FOR September 11, 1997
Train and Engine Movements through central Reno, Nevada
Twenty-four hour period

	Reno Time (Est)	Train / Engine ID	Direction	Type*
1	1205 AM	1MEUNP-08	E	F
2	320 AM	1MSTNPB-09	E	F
3	510 AM	1CRIGV-09	E	F
4	720 AM	1AOAKS-10	E	F
5	1105 AM	1MRVRO-09	E	F
6	1225 PM	1ZOACH-11	E	F
7	515 PM	1MEUNP-09	E	F
8	630 PM	2MRVRO-10	E	F
9	310 AM	1AKSOA-08	W	F
10	135 PM	1ZG10A-09	W	F
11	235 PM	1CSKTA-09	W	F
12	535 PM	1MROSTB-08	W	F
13	643 PM	PASSENGER	E	P
14	1026 AM	PASSENGER	W	P
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				

*Type: F (Freight) P (Passenger) W (Work) D (Detour) LE (Light Engine)
SW (Local and Industry Switch Movements)
EM (Snow, Wreck, Fire and other emergency movements)

AUTHENTICATION:

I certify under penalty of perjury that the foregoing record is true and correct and compiled from records maintained by SPT Company in the usual and ordinary course of business.



Assistant General Manager
Transportation Service Center

9/12/97

Date

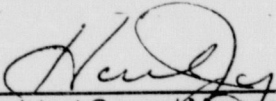
STATION PASSING REPORT FOR September 12, 1997
Train and Engine Movements through central Reno, Nevada
Twenty-four hour period

	Reno Time (Est)	Train / Engine ID	Direction	Type*
1	105 AM	1MEUNP-K10	E	F
2	600 AM	1MSTNPB-11	E	F
3	630 AM	1GTZUP-11	E	F
4	805 AM	1AOAKS-11	E	F
5	905 AM	1MOARO-10	E	F
6	1155 AM	1ZOACH-12	E	F
7	250 PM	1CTASK-11	E	F
8	945 PM	1GBKOG-10	E	F
9	135 AM	1MNPSTB-07	W	F
10	735 AM	1AKSOA-09	W	F
11	1055 AM	1MROSTB-09	W	F
12	130 PM	1ZG1OA0-10	W	F
13	840 PM	1MNPSTB-08	W	F
14	617 PM	PASSENGER	E	P
15	1022 AM	PASSENGER	W	P
16	545 PM	YARD ENGINE	W	SW
17	700 PM	YARD ENGINE	E	SW
18	421 AM - 456 AM	HELPER ENGINE	N/A	LE
19	525 PM	MROSTB-09	W	LE
20				
21				
22				
23				
24				
25				

*Type: F (Freight) P (Passenger) W (Work) D (Detour) LE (Light Engine)
SW (Loc. I and Industry Switch Movements)
EM (Snow, Wreck, Fire and other emergency movements)

AUTHENTICATION:

I certify under penalty of perjury that the foregoing record is true and correct
and compiled from records maintained by SPT Company in the usual and
ordinary course of business.



Assistant General Manager
Transportation Service Center

9/15/97

Date

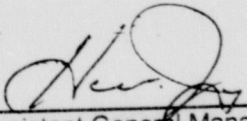
STATION PASSING REPORT FOR September 13, 1997
Train and Engine Movements through central Reno, Nevada
Twenty-four hour period

	Reno Time (Est)	Train / Engine ID	Direction	Type*
1	350 AM	1MEUNP-11	E	F
2	845 AM	1AOAKS-12	E	F
3	930 AM	1MRVRO-10	E	F
4	140 PM	1ZOACH-13	E	F
5	145 PM	2MSTNPB-12	E	F
6	250 AM	1AKSOA-10	W	F
7	1155 AM	1UPPYG-13	W	F
8	240 PM	1ZG1OA-11	W	F
9	640 PM	1MNPSTB-10	W	F
10	557 PM	PASSENGER	E	P
11	1054 AM	PASSENGER	W	P
12				
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22				
23				
24				
25				

*Type: F (Freight) P (Passenger) W (Work) D (Detour) LE (Light Engine)
SW (Local and Industry Switch Movements)
EM (Snow, Wreck, Fire and other emergency movements)

AUTHENTICATION:

I certify under penalty of perjury that the foregoing record is true and correct and compiled from records maintained by SPT Company in the usual and ordinary course of business.



Assistant General Manager
Transportation Service Center

9/15/97

Date

STATION PASSING REPORT FOR September 14, 1997
Train and Engine Movements through central Reno, Nevada
Twenty-four hour period

	Reno Time (Est)	Train / Engine ID	Direction	Type*
1	540 AM	1MEUNP-12	E	F
2	1025 AM	1MEUNP-13	E	F
3	1150 AM	1MSTNPB-13	E	F
4	1225 PM	1ZOACH-14	E	F
5	1030 PM	1MRVRO-12	E	F
6	1225 AM	1CSKTC-12	W	F
7	150 AM	1MNPSTB-10	W	F
8	1155 AM	1ZG1OA-11	W	F
9	410 PM	1MROSTB-14	W	F
10	1010 PM	1MROSTB-11	W	F
11	533 PM	PASSENGER	E	P
12	1009 AM	PASSENGER	W	P
13	559 AM - 728 AM	HELPER ENGINE	N/A	LE
14				
15				
16				
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18				
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22				
23				
24				
25				

*Type: F (Freight) P (Passenger) W (Work) D (Detour) LE (Light Engine)
SW (Local and Industry Switch Movements)
EM (Snow, Wreck, Fire and other emergency movements)

AUTHENTICATION:

I certify under penalty of perjury that the foregoing record is true and correct and compiled from records maintained by SPT Company in the usual and ordinary course of business.



Assistant General Manager
Transportation Service Center

9/15/97
Date


STATION PASSING REPORT FOR September 15, 1997
Train and Engine Movements through central Reno, Nevada
Twenty-four hour period

	Reno Time (Est)	Train / Engine ID	Direction	Type*
1	125 AM	1MSTNPB-14	E	F
2	305 AM	1AOAKS-13	E	F
3	620 AM	1MRVRO-13	E	F
4	940 AM	1AOAKS-14	E	F
5	105 PM	2MSTNPB-11	E	F
6	115 PM	1CTASK-14	E	F
7	615 PM	1MOARO-14	E	F
8	255 AM	1MROSTB-13	W	F
9	350 AM	1CCOPT-14	W	F
10	1220 PM	1ZG1OA-13	W	F
11	835 PM	1AKSOA-12	W	F
12	1030 PM	1MROSTB-14	W	F
13	634 PM	PASSENGER	E	P
14	1005 AM	PASSENGER	W	P
15	805 AM	YARD ENGINE	W	SW
16	825 AM	YARD ENGINE	E	SW
17				
18				
19				
20				
21				
22				
23				
24				
25				

*Type: F (Freight) P (Passenger) W (Work) D (Detour) LE (Light Engine)
SW (Local and Industry Switch Movements)
EM (Snow, Wreck, Fire and other emergency movements)

AUTHENTICATION:

I certify under penalty of perjury that the foregoing record is true and correct and compiled from records maintained by SPT Company in the usual and ordinary course of business.



Assistant General Manager
Transportation Service Center

9/16/97

Date


STATION PASSING REPORT FOR September 16, 1997
Train and Engine Movements through central Reno, Nevada
Twenty-four hour period

	Reno Time (Est)	Train / Engine ID	Direction	Type*
1	200 AM	1GPYUP-15	E	F
2	720 AM	1MEUNP-14	E	F
3	810 AM	1MRVRO-14	E	F
4	1045 AM	2MRVRO-14	F	F
5	1105 AM	1ZOACH2-16	E	F
6	830 PM	1MSTNPB-K15	E	F
7	1025 PM	1CRIGV-14	E	F
8	1020 AM	1MROSTB-14	W	F
9	1215 PM	1ZG1OA-14	W	F
10	1230 PM	1AKSOA-13	W	F
11	550 PM	2MNPSTB-11	W	F
12	1040 PM	1MNPSTB-11	W	F
13	535 PM	PASSENGER	E	P
14	1051 AM	PASSENGER	W	P
15	510 PM	YARD ENGINE	W	SW
16	645 PM	YARD ENGINE	E	SW
17				
18				
19				
20				
21				
22				
23				
24				
25				

*Type: F (Freight) P (Passenger) W (Work) D (Detour) LE (Light Engine)
SW (Local and Industry Switch Movements)
EM (Snow, Wreck, Fire and other emergency movements)

AUTHENTICATION:

I certify under penalty of perjury that the foregoing record is true and correct and compiled from records maintained by SPT Company in the usual and ordinary course of business.



Assistant General Manager
Transportation Service Center

9/17/97

Date


STATION PASSING REPORT FOR September 17, 1997
Train and Engine Movements through central Reno, Nevada
Twenty-four hour period

	Reno Time (Est)	Train / Engine ID	Direction	Type*
1	150 AM	1MEUNP-15	E	F
2	355 AM	2CRIGV-14	E	F
3	835 AM	1AOAKS-16	E	F
4	1215 PM	1ZOACH-17	E	F
5	720 PM	1MEUNP-16	E	F
6	1115 PM	1MRVRO-15	E	F
7	1250 AM	1CSKTA-15	W	F
8	155 AM	1AKSOA-14	W	F
9	1045 AM	1ZG1OA1-15	W	F
10	1125 AM	1MROSTB-15	W	F
11	500 PM	1MNPSTB-12	W	F
12	609 PM	PASSENGER	E	P
13	1014 AM	PASSENGER	W	P
14	919 PM - 1031 PM	HELPER ENGINE	N/A	LE
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				

*Type: F (Freight) P (Passenger) W (Work) D (Detour) LE (Light Engine)
SW (Local and Industry Switch Movements)
EM (Snow, Wreck, Fire and other emergency movements)

AUTHENTICATION:

I certify under penalty of perjury that the foregoing record is true and correct and compiled from records maintained by SPT Company in the usual and ordinary course of business.



Assistant General Manager
Transportation Service Center

9/18/97

Date


STATION PASSING REPORT FOR September 18, 1997
Train and Engine Movements through central Reno, Nevada
Twenty-four hour period

	Reno Time (Est)	Train / Engine ID	Direction	Type*
1	345 AM	1MOARO-17	E	F
2	105 PM	1ZOACH-18	E	F
3	340 PM	1AOAKS-17	E	F
4	730 PM	1MRVRO-16	E	F
5	425 AM	1CSKTA-16	W	F
6	730 AM	1MROSTB-16	W	F
7	930 AM	1ZG1OA2-16	W	F
8	900 PM	1MNPSTB-14	W	F
9	1125 PM	1MROSTB-17	W	F
10	613 PM	PASSENGER	E	P
11	1011 AM	PASSENGER	W	P
12	440 PM	WRVEK-18	E	W
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				

*Type: F (Freight) P (Passenger) W (Work) D (Detour) LE (Light Engine)
SW (Local and Industry Switch Movements)
EM (Snow, Wreck, Fire and other emergency movements)

AUTHENTICATION:

I certify under penalty of perjury that the foregoing record is true and correct
and compiled from records maintained by SPT Company in the usual and
ordinary course of business.



Assistant General Manager
Transportation Service Center

9/19/97
Date


STATION PASSING REPORT FOR September 19, 1997
Train and Engine Movements through central Reno, Nevada
Twenty-four hour period

	Reno Time (Est)	Train / Engine ID	Direction	Type*
1	125 AM	1MSTNPB-16	E	F
2	430 AM	1GBKOG-17	E	F
3	625 AM	1MEUNP-17	E	F
4	1145 AM	1ZOACH-19	E	F
5	1225 PM	1AOAKS-18	E	F
6	320 PM	1MRVRO-17	E	F
7	1235 PM	1ZG1OA-17	W	F
8	150 PM	1AKSOA-16	W	F
9	1055 PM	1GUPTZ-17	W	F
10	610 PM	PASSENGER	E	P
11	1007 AM	PASSENGER	W	P
12	625 PM	YARD ENGINE	W	SW
13	735 PM	YARD ENGINE	E	SW
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				

*Type: F (Freight) P (Passenger) W (Work) D (Detour) LE (Light Engine)
SW (Local and Industry Switch Movements)
EM (Snow, Wreck, Fire and other emergency movements)

AUTHENTICATION:

I certify under penalty of perjury that the foregoing record is true and correct
and compiled from records maintained by SPT Company in the usual and
ordinary course of business.



Assistant General Manager
Transportation Service Center

9/22/97

Date


STATION PASSING REPORT FOR September 20, 1997
Train and Engine Movements through central Reno, Nevada
Twenty-four hour period

	Reno Time (Est)	Train / Engine ID	Direction	Type*
1	110 AM	1MSTNPB-17	E	F
2	505 AM	1CTASK-18	E	F
3	520 AM	1AOAKS-19	E	F
4	950 AM	1CRIGV-17	E	F
5	1110 AM	1ZOACH-20	E	F
6	310 AM	1MNPSTB-15	W	F
7	700 AM	1CSKWC-19	W	F
8	1145 AM	1MROSTB-18	W	F
9	305 PM	1ZG1OA-18	W	F
10	1000 PM	1AKSOA-17	W	F
11	559 PM	PASSENGER	E	P
12	951 PM	PASSENGER	W	P
13	750 AM	WRVEK-20	E	W
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				

*Type: F (Freight) P (Passenger) W (Work) D (Detour) LE (Light Engine)
SW (Local and Industry Switch Movements)
EM (Snow, Wreck, Fire and other emergency movements)

AUTHENTICATION:

I certify under penalty of perjury that the foregoing record is true and correct and compiled from records maintained by SPT Company in the usual and ordinary course of business.



Assistant General Manager
Transportation Service Center

9/22/97

Date

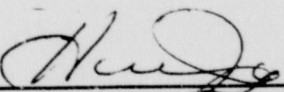
STATION PASSING REPORT FOR September 21, 1997
Train and Engine Movements through central Reno, Nevada
Twenty-four hour period

	Reno Time (Est)	Train / Engine ID	Direction	Type*
1	550 AM	1MRVRO-19	E	F
2	615 AM	1MEUNP-19	E	F
3	1030 AM	1AOAKS-20	E	F
4	1235 PM	1ZOACH-21	E	F
5	555 PM	1MSTNPB-18	E	F
6	555 AM	1MROSTB-20	W	F
7	120 PM	1GUPBK-20	W	F
8	620 PM	1ZG1OA-19	W	F
9	755 PM	1CSKST-20	W	F
10	1100 PM	1GUPBK-21	W	F
11	621 PM	PASSENGER	E	P
12	1005 AM	PASSENGER	W	P
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				

*Type: F (Freight) P (Passenger) W (Work) D (Detour) LE (Light Engine)
SW (Local and Industry Switch Movements)
EM (Snow, Wreck, Fire and other emergency movements)

AUTHENTICATION:

I certify under penalty of perjury that the foregoing record is true and correct and compiled from records maintained by SPT Company in the usual and ordinary course of business.



Assistant General Manager
Transportation Service Center

9/22/97

Date

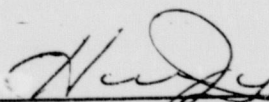
STATION PASSING REPORT FOR September 22, 1997
Train and Engine Movements through central Reno, Nevada
Twenty-four hour period

	Reno Time (Est)	Train / Engine ID	Direction	Type*
1	135 AM	1GTZUP-21	E	F
2	240 AM	1AOAKS-21	E	F
3	315 AM	1MEUNP-18	E	F
4	945 AM	1MRVRO-18	E	F
5	210 PM	2MSTNPB-18	E	F
6	1040 PM	1CTASK-20	E	F
7	355 AM	1MNPSTB-16	W	F
8	845 AM	1AKSOA-18	W	F
9	1140 AM	1ZG1OA-20	W	F
10	1250 PM	1AKSOA-19	W	F
11	635 PM	PASSENGER	E	P
12	1135 AM	PASSENGER	W	P
13	130 PM	YARD ENGINE	W	SW
14	315 PM	YARD ENGINE	E	SW
15	707 AM - 747 AM	HELPER ENGINE	N/A	LE
16	535 AM	WRVEK-21	W	W
17				
18				
19				
20				
21				
22				
23				
24				
25				

*Type: F (Freight) P (Passenger) W (Work) D (Detour) LE (Light Engine)
SW (Local and Industry Switch Movements)
EM (Snow, Wreck, Fire and other emergency movements)

AUTHENTICATION:

I certify under penalty of perjury that the foregoing record is true and correct and compiled from records maintained by SPT Company in the usual and ordinary course of business.



Assistant General Manager
Transportation Service Center

9/23/97

Date

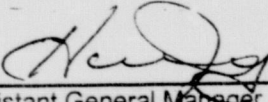
STATION PASSING REPORT FOR September 23, 1997
Train and Engine Movements through Central Reno, Nevada
Twenty-four hour period

	Reno Time (Est)	Train / Engine ID	Direction	Type*
1	150 AM	1MEUNP-20	E	F
2	430 AM	1MRVRO-K20	E	F
3	840 AM	1AOAKS-22	E	F
4	1120 AM	1ZOACH2-23	E	F
5	310 PM	1MSTNPB-20	E	F
6	930 PM	1MSTNPB-K22	E	F
7	1020 AM	1AKSOA-20	W	F
8	1230 PM	1ZG10A-21	W	F
9	200 PM	1GUPTZ-22	W	F
10	430 PM	1MROSTB-K21	W	F
11	650 PM	PASSENGER	E	P
12	1009 AM	PASSENGER	W	P
13	118 PM - 239 PM	HELPER ENGINE	N/A	LE
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				

*Type: F (Freight) P (Passenger) W (Work) D (Detour) LE (Light Engine)
SW (Local and Industry Switch Movements)
EM (Snow, Wreck, Fire and other emergency movements)

AUTHENTICATION:

I certify under penalty of perjury that the foregoing record is true and correct and compiled from records maintained by SPT Company in the usual and ordinary course of business.



Assistant General Manager
Transportation Service Center

9/24/97

Date


STATION PASSING REPORT FOR September 24, 1997
Train and Engine Movements through central Reno, Nevada
Twenty-four hour period

	Reno Time (Est)	Train / Engine ID	Direction	Type*
1	450 AM	1MSTNPB-21	E	F
2	830 AM	1CRIGV-19	E	F
3	930 AM	1AOAKS-23	E	F
4	945 AM	1CTASK-23	E	F
5	1055 AM	1ZOACH-24	E	F
6	540 PM	1MRVRO-21	E	F
7	920 PM	1MSTNPB-K23	E	F
8	720 AM	1MNPSTB-22	W	F
9	1145 AM	1ZG1OA-22	W	F
10	210 PM	1AKSOA-21	W	F
11	1025 PM	1MROSTB-K22	W	F
12	620 PM	PASSENGER	E	P
13	1030 AM	PASSENGER	W	P
14	908 PM - 1041 PM	HELPER ENGINE	N/A	LE
15	200 PM	WORK TRAIN	E	W
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				

*Type: F (Freight) P (Passenger) W (Work) D (Detour) LE (Light Engine)
SW (Local and Industry Switch Movements)
EM (Snow, Wreck, Fire and other emergency movements)

AUTHENTICATION:

I certify under penalty of perjury that the foregoing record is true and correct and compiled from records maintained by SPT Company in the usual and ordinary course of business.



Assistant General Manager
Transportation Service Center

9/25/97

Date

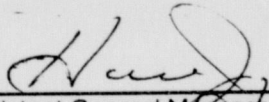
STATION PASSING REPORT FOR September 25, 1997
Train and Engine Movements through central Reno, Nevada
Twenty-four hour period

	Radio Time (Est)	Train / Engine ID	Direction	Type*
1	415 AM	1MOARO-23	E	F
2	550 AM	1MRVRO-22	E	F
3	220 PM	1ZOACH-25	E	F
4	625 PM	1AOAKS-24	E	F
5	920 PM	1MRVRO-23	E	F
6	150 AM	1GUPPY-23	W	F
7	350 AM	1CSKTA-22	W	F
8	830 AM	2MROSTB-23	W	F
9	310 PM	1AKSOA-22	W	F
10	400 PM	AZG1OA-23	W	F
11	1045 PM	1MNPSTB-19	W	F
12	614 PM	PASSENGER	E	P
13	1027 AM	PASSENGER	W	P
14	150 PM - 239 PM	HELPER ENGINE	N/A	LE
15	736 PM - 749 PM	HELPER ENGINE	N/A	LE
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				

*Type: F (Freight) P (Passenger) W (Work) D (Detour) LE (Light Engine)
SW (Local and Industry Switch Movements)
EM (Snow, Wreck, Fire and other emergency movements)

AUTHENTICATION:

I certify under penalty of perjury that the foregoing record is true and correct and compiled from records maintained by SPT Company in the usual and ordinary course of business.



Assistant General Manager
Transportation Service Center

9/26/97

Date

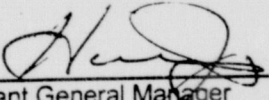
STATION PASSING REPORT FOR September 26, 1997
Train and Engine Movements through central Reno, Nevada
Twenty-four hour period

	Reno Time (Est)	Train / Engine ID	Direction	Type*
1	505 AM	1AOAKS-25	E	F
2	705 AM	1MSTNPB-25	E	F
3	900 AM	1CTASK-25	E	F
4	235 PM	1ZOACH-26	E	F
5	320 PM	1MRVRO-24	E	F
6	220 AM	1MROSTB-23	W	F
7	700 AM	1CSKTA-24	W	F
8	150 PM	1ZG1OA-24	W	F
9	430 PM	1MROSTB-K21	W	F
10	614 PM	PASSENGER	E	P
11	1054 AM	PASSENGER	W	P
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				

*Type: F (Freight) P (Passenger) W (Work) D (Detour) LE (Light Engine)
SW (Local and Industry Switch Movements)
EM (Snow, Wreck, Fire and other emergency movements)

AUTHENTICATION:

I certify under penalty of perjury that the foregoing record is true and correct
and compiled from records maintained by SPT Company in the usual and
ordinary course of business.



Assistant General Manager
Transportation Service Center

9/29/97
Date

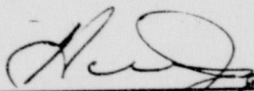
STATION PASSING REPORT FOR September 27, 1997
Train and Engine Movements through central Reno, Nevada
Twenty-four hour period

	Reno Time (Est)	Train / Engine ID	Direction	Type*
1	425 AM	1MRVRO-26	E	F
2	730 AM	1MSTNPB-26	E	F
3	750 AM	1MOARO-26	E	F
4	910 AM	1AOAKS-26	E	F
5	1035 AM	1ZOACH-27	E	F
6	450 PM	1GPYUP-26	E	F
7	135 AM	1AKSOA-23	W	F
8	1110 AM	1MNPSTB-22	W	F
9	135 PM	1ZG1OA-25	W	F
10	435 PM	1AKSOA-24	W	F
11	619 PM	PASSENGER	E	P
12	1237 PM	PASSENGER	W	P
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				

*Type: F (Freight) P (Passenger) W (Work) D (Detour) LE (Light Engine)
SW (Local and Industry Switch Movements)
EM (Snow, Wreck, Fire and other emergency movements)

AUTHENTICATION:

I certify under penalty of perjury that the foregoing record is true and correct
and compiled from records maintained by SPT Company in the usual and
ordinary course of business.



Assistant General Manager
Transportation Service Center

9/29/97

Date

STATION PASSING REPORT FOR September 28, 1997
Train and Engine Movements through central Reno, Nevada
Twenty-four hour period

	Reno Time (Est)	Train / Engine ID	Direction	Type*
1	140 AM	2MOARO-26	E	F
2	220 AM	1MSTNPB-27	E	F
3	750 AM	1MRVRO-27	E	F
4	1135 AM	1ZCACH-28	E	F
5	915 PM	3MOARO-26	E	F
6	555 AM	1MROSTB-24	W	F
7	745 AM	1MNPSTB-23	W	F
8	120 PM	1AKSOA-28	W	F
9	525 PM	1CSKTA-25	W	F
10	606 PM	PASSENGER	E	P
11	1008 AM	PASSENGER	W	P
12				
13				
14				
15				
16				
17				
18				
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20				
21				
22				
23				
24				
25				

*Type: F (Freight) P (Passenger) W (Work) D (Detour) LE (Light Engine)
SW (Local and Industry Switch Movements)
EM (Snow, Wreck, Fire and other emergency movements)

AUTHENTICATION:

I certify under penalty of perjury that the foregoing record is true and correct and compiled from records maintained by SPT Company in the usual and ordinary course of business.



Assistant General Manager
Transportation Service Center

9/29/97

Date

STATION PASSING REPORT FOR September 29, 1997
Train and Engine Movements through central Reno, Nevada
Twenty-four hour period

	Reno Time (Est)	Train / Engine ID	Direction	Type*
1	105 AM	1CRIGV-26	E	F
2	730 AM	1AOAKS-28	E	F
3	920 AM	1MRVRO-28	E	F
4	510 PM	1MSTNPB-28	E	F
5	535 PM	2MRVRO-27	E	F
6	330 AM	1ZG1OA-26	W	F
7	625 AM	1AKSOA-26	W	F
8	830 AM	1AKSOA-25	W	F
9	650 PM	1MNPSTB-26	W	F
10	1130 PM	1MROSBT-26	W	F
11	639 PM	PASSENGER	E	P
12	1009 AM	PASSENGER	W	P
13	1145 AM	WORK TRAIN		W
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				

*Type: F (Freight) P (Passenger) W (Work) D (Detour) LE (Light Engine)
SW (Local and Industry Switch Movements)
EM (Snow, Wreck, Fire and other emergency movements)

AUTHENTICATION:

I certify under penalty of perjury that the foregoing record is true and correct and compiled from records maintained by SPT Company in the usual and ordinary course of business.



Assistant General Manager
Transportation Service Center

9/30/97

Date


STATION PASSING REPORT FOR September 30, 1997
Train and Engine Movements through central Reno, Nevada
Twenty-four hour period

	Reno Time (Est)	Train / Engine ID	Direction	Type*
1	430 AM	2MOARO-27	E	F
2	625 AM	1MRVRO-29	E	F
3	650 AM	1GBKOG-29	E	F
4	130 PM	1AOAKS-29	E	F
5	145 PM	1ZOACH-30	E	F
6	550 PM	1CTASK-28	E	F
7	910 PM	2MOARO-28	E	F
8	130 AM	1ZG1OA-27	W	F
9	640 AM	1GUPTZ-29	W	F
10	750 AM	1AKSOA-27	W	F
11	545 PM	1CCOPT-28	W	F
12	1040 PM	1MROSTB-28	W	F
13	631 PM	PASSENGER	E	P
14	1008 AM	PASSENGER	W	P
15	1000 PM - 1036 PM	HELPER ENGINE	N/A	LE
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				

*Type: F (Freight) P (Passenger) W (Work) D (Detour) LE (Light Engine)
SW (Local and Industry Switch Movements)
EM (Snow, Wreck, Fire and other emergency movements)

AUTHENTICATION:

I certify under penalty of perjury that the foregoing record is true and correct and compiled from records maintained by SPT Company in the usual and ordinary course of business.

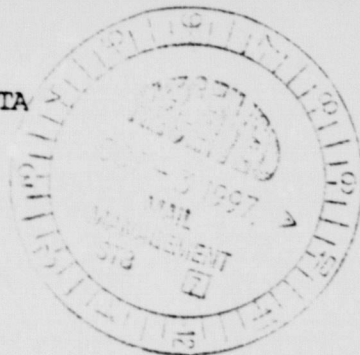


Assistant General Manager
Transportation Service Center

10/1/97

Date

TRANSPORTATION RESEARCH
 AEI SCANNER TRAIN HISTORY SUMMARY FOR SCANNER #359-SOUTH WICHITA
 FOR PERIOD 09/01/97-09/30/97



DATE	THRU TRAINS
09/01/97	4
09/02/97	1
09/03/97	2
09/04/97	5
09/05/97	1
09/06/97	4
09/07/97	3
09/08/97	0
09/09/97	5
09/10/97	2
09/11/97	5
09/12/97	2
09/13/97	6
09/14/97	6
09/15/97	3
09/16/97	7
09/17/97	0
09/18/97	4
09/19/97	1
09/20/97	7
09/21/97	3
09/22/97	2
09/23/97	6
09/24/97	3
09/25/97	5
09/26/97	1
09/27/97	6
09/28/97	4
09/29/97	3
09/30/97	5

*TOTAL 97

106

** AVG_THRU_TRN 3.53

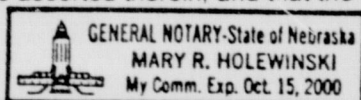
TOTAL

106

VERIFICATION

STATE OF NEBRASKA)
) ss.
 COUNTY OF DOUGLAS)

Clyde Anderson, being 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.



Clyde Anderson
 Clyde Anderson

SUBSCRIBED AND SWORN to before me this 30 day of September, 1997.

Notary Public

PROGRAM: FPAN127.FOCUS.EXEC(AEIHIST-WHTA-4) 10/01/97 14.09.59

TRANSPORTATION RESEARCH
 AEI SCANNER TRAIN HISTORY DETAIL REPORT FOR SCANNER #359-SOUTH WICHITA
 FOR PERIOD 09/01/97-09/30/97

DATE	TIME	SEQ NUM	TRAIN	TRN CAT	TRAIN TYPE	D I R
09/01/97	0326	5386	MFWWT 31	T	THROUGH	N
09/01/97	1316	5387	GSCWHO 30	G	THROUGH	S
09/01/97	1729	5388	GSCWHO 30	G	THROUGH	S
09/01/97	2017	5389	GEFWSI 29	G	THROUGH	N
09/02/97	0629	5390	LVB55 02	L	ARK CTY LOC	S
09/02/97	0929	5391	YWH55 02	Y	YARD/WORK	S
09/02/97	0953	5392	YWH55 02	Y	YARD/WORK	N
09/02/97	1114	5393	LVB55 02	L	ARK CTY LOC	N
09/02/97	1122	5394	YWH55 02	Y	YARD/WORK	S
09/02/97	1347	5395	YWH55 02	Y	YARD/WORK	N
09/02/97	1737	5396	MWTFW 02	T	THROUGH	S
09/02/97	2220	5397	YWH62 02	Y	YARD/WORK	S
09/02/97	2243	5398	YWH62 02	Y	YARD/WORK	N
09/03/97	0019	5399	GSCWHO 02	G	THROUGH	S
09/03/97	0637	5400	LVB55 03	L	ARK CTY LOC	S
09/03/97	0935	5401	YWH55 03	Y	YARD/WORK	S
09/03/97	0955	5402	LVB55 03	L	ARK CTY LOC	N
09/03/97	1036	5403	YWH55 03	Y	YARD/WORK	N
09/03/97	1254	5404	YWH55 03	Y	YARD/WORK	S
09/03/97	1515	5405	YWH55 03	Y	YARD/WORK	N
09/03/97	1755	5406	MFWWT 01	T	THROUGH	N
09/03/97	1900	5407	YWH62 03	Y	YARD/WORK	S
09/03/97	1921	5408	YWH62 03	Y	YARD/WORK	N
09/04/97	0054	5409	LVO54 03	L	THROUGH	N
09/04/97	0639	5410	LVB55 04	L	ARK CTY LOC	S
09/04/97	0944	5411	YWH55 04	Y	YARD/WORK	S
09/04/97	1047	5412	YWH55 04	Y	YARD/WORK	N
09/04/97	1126	5413	LVO55 04	L	THROUGH	S
09/04/97	1249	5414	LVB55 04	L	ARK CTY LOC	N
09/04/97	1613	5415	OCKWT 04	O	THROUGH	N
09/04/97	2054	5416	MWTFW 03	T	THROUGH	S
09/04/97	2100	5417	OWTCK 04	O	THROUGH	S
09/04/97	2231	5418	YWH62 04	Y	YARD/WORK	S
09/04/97	2250	5419	YWH62 04	Y	YARD/WORK	N
09/05/97	0018	5420	MFWWT 02	T	THROUGH	N
09/05/97	0638	5421	LVB55 05	L	ARK CTY LOC	S
09/05/97	1050	5422	YWH55 05	Y	YARD/WORK	S
09/05/97	1158	5423	YWH55 05	Y	YARD/WORK	N
09/05/97	1313	5424	LVB55 05	L	ARK CTY LOC	N
09/05/97	1414	5425	YWH55 05	Y	YARD/WORK	S
09/05/97	1541	5426	YWH55 05	Y	YARD/WORK	N
09/05/97	2215	5427	YWH62 05	Y	YARD/WORK	S
09/05/97	2255	5428	YWH62 05	Y	YARD/WORK	N
09/06/97	0028	5429	LVO54 05	L	THROUGH	N
09/06/97	0643	5430	LVB55 06	L	ARK CTY LOC	S

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TRANSPORTATION RESEARCH
 AEI SCANNER TRAIN HISTORY DETAIL REPORT FOR SCANNER #359-SOUTH WICHITA
 FOR PERIOD 09/01/97-09/30/97

DATE	TIME	SEQ NUM	TRAIN	TRN CAT	TRAIN TYPE	D I R
09/06/97	0937	5431	YWH55	06 Y	YARD/WORK	S
09/06/97	1018	5432	YWH55	06 Y	YARD/WORK	N
09/06/97	1020	5433	LVB55	06 L	ARK CTY LOC	N
09/06/97	1134	5434	LVO55	06 L	THROUGH	S
09/06/97	1347	5435	MWTFW	04 T	THROUGH	S
09/06/97	2124	5436	MFWWT	05 T	THROUGH	N
09/06/97	2145	5437	YWH62	06 Y	YARD/WORK	S
09/06/97	2230	5438	YWH62	06 Y	YARD/WORK	N
09/07/97	0650	5439	MFWWT	06 T	THROUGH	N
09/07/97	1005	5440	MWTFW	05 T	THROUGH	S
09/07/97	1211	5441	YWH55	07 Y	YARD/WORK	S
09/07/97	1317	5442	YWH55	07 Y	YARD/WORK	N
09/07/97	1931	5443	MWTFW	07 T	THROUGH	S
09/07/97	2127	5444	YWH60	07 Y	YARD/WORK	S
09/07/97	2147	5445	YWH60	07 Y	YARD/WORK	N
09/08/97	0633	5446	LVB55	08 L	ARK CTY LOC	S
09/08/97	0937	5447	YWH55	08 Y	YARD/WORK	S
09/08/97	1011	5448	LVB55	08 L	ARK CTY LOC	N
09/08/97	1143	5449	YWH55	08 Y	YARD/WORK	N
9/08/97	1332	5450	YWH55	08 Y	YARD/WORK	S
09/08/97	1522	5451	YWH55	08 Y	YARD/WORK	N
09/08/97	2358	5452	YWH62	08 Y	YARD/WORK	S
09/09/97	0016	5453	LVO54	08 L	THROUGH	N
09/09/97	0059	5454	YWH62	08 Y	YARD/WORK	N
09/09/97	0358	5455	MFWWT	07 T	THROUGH	N
09/09/97	0630	5456	LVB55	09 L	ARK CTY LOC	S
09/09/97	0944	5457	YWH55	09 Y	YARD/WORK	S
09/09/97	1042	5458	GSOLGV	07 G	THROUGH	S
09/09/97	1107	5459	YWH55	09 Y	YARD/WORK	N
09/09/97	1113	5460	LVB55	09 L	ARK CTY LOC	N
09/09/97	1135	5461	LVO55	09 L	THROUGH	S
09/09/97	1556	5462	YWH62	09 Y	YARD/WORK	N
09/09/97	2341	5463	MWTFW	09 T	THROUGH	S
09/09/97	2357	5464	YWH62	09 Y	YARD/WORK	S
09/10/97	0637	5465	LVB55	10 L	ARK CTY LOC	S
09/10/97	0703	5466	GSGVOL	06 G	THROUGH	N
09/10/97	0942	5467	YWH55	10 Y	YARD/WORK	S
09/10/97	1013	5468	LVB55	10 L	ARK CTY LOC	N
09/10/97	1118	5469	YWH55	10 Y	YARD/WORK	N
09/10/97	1259	5470	YWH55	10 Y	YARD/WORK	S
09/10/97	1539	5471	YWH55	10 Y	YARD/WORK	N
09/10/97	2156	5472	YWH62	10 Y	YARD/WORK	S
09/10/97	2257	5473	YWH62	10 Y	YARD/WORK	N
09/10/97	2301	5474	LVO54	10 L	THROUGH	N
09/11/97	0641	5475	LV355	11 L	ARK CTY LOC	S

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TRANSPORTATION RESEARCH
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 FOR PERIOD 09/01/97-09/30/97

DATE	TIME	SEQ NUM	TRAIN	TRN CAT	TRAIN TYPE	D I R
09/11/97	0953	5476	YWH55	11 Y	YARD/WORK	S
09/11/97	1040	5477	LVB55	11 L	ARK CTY LOC	N
09/11/97	1114	5478	YWH55	11 Y	YARD/WORK	N
09/11/97	1159	5479	MFWWT	09 T	THROUGH	N
09/11/97	1310	5480	LVO55	11 L	THROUGH	S
09/11/97	1510	5481	OCKWT	11 O	THROUGH	N
09/11/97	2109	5482	MWTFW	11 T	THROUGH	S
09/11/97	2116	5483	OWTCK	11 O	THROUGH	S
09/11/97	2150	5484	YWH62	11 Y	YARD/WORK	S
09/11/97	2255	5485	YWH62	11 Y	YARD/WORK	N
09/12/97	0024	5486	GSCKCO	05 G	THROUGH	N
09/12/97	0637	5487	LVB55	12 L	ARK CTY LOC	S
09/12/97	0941	5488	YWH55	12 Y	YARD/WORK	S
09/12/97	1102	5489	LVB55	12 L	ARK CTY LOC	N
09/12/97	1116	5490	YWH55	12 Y	YARD/WORK	N
09/12/97	2041	5491	MFWWT	10 T	THROUGH	N
09/12/97	2206	5492	YWH62	12 Y	YARD/WORK	S
09/12/97	2306	5493	YWH62	12 Y	YARD/WORK	N
09/13/97	0022	5494	MWTFW	12 T	THROUGH	S
9/13/97	0131	5495	LVO54	12 L	THROUGH	N
9/13/97	0637	5496	LVB55	13 L	ARK CTY LOC	S
09/13/97	0952	5497	YWH55	13 Y	YARD/WORK	S
09/13/97	1044	5498	YWH55	13 Y	YARD/WORK	N
09/13/97	1059	5499	MFWWT	11 T	THROUGH	N
09/13/97	1117	5500	LVO55	13 L	THROUGH	S
09/13/97	1232	5501	LVB55	13 L	ARK CTY LOC	N
09/13/97	1446	5502	YWH55	13 Y	YARD/WORK	S
09/13/97	1626	5503	YWH55	13 Y	YARD/WORK	N
09/13/97	1726	5504	MWTFW	13 T	THROUGH	S
09/13/97	2219	5505	GLSIGV	10 G	THROUGH	S
09/14/97	0913	5506	GSHOWT	09 G	THROUGH	N
09/14/97	1004	5507	CCLAI	08 C	THROUGH	N
09/14/97	1113	5508	YWH55	14 Y	YARD/WORK	S
09/14/97	1203	5509	YWH55	14 Y	YARD/WORK	N
09/14/97	1421	5510	MFWWT	13 T	THROUGH	N
09/14/97	1500	5511	YWH55	14 Y	YARD/WORK	S
09/14/97	1632	5512	YWH55	14 Y	YARD/WORK	N
09/14/97	1855	5513	GEBEPL109	G	THROUGH	N
09/14/97	2332	5514	OWTCK	14 O	THROUGH	S
09/14/97	2350	5515	MWTFW	15 T	THROUGH	N
09/15/97	0828	5516	LVB55	15 L	ARK CTY LOC	S
09/15/97	1011	5517	YWH55	15 Y	YARD/WORK	S
09/15/97	1115	5518	YWH55	15 Y	YARD/WORK	N
09/15/97	1240	5519	MWTFW	15 T	THROUGH	N
09/15/97	2038	5520	MFWWT	14 T	THROUGH	N

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 FOR PERIOD 09/01/97-09/30/97

DATE	TIME	SEQ NUM	TRAIN	TRN CAT	TRAIN TYPE	D I R
09/15/97	2303	5521	YWH60	15 Y	YARD/WORK	S
09/15/97	2330	5522	YWH60	15 Y	YARD/WORK	N
09/15/97	2359	5523	LVO54	15 L	THROUGH	N
09/16/97	0426	5524	MWTFW	15 T	THROUGH	S
09/16/97	0537	5525	MFWWT	15 T	THROUGH	N
09/16/97	0640	5526	LVB55	16 L	ARK CTY LOC	S
09/16/97	0832	5527	GSGVOL	08 G	THROUGH	N
09/16/97	1007	5528	YWH55	16 Y	YARD/WORK	S
09/16/97	1042	5529	LVB55	16 L	ARK CTY LOC	N
09/16/97	1102	5530	LVO55	16 L	THROUGH	S
09/16/97	1113	5531	YWH55	16 Y	YARD/WORK	N
09/16/97	1639	5532	OWTCK	16 O	THROUGH	N
09/16/97	1806	5533	GSWTHO	16 G	THROUGH	S
09/16/97	2211	5534	YWH62	16 Y	YARD/WORK	S
09/16/97	2237	5535	YWH62	16 Y	YARD/WORK	N
09/16/97	2307	5536	OWTCK	16 O	THROUGH	S
09/17/97	0641	5537	LVB55	17 L	ARK CTY LOC	S
09/17/97	0944	5538	YWH55	17 Y	YARD/WORK	S
09/17/97	1059	5539	YWH55	17 Y	YARD/WORK	N
09/17/97	1151	5540	LVB55	17 L	ARK CTY LOC	N
09/17/97	1309	5541	YWH55	17 Y	YARD/WORK	S
09/17/97	1535	5542	YWH55	17 Y	YARD/WORK	N
09/17/97	2306	5543	YWH62	17 Y	YARD/WORK	S
09/17/97	2321	5544	YWH62	17 Y	YARD/WORK	N
09/18/97	0029	5545	YWH62	17 Y	YARD/WORK	S
09/18/97	0043	5546	YWH62	17 Y	YARD/WORK	N
09/18/97	0636	5547	LVB55	18 L	ARK CTY LOC	S
09/18/97	0821	5548	LVO54	17 L	THROUGH	N
09/18/97	0945	5549	YWH55	18 Y	YARD/WORK	S
09/18/97	1034	5550	LVB55	18 L	ARK CTY LOC	N
09/18/97	1055	5551	YWH55	18 Y	YARD/WORK	N
09/18/97	1416	5552	LVO55	18 L	THROUGH	S
09/18/97	1533	5553	OCKWT	18 O	THROUGH	N
09/18/97	2151	5554	OWTCK	18 O	THROUGH	S
09/18/97	2200	5555	YWH62	18 Y	YARD/WORK	S
09/18/97	2228	5556	YWH62	18 Y	YARD/WORK	N
09/19/97	0635	5557	LVB55	19 L	ARK CTY LOC	S
09/19/97	0922	5558	YWH55	19 Y	YARD/WORK	S
09/19/97	0948	5559	YWH55	19 Y	YARD/WORK	N
09/19/97	1211	5560	LVB55	19 L	ARK CTY LOC	N
09/19/97	1710	5561	YWH55	19 Y	YARD/WORK	S
09/19/97	1730	5562	YWH55	19 Y	YARD/WORK	N
09/19/97	2225	5563	MFWWT	16 T	THROUGH	N
09/19/97	2257	5564	YWH62	19 Y	YARD/WORK	S
09/19/97	2318	5565	YWH62	19 Y	YARD/WORK	N

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DATE	TIME	SEQ NUM	TRAIN	TRN CAT	TRAIN TYPE	D I R
09/20/97	0127	5566	GEGVCV 16	G	THROUGH	N
09/20/97	0422	5567	GSHOAB 08	G	THROUGH	N
09/20/97	0642	5568	LVB55 20	L	ARK CTY LOC	S
09/20/97	0826	5569	MFWNP 18	T	THROUGH	N
09/20/97	1021	5570	YWH55 20	Y	YARD/WORK	S
09/20/97	1034	5571	LVB55 20	L	ARK CTY LOC	N
09/20/97	1059	5572	YWH55 20	Y	YARD/WORK	N
09/20/97	1322	5573	GEHECV 18	G	THROUGH	N
09/20/97	1417	5574	YWH55 20	Y	YARD/WORK	S
09/20/97	1421	5575	MWTFW 18	T	THROUGH	S
09/20/97	1614	5576	YWH55 20	Y	YARD/WORK	N
09/20/97	1633	5577	MWTFW 20	T	THROUGH	S
09/20/97	1842	5578	MFWWT 18	T	THROUGH	N
09/20/97	2232	5579	YWH62 20	Y	YARD/WORK	S
09/20/97	2329	5580	YWH62 20	Y	YARD/WORK	N
09/21/97	0745	5581	MFWWT 19	T	THROUGH	N
09/21/97	1030	5582	YWH55 21	Y	YARD/WORK	S
09/21/97	1128	5583	YWH55 21	Y	YARD/WORK	N
09/21/97	1440	5584	YWH55 21	Y	YARD/WORK	S
09/21/97	1549	5585	MWTFW 21	T	THROUGH	S
09/21/97	1641	5586	YWH55 21	Y	YARD/WORK	N
09/21/97	1704	5587	GLWTGV 15	G	THROUGH	S
09/21/97	2153	5588	YWH60 21	Y	YARD/WORK	S
09/21/97	2238	5589	YWH60 21	Y	YARD/WORK	N
09/22/97	0633	5590	LVB55 22	L	ARK CTY LOC	S
09/22/97	1029	5591	YWH55 22	Y	YARD/WORK	S
09/22/97	1057	5592	LVB55 22	L	ARK CTY LOC	N
09/22/97	1226	5593	YWH55 22	Y	YARD/WORK	N
09/22/97	1733	5594	MWTHO 22	T	THROUGH	S
09/22/97	2300	5595	MFWWT 20	T	THROUGH	N
09/23/97	0004	5596	YWH62 22	Y	YARD/WORK	S
09/23/97	0022	5597	YWH62 22	Y	YARD/WORK	N
09/23/97	0054	5598	LVO54 22	L	THROUGH	N
09/23/97	0652	5599	LVB55 23	L	ARK CTY LOC	S
09/23/97	0717	5600	GSHOWT 18	G	THROUGH	N
09/23/97	1031	5601	YWH55 23	Y	YARD/WORK	S
09/23/97	1138	5602	YWH55 23	Y	YARD/WORK	N
09/23/97	1141	5603	LVB55 23	L	ARK CTY LOC	N
09/23/97	1405	5604	LVO55 23	L	THROUGH	S
09/23/97	1536	5605	OCKWT 23	O	THROUGH	N
09/23/97	1645	5606	GLMGGV 21	G	THROUGH	S
09/23/97	2301	5607	YWH62 23	Y	YARD/WORK	S
09/23/97	2347	5608	YWH62 23	Y	YARD/WORK	N
09/23/97	2357	5609	OWTCK 23	O	THROUGH	S
09/24/97	0252	5610	MFWWT 21	T	THROUGH	N

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DATE	TIME	SEQ NUM	TRAIN	TRN CAT	TRAIN TYPE	D I R	
09/24/97	0649	5611	LVB55	24	L	ARK CTY LOC	S
09/24/97	1041	5612	YWH55	24	Y	YARD/WORK	S
09/24/97	1130	5613	LVB55	24	L	ARK CTY LOC	N
09/24/97	1200	5614	YWH55	24	Y	YARD/WORK	N
09/24/97	1459	5615	YWH55	24	Y	YARD/WORK	S
09/24/97	1648	5616	YWH55	24	Y	YARD/WORK	N
09/24/97	1952	5617	GSOLGV	17	G	THROUGH	S
09/24/97	2248	5618	YWH62	24	Y	YARD/WORK	S
09/24/97	2317	5619	YWH62	24	Y	YARD/WORK	N
09/24/97	2353	5620	LVO54	24	L	THROUGH	N
09/25/97	0638	5621	LVB55	25	L	ARK CTY LOC	S
09/25/97	0946	5622	LVB55	25	L	ARK CTY LOC	N
09/25/97	1017	5623	YWH55	25	Y	YARD/WORK	S
09/25/97	1052	5624	LVO55	25	L	THROUGH	S
09/25/97	1058	5625	YWH55	25	Y	YARD/WORK	N
09/25/97	1324	5626	OCKWT	25	O	THROUGH	N
09/25/97	1534	5627	MFWWT	23	T	THROUGH	N
09/25/97	2002	5628	GECCPY	14	G	THROUGH	N
09/25/97	2033	5629	OWTCK	25	O	THROUGH	S
09/25/97	2235	5630	YWH62	25	Y	YARD/WORK	S
09/25/97	2311	5631	YWH62	25	Y	YARD/WORK	N
09/26/97	0635	5632	LVB55	26	L	ARK CTY LOC	S
09/26/97	1000	5633	YWH55	26	Y	YARD/WORK	S
09/26/97	1022	5634	LVB55	26	L	ARK CTY LOC	N
09/26/97	1104	5635	YWH55	26	Y	YARD/WORK	N
09/26/97	1710	5636	GEFWCO	24	G	THROUGH	N
09/26/97	2222	5637	YWH62	26	Y	YARD/WORK	S
09/26/97	2309	5638	YWH62	26	Y	YARD/WORK	N
09/27/97	0135	5639	LVO54	26	L	THROUGH	N
09/27/97	0327	5640	MFWWT	24	T	THROUGH	N
09/27/97	0541	5641	GSHOCW	21	G	THROUGH	N
09/27/97	0640	5642	LVB55	27	L	ARK CTY LOC	S
09/27/97	0849	5643	MFWWT	25	T	THROUGH	N
09/27/97	1101	5644	YWH55	27	Y	YARD/WORK	S
09/27/97	1115	5645	LVB55	27	L	ARK CTY LOC	N
09/27/97	1136	5646	OTCKC	18	O	THROUGH	N
09/27/97	1150	5647	LVO55	27	L	THROUGH	S
09/27/97	1202	5648	YWH55	27	Y	YARD/WORK	N
09/27/97	2341	5649	YWH62	27	Y	YARD/WORK	S
09/28/97	0030	5650	YWH62	27	Y	YARD/WORK	N
09/28/97	0222	5651	MFWWT	26	T	THROUGH	N
09/28/97	0624	5652	GSHOWA	25	G	THROUGH	N
09/28/97	0940	5653	GSGVCO	23	G	THROUGH	N
09/28/97	1024	5654	YWH55	28	Y	YARD/WORK	S
09/28/97	1114	5655	YWH55	28	Y	YARD/WORK	N

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DATE	TIME	SEQ NUM	TRAIN	TRN CAT	TRAIN TYPE	D I R	
09/28/97	1922	5656	MWTFW	28	T	THROUGH	S
09/29/97	0605	5657	MFWWT	27	T	THROUGH	N
09/29/97	0629	5658	LVB55	29	L	ARK CTY LOC	S
09/29/97	1035	5659	YWH55	29	Y	YARD/WORK	S
09/29/97	1120	5660	LVB55	29	L	ARK CTY LOC	N
09/29/97	1151	5661	YWH55	29	Y	YARD/WORK	N
09/29/97	1415	5662	YWH55	29	Y	YARD/WORK	S
09/29/97	1712	5663	YWH55	29	Y	YARD/WORK	N
09/29/97	1920	5664	MWTFW	29	T	THROUGH	S
09/29/97	2230	5665	YWH55	29	Y	YARD/WORK	S
09/29/97	2254	5666	YWH55	29	Y	YARD/WORK	N
09/29/97	2353	5667	LVO54	29	L	THROUGH	N
09/30/97	0634	5668	LVB55	30	L	ARK CTY LOC	S
09/30/97	1014	5669	YWH55	30	Y	YARD/WORK	S
09/30/97	1022	5670	LVB55	30	L	ARK CTY LOC	N
09/30/97	1049	5671	LVO55	30	L	THROUGH	S
09/30/97	1101	5672	YWH55	30	Y	YARD/WORK	N
09/30/97	1532	5673	OCKWT	29	O	THROUGH	N
09/30/97	1634	5674	MFWWT	28	T	THROUGH	N
9/30/97	1659	5675	GSOLGV	29	G	THROUGH	S
09/30/97	1958	5676	MWTFW	30	T	THROUGH	S
09/30/97	2234	5677	YWH62	30	Y	YARD/WORK	S
09/30/97	2315	5678	YWH62	30	Y	YARD/WORK	N

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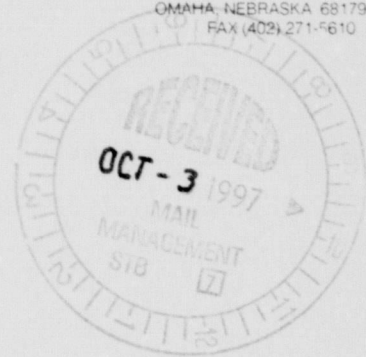
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UNION PACIFIC RAILROAD COMPANY



October 2, 1997

1416 DODGE STREET
ROOM 830
OMAHA, NEBRASKA 68179-0001
FAX (402) 271-5610



Mr. Vernon A. Williams, Secretary
Surface Transportation Board
1925 K Street NW, Suite 700
Washington, DC 20423

Re: Finance Docket 32760, UP - Control and Merger - SP

Dear Mr. Williams:

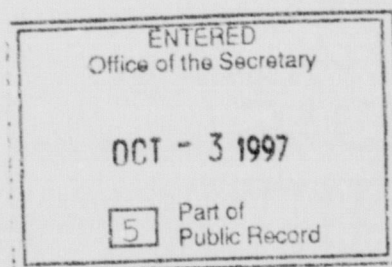
Pursuant to Decision No. 44, UP/SP submits station passing reports for the month of September, 1997 for the cities of Reno, Nevada and Wichita, Kansas. The reports indicate that UP/SP is in compliance with Condition 22.a and Condition 23.a of Exhibit G to Decision No. 44.

	<u>Reno</u>	<u>Wichita</u>
Cap	14.7	6.4
Average Through Freight Trains	9.9	3.53

The attached original and 20 copies of the verified reports include the details for both included and excluded trains for each day during September.

Very truly yours,

Louise A. Rinn
General Attorney
(402) 271-4227



LAR:msw
Attachments

C: (With attachments)

PERSONAL (2 copies)
Elaine Kaiser
Section of Environmental Analysis
Surface Transportation Board
1925 K Street, NW
Washington, DC 20423-0001

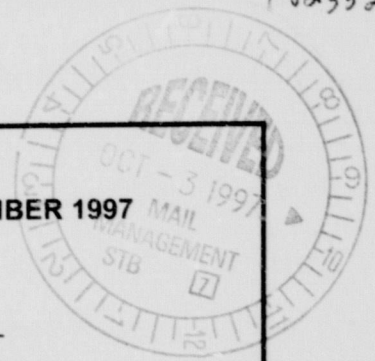
Steven J. Kalish, Esq.
McCarthy, Sweeney & Harkaway, PC
1750 Pennsylvania Avenue, NW
Washington, DC 20006

Paul H. Lamboley, Esq.
Attorney at Law
1020 19th Street NW, Suite 400
Washington, DC 20036

(Via UPS Next Day Air)
J. Michael Hemmer, Esq.
Covington & Burling
1201 Pennsylvania Avenue, NW
Washington, DC 20044

(With Wichita Report)
Bill Stockwell
Metropolitan Planning Department
City Hall
455 North Main Street
Wichita, KS 67202

182332



**RECAP OF PASSING REPORTS FOR MONTH OF SEPTEMBER 1997
RENO, NEVADA**

DATE	FREIGHT
1-Sep	8
2-Sep	9
3-Sep	10
4-Sep	9
5-Sep	11
6-Sep	6
7-Sep	10
8-Sep	8
9-Sep	9
10-Sep	8
11-Sep	12
12-Sep	13
13-Sep	9
14-Sep	10
15-Sep	12
16-Sep	12
17-Sep	11
18-Sep	9
19-Sep	9
20-Sep	10
21-Sep	10
22-Sep	10
23-Sep	10
24-Sep	11
25-Sep	11
26-Sep	9
27-Sep	10
28-Sep	9
29-Sep	10
30-Sep	12

original

FREIGHT TRAIN MONTH TO DATE AVERAGE

9.9

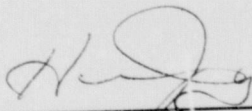
STATION PASSING REPORT FOR Septemb. 1, 1997
Train and Engine Movements through central Reno, Nevada
Twenty-four hour period

	Reno Time (Est)	Train / Engine ID	Direction	Type*
1	340 AM	1MRVRO-30	E	F
2	830 AM	2MSTNPB-K31	E	F
3	455 PM	1MRVRO-31	E	F
4	1045 PM	1MEUNP-K31	E	F
5	510 AM	1MROSTB-K29	W	F
6	645 AM	1AKSOA-29	W	F
7	245 PM	1ZG1OA-30	W	F
8	910 PM	1CSKNC-31	W	F
9	614 PM	PASSENGER	E	P
10	1007 AM	PASSENGER	W	P
11	349 AM - 429 AM	HELPER ENGINE	N/A	LE
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*Type: F (Freight) P (Passenger) W (Work) D (Detour) LE (Light Engine)
SW (Local and Industry Switch Movements)
EM (Snow, Wreck, Fire and other emergency movements)

AUTHENTICATION:

I certify under penalty of perjury that the foregoing record is true and correct
and compiled from records maintained by SPT Company in the usual and
ordinary course of business.



Assistant General Manager
Transportation Service Center

9/2/97

Date

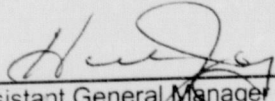
STATION PASSING REPORT FOR September 2, 1997
Train and Engine Movements through central Reno, Nevada
Twenty-four hour period

	Reno Time (Est)	Train / Engine ID	Direction	Type*
1	930 AM	1AOAKS-01	E	F
2	1120 AM	2MSTNPB-K31	E	F
3	205 PM	1MEUNP-01	E	F
4	725 PM	1MSTNPB-01	E	F
5	1255 AM	1ZG1OA-31	W	F
6	120 AM	1AHNOA-30	W	F
7	1135 AM	1MNPSTB-28	W	F
8	200 PM	1AKSOA-30	W	F
9	930 PM	1MNPSTB-30	W	F
10	615 PM	PASSENGER	E	P
11	1007 AM	PASSENGER	W	P
12	520 AM - 558 AM	HELPER ENGINE	N/A	LE
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*Type: F (Freight) P (Passenger) W (Work) D (Detour) LE (Light Engine)
SW (Local and Industry Switch Movements)
EM (Snow, Wreck, Fire and other emergency movements)

AUTHENTICATION:

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ordinary course of business.



Assistant General Manager
Transportation Service Center

9/3/97

Date

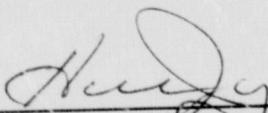
STATION PASSING REPORT FOR September 3, 1997
Train and Engine Movements through central Reno, Nevada
Twenty-four hour period

	Reno Time (Est)	Train / Engine ID	Direction	Type*
1	720 AM	1MRVRO-K01	E	F
2	1040 AM	1AOAKS-02	E	F
3	1105 AM	1ZOACH-03	E	F
4	340 PM	1MSTNPB-02	E	F
5	850 PM	1GPYUP-02	E	F
6	100 AM	1UPBKG-02	W	F
7	610 AM	1AKSOA-31	W	F
8	1210 PM	1MROSTB-01	W	F
9	905 PM	1ZG1OA1-01	W	F
10	925 PM	1UPBKG-02	W	F
11	617 PM	PASSENGER	E	P
12	1041 AM	PASSENGER	W	P
13	502 AM - 535 AM	HELPER ENGINE	N/A	LE
14				
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24				
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*Type: F (Freight) P (Passenger) W (Work) D (Detour) LE (Light Engine)
SW (Local and Industry Switch Movements)
EM (Snow, Wreck, Fire and other emergency movements)

AUTHENTICATION:

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and compiled from records maintained by SPT Company in the usual and
ordinary course of business.



Assistant General Manager
Transportation Service Center

9/4/97

Date

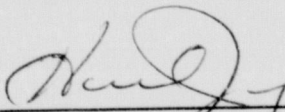
STATION PASSING REPORT FOR September 4, 1997
Train and Engine Movements through central Reno, Nevada
Twenty-four hour period

	Reno Time (Est)	Train / Engine ID	Direction	Type*
1	825 AM	1MRVRO-02	E	F
2	855 AM	1AOAKS-03	E	F
3	1140 AM	1ZOACH-04	E	F
4	515 PM	1CRIGV-02	E	F
5	815 PM	1GBKOG-03	E	F
6	340 AM	1AKSOA-01	W	F
7	450 AM	1MROSTB-02	W	F
8	255 PM	1ZG1OA2-02	W	F
9	1110 PM	1MNPSTB-31	W	F
10	609 PM	PASSENGER	E	P
11	1032 AM	PASSENGER	W	P
12	300 AM	YARD ENGINE	W	SW
13	430 AM	YARD ENGINE	E	SW
14				
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*Type: F (Freight) P (Passenger) W (Work) D (Detour) LE (Light Engine)
SW (Local and Industry Switch Movements)
EM (Snow, Wreck, Fire and other emergency movements)

AUTHENTICATION:

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Assistant General Manager
Transportation Service Center

9/5/97

Date

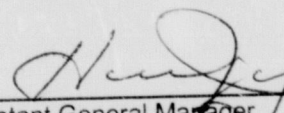
STATION PASSING REPORT FOR September 5, 1997
Train and Engine Movements through central Reno, Nevada
Twenty-four hour period

	Reno Time (Est)	Train / Engine ID	Direction	Type*
1	145 AM	1MEUNP-K03	E	F
2	730 AM	1AOAKS-04	E	F
3	1100 AM	1ZOACH-05	E	F
4	500 PM	1MEUNP-04	E	F
5	920 PM	1MSTNPB-04	E	F
6	1050 PM	1MRVRO-04	E	F
7	910 AM	1ZG1OA3-03	W	F
8	210 PM	1AKS JA-02	W	F
9	435 PM	1MNPSTB-05	W	F
10	440 PM	1CSKTA-03	W	F
11	1020 PM	2MNPSTB-30	W	F
12	551 PM	PASSENGER	E	P
13	1007 AM	PASSENGER	W	P
14	805 PM	YARD ENGINE	W	SW
15	950 PM	YARD ENGINE	E	SW
16				
17				
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25				

*Type: F (Freight) P (Passenger) W (Work) D (Detour) LE (Light Engine)
SW (Local and Industry Switch Movements)
EM (Snow, Wreck, Fire and other emergency movements)

AUTHENTICATION:

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and compiled from records maintained by SPT Company in the usual and
ordinary course of business.



Assistant General Manager
Transportation Service Center

9/8/97

Date

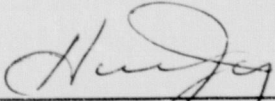
STATION PASSING REPORT FOR September 6, 1997
Train and Engine Movements through central Reno, Nevada
Twenty-four hour period

	Reno Time (Est)	Train / Engine ID	Direction	Type*
1	415 AM	1MSTNPB-K05	E	F
2	1135 AM	1ZOACH-06	E	F
3	450 PM	1AOAKS-05	E	F
4	610 AM	1MROSTB-05	W	F
5	255 PM	1ZG1OA-04	W	F
6	400 PM	1MROSTB-03	W	F
7	551 PM	PASSENGER	E	P
8	1007 AM	PASSENGER	W	P
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*Type: F (Freight) P (Passenger) W (Work) D (Detour) LE (Light Engine)
SW (Local and Industry Switch Movements)
EM (Snow, Wreck, Fire and other emergency movements)

AUTHENTICATION:

I certify under penalty of perjury that the foregoing record is true and correct and compiled from records maintained by SPT Company in the usual and ordinary course of business.



Assistant General Manager
Transportation Service Center

9/8/97

Date

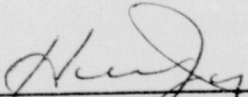
STATION PASSING REPORT FOR September 7, 1997
Train and Engine Movements through central Reno, Nevada
Twenty-four hour period

	Reno Time (Est)	Train / Engine ID	Direction	Type*
1	440 AM	1MRVRO-05	E	F
2	605 AM	1AOAKS-06	E	F
3	1100 AM	1ZOACH-07	E	F
4	1135 AM	1MOARO-05	E	F
5	405 PM	1MSTNPB-K06	E	F
6	1145 PM	1MEUNP-06	E	F
7	425 AM	1MNPSTB-03	W	F
8	720 AM	1AKSOA-03	W	F
9	105 PM	1ZG10A-05	W	F
10	840 PM	1MNPSTB-01	W	F
11	604 PM	PASSENGER	E	P
12	1025 AM	PASSENGER	W	P
13	1207 AM - 100 AM	HELPER ENGINE	N/A	LE
14				
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*Type: F (Freight) P (Passenger) W (Work) D (Detour) LE (Light Engine)
SW (Local and Industry Switch Movements)
EM (Snow, Wreck, Fire and other emergency movements)

AUTHENTICATION:

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Assistant General Manager
Transportation Service Center

9/8/97

Date

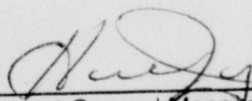
STATION PASSING REPORT FOR September 8, 1997
Train and Engine Movements through central Reno, Nevada
Twenty-four hour period

	Reno Time (Est)	Train / Engine ID	Direction	Type*
1	300 AM	1MRVRO-06	E	F
2	220 PM	1MRVRO-07	E	F
3	145 AM	1MRVSTB-K06	W	F
4	700 AM	2AKSOA-04	W	F
5	1110 AM	1ZG1OA-06	W	F
6	1205 PM	1MROSTB-05	W	F
7	425 PM	1AKSOA-05	W	F
8	435 PM	1CCOPT-08	W	F
9	633 PM	PASSENGER	E	P
10	415 PM	PASSENGER	W	P
11				
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*Type: F (Freight) P (Passenger) W (Work) D (Detour) LE (Light Engine)
SW (Local and Industry Switch Movements)
EM (Snow, Wreck, Fire and other emergency movements)

AUTHENTICATION:

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and compiled from records maintained by SPT Company in the usual and
ordinary course of business.



Assistant General Manager
Transportation Service Center

9/9/97

Date

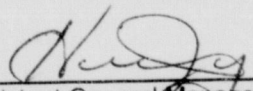
STATION PASSING REPORT FOR September 9, 1997
Train and Engine Movements through central Reno, Nevada
Twenty-four hour period

	Reno Time (Est)	Train / Engine ID	Direction	Type*
1	550 AM	1MOARD-06	E	F
2	1005 AM	1MSTNPB-07	E	F
3	1050 AM	1ZOACH-09	E	F
4	120 PM	1AOAKS-08	E	F
5	845 PM	1MSTNPB-08	E	F
6	1110 AM	1GUPTZ-09	W	F
7	105 PM	1ZG10A-07	W	F
8	320 PM	1MNPSTB-06	W	F
9	510 PM	1MNPSTB-05	W	F
10	750 PM	PASSENGER	E	P
11	1003 AM	PASSENGER	W	P
12	530 PM	YARD ENGINE	W	SW
13	830 PM	YARD ENGINE	E	SW
14				
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*Type: F (Freight) P (Passenger) W (Work) D (Detour) LE (Light Engine)
SW (Local and Industry Switch Movements)
EM (Snow, Wreck, Fire and other emergency movements)

AUTHENTICATION:

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and compiled from records maintained by SPT Company in the usual and
ordinary course of business.



Assistant General Manager
Transportation Service Center

9/10/97

Date

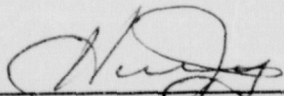
STATION PASSING REPORT FOR September 10, 1997
Train and Engine Movements through central Reno, Nevada
Twenty-four hour period

	Reno Time (Est)	Train / Engine ID	Direction	Type*
1	745 AM	1AOAKS-09	E	F
2	1155 AM	1ZOACH-09	E	F
3	525 PM	1MRVRO-08	E	F
4	355 AM	2AKSOA-09	W	F
5	445 AM	1AKSOA-07	W	F
6	1055 AM	1ZG1OA-08	W	F
7	100 PM	1MROSTB-07	W	F
8	545 PM	2MROSTB-08	W	F
9	651 PM	PASSENGER	E	P
10	1010 AM	PASSENGER	W	P
11	949 AM - 111 PM	HELPER ENGINE	N/A	LE
12				
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23				
24				
25				

*Type: F (Freight) P (Passenger) W (Work) D (Detour) LE (Light Engine)
SW (Local and Industry Switch Movements)
EM (Snow, Wreck, Fire and other emergency movements)

AUTHENTICATION:

I certify under penalty of perjury that the foregoing record is true and correct and compiled from records maintained by SPT Company in the usual and ordinary course of business.



Assistant General Manager
Transportation Service Center

9/11/97

Date

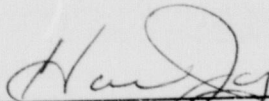
STATION PASSING REPORT FOR September 11, 1997
Train and Engine Movements through central Reno, Nevada
Twenty-four hour period

	Reno Time (Est)	Train / Engine ID	Direction	Type*
1	1205 AM	1MEUNP-08	E	F
2	320 AM	1MSTNPB-09	E	F
3	510 AM	1CRIGV-09	E	F
4	720 AM	1AOAKS-10	E	F
5	1105 AM	1MRVRO-09	E	F
6	1225 PM	1ZOACH-11	E	F
7	515 PM	1MEUNP-09	E	F
8	630 PM	2MRVRO-10	E	F
9	310 AM	1AKSOA-08	W	F
10	135 PM	1ZG1OA-09	W	F
11	235 PM	1CSKTA-09	W	F
12	535 PM	1MROSTB-08	W	F
13	643 PM	PASSENGER	E	P
14	1026 AM	PASSENGER	W	P
15				
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*Type: F (Freight) P (Passenger) W (Work) D (Detour) LE (Light Engine)
SW (Local and Industry Switch Movements)
EM (Snow Wreck, Fire and other emergency movements)

AUTHENTICATION:

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and compiled from records maintained by SPT Company in the usual and
ordinary course of business.



Assistant General Manager
Transportation Service Center

9/12/97
Date

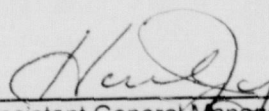
STATION PASSING REPORT FOR September 12, 1997
Train and Engine Movements through central Reno, Nevada
Twenty-four hour period

	Reno Time (Est)	Train / Engine ID	Direction	Type*
1	105 AM	1MEUNP-K10	E	F
2	600 AM	1MSTNPB-11	E	F
3	630 AM	1GTZUP-11	E	F
4	805 AM	1AOAKS-11	E	F
5	905 AM	1MOARO-10	E	F
6	1155 AM	1ZOACH-12	E	F
7	250 PM	1CTASK-11	E	F
8	945 PM	1GBKOG-10	E	F
9	135 AM	1MNPSTB-07	W	F
10	735 AM	1AKSOA-09	W	F
11	1055 AM	1MROSTB-09	W	F
12	130 PM	1ZG1OA0-10	W	F
13	840 PM	1MNPSTB-08	W	F
14	617 PM	PASSENGER	E	P
15	1022 AM	PASSENGER	W	P
16	545 PM	YARD ENGINE	W	SW
17	700 PM	YARD ENGINE	E	SW
18	421 AM - 456 AM	HELPER ENGINE	N/A	LE
19	525 PM	MROSTB-09	W	LE
20				
21				
22				
23				
24				
25				

*Type: F (Freight) P (Passenger) W (Work) D (Detour) LE (Light Engine)
SW (Local and Industry Switch Movements)
EM (Snow, Wreck, Fire and other emergency movements)

AUTHENTICATION:

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Assistant General Manager
Transportation Service Center

9/15/97
Date

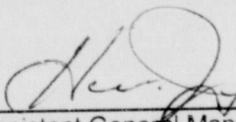
STATION PASSING REPORT FOR September 13, 1997
Train and Engine Movements through central Reno, Nevada
Twenty-four hour period

	Reno Time (Est)	Train / Engine ID	Direction	Type*
1	350 AM	1MEUNP-11	E	F
2	845 AM	1AOAKS-12	E	F
3	930 AM	1MRVRO-10	E	F
4	140 PM	1ZOACH-13	E	F
5	145 PM	2MSTNPB-12	E	F
6	250 AM	1AKSOA-10	W	F
7	1155 AM	1UPPYG-13	W	F
8	240 PM	1ZG1OA-11	W	F
9	640 PM	1MNPSTB-10	W	F
10	557 PM	PASSENGER	E	P
11	1054 AM	PASSENGER	W	P
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*Type: F (Freight) P (Passenger) W (Work) D (Detour) LE (Light Engine)
SW (Local and Industry Switch Movements)
EM (Snow, Wreck, Fire and other emergency movements)

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Assistant General Manager
Transportation Service Center

9/15/97

Date

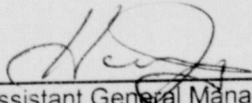
STATION PASSING REPORT FOR September 14, 1997
Train and Engine Movements through central Reno, Nevada
Twenty-four hour period

	Reno Time (Est)	Train / Engine ID	Direction	Type*
1	540 AM	1MEUNP-12	E	F
2	1025 AM	1MEUNP-13	E	F
3	1150 AM	1MSTNPB-13	E	F
4	1225 PM	1ZOACH-14	E	F
5	1030 PM	1MRVRO-12	E	F
6	1225 AM	1CSKTC-12	W	F
7	150 AM	1MNPSTB-10	W	F
8	1150 AM	1ZG10A-11	W	F
9	410 PM	1MROSTB-14	W	F
10	1010 PM	1MROSTB-11	W	F
11	533 PM	PASSENGER	E	P
12	1009 AM	PASSENGER	W	P
13	559 AM - 728 AM	HELPER ENGINE	N/A	LE
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*Type: F (Freight) P (Passenger) W (Work) D (Detour) LE (Light Engine)
SW (Loc., and Industry Switch Movements)
EM (Snow, Wreck, Fire and other emergency movements)

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ordinary course of business.



Assistant General Manager
Transportation Service Center

9/15/97
Date

STATION PASSING REPORT FOR September 15, 1997
Train and Engine Movements through central Reno, Nevada
Twenty-four hour period

	Reno Time (Est)	Train / Engine ID	Direction	Type*
1	125 AM	1MSTNPB-14	E	F
2	305 AM	1AOAKS-13	E	F
3	620 AM	1MRVRO-13	E	F
4	940 AM	1AOAKS-14	E	F
5	105 PM	2MSTNPB-11	E	F
6	115 PM	1CTASK-14	E	F
7	615 PM	1MOARO-14	E	F
8	255 AM	1MROSTB-13	W	F
9	350 AM	1CCOPT-14	W	F
10	1220 PM	1ZG1OA-13	W	F
11	835 PM	1AKSOA-12	W	F
12	1030 PM	1MROSTB-14	W	F
13	634 PM	PASSENGER	E	P
14	1005 AM	PASSENGER	W	P
15	805 AM	YARD ENGINE	W	SW
16	825 AM	YARD ENGINE	E	SW
17				
18				
19				
20				
21				
22				
23				
24				
25				

*Type: F (Freight) P (Passenger) W (Work) D (Detour) LE (Light Engine)
SW (Local and Industry Switch Movements)
EM (Snow, Wreck, Fire and other emergency movements)

AUTHENTICATION:

I certify under penalty of perjury that the foregoing record is true and correct and compiled from records maintained by SPT Company in the usual and ordinary course of business.



Assistant General Manager
Transportation Service Center

9/16/97

Date

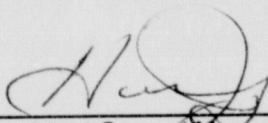
STATION PASSING REPORT FOR September 16, 1997
Train and Engine Movements through central Reno, Nevada
Twenty-four hour period

	Reno Time (Est)	Train / Engine ID	Direction	Type*
1	200 AM	1GPYUP-15	E	F
2	720 AM	1MEUNP-14	E	F
3	810 AM	1MRVRO-14	E	F
4	1045 AM	2MRVRO-14	E	F
5	1105 AM	1ZOACH2-16	E	F
6	830 PM	1MSTNPB-K15	E	F
7	1025 PM	1CRIGV-14	E	F
8	1020 AM	1MROSTB-14	W	F
9	1215 PM	1ZG1OA-14	W	F
10	1230 PM	1AKSOA-13	W	F
11	550 PM	2MNPSTB-11	W	F
12	1040 PM	1MNPSTB-11	W	F
13	535 PM	PASSENGER	E	P
14	1051 AM	PASSENGER	W	P
15	510 PM	YARD ENGINE	W	SW
16	645 PM	YARD ENGINE	E	SW
17				
18				
19				
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*Type: F (Freight) P (Passenger) W (Work) D (Detour) LE (Light Engine)
SW (Local and Industry Switch Movements)
EM (Snow, Wreck, Fire and other emergency movements)

AUTHENTICATION:

I certify under penalty of perjury that the foregoing record is true and correct and compiled from records maintained by SPT Company in the usual and ordinary course of business.



Assistant General Manager
Transportation Service Center

9/17/97

Date

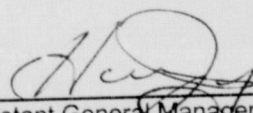
STATION PASSING REPORT FOR September 17, 1997
Train and Engine Movements through central Reno, Nevada
Twenty-four hour period

	Reno Time (Est)	Train / Engine ID	Direction	Type*
1	150 AM	1MEUNP-15	E	F
2	355 AM	2CRIGV-14	E	F
3	835 AM	1AOAKS-16	E	F
4	1215 PM	1ZOACH-17	E	F
5	720 PM	1MEUNP-16	E	F
6	1115 PM	1MRVRO-15	E	F
7	1250 AM	1CSKTA-15	W	F
8	155 AM	1AKSOA-14	W	F
9	1045 AM	1ZG1OA1-15	W	F
10	1125 AM	1MROSTB-15	W	F
11	500 PM	1MNPSTB-12	W	F
12	609 PM	PASSENGER	E	P
13	1014 AM	PASSENGER	W	P
14	919 PM - 1031 PM	HELPER ENGINE	N/A	LE
15				
16				
17				
18				
19				
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22				
23				
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25				

*Type: F (Freight) P (Passenger) W (Work) D (Detour) LE (Light Engine)
SW (Local and Industry Switch Movements)
EM (Snow, Wreck, Fire and other emergency movements)

AUTHENTICATION:

I certify under penalty of perjury that the foregoing record is true and correct and compiled from records maintained by SPT Company in the usual and ordinary course of business.



Assistant General Manager
Transportation Service Center

9/18/97
Date

STATION PASSING REPORT FOR September 18, 1997
Train and Engine Movements through central Reno, Nevada
Twenty-four hour period

	Reno Time (Est)	Train / Engine ID	Direction	Type*
1	345 AM	1MOARO-17	E	F
2	105 PM	1ZOACH-18	E	F
3	340 PM	1AOAKS-17	E	F
4	730 PM	1MRVRO-16	E	F
5	425 AM	1CSKTA-16	W	F
6	730 AM	1MROSTB-16	W	F
7	930 AM	1ZG1OA2-16	W	F
8	900 PM	1MNPSTB-14	W	F
9	1125 PM	1MROSTB-17	W	F
10	613 PM	PASSENGER	E	P
11	1011 AM	PASSENGER	W	P
12	440 PM	WRVEK-18	E	W
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18				
19				
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22				
23				
24				
25				

*Type: F (Freight) P (Passenger) W (Work) D (Detour) LE (Light Engine)
SW (Local and Industry Switch Movements)
EM (Snow, Wreck, Fire and other emergency movements)

AUTHENTICATION:

I certify under penalty of perjury that the foregoing record is true and correct and compiled from records maintained by SPT Company in the usual and ordinary course of business.



Assistant General Manager
Transportation Service Center

9/19/97

Date


STATION PASSING REPORT FOR September 19, 1997
Train and Engine Movements through central Reno, Nevada
Twenty-four hour period

	Reno Time (Est)	Train / Engine ID	Direction	Type*
1	125 AM	1MSTNPB-16	E	F
2	430 AM	1GBKOG-17	E	F
3	625 AM	1MEUNP-17	E	F
	45 AM	1ZOACH-19	E	F
5	1225 PM	1AOAKS-18	E	F
6	320 PM	1MRVRO-17	E	F
7	1235 PM	1ZG1OA-17	W	F
8	150 PM	1AKSOA-16	W	F
9	1055 PM	1GUPTZ-17	W	F
10	610 PM	PASSENGER	E	P
11	1007 AM	PASSENGER	W	P
12	625 PM	YARD ENGINE	W	SW
13	735 PM	YARD ENGINE	E	SW
14				
15				
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18				
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21				
22				
23				
24				
25				

*Type: F (Freight) P (Passenger) W (Work) D (Detour) LE (Light Engine)
SW (Local and Industry Switch Movements)
EM (Snow, Wreck, Fire and other emergency movements)

AUTHENTICATION:

I certify under penalty of perjury that the foregoing record is true and correct and compiled from records maintained by SPT Company in the usual and ordinary course of business.



Assistant General Manager
Transportation Service Center

9/22/97

Date

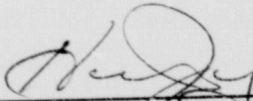
STATION PASSING REPORT FOR September 20, 1997
Train and Engine Movements through central Reno, Nevada
Twenty-four hour period

	Reno Time (Est)	Train / Engine ID	Direction	Type*
1	110 AM	1MSTNPB-17	E	F
2	505 AM	1CTASK-18	E	F
3	520 AM	1AOAKS-19	E	F
4	950 AM	1CRIGV-17	E	F
5	1110 AM	1ZOACH-20	E	F
6	310 AM	1MNPSTB-15	W	F
7	700 AM	1CSKWC-19	W	F
8	1145 AM	1MROSTB-18	W	F
9	305 PM	1ZG1OA-18	W	F
10	1000 PM	1AKSOA-17	W	F
11	559 PM	PASSENGER	E	P
12	951 PM	PASSENGER	W	P
13	750 AM	WRVEK-20	E	W
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				

*Type: F (Freight) P (Passenger) W (Work) D (Detour) LE (Light Engine)
SW (Local and Industry Switch Movements)
EM (Snow, Wreck, Fire and other emergency movements)

AUTHENTICATION:

I certify under penalty of perjury that the foregoing record is true and correct
and compiled from records maintained by SPT Company in the usual and
ordinary course of business.



Assistant General Manager
Transportation Service Center

9/22/97
Date

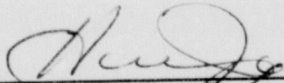
STATION PASSING REPORT FOR September 21, 1997
Train and Engine Movements through central Reno, Nevada
Twenty-four hour period

	Reno Time (Est)	Train / Engine ID	Direction	Type*
1	550 AM	1MRVRO-19	E	F
2	615 AM	1MEUNP-19	E	F
3	1030 AM	1AOAKS-20	E	F
4	1235 PM	1ZOACH-21	E	F
5	555 PM	1MSTNPB-18	E	F
6	555 AM	1MROSTB-20	W	F
7	120 PM	1GUPBK-20	W	F
8	620 PM	1ZG1OA-19	W	F
9	755 PM	1CSKST-20	W	F
10	1100 PM	1GUPBK-21	W	F
11	621 PM	PASSENGER	E	P
12	1005 AM	PASSENGER	W	P
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				

*Type: F (Freight) P (Passenger) W (Work) D (Detour) LE (Light Engine)
SW (Local and Industry Switch Movements)
EM (Snow, Wreck, Fire and other emergency movements)

AUTHENTICATION:

I certify under penalty of perjury that the foregoing record is true and correct
and compiled from records maintained by SPT Company in the usual and
ordinary course of business.



Assistant General Manager
Transportation Service Center

9/22/97

Date

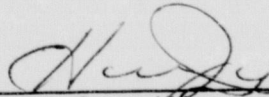
STATION PASSING REPORT FOR September 22, 1997
Train and Engine Movements through central Reno, Nevada
Twenty-four hour period

	Reno Time (Est)	Train / Engine ID	Direction	Type*
1	135 AM	1GTZUP-21	E	F
2	240 AM	1AOAKS-21	E	F
3	315 AM	1MEUNP-18	E	F
4	945 AM	1MRVRO-18	E	F
5	210 PM	2MSTNPB-18	E	F
6	1040 PM	1CTASK-20	E	F
7	355 AM	1MNPSTB-16	W	F
8	845 AM	1AKSOA-18	W	F
9	1140 AM	1ZG1OA-20	W	F
10	1250 PM	1AKSOA-19	W	F
11	635 PM	PASSENGER	E	P
12	1135 AM	PASSENGER	W	P
13	130 PM	YARD ENGINE	W	SW
14	315 PM	YARD ENGINE	E	SW
15	707 AM - 747 AM	HELPER ENGINE	N/A	LE
16	535 AM	WRVEK-21	W	W
17				
18				
19				
20				
21				
22				
23				
24				
25				

*Type: F (Freight) P (Passenger) W (Work) D (Detour) LE (Light Engine)
SW (Local and Industry Switch Movements)
EM (Snow, Wreck, Fire and other emergency movements)

AUTHENTICATION:

I certify under penalty of perjury that the foregoing record is true and correct and compiled from records maintained by SPT Company in the usual and ordinary course of business.



Assistant General Manager
Transportation Service Center

9/23/97

Date

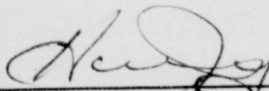
STATION PASSING REPORT FOR September 23, 1997
Train and Engine Movements through central Reno, Nevada
Twenty-four hour period

	Reno Time (Est)	Train / Engine ID	Direction	Type*
1	150 AM	1MEUNP-20	E	F
2	430 AM	1MRVRO-K20	E	F
3	840 AM	1AOAKS-22	E	F
4	1120 AM	1ZOACH2-23	E	F
5	310 PM	1MSTNPB-20	E	F
6	930 PM	1MSTNPB-K22	E	F
7	1020 AM	1AKSOA-20	W	F
8	1230 PM	1ZG1OA-21	W	F
9	200 PM	1GUPTZ-22	W	F
10	430 PM	1MROSTB-K21	W	F
11	650 PM	PASSENGER	E	P
12	1009 AM	PASSENGER	W	P
13	118 PM - 239 PM	HELPER ENGINE	N/A	LE
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				

*Type: F (Freight) P (Passenger) W (Work) D (Detour) LE (Light Engine)
SW (Local and Industry Switch Movements)
EM (Snow, Wreck, Fire and other emergency movements)

AUTHENTICATION:

I certify under penalty of perjury that the foregoing record is true and correct and compiled from records maintained by SPT Company in the usual and ordinary course of business.



Assistant General Manager
Transportation Service Center

9/24/97

Date

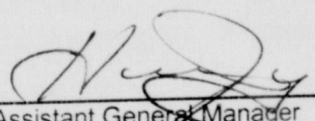
STATION PASSING REPORT FOR September 24, 1997
Train and Engine Movements through central Reno, Nevada
Twenty-four hour period

	Reno Time (Est)	Train / Engine ID	Direction	Type*
1	450 AM	1MSTNPB-21	E	F
2	830 AM	1CRIGV-19	E	F
3	930 AM	1AOAKS-23	E	F
4	945 AM	1CTASK-23	E	F
5	1055 AM	1ZOACH-24	E	F
6	540 PM	1MRVRO-21	E	F
7	920 PM	1MSTNPB-K23	E	F
8	720 AM	1MNPSTB-22	W	F
9	1145 AM	1ZG1OA-22	W	F
10	210 PM	1AKSOA-21	W	F
11	1025 PM	1MROSTB-K22	W	F
12	620 PM	PASSENGER	E	P
13	1030 AM	PASSENGER	W	P
14	908 PM - 1041 PM	HELPER ENGINE	N/A	LE
15	200 PM	WORK TRAIN	E	W
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				

*Type: F (Freight) P (Passenger) W (Work) D (Detour) LE (Light Engine)
SW (Local and Industry Switch Movements)
EM (Snow, Wreck, Fire and other emergency movements)

AUTHENTICATION:

I certify under penalty of perjury that the foregoing record is true and correct
and compiled from records maintained by SPT Company in the usual and
ordinary course of business.



Assistant General Manager
Transportation Service Center

9/25/97

Date

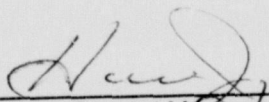
STATION PASSING REPORT FOR September 25, 1997
Train and Engine Movements through central Reno, Nevada
Twenty-four hour period

	Reno Time (Est)	Train / Engine ID	Direction	Type*
1	415 AM	1MOARO-23	E	F
2	550 AM	1MRVRO-22	E	F
3	220 PM	1ZOACH-25	E	F
4	625 PM	1AOAKS-24	E	F
5	920 PM	1MRVRO-23	E	F
6	150 AM	1GUPPY-23	W	F
7	350 AM	1CSKTA-22	W	F
8	830 AM	2MROSTB-23	W	F
9	310 PM	1AKSOA-22	W	F
10	400 PM	AZG1OA-23	W	F
11	1045 PM	1MNPSTB-19	W	F
12	614 PM	PASSENGER	E	P
13	1027 AM	PASSENGER	W	P
14	150 PM - 239 PM	HELPER ENGINE	N/A	LE
15	736 PM - 749 PM	HELPER ENGINE	N/A	LE
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				

*Type: F (Freight) P (Passenger) W (Work) D (Detour) LE (Light Engine)
SW (Local and Industry Switch Movements)
EM (Snow, Wreck, Fire and other emergency movements)

AUTHENTICATION:

I certify under penalty of perjury that the foregoing record is true and correct and compiled from records maintained by SPT Company in the usual and ordinary course of business.



Assistant General Manager
Transportation Service Center

9/26/97

Date

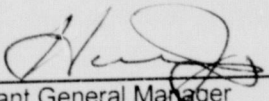
STATION PASSING REPORT FOR September 26, 1997
Train and Engine Movements through central Reno, Nevada
Twenty-four hour period

	Reno Time (Est)	Train / Engine ID	Direction	Type*
1	505 AM	1AOAKS-25	E	F
2	705 AM	1MSTNPB-25	E	F
3	900 AM	1CTASK-25	E	F
4	235 PM	1ZOACH-26	E	F
5	320 PM	1MRVRO-24	E	F
6	220 AM	1MROSTB-23	W	F
7	700 AM	1CSKTA-24	W	F
8	150 PM	1ZG1OA-24	W	F
9	430 PM	1MROSTB-K21	W	F
10	614 PM	PASSENGER	E	P
11	1054 AM	PASSENGER	W	P
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23				
24				
25				

*Type: F (Freight) P (Passenger) W (Work) D (Detour) LE (Light Engine)
SW (Local and Industry Switch Movements)
EM (Snow, Wreck, Fire and other emergency movements)

AUTHENTICATION:

I certify under penalty of perjury that the foregoing record is true and correct
and compiled from records maintained by SPT Company in the usual and
ordinary course of business.



Assistant General Manager
Transportation Service Center

9/29/97

Date

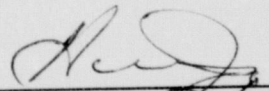
STATION PASSING REPORT FOR September 27, 1997
Train and Engine Movements through central Reno, Nevada
Twenty-four hour period

	Reno Time (Est)	Train / Engine ID	Direction	Type*
1	425 AM	1MRVRO-26	E	F
2	730 AM	1MSTNPB-26	E	F
3	750 AM	1MOARO-26	E	F
4	910 AM	1AOAKS-26	E	F
5	1035 AM	1ZOACH-27	E	F
6	450 PM	1GPYUP-26	E	F
7	135 AM	1AKSOA-23	W	F
8	1110 AM	1MNPSTB-22	W	F
9	135 PM	1ZG1OA-25	W	F
10	435 PM	1AKSOA-24	W	F
11	619 PM	PASSENGER	E	P
12	1237 PM	PASSENGER	W	P
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*Type: F (Freight) P (Passenger) W (Work) D (Detour) LE (Light Engine)
SW (Local and Industry Switch Movements)
EM (Snow, Wreck, Fire and other emergency movements)

AUTHENTICATION:

I certify under penalty of perjury that the foregoing record is true and correct and compiled from records maintained by SPT Company in the usual and ordinary course of business.



Assistant General Manager
Transportation Service Center

9/29/97

Date


STATION PASSING REPORT FOR September 28, 1997
Train and Engine Movements through central Reno, Nevada
Twenty-four hour period

	Reno Time (Est)	Train / Engine ID	Direction	Type*
1	140 AM	2MOARO-26	E	F
2	220 AM	1MSTNPB-27	E	F
3	750 AM	1MRVRO-27	E	F
4	1135 AM	1ZOACH-28	E	F
5	915 PM	3MOARO-26	E	F
6	555 AM	1MROSTB-24	W	F
7	745 AM	1MNPSTB-23	W	F
8	120 PM	1AKSOA-28	W	F
9	525 PM	1CSKTA-25	W	F
10	606 PM	PASSENGER	E	P
11	1008 AM	PASSENGER	W	P
12				
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20				
21				
22				
23				
24				
25				

*Type: F (Freight) P (Passenger) W (Work) D (Detour) LE (Light Engine)
SW (Local and Industry Switch Movements)
EM (Snow, Wreck, Fire and other emergency movements)

AUTHENTICATION:

I certify under penalty of perjury that the foregoing record is true and correct and compiled from records maintained by SPT Company in the usual and ordinary course of business.



Assistant General Manager
Transportation Service Center

9/29/97
Date


STATION PASSING REPORT FOR September 29, 1997
Train and Engine Movements through central Reno, Nevada
Twenty-four hour period

	Reno Time (Est)	Train / Engine ID	Direction	Type*
1	105 AM	1CRIGV-26	E	F
2	730 AM	1AOAKS-28	E	F
3	920 AM	1MRVRO-28	E	F
4	510 PM	1MSTNPB-28	E	F
5	535 PM	2MRVRO-27	E	F
6	330 AM	1ZG1OA-26	W	F
7	625 AM	1AKSOA-26	W	F
8	830 AM	1AKSOA-25	W	F
9	650 PM	1MNPSTB-26	W	F
10	1130 PM	1MROSBT-26	W	F
11	639 PM	PASSENGER	E	P
12	1009 AM	PASSENGER	W	P
13	1145 AM	WORK TRAIN		W
14				
15				
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24				
25				

*Type: F (Freight) P (Passenger) W (Work) D (Detour) LE (Light Engine)
SW (Local and Industry Switch Movements)
EM (Snow, Wreck, Fire and other emergency movements)

AUTHENTICATION:

I certify under penalty of perjury that the foregoing record is true and correct
and compiled from records maintained by SPT Company in the usual and
ordinary course of business.



Assistant General Manager
Transportation Service Center

9/30/97

Date

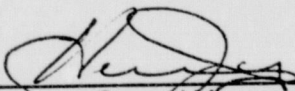
STATION PASSING REPORT FOR September 30, 1997
Train and Engine Movements through central Reno, Nevada
Twenty-four hour period

	Reno Time (Est)	Train / Engine ID	Direction	Type*
1	430 AM	2MOARO-27	E	F
2	625 AM	1MRVRO-29	E	F
3	650 AM	1GBKOG-29	E	F
4	130 PM	1AOAKS-29	E	F
5	145 PM	1ZOACH-30	E	F
6	550 PM	1CTASK-28	E	F
7	910 PM	2MOARO-28	E	F
8	130 AM	1ZG1OA-27	W	F
9	640 AM	1GUPTZ-29	W	F
10	750 AM	1AKSOA-27	W	F
11	545 PM	1CCOPT-28	W	F
12	1040 PM	1MROSTB-28	W	F
13	631 PM	PASSENGER	E	P
14	1008 AM	PASSENGER	W	P
15	1000 PM - 1036 PM	HELPER ENGINE	N/A	LE
16				
17				
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19				
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22				
23				
24				
25				

*Type: F (Freight) P (Passenger) W (Work) D (Detour) LE (Light Engine)
SW (Local and Industry Switch Movements)
EM (Snow, Wreck, Fire and other emergency movements)

AUTHENTICATION:

I certify under penalty of perjury that the foregoing record is true and correct and compiled from records maintained by SPT Company in the usual and ordinary course of business.



Assistant General Manager
Transportation Service Center

10/1/97
Date

TRANSPORTATION RESEARCH
AEI SCANNER TRAIN HISTORY SUMMARY FOR SCANNER #359-SOUTH WICHITA
FOR PERIOD 09/01/97-09/30/97

DATE	THRU TRAINS
09/01/97	4
09/02/97	1
09/03/97	2
09/04/97	5
09/05/97	1
09/06/97	4
09/07/97	3
09/08/97	0
09/09/97	5
09/10/97	2
09/11/97	5
09/12/97	2
09/13/97	6
09/14/97	6
09/15/97	3
09/16/97	7
09/17/97	0
09/18/97	4
09/19/97	1
09/20/97	7
09/21/97	3
09/22/97	2
09/23/97	6
09/24/97	3
09/25/97	5
09/26/97	1
09/27/97	6
09/28/97	4
09/29/97	3
09/30/97	5

*TOTAL 97

106

** AVG_THRU_TRN 3.53

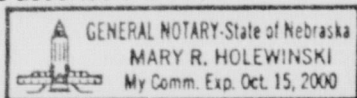
TOTAL

106

VERIFICATION

STATE OF NEBRASKA)
) ss.
COUNTY OF DOUGLAS)

Clyde Anderson, being 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.



Clyde Anderson
Clyde Anderson

SUBSCRIBED AND SWORN to before me this 2nd day of October, 1997.

Mary R. Holewinski
Notary Public

original

PROGRAM: FPAN127.FOCUS.EXEC(AEIHIST-WHTA-4) 10/01/97 14.09.59

TRANSPORTATION RESEARCH
 AEI SCANNER TRAIN HISTORY DETAIL REPORT FOR SCANNER #359-SOUTH WICHITA
 FOR PERIOD 09/01/97-09/30/97

DATE	TIME	SEQ NUM	TRAIN	TRN CAT	TRAIN TYPE	D I R
09/01/97	0326	5386	MFWWT 31	T	THROUGH	N
09/01/97	1316	5387	GSCWHO 30	G	THROUGH	S
09/01/97	1729	5388	GSCWHO 30	G	THROUGH	S
09/01/97	2017	5389	GEFWSI 29	G	THROUGH	N
09/02/97	0629	5390	LVB55 02	L	ARK CTY LOC	S
09/02/97	0929	5391	YWH55 02	Y	YARD/WORK	S
09/02/97	0953	5392	YWH55 02	Y	YARD/WORK	N
09/02/97	1114	5393	LVB55 02	L	ARK CTY LOC	N
09/02/97	1122	5394	YWH55 02	Y	YARD/WORK	S
09/02/97	1347	5395	YWH55 02	Y	YARD/WORK	N
09/02/97	1737	5396	MWTFW 02	T	THROUGH	S
09/02/97	2220	5397	YWH62 02	Y	YARD/WORK	S
09/02/97	2243	5398	YWH62 02	Y	YARD/WORK	N
09/03/97	0019	5399	GSWIHO 02	G	THROUGH	S
09/03/97	0637	5400	LVB55 03	L	ARK CTY LOC	S
09/03/97	0935	5401	YWH55 03	Y	YARD/WORK	S
09/03/97	0955	5402	LVB55 03	L	ARK CTY LOC	N
09/03/97	1036	5403	YWH55 03	Y	YARD/WORK	N
09/03/97	1254	5404	YWH55 03	Y	YARD/WORK	S
09/03/97	1515	5405	YWH55 03	Y	YARD/WORK	N
09/03/97	1755	5406	MFWWT 01	T	THROUGH	N
09/03/97	1900	5407	YWH62 03	Y	YARD/WORK	S
09/03/97	1921	5408	YWH62 03	Y	YARD/WORK	N
09/04/97	0054	5409	LVO54 03	L	THROUGH	N
09/04/97	0639	5410	LVB55 04	L	ARK CTY LOC	S
09/04/97	0944	5411	YWH55 04	Y	YARD/WORK	S
09/04/97	1047	5412	YWH55 04	Y	YARD/WORK	N
09/04/97	1126	5413	LVO55 04	L	THROUGH	S
09/04/97	1249	5414	LVB55 04	L	ARK CTY LOC	N
09/04/97	1613	5415	OCKWT 04	O	THROUGH	N
09/04/97	2054	5416	MWTFW 03	T	THROUGH	S
09/04/97	2100	5417	OWTCK 04	O	THROUGH	S
09/04/97	2231	5418	YWH62 04	Y	YARD/WORK	S
09/04/97	2250	5419	YWH62 04	Y	YARD/WORK	N
09/05/97	0018	5420	MFWWT 02	T	THROUGH	N
09/05/97	0638	5421	LVB55 05	L	ARK CTY LOC	S
09/05/97	1050	5422	YWH55 05	Y	YARD/WORK	S
09/05/97	1158	5423	YWH55 05	Y	YARD/WORK	N
09/05/97	1313	5424	LVB55 05	L	ARK CTY LOC	N
09/05/97	1414	5425	YWH55 05	Y	YARD/WORK	S
09/05/97	1541	5426	YWH55 05	Y	YARD/WORK	N
09/05/97	2215	5427	YWH62 05	Y	YARD/WORK	S
09/05/97	2255	5428	YWH62 05	Y	YARD/WORK	N
09/06/97	0028	5429	LVO54 05	L	THROUGH	N
09/06/97	0643	5430	LVB55 06	L	ARK CTY LOC	S

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TRANSPORTATION RESEARCH
 AEI SCANNER TRAIN HISTORY DETAIL REPORT FOR SCANNER #359-SOUTH WICHITA
 FOR PERIOD 09/01/97-09/30/97

DATE	TIME	SEQ NUM	TRAIN	TRN CAT	TRAIN TYPE	D I R
09/06/97	0937	5431	YWH55	06 Y	YARD/WORK	S
09/06/97	1018	5432	YWH55	06 Y	YARD/WORK	N
09/06/97	1020	5433	LVB55	06 L	ARK CTY LOC	N
09/06/97	1134	5434	LVO55	06 L	THROUGH	S
09/06/97	1347	5435	MWTFW	04 T	THROUGH	S
09/06/97	2124	5436	MFWWT	05 T	THROUGH	N
09/06/97	2145	5437	YWH62	06 Y	YARD/WORK	S
09/06/97	2230	5438	YWH62	06 Y	YARD/WORK	N
09/07/97	0650	5439	MFWWT	06 T	THROUGH	N
09/07/97	1005	5440	MWTFW	05 T	THROUGH	S
09/07/97	1211	5441	YWH55	07 Y	YARD/WORK	S
09/07/97	1317	5442	YWH55	07 Y	YARD/WORK	N
09/07/97	1931	5443	MWTFW	07 T	THROUGH	S
09/07/97	2127	5444	YWH60	07 Y	YARD/WORK	S
09/07/97	2147	5445	YWH60	07 Y	YARD/WORK	N
09/08/97	0633	5446	LVB55	08 L	ARK CTY LOC	S
09/08/97	0937	5447	YWH55	08 Y	YARD/WORK	S
09/08/97	1011	5448	LVB55	08 L	ARK CTY LOC	N
09/08/97	1143	5449	YWH55	08 Y	YARD/WORK	N
09/08/97	1332	5450	YWH55	08 Y	YARD/WORK	S
09/08/97	1522	5451	YWH55	08 Y	YARD/WORK	N
09/08/97	2358	5452	YWH62	08 Y	YARD/WORK	S
09/09/97	0016	5453	LVO54	08 L	THROUGH	N
09/09/97	0059	5454	YWH62	08 Y	YARD/WORK	N
09/09/97	0358	5455	MFWWT	07 T	THROUGH	N
09/09/97	0630	5456	LVB55	09 L	ARK CTY LOC	S
09/09/97	0944	5457	YWH55	09 Y	YARD/WORK	S
09/09/97	1042	5458	GSOLGV	07 G	THROUGH	S
09/09/97	1107	5459	YWH55	09 Y	YARD/WORK	N
09/09/97	1113	5460	LVB55	09 L	ARK CTY LOC	N
09/09/97	1135	5461	LVO55	09 L	THROUGH	S
09/09/97	1556	5462	YWH62	09 Y	YARD/WORK	N
09/09/97	2341	5463	MWTFW	09 T	THROUGH	S
09/09/97	2357	5464	YWH62	09 Y	YARD/WORK	S
09/10/97	0637	5465	LVB55	10 L	ARK CTY LOC	S
09/10/97	0703	5466	GSGVOL	06 G	THROUGH	N
09/10/97	0942	5467	YWH55	10 Y	YARD/WORK	S
09/10/97	1013	5468	LVB55	10 L	ARK CTY LOC	N
09/10/97	1118	5469	YWH55	10 Y	YARD/WORK	N
09/10/97	1259	5470	YWH55	10 Y	YARD/WORK	S
09/10/97	1539	5471	YWH55	10 Y	YARD/WORK	N
09/10/97	2156	5472	YWH62	10 Y	YARD/WORK	S
09/10/97	2257	5473	YWH62	10 Y	YARD/WORK	N
09/10/97	2301	5474	LVO54	10 L	THROUGH	N
09/11/97	0641	5475	LVB55	11 L	ARK CTY LOC	S

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 AEI SCANNER TRAIN HISTORY DETAIL REPORT FOR SCANNER #359-SOUTH WICHITA
 FOR PERIOD 09/01/97-09/30/97

DATE	TIME	SEQ NUM	TRAIN	TRN CAT	TRAIN TYPE	D I R
09/11/97	0953	5476	YWH55	11 Y	YARD/WORK	S
09/11/97	1040	5477	LVB55	11 L	ARK CTY LOC	N
09/11/97	1114	5478	YWH55	11 Y	YARD/WORK	N
09/11/97	1159	5479	MFWWT	09 T	THROUGH	N
09/11/97	1310	5480	LVO55	11 L	THROUGH	S
09/11/97	1510	5481	OCKWT	11 O	THROUGH	N
09/11/97	2109	5482	MWTFW	11 T	THROUGH	S
09/11/97	2116	5483	OWTCK	11 O	THROUGH	S
09/11/97	2150	5484	YWH62	11 Y	YARD/WORK	S
09/11/97	2255	5485	YWH62	11 Y	YARD/WORK	N
09/12/97	0024	5486	GSCKCO	05 G	THROUGH	N
09/12/97	0637	5487	LVB55	12 L	ARK CTY LOC	S
09/12/97	0941	5488	YWH55	12 Y	YARD/WORK	S
09/12/97	1102	5489	LVB55	12 L	ARK CTY LOC	N
09/12/97	1116	5490	YWH55	12 Y	YARD/WORK	N
09/12/97	2041	5491	MFWWT	10 T	THROUGH	N
09/12/97	2206	5492	YWH62	12 Y	YARD/WORK	S
09/12/97	2306	5493	YWH62	12 Y	YARD/WORK	N
09/13/97	0022	5494	MWTFW	12 T	THROUGH	S
09/13/97	0131	5495	LVO54	12 L	THROUGH	N
09/13/97	0637	5496	LVB55	13 L	ARK CTY LOC	S
09/13/97	0952	5497	YWH55	13 Y	YARD/WORK	S
09/13/97	1044	5498	YWH55	13 Y	YARD/WORK	N
09/13/97	1059	5499	MFWWT	11 T	THROUGH	N
09/13/97	1117	5500	LVO55	13 L	THROUGH	S
09/13/97	1232	5501	LVB55	13 L	ARK CTY LOC	N
09/13/97	1446	5502	YWH55	13 Y	YARD/WORK	S
09/13/97	1626	5503	YWH55	13 Y	YARD/WORK	N
09/13/97	1726	5504	MWTFW	13 T	THROUGH	S
09/13/97	2219	5505	GLSIGV	10 G	THROUGH	S
09/14/97	0913	5506	GSHOWT	09 G	THROUGH	N
09/14/97	1004	5507	CCLAI	08 C	THROUGH	N
09/14/97	1113	5508	YWH55	14 Y	YARD/WORK	S
09/14/97	1203	5509	YWH55	14 Y	YARD/WORK	N
09/14/97	1421	5510	MFWWT	13 T	THROUGH	N
09/14/97	1500	5511	YWH55	14 Y	YARD/WORK	S
09/14/97	1632	5512	YWH55	14 Y	YARD/WORK	N
09/14/97	1855	5513	GEBEPL109	G	THROUGH	N
09/14/97	2332	5514	OWTCK	14 O	THROUGH	S
09/14/97	2350	5515	MWTFW	15 T	THROUGH	N
09/15/97	0828	5516	LVB55	15 L	ARK CTY LOC	S
09/15/97	1011	5517	YWH55	15 Y	YARD/WORK	S
09/15/97	1115	5518	YWH55	15 Y	YARD/WORK	N
09/15/97	1240	5519	MWTFW	15 T	THROUGH	N
09/15/97	2038	5520	MFWWT	14 T	THROUGH	N

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AEI SCANNER TRAIN HISTORY DETAIL REPORT FOR SCANNER #359-SOUTH WICHITA
FOR PERIOD 09/01/97-09/30/97

DATE	TIME	SEQ NUM	TRAIN	TRN CAT	TRAIN TYPE	D I R
09/15/97	2303	5521	YWH60	15 Y	YARD/WORK	S
09/15/97	2330	5522	YWH60	15 Y	YARD/WORK	N
09/15/97	2359	5523	LVO54	15 L	THROUGH	N
09/16/97	0426	5524	MWTFW	15 T	THROUGH	S
09/16/97	0537	5525	MFWWT	15 T	THROUGH	N
09/16/97	0640	5526	LVB55	16 L	ARK CTY LOC	S
09/16/97	0832	5527	GSGVOL	08 G	THROUGH	N
09/16/97	1007	5528	YWH55	16 Y	YARD/WORK	S
09/16/97	1042	5529	LVB55	16 L	ARK CTY LOC	N
09/16/97	1102	5530	LVO55	16 L	THROUGH	S
09/16/97	1113	5531	YWH55	16 Y	YARD/WORK	N
09/16/97	1639	5532	OWTCK	16 O	THROUGH	N
09/16/97	1806	5533	GSWTHO	16 C	THROUGH	S
09/16/97	2211	5534	YWH62	16 Y	YARD/WORK	S
09/16/97	2237	5535	YWH62	16 Y	YARD/WORK	N
09/16/97	2307	5536	OWTCK	16 O	THROUGH	S
09/17/97	0641	5537	LVB55	17 L	ARK CTY LOC	S
09/17/97	0944	5538	YWH55	17 Y	YARD/WORK	S
09/17/97	1059	5539	YWH55	17 Y	YARD/WORK	N
09/17/97	1151	5540	LVB55	17 L	ARK CTY LOC	N
09/17/97	1309	5541	YWH55	17 Y	YARD/WORK	S
09/17/97	1535	5542	YWH55	17 Y	YARD/WORK	N
09/17/97	2306	5543	YWH62	17 Y	YARD/WORK	S
09/17/97	2321	5544	YWH62	17 Y	YARD/WORK	N
09/18/97	0029	5545	YWH62	17 Y	YARD/WORK	S
09/18/97	0043	5546	YWH62	17 Y	YARD/WORK	N
09/18/97	0636	5547	LVB55	18 L	ARK CTY LOC	S
09/18/97	0821	5548	LVO54	17 L	THROUGH	N
09/18/97	0945	5549	YWH55	18 Y	YARD/WORK	S
09/18/97	1034	5550	LVB55	18 L	ARK CTY LOC	N
09/18/97	1055	5551	YWH55	18 Y	YARD/WORK	N
09/18/97	1416	5552	LVO55	18 L	THROUGH	S
09/18/97	1533	5553	OCKWT	18 O	THROUGH	N
09/18/97	2151	5554	OWTCK	18 O	THROUGH	S
09/18/97	2200	5555	YWH62	18 Y	YARD/WORK	S
09/18/97	2228	5556	YWH62	18 Y	YARD/WORK	N
09/19/97	0635	5557	LVB55	19 L	ARK CTY LOC	S
09/19/97	0922	5558	YWH55	19 Y	YARD/WORK	S
09/19/97	0948	5559	YWH55	19 Y	YARD/WORK	N
09/19/97	1211	5560	LVB55	19 L	ARK CTY LOC	N
09/19/97	1710	5561	YWH55	19 Y	YARD/WORK	S
09/19/97	1730	5562	YWH55	19 Y	YARD/WORK	N
09/19/97	2225	5563	MFWWT	16 T	THROUGH	N
09/19/97	2257	5564	YWH62	19 Y	YARD/WORK	S
09/19/97	2318	5565	YWH62	19 Y	YARD/WORK	N

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 AEI SCANNER TRAIN HISTORY DETAIL REPORT FOR SCANNER #359-SOUTH WICHITA
 FOR PERIOD 09/01/97-09/30/97

DATE	TIME	SEQ NUM	TRAIN	TRN CAT	TRAIN TYPE	D I R
09/20/97	0127	5566	GEGVCV 16	G	THROUGH	N
09/20/97	0422	5567	GSHOAB 08	G	THROUGH	N
09/20/97	0642	5568	LVB55 20	L	ARK CTY LOC	S
09/20/97	0826	5569	MFWNP 18	T	THROUGH	N
09/20/97	1021	5570	YWH55 20	Y	YARD/WORK	S
09/20/97	1034	5571	LVB55 20	L	ARK CTY LOC	N
09/20/97	1059	5572	YWH55 20	Y	YARD/WORK	N
09/20/97	1322	5573	GEHECV 18	G	THROUGH	N
09/20/97	1417	5574	YWH55 20	Y	YARD/WORK	S
09/20/97	1421	5575	MWTFW 18	T	THROUGH	S
09/20/97	1614	5576	YWH55 20	Y	YARD/WORK	N
09/20/97	1633	5577	MWTFW 20	T	THROUGH	S
09/20/97	1842	5578	MFWWT 18	T	THROUGH	N
09/20/97	2232	5579	YWH62 20	Y	YARD/WORK	S
09/20/97	2329	5580	YWH62 20	Y	YARD/WORK	N
09/21/97	0745	5581	MFWWT 19	T	THROUGH	N
09/21/97	1030	5582	YWH55 21	Y	YARD/WORK	S
09/21/97	1128	5583	YWH55 21	Y	YARD/WORK	N
09/21/97	1440	5584	YWH55 21	Y	YARD/WORK	S
09/21/97	1549	5585	MWTFW 21	T	THROUGH	S
09/21/97	1641	5586	YWH55 21	Y	YARD/WORK	N
09/21/97	1704	5587	GLWTGV 15	G	THROUGH	S
09/21/97	2153	5588	YWH60 21	Y	YARD/WORK	S
09/21/97	2238	5589	YWH60 21	Y	YARD/WORK	N
09/22/97	0633	5590	LVB55 22	L	ARK CTY LOC	S
09/22/97	1029	5591	YWH55 22	Y	YARD/WORK	S
09/22/97	1057	5592	LVB55 22	L	ARK CTY LOC	N
09/22/97	1226	5593	YWH55 22	Y	YARD/WORK	N
09/22/97	1733	5594	MWTHO 22	T	THROUGH	S
09/22/97	2300	5595	MFWWT 20	T	THROUGH	N
09/23/97	0004	5596	YWH62 22	Y	YARD/WORK	S
09/23/97	0022	5597	YWH62 22	Y	YARD/WORK	N
09/23/97	0054	5598	LVO54 22	L	THROUGH	N
09/23/97	0652	5599	LVB55 23	L	ARK CTY LOC	S
09/23/97	0717	5600	GSHOWT 18	G	THROUGH	N
09/23/97	1031	5601	YWH55 23	Y	YARD/WORK	S
09/23/97	1138	5602	YWH55 23	Y	YARD/WORK	N
09/23/97	1141	5603	LVB55 23	L	ARK CTY LOC	N
09/23/97	1405	5604	LVO55 23	L	THROUGH	S
09/23/97	1536	5605	OCKWT 23	O	THROUGH	N
09/23/97	1645	5606	GLMGGV 21	G	THROUGH	S
09/23/97	2301	5607	YWH62 23	Y	YARD/WORK	S
09/23/97	2347	5608	YWH62 23	Y	YARD/WORK	N
09/23/97	2357	5609	OWTCK 23	O	THROUGH	S
09/24/97	0252	5610	MFWWT 21	T	THROUGH	N

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 A SCANNER TRAIN HISTORY DETAIL REPORT FOR SCANNER #359-SOUTH WICHITA
 FOR PERIOD 09/01/97-09/30/97

DATE	TIME	SEQ NUM	TRAIN	TRN CAT	TRAIN TYPE	D I R
09/24/97	0649	5611	LVB55	24 L	ARK CTY LOC	S
09/24/97	1041	5612	YWH55	24 Y	YARD/WORK	S
09/24/97	1130	5613	LVB55	24 L	ARK CTY LOC	N
09/24/97	1200	5614	YWH55	24 Y	YARD/WORK	N
09/24/97	1459	5615	YWH55	24 Y	YARD/WORK	S
09/24/97	1648	5616	YWH55	24 Y	YARD/WORK	N
09/24/97	1952	5617	GSOLGV	17 G	THROUGH	S
09/24/97	2248	5618	YWH62	24 Y	YARD/WORK	S
09/24/97	2317	5619	YWH62	24 Y	YARD/WORK	N
09/24/97	2353	5620	LVO54	24 L	THROUGH	N
09/25/97	0638	5621	LVB55	25 L	ARK CTY LOC	S
09/25/97	0946	5622	LVB55	25 L	ARK CTY LOC	N
09/25/97	1017	5623	YWH55	25 Y	YARD/WORK	S
09/25/97	1052	5624	LVO55	25 L	THROUGH	S
09/25/97	1058	5625	YWH55	25 Y	YARD/WORK	N
09/25/97	1324	5626	OCKWT	25 O	THROUGH	N
09/25/97	1534	5627	MFWWT	23 T	THROUGH	N
09/25/97	2002	5628	GECCPY	14 G	THROUGH	N
09/25/97	2033	5629	OWTCK	25 O	THROUGH	S
09/25/97	2235	5630	YWH62	25 Y	YARD/WORK	S
09/25/97	2311	5631	YWH62	25 Y	YARD/WORK	N
09/26/97	0637	5632	LVB55	26 L	ARK CTY LOC	S
09/26/97	1000	5633	YWH55	26 Y	YARD/WORK	S
09/26/97	1022	5634	LVB55	26 L	ARK CTY LOC	N
09/26/97	1104	5635	YWH55	26 Y	YARD/WORK	N
09/26/97	1710	5636	GEFWCO	24 G	THROUGH	N
09/26/97	2222	5637	YWH62	26 Y	YARD/WORK	S
09/26/97	2309	5638	YWH62	26 Y	YARD/WORK	N
09/27/97	0135	5639	LVO54	26 L	THROUGH	N
09/27/97	0327	5640	MFWWT	24 T	THROUGH	N
09/27/97	0541	5641	GSHOCW	21 G	THROUGH	N
09/27/97	0640	5642	LVB55	27 L	ARK CTY LOC	S
09/27/97	0849	5643	MFWWT	25 T	THROUGH	N
09/27/97	1101	5644	YWH55	27 Y	YARD/WORK	S
09/27/97	1115	5645	LVB55	27 L	ARK CTY LOC	N
09/27/97	1136	5646	OTCKC	18 O	THROUGH	N
09/27/97	1150	5647	LVO55	27 L	THROUGH	S
09/27/97	1202	5648	YWH55	27 Y	YARD/WORK	N
09/27/97	2341	5649	YWH62	27 Y	YARD/WORK	S
09/28/97	0030	5650	YWH62	27 Y	YARD/WORK	N
09/28/97	0222	5651	MFWWT	26 T	THROUGH	N
09/28/97	0624	5652	GSHOWA	25 G	THROUGH	N
09/28/97	0940	5653	GSGVCO	23 G	THROUGH	N
09/28/97	1024	5654	YWH55	28 Y	YARD/WORK	S
09/28/97	1114	5655	YWH55	28 Y	YARD/WORK	N

PROGRAM: FPN127.FOCUS.EXEC(AEIHIST-WHTA-4) 10/01/97 14.09.59

TRANSPORTATION RESEARCH
 AEI SCANNER TRAIN HISTORY DETAIL REPORT FOR SCANNER #359-SOUTH WICHITA
 FOR PERIOD 09/01/97-09/30/97

DATE	TIME	SEQ NUM	TRAIN	TRN CAT	TRAIN TYPE	D I R
09/28/97	1922	5656	MWTFW	28 T	THROUGH	S
09/29/97	0605	5657	MFWWT	27 T	THROUGH	N
09/29/97	0629	5658	LVB55	29 L	ARK CTY LOC	S
09/29/97	1035	5659	YWH55	29 Y	YARD/WORK	S
09/29/97	1120	5660	LVB55	29 L	ARK CTY LOC	N
09/29/97	1151	5661	YWH55	29 Y	YARD/WORK	N
09/29/97	1415	5662	YWH55	29 Y	YARD/WORK	S
09/29/97	1712	5663	YWH55	29 Y	YARD/WORK	N
09/29/97	1920	5664	MWTFW	29 T	THROUGH	S
09/29/97	2230	5665	YWH55	29 Y	YARD/WORK	S
09/29/97	2254	5666	YWH55	29 Y	YARD/WORK	N
09/29/97	2353	5667	LVO54	29 L	THROUGH	N
09/30/97	0634	5668	LVB55	30 L	ARK CTY LOC	S
09/30/97	1014	5669	YWH55	30 Y	YARD/WORK	S
09/30/97	1022	5670	LVB55	30 L	ARK CTY LOC	N
09/30/97	1049	5671	LVO55	30 L	THROUGH	S
09/30/97	1101	5672	YWH55	30 Y	YARD/WORK	N
09/30/97	1532	5673	OCKWT	29 O	THROUGH	N
09/30/97	1634	5674	MFWWT	28 T	THROUGH	N
09/30/97	1659	5675	GSOLGV	29 G	THROUGH	S
09/30/97	1958	5676	MWTFW	30 T	THROUGH	S
09/30/97	2234	5677	YWH62	30 Y	YARD/WORK	S
09/30/97	2315	5678	YWH62	30 Y	YARD/WORK	N

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October 1, 1997

BY HAND

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

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

Dear Secretary Williams:

Please note two corrections in UP/SP-323, filed today.
On page 34, in line 1, "to" should be deleted, and in line 4,
"competition" should read "congestion."

Sincerely,

Arvid E. Roach II

Arvid E. Roach II

cc: All Parties of Record

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Office of the Secretary

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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, ST. LOUIS SOUTHWESTERN RAILWAY
COMPANY, SPCSL CORP. AND THE DENVER AND
RIO GRANDE WESTERN RAILROAD COMPANY -- OVERSIGHT

APPLICANTS' THIRD QUARTER 1997 PROGRESS REPORT

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UP/SP-323

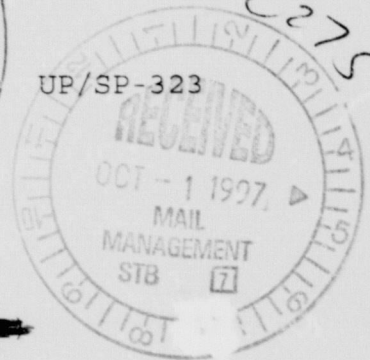


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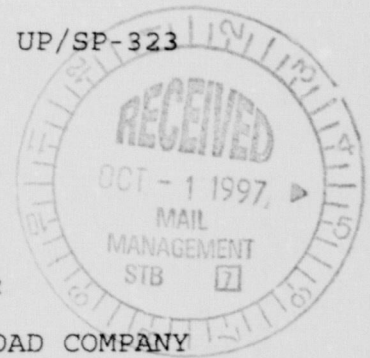
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Exhibit A -- Trackage Rights Funds

Exhibit B -- Environmental Mitigation Conditions

BEFORE THE
SURFACE TRANSPORTATION BOARD



Finance Docket No. 32760 [REDACTED]

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 -- OVERSIGHT

APPLICANTS' THIRD QUARTER 1997 PROGRESS REPORT

Applicants UPC, UPRR, SPR and SPT^{1/} hereby submit their fifth quarterly progress report. Submission of such quarterly progress reports was required by ordering paragraph 10 of Decision No. 44, served August 12, 1996. See also id., p. 146 ("We require as a condition that applicants submit on or before October 1, 1996, a progress report and implementing plan regarding their compliance with the conditions to this merger, and further progress reports on a quarterly basis.").

In response to Decision No. 1, served May 7, 1997, in the oversight sub-docket, Applicants presented a very detailed report on merger and condition implementation on July 1 (UP/SP-303), and extensive further information in their August 20 reply (UP/SP-311) to the various comments that were

^{1/} Acronyms used herein are the same as those in Appendix B of Decision No. 44. The following original applicants have been merged into UPRR: MPRR (on January 1, 1997); DRGW and SPCSL (on June 30, 1997); and SSW (on September 30, 1997).

filed on August 1. Many issues addressed in the July 1, August 1 and August 20 submissions are awaiting decision by the Board, and we do not address them again here. Instead, we first provide, in Part I, information concerning developments since our July 1 and August 20 filings in regard to condition implementation. Then, in Part II, we report, as we did in our July 1 and August 20 submissions, on the steps the merged system is taking to deal with the congestion problem that it has faced in recent months. In particular, we report on the adoption on September 25 of a comprehensive Service Recovery Plan, following an unprecedented six-day analytical effort involving scores of UP/SP operating personnel. Finally, Part III addresses safety.

I. CONDITION IMPLEMENTATION

A. BNSF

Notwithstanding congestion problems on the UP/SP system, BNSF trackage rights traffic has continued to grow dramatically. As shown in the accompanying charts, BNSF through trackage rights trains were considerably in excess of 450 in both July and August, compared to 392 in May and 395 in June. The tonnage of freight handled on those trains exceeded 1.5 million gross tons in both July and August, compared to 1.4 million tons in May and June. And carloads on BNSF through trackage rights trains reached 21,569 in July and 22,630 in August, compared to 17,834 in May and 18,781 in

Chart #1

**BNSF Trackage Rights
Number of Through Trains**

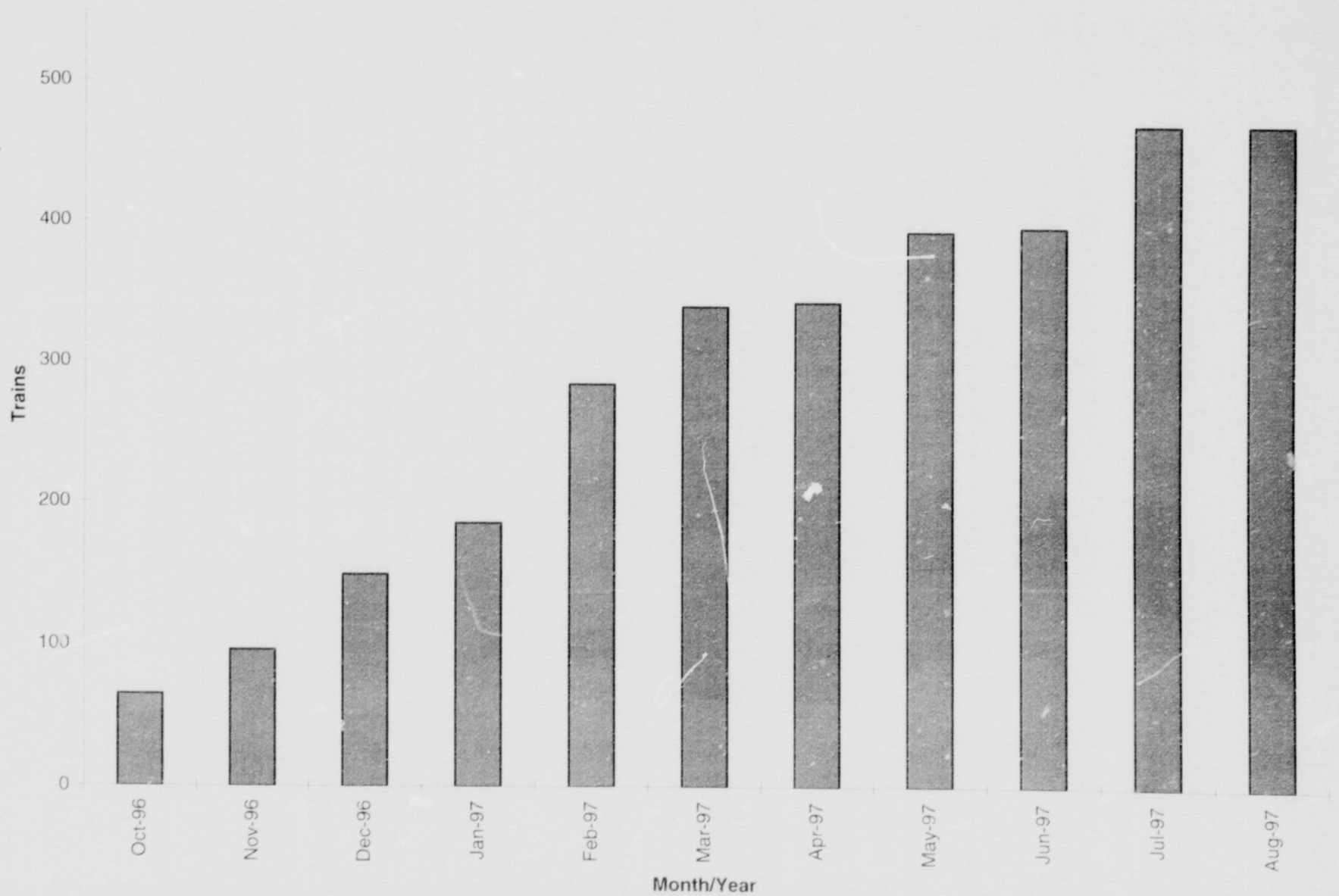


Chart #2
BNSF Trackage Rights
Number of Cars (Through Trains)

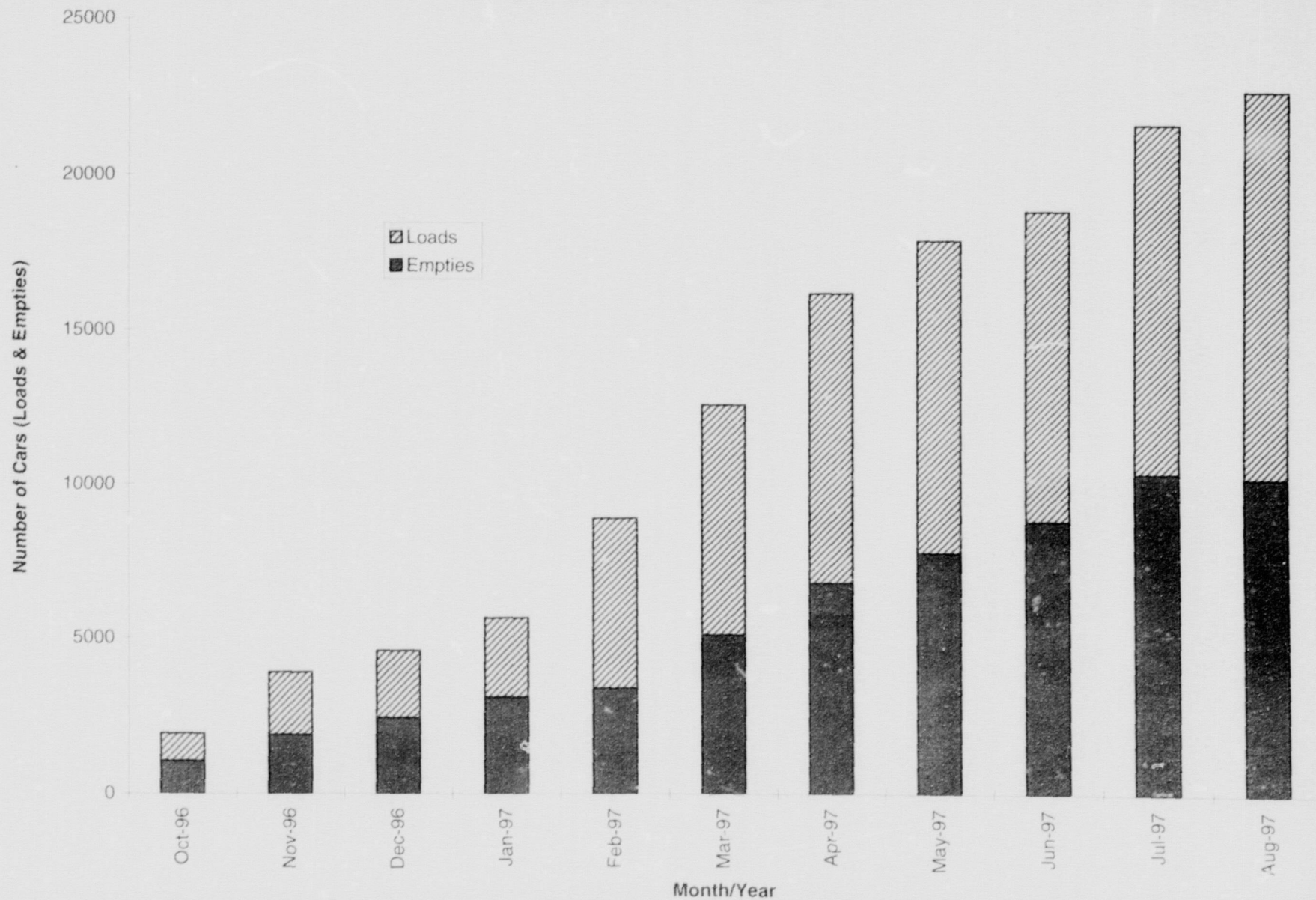
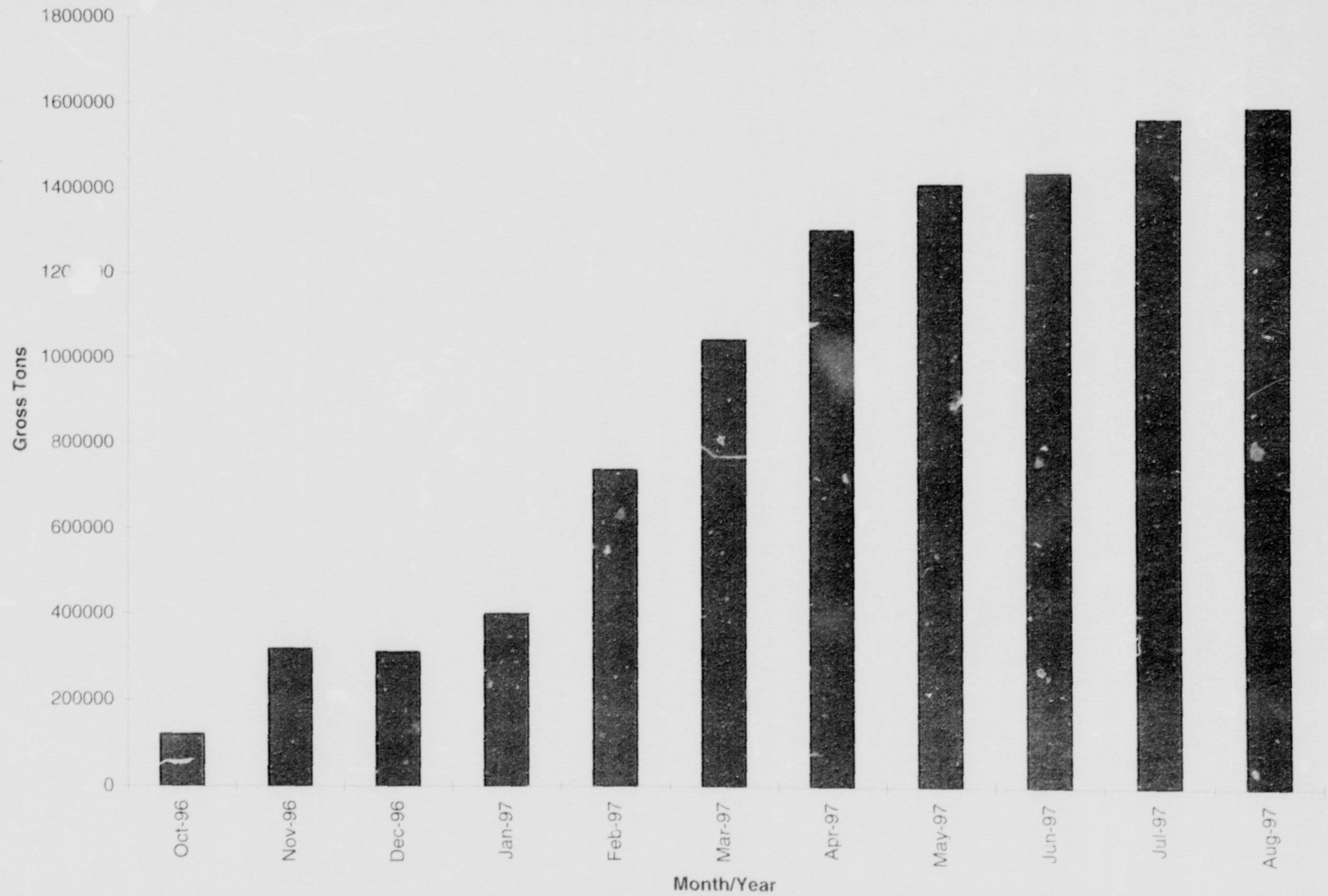


Chart #3

**BNSF Trackage Rights
Gross Tons (Through Trains)**



June. BNSF continued to operate at least daily through trackage rights train service in all major corridors. In addition, BNSF and its agent, Utah Railway, operated 325 local trains in July and August, handling over 6,500 cars and 520,000 tons of freight.

BNSF traffic volumes in the Central Corridor -- where some August 1 commentators had questioned BNSF's competitiveness -- have been especially strong. In July and August, BNSF ran a total of 259 through trains using its Central Corridor trackage rights, carrying 648,637 tons of freight; this compares to a total of 158 trains and 395,393 tons in May and June. Following the sale of the Keddie-Bieber line on July 15, BNSF also operated, through the end of August, another 88 through trackage rights trains using its Central Corridor rights between Keddie and Stockton, carrying 294,085 tons of freight. There can simply be no question that BNSF is mounting fully effective competition in the Central Corridor.

BNSF has advised that it will convert its Pine Bluff-Little Rock haulage to trackage rights on or about October 15.

UP/SP continued throughout the past quarter to work with BNSF to identify "2-to-1" shipper facilities. BNSF forwarded additional lists of potential "2-to-1" facilities, and UP/SP investigated the names and responded as soon as

possible. UP/SP is not aware of any disputes as to these matters, other than those currently pending before the Board. UP/SP also confirmed during September that BNSF is entitled to interchange with the Salt Lake City Southern Railroad.

UP/SP continued to work intensively throughout the past quarter to improve BNSF trackage rights and haulage service by resolving EDI and other problems. Regular weekly conference calls of the parties' Systems Support Teams, as well as additional calls as needed, addressed EDI issues. One call was devoted to EDI issues relating to storage-in-transit. Notwithstanding these efforts, BNSF continued to move a substantial number of cars with inaccurate, or no, billing information, causing operating problems and requiring costly manual processing.

In addition to the routine Systems Support Team activities, haulage billing issues were addressed at a special August 28 meeting in St. Louis and in follow-up calls; systems issues were addressed in a lengthy conference call on September 4; and various operating issues were addressed at a September 10 meeting in Kansas City.

The UP/SP-BNSF Joint Service Committee held its quarterly meeting on September 25 in Omaha and dealt with a range of issues, including coordination of maintenance curfews, institution of Houston-Beaumont and Houston-Memphis directional operations, plans for directional operations at

other locations, improvement of various switching and interchange operations, construction of new sidings at Iowa Junction, Louisiana, the imminent completion of the connections at Avondale, Louisiana, and plans to move forward on the connection at Stockton, California.

UP/SP and BNSF made progress during the quarter on a master agreement to memorialize the arrangements for UP/SP's provision of terminal services to BNSF.

UP/SP and BNSF have agreed that BNSF will use UP/SP tracks in Keddie, California, for pick-ups and set-outs between BNSF trains moving in the I-5 Corridor and BNSF's east-west trackage rights trains. This further moots the issue BNSF had raised in its August 1 comments (BNSF-1, p. 16) with regard to access to trackage in Oroville, California. See UP/SP-311, p. 46.

To address congestion issues, UP/SP has agreed to extend through December 22 BNSF's right to operate its trains over UP/SP's Caldwell-San Antonio line. See UP/SP-311, p. 46. UP/SP also agreed to assign to BNSF an agreement for the use of the Huey P. Long Bridge in New Orleans, owned by the New Orleans Public Belt Railway.

UP/SP's expenditures on the lines over which BNSF has trackage rights have continued to exceed substantially the fees received from BNSF. As requested by CMA (see CMA-2/SPI-

3, p. 12), we attach as Exhibit A the latest available data in this regard, through June 30, 1997.

On September 15, Applicants, BNSF and CPSB filed a joint submission reflecting their resolution of issues relating to BNSF access to CPSB's Elmendorf facilities, and Applicants and BNSF filed a notice of class exemption with respect to the additional trackage rights granted to BNSF in this regard.

B. Tex Mex

Tex Mex has continued to use its trackage rights to handle significant volumes of traffic, as shown in the accompanying charts. This year, Tex Mex has averaged 21 trackage rights trains and nearly 600 carloads of trackage rights traffic per month. As the charts show, Tex Mex has seen some decline in Laredo volumes since May -- as has UP/SP^{2/} -- reflecting UP/SP congestion problems and the transition to a privatized rail system in Mexico.

Nonetheless, Tex Mex has continued to handle more Laredo traffic each month than it handled before the merger. During the 11-month post-merger period for which data are available (October 1996 through August 1997), Tex Mex's Laredo volumes were 42% higher than those in the same period a year earlier.

^{2/} UP/SP Laredo volumes fell by 1,908 units between May and August, compared to 1,401 for Tex Mex.

Chart #4

Tex Mex Trackage Rights Number of Through Trains

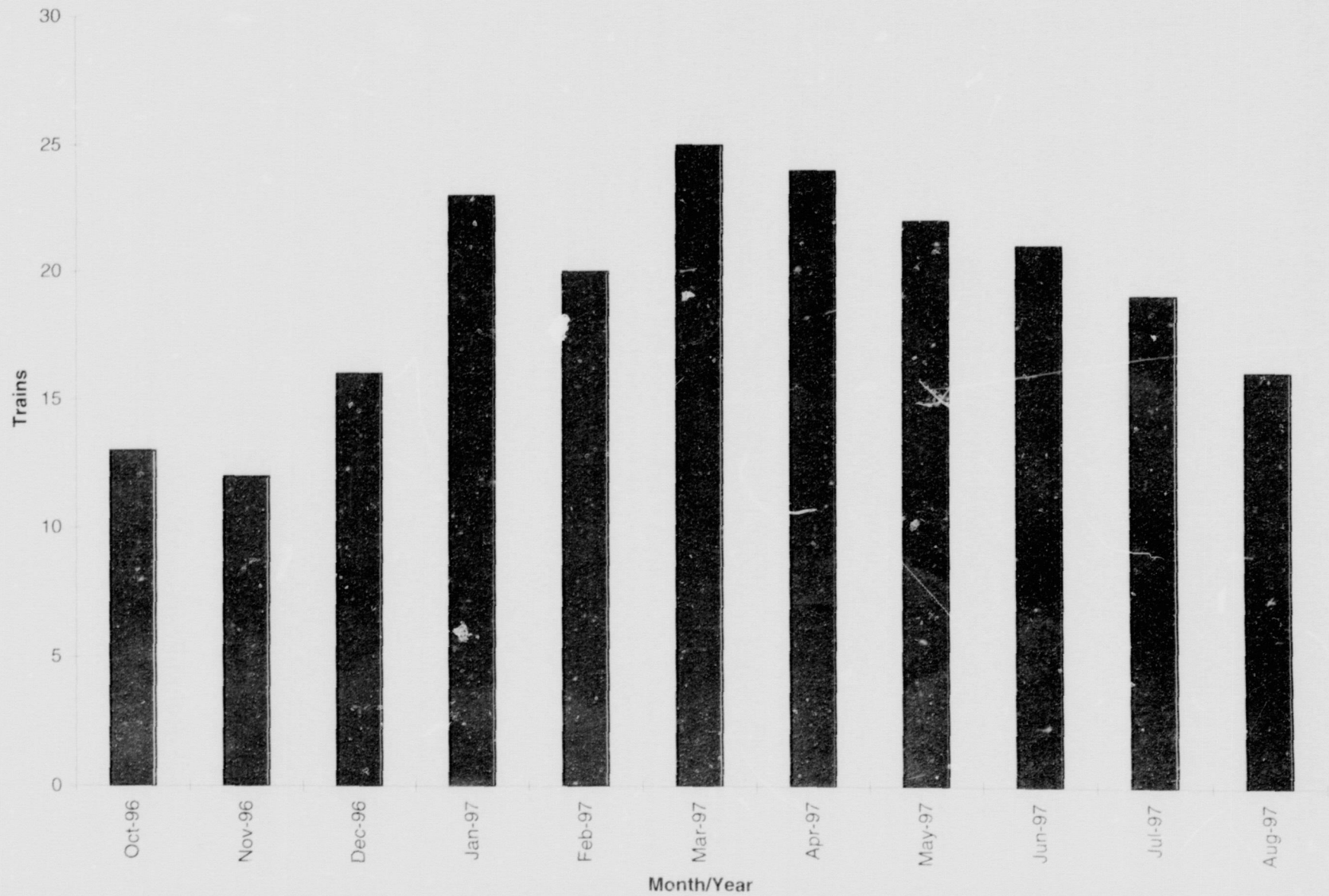


Chart #5

Tex Mex Trackage Rights Number of Cars (Through Trains)

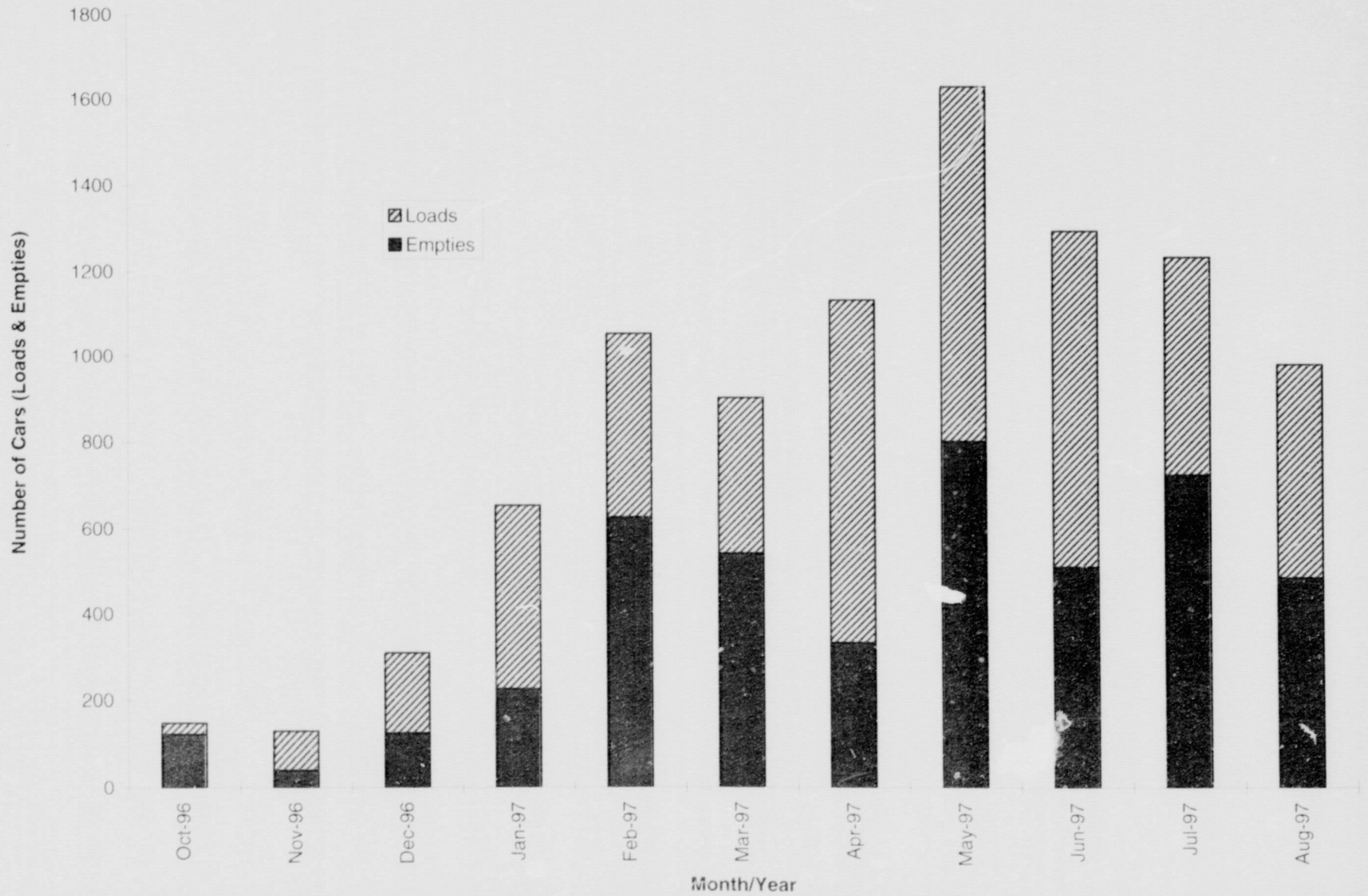


Chart #6

Tex Mex Trackage Rights
Gross Tons (Through Trains)

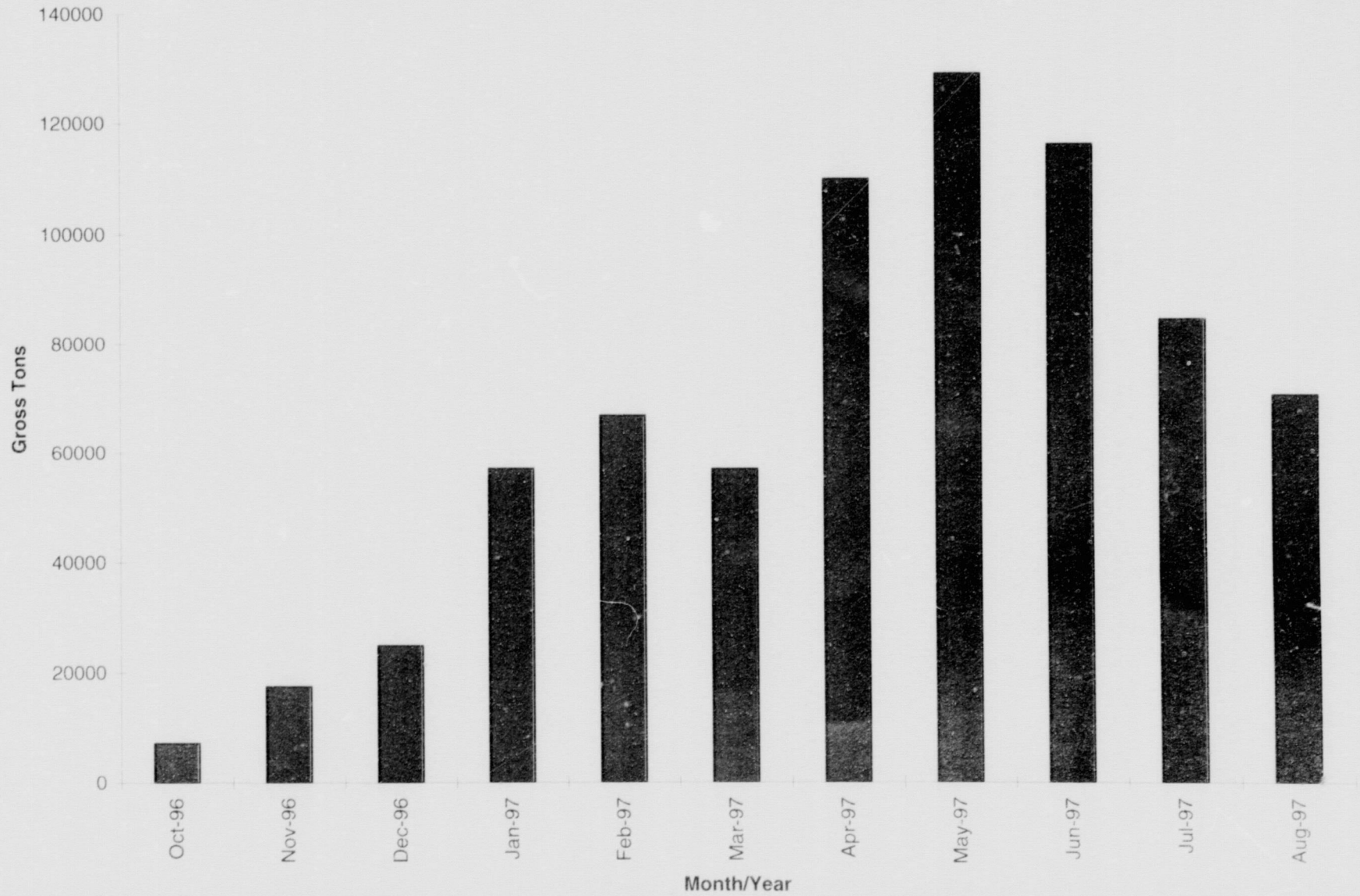


Chart #7
Tex Mex Laredo Traffic
(Loaded Cars)

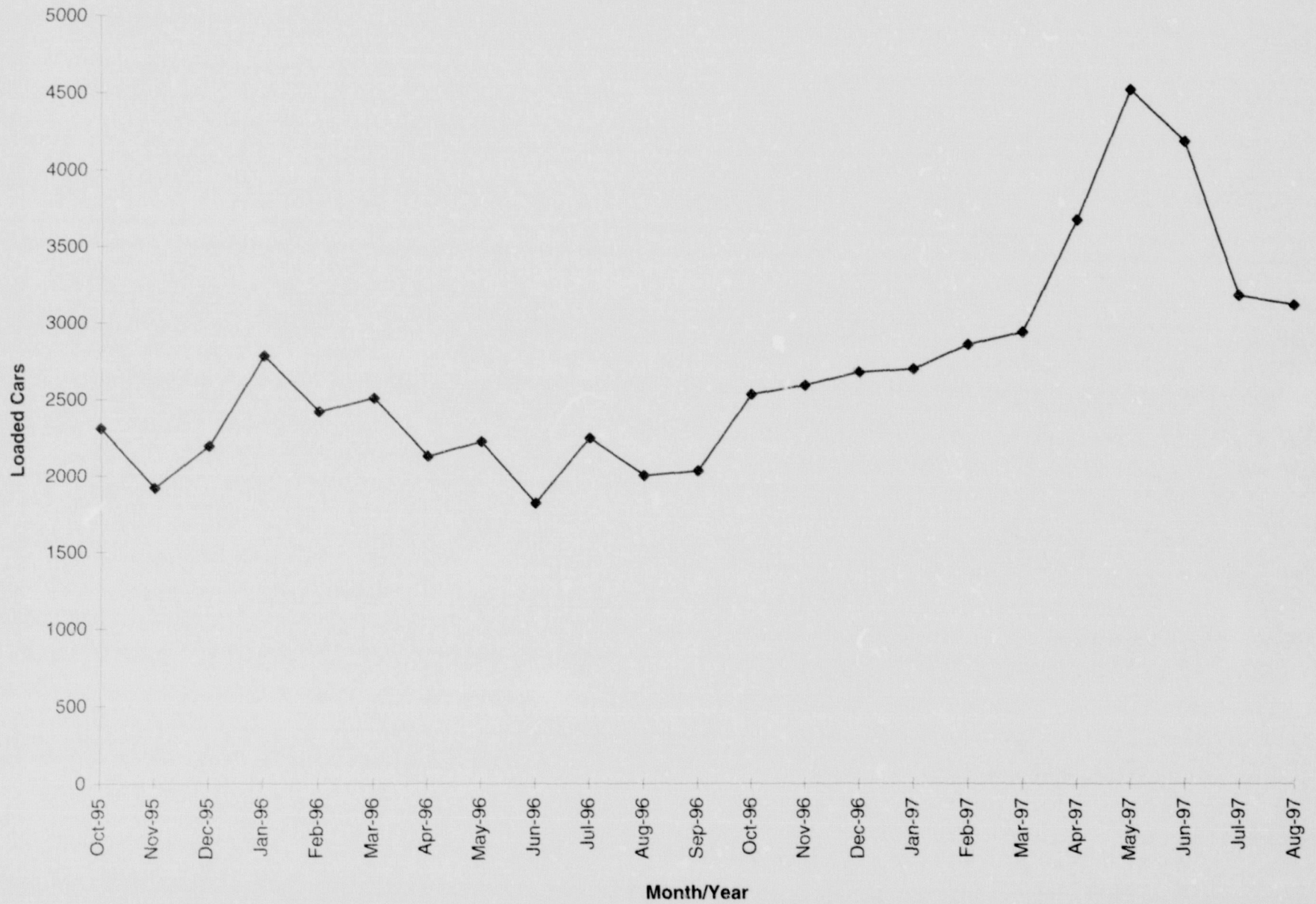
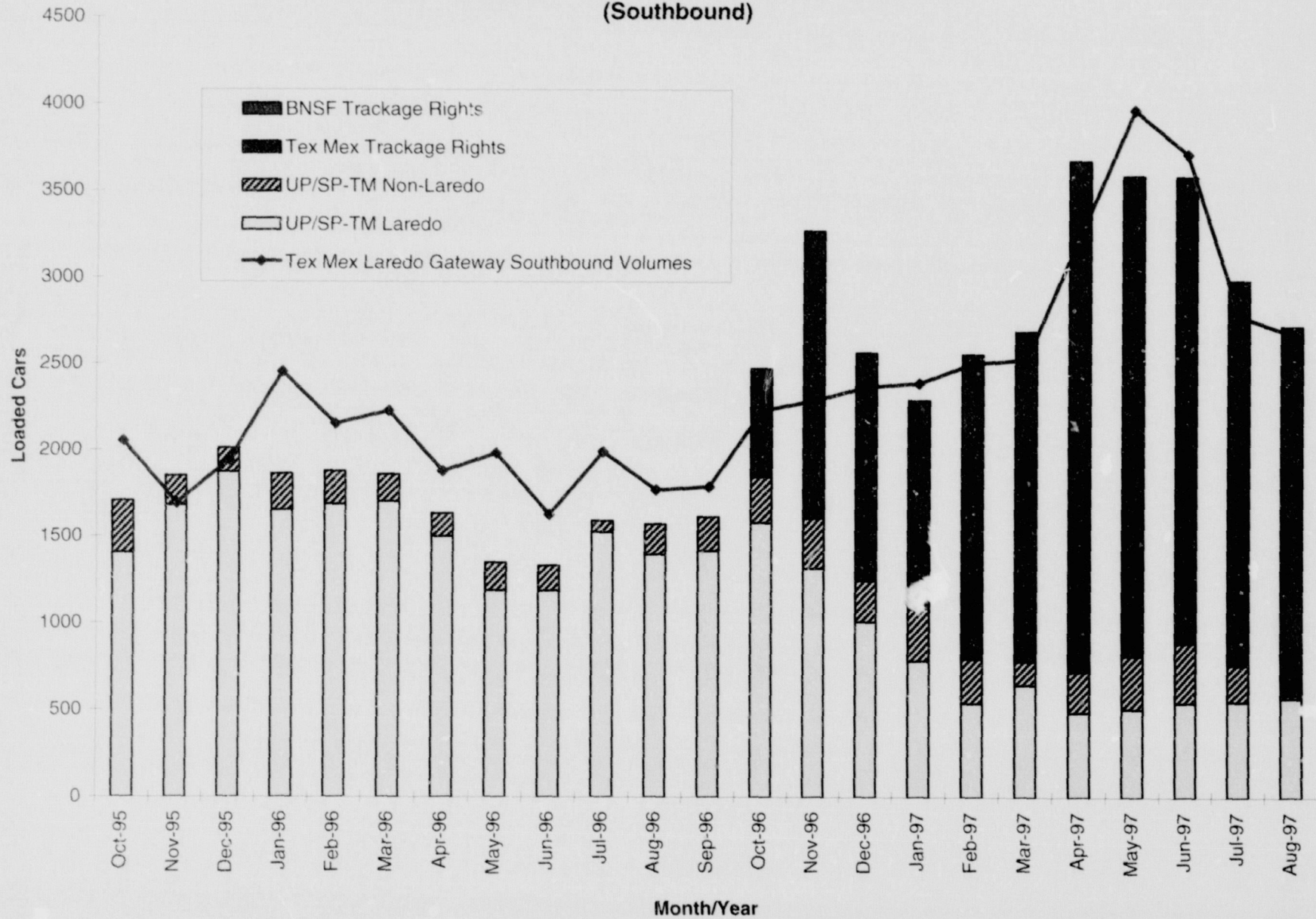


Chart # 8

Tex Mex and BNSF Trackage Rights Traffic to Corpus Christi/Robstown and UP/SP-Tex Mex Interline Traffic (Southbound)



Tex Mex has advised that it intends to add six new trackage rights trains per week between Houston and Corpus Christi beginning in early October. Tex Mex has indicated that these new trains will handle traffic to and from shippers served by the Port Terminal Railroad Association in Houston.

The new connection at Robstown, Texas, is scheduled for construction in November. In addition, a new siding will be constructed at Yoakum, Texas, to facilitate Tex Mex trackage rights operations between Flatonia and Victoria, in the first quarter of 1998.

C. Utah Railway

Utah Railway has used its trackage rights over UP/SP between Utah Railway Junction, Utah, and Grand Junction, Colorado, to move five loaded and empty coal trains in interchange service with BNSF since July. In addition, Utah Railway and BNSF entered into a contract in August with Sierra Pacific Power and Idaho Power, owners of the North Valmy Station at Valmy, Nevada, for the movement of coal in Utah Railway-BNSF interline service from Utah Railway origins to North Valmy. Service began on August 26, and twelve loaded and empty trains operated in the first month.

D. Other Conditions

There have been no further merger-related abandonments. UP/SP arrived at an agreement, dated August 27, 1997, with Illinois & Midland Railroad under which UP/SP

received trackage rights over I&M's line between Barr and Springfield, Illinois. A notice of exemption in regard to these trackage rights was filed on September 3 in Finance Docket No. 33454. These rights will make possible the merger-related abandonment of the UPRR line between Barr and Girard, Illinois, as authorized in Docket No. AB-33 (Sub-No. 96).

As a result of negotiations contemplated by the March 21, 1996 letter agreement between Applicants, on the one hand, and the Brownsville Navigation District and Brownsville & Rio Grande International Railroad ("BRGI"), on the other hand, see BRGI-3/BND-1, UP/SP and BRGI have agreed to BRGI's lease of UP's Port Lead in Brownsville, Texas, pursuant to which BRGI will switch traffic on the Port Lead and interchange with UP/SP at UP's Brownsville yard. A notice of exemption with respect to the lease was published in Finance Docket No. 33452 on September 23.

Applicants' compliance with environmental conditions is discussed in Exhibit B, which follows the format used in prior quarterly reports.

UP/SP's continued progress in arriving at labor implementing agreements is discussed in Part II.

II. SERVICE RECOVERY PLAN

Since UP/SP last reported to the Board, the railroad's service crisis has not abated. By some measures, service continued to decline in late August and early

September, and the first signs of improvement began to appear only in mid-September. The systemwide average velocity of cars on the railroad slowed significantly since July. Each decline in velocity causes locomotives and freight cars to be used less productively, effectively offsetting some of the measures to improve service described in the August 20 report. Major classification yards in Texas -- in Houston, Fort Worth and San Antonio -- remain so severely congested that many inbound trains cannot be processed and must be stored in sidings, causing mainline congestion that restricts movement of other trains. On September 1, UP/SP had 145 freight trains in sidings waiting for yard space, most of them in Texas but some in neighboring states. As of October 1, the number of trains in sidings stands at 96.

Actions to improve service in the Gulf Coast area have caused service deterioration in other areas. UP/SP terminals in Southern California -- especially West Colton Yard -- are congested and trains are being delayed between Los Angeles and the Arizona state line. After diverting locomotives to the Gulf Coast area, UP/SP's Central Corridor is experiencing locomotive shortages, especially at major yards in Chicago and North Platte.

UP/SP has not altered its judgments about the initial causes of these service problems, so we will not revisit that subject here. UP/SP reaffirms its conclusion

that the problems, which began in areas where the merger had not yet been implemented and its efficiencies could not be realized, were not merger-related. UP/SP continues to gain a deeper understanding of the fundamental frailty of SP prior to the merger, resulting from more than a decade of financial deprivation. Tracks, yards, locomotives, personnel, information systems and other resources were all starved. The July 1 and August 20 reports described the factors, such as a surge in chemicals and plastics traffic and the imposition by BNSF of operational restrictions on a pivotal section of SP's Sunset Route, that precipitated the service problems.

Were it not for the time-consuming New York Dock negotiation process that delays actual merger implementation, the service crisis probably would never have arisen. And the benefits of the merger will ensure that it is not repeated. But all labor implementing agreements will not be in place for several additional months, and the full merger benefits are too far into the future. UP/SP management concluded in mid-September that it must take further actions now to put the system more surely on the road toward recovery. In their August 20 filing, Applicants described a number of the steps a railroad takes to address operating problems, such as acquiring locomotives and hiring more employees. Those actions are underway and will continue, but they have not proved adequate to bring about a more immediate improvement in

this severe service crisis. Recognizing the urgency and magnitude of the situation, UP/SP conducted a thorough and searching review of its operations over a six-day period in late September. In the most intensive service review in memory, UP/SP officials and managers from throughout the system devoted September 18th through the 23rd to studying UP/SP's problems and devising solutions to address them. No solution, no matter how unthinkable a few weeks earlier, was beyond consideration.

UP/SP's operating managers devoted the first two days to reviewing operations in every major yard and on every major corridor. They considered a number of studies of yard and track capacity, concluding that the core of the problems lies in major switching yards that are too full of cars to operate efficiently and are backing up other trains on line. As described in the August 20 report, this phenomenon began in SP's Englewood Yard in Houston, after track work east and west of Houston prevented manifest traffic from leaving the yard. The management review confirmed that major yards in Texas, particularly in Houston and Fort Worth, cannot operate effectively with their current car populations. For example, Fort Worth's Centennial Yard operates efficiently with a car population below 2,500, but it regularly has been holding 3,500 cars or more. As more cars arrived in these yards, productivity fell.

UP/SP also conducted detailed studies of line capacity under current congested conditions. These studies showed that UP/SP had been attempting to push too much traffic over congested line segments which, because trains are occupying sidings, have only a portion of their normally-available carrying capacities. Due to complex interrelationships on the systemwide network, actions on one part of the railroad's network were having unintended effects on service on other parts of the network.

After two days of review, UP/SP managers developed a tentative schedule of emergency actions to address the service crisis, many of them unprecedented. For example, UP/SP's Marketing Department identified options for reducing traffic levels, including ceding certain traffic to competitors. Network planners devised ways of using other carriers to handle UP/SP business and of reconstructing on-line operating patterns to reduce switching in congested yards.

General Superintendents and General Managers took the tentative service recovery proposals back to the field over the weekend of September 19-20 to test them against the knowledge of local operating employees. Then UP/SP's management reconvened in Omaha on September 22-23 to revise and complete the recovery plan. The result was a comprehensive Service Recovery Plan that UP/SP is now

implementing across its system. We present the highlights of that Plan here.

The overall objective of the Service Recovery Plan is to reduce the number of cars on line so that the national balance of freight cars will be restored and UP/SP can recover car-movement velocity. Because the system is congested and operating poorly, there are too many cars on UP/SP today. Carloadings are down sharply, but the railroad still has a record number of cars on line. This excessive car population places severe constraints on the ability of the railroad to operate normally and deprives shippers and other railroads of needed equipment.

In order to achieve its objective of reducing the car inventory and restoring system velocity, UP/SP must simultaneously pursue several types of actions. First, it must temporarily reduce the number of trains it is attempting to move through the congested areas. Put bluntly, UP/SP must temporarily reduce the total amount of transportation service it offers. Second, every available facility must be used to help classify traffic, shifting classification work out of congested freight yards so that they will have track space to operate efficiently and draw down the backlog of trains blocking mainlines. Third, UP/SP must move cars off the railroad as quickly as possible, which will have the effect of restoring national equipment balances. Fourth, the system

must take additional steps to generate more resources -- locomotives and train crews -- to dig itself out of the temporary deficit caused by slower operations. Finally, and perhaps most important of all, the entire process must be managed effectively. The problem must be attacked on a systemwide basis, since what is done on one part of the system can have significant impact elsewhere on the system, and the plan must be integrated, with every facet coordinated with implementation of the whole.

In this report, Applicants describe the far-reaching features of the UP/SP Service Recovery Plan. These steps will be painful and expensive for UP/SP. They include service reductions that will adversely affect some shippers in the short run in order to provide better service to all shippers in the long run. They also include aggressive actions to make more locomotives and train crews available to move trains delayed by shortages of these critical resources.

These steps will not produce miracles, but they should produce concrete, significant improvements in coming weeks. UP/SP's new Executive Vice President-Operations, Brad King, expects Central Corridor service to return to acceptable levels within 30 days and Southern Corridor service within 60 to 90 days. During the service recovery efforts, UP/SP intends to report monthly to the Board on the progress it is making.

A. Actions to Reduce Train Movements on UP/SP

Railroads generate profits by maximizing the volume of traffic using their fixed-cost investments in track and facilities. As a result, their natural economic instinct is to attract traffic and build density. Over the next 60 to 90 days, UP/SP will do the opposite in order to improve service. UP/SP is taking a number of temporary steps to reduce the number of trains operating over the railroad. By reducing train volumes, UP/SP will free locomotives and train crews for service recovery. As Applicants explained in the August 20 report, a railroad requires more resources to overcome a service deficit than to operate under normal circumstances, and UP/SP has concluded that it needs all potentially available locomotives and crews to correct the current crisis. In addition, by reducing the number of trains operating on congested line segments and switching in congested yards, UP/SP will give its yards the opportunity to reduce backlogs and free mainline track capacity.

We describe here several types of actions to reduce train volumes on UP/SP.

1. Route Trains Via Other Railroads

Other railroads throughout the western two-thirds of the United States will take traffic off UP/SP lines. The following arrangements are now in place with other railroads.

- Tex Mex. Tex Mex is handling a UP/SP train each way between Laredo and Houston. This takes trains off severely congested UP/SP lines between Laredo and San Antonio and between San Antonio and Flatonia, Texas.

- South Orient. South Orient has agreed to accept one to two UP/SP trains eastbound daily from Alpine in West Texas to Fort Worth, using UP/SP crews and power. This operation removes traffic from congested Texas routes between Alpine and San Antonio and from San Antonio to Fort Worth.

- KCS. KCS has agreed to move UP/SP grain trains between Kansas City and Gulf Coast ports and Mexico using KCS power and crews. (Tex Mex handles the trains south of Houston.) UP/SP is shuttling grain trains between Kansas and Nebraska and Iowa origins and Kansas City for movement south on KCS to avoid congestion on UP/SP lines between Kansas City and Texas points.

- BNSF. UP/SP has asked BNSF to move one intermodal train each day in each direction between Rosenberg, Texas, just west of Houston, and Vaughn, New Mexico, but BNSF has not yet agreed. West of Vaughn, these trains would operate over UP/SP's Tucumcari Line to and from California. These routing changes would reduce traffic on the severely congested Sunset Route between Houston and El Paso. UP/SP is also making greater use of SP's trackage rights over BNSF between Fort Worth and Kansas City via Oklahoma City.

- Iowa Interstate. Iowa Interstate is moving one UP/SP train daily between Council Bluffs and Chicago using its own power and crews. This arrangement makes locomotives and crews available for service recovery efforts.

- IC. IC has agreed to move a daily train eastbound from Council Bluffs to Chicago using its own power and crews. IC also is handling westbound empty unit coal trains and manifest trains from Chicago to Council Bluffs. These arrangements also release locomotives and crews for other service. In addition, UP/SP traffic between Central Corridor points and Memphis is moving via East St. Louis, where new UP/SP trains will run to and from IC's yard in Memphis. This reduces switching at North Little Rock yard.

- Missouri and Northern Arkansas. MNA will move empty unit coal trains from Newport, Arkansas, to Pleasant Hill, Missouri.

2 Coal Handling Initiatives

Working collaboratively with its utility customers in Texas, UP/SP has allowed shippers to shift coal traffic to other carriers, including traffic subject to UP/SP contracts. These arrangements include (1) agreeing that movements by BNSF be credited to the uncommitted volume in contracts with volume commitments, and agreeing to relax volume commitments where necessary to allow BNSF to handle traffic, (2) implementing a slotting system to move three UP/SP bulk trains per day each

way through Fort Worth, which should increase by 50% the amount of coal currently being delivered to Texas customers, and (3) working on measures to handle imported coal and local coke to augment traditional sources of supply. These measures will shift in excess of two million tons of coal off UP/SP over the next 15 months. At locations outside of Texas, similar measures should shift another two million tons off UP/SP.

As a result, BNSF is handling four more unit coal trains between the Powder River Basin and Texas that would normally have moved on UP/SP. Apparently because of traffic levels on its own lines, BNSF thus far has declined to handle additional unit trains for UP/SP between the Powder River Basin and Texas. These movements will reduce traffic on busy and congested lines all the way from North Platte to the heart of Texas. BNSF also will operate three sets of unit coal trains for another customer, and will transport coal to a paper company and two cement plants.

3. Move Traffic Over Less Congested UP/SP Lines

UP/SP is diverting trains from congested Southern Corridor routes to less congested alternatives, which also has the effect of diverting work from areas where management crews are used to routes where regular union train and engine crews will perform the work. Many of these changes affect intermodal trains. For example, UP/SP will double the number

of intermodal trains using UP's former Texas & Pacific line between Fort Worth and El Paso. One pair of trains between New Orleans and Long Beach will be rerouted from its current SP route via Houston and San Antonio to a route via Alexandria, Louisiana, and Big Sandy, Texas. SP trains that now operate between Dallas and Southern California via San Antonio will use the former Texas & Pacific line as well. These changes will take four daily intermodal trains off the congested Sunset Route between Flatonia, Texas, and El Paso, rerouting them to the lightly used Texas & Pacific line. They will also remove three daily priority trains from the BNSF line between New Orleans and Iowa Junction and the UP/SP line west of Iowa Junction through Houston. An Atlanta to Long Beach intermodal train that now operates via Memphis and San Antonio will be rerouted through St. Louis, Kansas City and Tucumcari to avoid Texas congestion.

UP/SP will also operate daily manifest trains between West Colton in Southern California and Kansas City via North Platte, Nebraska, although they will not be switched in North Platte. Another manifest train from West Colton to Pine Bluff will also use this route. This will reduce three trains per day on the Sunset Route between West Colton and El Paso and one train per day on the SP line across Texas. Manifest traffic between the Chicago and St. Louis gateways and points

in New Mexico and West Texas will be rerouted via UP/SP's Tucumcari Line.

4. Consolidate Shorter Trains

During this service crisis, UP/SP cannot afford the luxury of operating short trains that consume locomotives, crews and track space. UP/SP will combine shorter trains to make locomotives and train crews available for other trains. Although many of these efforts focus on the congested Southern Corridor, consolidations will take place systemwide to free the maximum number of locomotives for service recovery. After the service crisis is resolved, UP/SP expects to restore these services and add others described in the merger application.

UP/SP will combine intermodal trains between Memphis and California to eliminate two trains in each direction on the busy Sunset Route. One of the casualties of this temporary reduction will be UP/SP's new and growing expedited train service between Memphis and Lathrop via Southern California. UP/SP hopes to restore this service as soon as possible, but BNSF's recently improved service in this corridor should meet shipper demand for premium service in the interim. UP/SP is also temporarily eliminating the new Columbus, Ohio-Los Angeles intermodal run-through train with NS. This will provide more capacity for traffic rerouted to the Tucumcari line, while reducing congestion on the Sunset

Route west of El Paso. And UP/SP also will eliminate one eastbound intermodal train from Los Angeles to New Orleans.

UP/SP is consolidating intermodal trains to eliminate one westbound train from Chicago to Portland and another from North Platte to Los Angeles. This will release a significant number of locomotives and train crews for other service. UP/SP is also modestly reducing service between Chicago and Oakland. On September 22, BNSF announced that it will double its premium service from the San Francisco Bay Area to Kansas City and Chicago, a competitive response to UP/SP's earlier service improvements, indicating that BNSF should be able to accommodate shipper demand during this period.

UP/SP will also combine two pairs of automotive trains in the Central Corridor, including two trains operating between the San Francisco Bay Area and North Platte. These actions will release two locomotive units and save 82 train crew starts per week.

Shorter manifest trains will be eliminated throughout the system, and their cars handled on other trains. For example, trains between Hinkle, Oregon, and Yermo in Southern California will be eliminated, and their traffic will move via the I-5 Corridor. A Chicago-Kansas City train pair will be cancelled, its traffic routed on other trains through the Alton & Southern Gateway Yard in East St. Louis. Two

trains will be consolidated between Gateway Yard and Pine Bluff, Arkansas, and one train from Kansas City to Gateway Yard will be eliminated. All of these train consolidations will release locomotives for service recovery.

5. Reduce Unit Train Movements

UP/SP has made the difficult decision that it must reduce the number of unit train operations, particularly into the congested areas of Texas and Southern California, and has negotiated with shippers the temporary service reductions described here.

UP/SP is removing four unit coal trains from service between Colorado and Mexico via Eagle Pass, freeing twelve locomotives and reducing traffic on congested lines in Texas. UP/SP also will take ten Powder River Basin unit coal trains out of service.

In the West, after the current flow of export vessels is loaded in about a week, export coal vessels will temporarily stop calling on Southern California ports for shipments of export coal from Utah. This action will release 27 locomotives and a number of crews to handle other traffic.

UP/SP is not reducing service on coal shipments from Utah and Colorado to the Midwest, which had experienced improved service after the merger and were strong in September. On the contrary, the implementation of TCS on the former DRGW, efficiencies of the Salt Lake City and Denver hub

labor agreements, and rerouting traffic from Tennessee Pass to the UP Kansas Pacific line are enabling UP/SP to continue improving cycle times for these trains.

UP/SP is also reducing the number of export grain trains moving through the congested Texas terminals by rerouting trains via the KCS over Kansas City. UP/SP has reached an agreement with KCS to handle grain trains originating on the UP/SP destined to Houston, Beaumont and Port Allen export facilities, as well as Laredo. This agreement will allow UP/SP to interchange the trains at Kansas City, for movement with KCS crews and power to destination. This will free up both locomotives and crews on UP/SP, while allowing this critical traffic to continue to flow.

6. Other Actions

UP/SP is prepared to go to extraordinary lengths to reduce train counts and facilitate service recovery. For example, UP/SP offered to utilize an ocean carrier to transport shiploads of containers through the Panama Canal for distribution from East Coast ports, rather than operating a number of intermodal trains across the Southern Corridor. In another example, UP/SP is moving unit taconite trains over the more direct UP/SP route through the Twin Cities, rather than their present longer route via Chicago and WC. This rerouting saves UP/SP six locomotives, and it reduces train movements over the busy Council Bluffs-Chicago line.

B. Actions to Reduce Switching
at Major Classification Yards

At the heart of the UP/SP service crisis are several manifest traffic classification yards which are unable to perform their normal switching functions. UP/SP Southern Corridor yards in Houston, San Antonio, Fort Worth and at West Colton have been jammed with cars and do not have enough track space to operate efficiently. (North Little Rock, North Platte and Proviso Yard in Chicago also are experiencing some congestion, although it is far less severe than at the aforementioned yards.) As a result, these yards are slow in accepting inbound trains, forcing the railroad to store trains in sidings on mainlines leading towards them. UP/SP will solve its service crisis only by taking the pressure off these yards, allowing them to reduce their car inventories and giving them the opportunity to accept the numerous trains parked on mainlines. UP/SP plans to do this not only by pursuing actions to move cars out of these yards and off the system, as described later, but also by significantly reducing, on an interim basis, the amount of work these yards must perform.

1. Move Switching to Satellite Yards

UP/SP has already relocated some switching activities from Houston to satellite yards. UP/SP is now implementing a much more extensive program to move switching

activities from all of the major congested yards to other locations. We describe a number of examples below.

The yard at Texarkana will become an important relief valve for Fort Worth's Centennial Yard. Texarkana has been switching northbound traffic for Illinois gateway connections. Texarkana will now switch southbound traffic to bypass Fort Worth. Texarkana will block four southbound trains each day, eliminating switching of approximately 300 cars per day at Fort Worth. To facilitate this, UP/SP is asking its Mexican connection to block northbound traffic out of Mexico into trains running directly to Conrail and to the A&S Gateway Yard at East St. Louis. Shreveport will send northbound Conrail traffic to Pine Bluff instead of Texarkana. Other traffic that was blocked at Texarkana will move directly to yards in Chicago and the A&S.

UP/SP will assign increased switching responsibilities to the yard at Alexandria, Louisiana, which will process four trains a day for the Houston area. This will reduce the switching burden at Settegast Yard in Houston by some 300 cars per day.

UP/SP will expand switching of northbound traffic at Coffeyville, Kansas. The yard at San Antonio will block traffic for Coffeyville, which will reduce switching in Fort Worth. The yard at Livonia, Louisiana, will make a Coffeyville train each day, which will reduce switching at

North Little Rock. The yard at Coffeyville will switch these traffic flows for points north and west.

Three trains of southbound traffic will be switched at Parsons, Kansas, each day, which will reduce switching in Fort Worth by 200 cars per day. Parsons will build a through train to San Antonio that will bypass Fort Worth. The yard at Wichita, Kansas, will block train WTFW, which today is switched in Fort Worth, reducing Fort Worth's switching burden. The Waco, Texas, yard will switch two trains per day that previously operated to Fort Worth, allowing this traffic to bypass Fort Worth.

UP/SP will make greater use of the SP Pine Bluff yard to reduce switching at other locations. Today PTR A traffic from Houston is switched at both major UP/SP Houston Yards. PTR A will combine all that traffic into a single train operating directly to Pine Bluff and bypassing both Houston Yards. A new counterpart train will operate southbound to PTR A. Together, these trains will remove 100 cars each from Englewood and Settegast every day. A Houston to Little Rock train will be diverted to Pine Bluff, which is better able to handle the switching duties.

In the West, UP/SP will take a number of steps to reduce switching at West Colton. The yard at Bakersfield will build a train for Tucson, which will reduce switching at West Colton by approximately 80 cars per day. Similarly, Tucson

will block a westbound train to avoid switching a similar number of cars at West Colton. Bakersfield will also switch a Eugene-West Colton train, blocking that train so that its cars do not have to be switched at West Colton. New trains between Bakersfield and Yermo will operate via BNSF trackage rights between Mojave and Barstow, reducing mileage and eliminating switching at West Colton.

UP/SP will also take several actions to reduce switching at North Platte. The Hinkle, Oregon, yard will build a through train for Proviso Yard in Chicago, which will reduce switching in North Platte. Proviso will build blocks for Cheyenne, Salt Lake City and Hinkle, as will BRC's Clearing Yard in Chicago and Conrail's yard at Elkhart, Indiana. All of these cars will pass through North Platte without switching. During the service recovery period, North Platte will place all Conrail traffic in trains for Elkhart, and operate them more frequently, reducing current delays on Conrail traffic. The IHB yard at Gibson, Illinois, will switch auto traffic from CN into run-through trains for western points, avoiding switching in North Platte. A new eastbound train of autorack cars from Denver to Chicago will also run through North Platte.

2. Classify UP/SP Traffic on Shortline Railroads

Shortline railroads are assisting UP/SP in reducing switching at congested UP/SP terminals. For example,

Georgetown Railroad and the Fort Worth & Western Railroad in Texas are blocking UP/SP shipments for San Antonio and Fort Worth, reducing switching requirements at congested UP/SP yards. Texas City Terminal Railway south of Houston is switching two UP/SP trains per day, reducing switching in Houston. And a shortline railroads is switching traffic for San Antonio at McAlester, Oklahoma. EJ&E, TRRA, P&PU and SKOL have all committed to provide extra switching and blocking.

C. Actions to Expedite Interchange
of Cars to Other Railroads

All affected interests -- UP/SP, its customers, its employees, and other railroads -- will benefit from a number of steps UP/SP is taking to move cars destined to other railroads off its system. UP/SP is giving priority handling to 45 daily interchange trains and the 90 manifest trains that feed cars to them. Terminals will move these trains first, and they will have priority in dispatching. UP/SP is working with its interline connections to ensure that these trains reach the connecting lines at expected times, and that traffic to UP/SP is ready to move back in return. UP/SP is also working with its connecting lines to interchange empty cars to connections at the nearest gateway, rather than returning them reverse route. And UP/SP is dedicating sets of locomotives to these trains so that locomotives will be available and used efficiently. These steps will reduce the excessive inventory

of cars on the UP/SP system, restore cars to loading areas on other railroads, and reduce reliance on management crews.

UP/SP is also continuing to work with TFM to maximize the number of cars UP/SP can deliver to Mexico each day. UP/SP interchanged over 850 cars to TFM in one day last week, the largest number of cars ever interchanged to TFM. UP/SP has established 24-hour on-site border management oversight to keep traffic flowing, and it is providing additional manpower to prepare documentation for export movements.

D. Actions to Increase Availability
of Locomotives and Crews

1. Locomotives

Applicants' August 20 report identified a number of steps UP/SP is taking to lease and acquire additional locomotives. Those efforts continue, but UP/SP has concluded that they are not enough because slower operations are effectively consuming more engines. UP/SP must take even more aggressive actions to increase its supply of locomotives.

Additional locomotives will be deployed first on Central Corridor routes to eliminate train delays caused by lack of locomotives, particularly at North Platte and Chicago. Locomotives will also be directed toward Southern California, where locomotive shortages have delayed trains. Locomotives will be deployed selectively to yards in the Southern Corridor

as they and the region's mainlines regain the capacity to move more trains.

UP/SP will free approximately 130 additional locomotives almost immediately by reducing the horsepower per trailing ton (and therefore the number of engines) on most intermodal trains. This will slow intermodal service and cause diversion of some traffic to BNSF and other carriers. This speed reduction will result in additional delays of up to 24 hours for all but the most expedited intermodal trains. This temporary slowdown is essential in order to restore quality service to all shippers.

UP/SP will generate additional locomotives for service recovery by reducing the number of locomotives it uses in local and maintenance-of-way service. Except where operating conditions require extra power, UP/SP is reducing the number of locomotives used on local trains by one engine. It is also rescheduling local operations so that two locals from the same terminal operate at different times of the day and can share locomotives. These steps will free approximately 100 locomotives for mainline service. In addition, by reducing the number of locomotives used on maintenance-of-way trains and the number of work extras, UP/SP is generating 26 locomotives.

UP/SP has reached out to virtually all other railroads to obtain locomotives. Several shortlines have

responded. Among the major freight railroads, only Conrail has locomotives to spare, and UP is leasing 51 units in 1997 and 36 in January 1998. UP/SP would prefer not to use Amtrak locomotives, because they are geared for high-speed running and lack the traction for freight service, but UP/SP will use 60 Amtrak locomotives to the extent they are mechanically fit for service.

The reduced train operations described earlier will free dozens of locomotives. Consolidation of intermodal trains will generate as many as 84 locomotives. By reducing coal operations and transferring coal traffic to BNSF, UP/SP expects to gain some 70 locomotives. UP/SP plans to increase the use of distributed power, which should make additional locomotives available.

UP/SP is adding manpower and capacity at locomotive shops in order to expedite the repair of locomotives and get them back on line more quickly. When locomotives fail on the road, they will be rushed to repair shops without delay. In combination, these steps should generate more than 60 additional locomotives.

UP/SP is also introducing procedures at major terminals to service locomotives and get them back onto departing trains more quickly. Operating officials estimate that these steps should provide the equivalent of some 60 additional locomotives over the next thirty days.

In total, the steps described here should generate 350 to 375 additional locomotives over a ten-day period starting last weekend and a total of more than 500 locomotives within thirty days. UP/SP is investigating other steps, including more efficient utilization of locomotives on grain trains and consolidation of additional trains, that could provide over 200 more locomotives.

Once UP/SP's service returns to normal levels, some of the locomotives leased from Conrail and other outside sources will be returned, although only when UP/SP is satisfied that its locomotive needs are securely satisfied for the future. As merger implementation continues, and particularly when directional running is initiated by early next year between Missouri and Texas, additional locomotives will become available as a result of more efficient operations.

2. Train Crews

UP/SP reported in July and August on its aggressive efforts to hire hundreds of additional train and engine crew employees. Those programs continue, but as we explained then, training is time-consuming. UP/SP has concluded that it needs more train crew members for the next few months until recent new hires are fully trained and ready for service. It is taking additional steps to secure these forces, primarily for service in the Southern Corridor.

As UP/SP reported in August, it reached agreement with labor unions to use management crews on SP lines in the Texas area. UP/SP has now reached a further agreement with its labor unions permitting it to use management crews on most UP lines in that region. UP/SP made a substantial financial commitment to obtain this urgently needed agreement, so that management crews are able to operate trains throughout the area of most severe congestion when regular crews are not available.

UP/SP is temporarily re-hiring experienced retirees to augment the management crews. These new train crew members will be requalified to ensure safe operation, and they will meet all criteria for federal engineer licensing. UP/SP is also exploring with other railroads the possibility of temporarily using their retirees to supplement the UP/SP forces.

UP/SP is taking a number of actions to use train crews more efficiently in congested terminals. Terminal managers are ensuring that trains are ready to depart within a shorter period of time after crews have been called, so that crews are more likely to reach their destinations within federally mandated hours of service. This should reduce the number of crews that have to be replaced on the line and make more crews available to move trains. In addition, major terminals are being staffed with more crew support personnel

to who expedite movement of crews between on-duty points and their trains.

In the short run, as UP/SP moves traffic to routes less affected by competition, it will reduce its reliance on management crews. As UP/SP service returns to normal levels and crews are able to complete their normal runs during their federal hours of service, UP/SP will discontinue these extraordinary measures to staff trains. Management crew members will return to their normal duties. Crews borrowed from one region for use in another will return home. Retirees will retire again. UP/SP will need all the new regular crew members it is hiring and training today to handle expected business levels and to provide train crew employees with more regular schedules and time off.

E. Actions to Improve Management Coordination

UP/SP's August 20 report described management initiatives to address service problems in the Houston area. UP/SP managers concluded last week that those steps should be supplemented with a systemwide perspective. Because of complex network interrelationships, actions in Texas were having undesirable effects on other parts of the railroad. In addition, without the benefit of the capacity studies completed last week, some of the operational decisions in the Texas area could not be carried out effectively.

UP/SP has established a system War Room, staffed on a 24-hour basis by the railroads' senior managers, to guide implementation of the Service Recovery Plan. The War Room will provide coordinated and consistent leadership of the actions described here.

War Room decisionmakers will have the ability to direct all of the key resources necessary to rebuild service. Locomotive Directors will deploy locomotives to terminals that can use them most productively in light of line and terminal capacity. Car Management will identify ways to redirect empty cars in order to avoid switching. Traffic Flow Planning will ensure that train operations on congested corridors are consistent with track capacity and spot opportunities to bypass congested yards. Automotive and Intermodal Marketing personnel will ensure that critical shipments get delivered and opportunities to operate efficiently sized trains. A Mexico desk will maximize the number of cars crossing into Mexico at all gateways. A diversion desk will work with other railroads and UP/SP's National Customer Service Center to ensure that reroutes are handled correctly and expeditiously. Information Technology will provide reports to monitor progress on all fronts.

One of the conclusions of last week's management conference was that UP/SP's operational decisionmaking has not had a sufficiently long-term focus. The War Room will have

the information and system perspective to plan much further in advance. For example, shipments will be monitored inside Mexico, rather than merely to and from the border. This will allow better planning of trains to and from Mexico. War Room staffers will establish longer range priorities for use of scarce capacity on mainlines and terminals to ensure that the maximum number of cars keeps moving. UP/SP's War Room will monitor dozens of measures of effectiveness to ensure that service recovery actions are working.

F. Actions to Implement the Merger

While UP/SP will not attempt to mount major new merger-related service initiatives until its service quality has recovered, foundation-building steps to implement the merger will contribute to service recovery and are being pursued as rapidly as possible. The most important of these are continued expansion of TCS and completion of labor implementing agreements.

UP/SP has advanced its schedule for implementing TCS on the SP system. Originally, UP/SP had planned to expand TCS to the "SP East" region between New Orleans and Yuma, Arizona, in February 1998. In order to improve service in the Southern Corridor as quickly as possible, UP/SP now plans to cutover a slightly smaller SP East region on December 1, 1997. On that date, TCS will be implemented between Vanar, Arizona, on the New Mexico border, and New Orleans, including all remaining SP

lines in Louisiana, Texas and New Mexico. The final cutover of TCS on the "SP West" region, which includes the I-5 Corridor, the Sunset Route in California and Arizona and the Central Corridor between Roseville and Elko, Nevada, will be moved forward from May 1998 to March 1, 1998. TCS will also be implemented on HBT in Houston on November 1, 1997.

UP/SP is proceeding as rapidly as it can to complete labor implementing agreements. As the August 20 report predicted, UP/SP put the labor implementing agreements covering the Houston hub into effect on September 16, 1997. Though that date was met, full implementation is moving more slowly than UP/SP would like. Pursuant to the implementing agreements, train crew rosters will be consolidated west and south of Houston on October 16, north and east of Houston on November 1, and in Houston itself on November 16. Operations will be restructured beginning December 1.

UP/SP expects to achieve labor implementing agreements for its Longview, Texas, hub by approximately November 1, 1997. Equally important will be agreements covering the North Little Rock and Pine Bluff hub, which are expected by December 16, 1997. These agreements will allow UP/SP to implement directional running between Houston and Missouri and Memphis early in the first quarter of 1998. Directional running will, of course, allow UP/SP to achieve

some of the most important service and efficiency benefits of the merger.

An important improvement in operations will take place in November, when a centralized dispatching office begins to control movements throughout the Houston terminal. Today, eight dispatchers at five locations control Houston operations on a web of intersecting routes. Inevitably, this results in operating conflicts and delays. In November, UP/SP will open a consolidated dispatching center in Houston with control over all UP, SP and HBT lines. The center will be managed by a zone manager who will coordinate train flows within a 300-mile radius of Houston. A resource manager will oversee crew transportation throughout the Houston complex, and a locomotive manager will coordinate locomotive distribution. Consolidated dispatching should substantially improve the efficiency of the entire Houston terminal, not only for UP/SP but also for BNSF and Tex Mex. In the interim, UP/SP and BNSF recently authorized HBT to establish a temporary position to coordinate movements over HBT with each railroad's dispatch center.

Once the service crisis is solved and the railroad regains its footing, services that have been cut will be restored and service initiatives associated with the merger will resume. UP/SP will use extreme care in making this transition, and train service will be expanded only as

facilities can accommodate new trains. UP/SP has systemwide management procedures and monitoring systems in place to ensure that the system does not become overloaded again.

In one respect, the post-crisis rail system will be different from the rail system only a year ago, and UP/SP is preparing for the change. The national rail system today is wrestling with some 30,000 more rail cars than it did a year earlier, and UP/SP -- like other railroads -- is having to find ways of dealing with the strain those cars place on the system. UP/SP will use some of the yards that it is pressing into service for service recovery as storage facilities, including Waco, Parsons, and the former SSW yard in East St. Louis.

Implementation of the UP/SP merger will provide enormous benefits in the post-recovery environment that will solidify service recovery. Throughout most of the UP/SP system, operational consolidations are still in the future, awaiting labor implementing agreements. As those consolidations take place, UP/SP will operate much more efficiently, freeing locomotives and train crews to provide new and expanded service. Directional running is an important example. Without this merger, the SP system -- chronically short of some 300 to 400 locomotives -- would never have been able to achieve those efficiencies. In a carefully

coordinated way, UP/SP will also be able to add the services promised in the merger Operating Plan.

G. Other Railroads' Proposals to "Help"
by Taking Over UP/SP Traffic and Injecting
Themselves Into UP/SP Operations

BNSF and KCS have publicized proposals that they claim are designed to help address UP/SP's service difficulties. As already discussed, UP/SP is pursuing every reasonable initiative that will help remedy this temporary crisis, including the temporary transfer of traffic to other carriers. As described above, UP/SP has sought help from both BNSF and KCS and is diverting traffic to those railroads and others. UP/SP would accept even more help from BNSF, but limits on BNSF's capacity apparently prevent it from providing additional assistance of the types UP/SP needs.

For the most part, however, the "help" that BNSF and KCS are publicly volunteering consists of opportunistic measures to take advantage of UP/SP's current service difficulties. KCS' suggestions are nothing more than a restatement of its merger proposals. KCS proposes the same operationally-damaging divestitures as a supposed remedy for UP/SP's service problems that the Board rejected during the merger proceeding as a supposed remedy for competitive concerns. Those concerns are no longer present, but KCS now argues that the divestitures it desires will solve an entirely different problem.

Many of BNSF's suggestions have very little to do with improving operations and very much to do with seizing competitive advantages. For example, BNSF has proposed that "all shortlines not previously granted direct access to BNSF on the UP/SP lines where BNSF has trackage rights should be given such access." Increased access rights for BNSF to shortlines would do nothing to improve UP/SP service, and would likely undermine it with conflicting interchange movements. Similarly, BNSF's request to open the SP Bayport Loop to reciprocal switching is simply a self-serving grab for additional business that would do nothing to simplify or improve operations.

BNSF proposes to take over dispatching of former SP routes between Houston and Memphis and between Houston and Iowa Junction, Louisiana, lines on which most of the trains are operated by UP/SP. BNSF says that it wants to take over dispatching so that it can discontinue UP/SP's "parking trains with power on passing sidings." If BNSF were to do this, UP/SP's operations would be shut down across the Southern Corridor. BNSF's management of the Avondale (New Orleans)-Iowa Junction line it purchased as part of the BNSF settlement was a major precipitating cause of UP/SP's current crisis. UP/SP, its customers and its employees do not need more of this kind of help.

To be sure, parking trains in sidings is an undesirable practice used only as a last resort. It not only delays shipments, but reduces line capacity and impedes the operation of all other trains. However, UP/SP did not put trains in sidings for convenience or to disadvantage BNSF. It put trains in sidings because there was absolutely no other place to put them. It would be physically impossible for UP/SP to comply with a BNSF order to remove all trains from sidings. UP/SP will clear sidings as quickly as it can by taking the actions described here to open capacity at its switching yards.

If BNSF were given dispatching control of these lines, its actions almost certainly would undermine and severely delay UP/SP's Service Recovery Plan. Precipitous attempts to clear sidings would destroy service recovery efforts on other parts of the UP/SP by forcing trains onto UP/SP line segments, and into UP/SP yards, that do not have the capacity to handle them. That is especially true of the lines BNSF has picked to dispatch, which are anchored in Houston.^{3/} UP/SP's Houston recovery cannot tolerate directives from BNSF that prevent UP/SP from using its own railroad as it needs to during this crisis. BNSF might, for example, try to bar UP/SP from running additional trains until

^{3/} BNSF's dispatching proposals directly undermine the plan, described earlier, to consolidate and coordinate dispatching throughout the Houston terminal, a plan BNSF approved.

all sidings are clear. That would simply shut down UP/SP throughout the southeastern part of its system. UP/SP's alternate routes cannot accommodate additional trains. Traffic would back up onto CSX and NS at the New Orleans and Memphis gateways and jam terminals in East St. Louis, among other locations.

UP/SP acknowledges that BNSF's service has been hampered by UP/SP's congestion problems, but transferring dispatching control to BNSF is a prescription for catastrophe.^{4/} UP/SP must clear its freight yards and make space available for the trains that are on line. Its Service Recovery Plan is designed to do that.

III. SAFETY ON UP/SP

As has been widely reported in the press, the FRA was sharply critical of UP/SP's safety compliance following three collisions that resulted in five employee casualties and the deaths of two trespassers. Although UP/SP does not agree with every FRA observation, it decided from the beginning to devote its energies to working with FRA and its labor organizations to address safety concerns. UP/SP has fully accepted FRA's challenge to change the UP/SP corporate culture in order to empower its operating employees and instill an even stronger focus on safety throughout the organization.

^{4/} There is no reason to believe BNSF's dispatchers, many of whom have been hired in the last year, are superior in performance to UP/SP's dispatchers.

Last week, UP/SP named one of its most talented senior executives, Dennis Duffy, to the newly-created position of Senior Vice President-Safety Assurance and Compliance Process. In this high-level position, Mr. Duffy will report directly to President Jerry R. Davis while developing safety initiatives and ensuring compliance using the SACP process.

On September 17, FRA, BLE, UTU, BMWE, BRC and UP/SP kicked off a systemwide Safety Assurance Compliance Program ("SACP") to address safety problems identified during the FRA review. President Jerry Davis had already created a President's Confidential Safety Hotline, where employees can report safety concerns on a confidential basis. Those reports are reviewed personally by Mr. Davis. Under the auspices of SACP, UP/SP appointed a Director of Alertness Assurance to work with the unions to address train crew fatigue. The SACP will include review of all existing training programs for effectiveness, monitoring of train crew performance and rules compliance, and review of locomotive and mechanical inspection procedures. UP/SP is also addressing dispatcher workload concerns raised by FRA.

UP/SP is especially concerned about FRA reports that some employees had been harassed or intimidated for raising safety concerns. On September 23, 1997, Mr. Davis issued a statement to all employees confirming a zero-tolerance policy against intimidation, discrimination and harassment. His

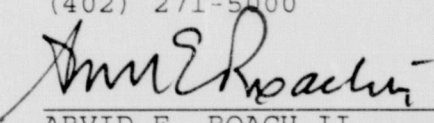
announcement also committed UP/SP to the process of employee empowerment, addressing FRA's recommendation that UP/SP management reach out to labor in order to draw on the constructive attitudes of its train crew employees.

Union Pacific has long given top priority to safety -- and the merged system has now taken unprecedented steps to strengthen that commitment.

Respectfully submitted,

CARL W. VON BERNUTH
RICHARD J. RESSLER
Union Pacific Corporation
Suite 5900
1717 Main Street
Dallas, Texas 75201
(214) 743-5600

JAMES V. DOLAN
PAUL A. CONLEY, JR.
LOUISE A. RINN
Law Department
Union 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 Applicants

October 1, 1997

EXHIBIT A

TRACKAGE RIGHTS FUNDS

In Section 6 of Applicants' settlement agreement with CMA, Applicants agreed to place trackage rights fees received under the BNSF settlement agreement into two dedicated funds, one with respect to the trackage rights lines in Texas, Louisiana, Arkansas, Missouri and Illinois and one with respect to the trackage rights lines in the Central Corridor and California. Applicants agreed that the money in those funds would be spent on (a) maintenance on those lines, (b) offsetting depreciation of those lines, (c) capital improvements on those lines, and (d) costs for accounting necessary to administer the two funds. The following table provides information regarding the two funds through the quarter ending June 30, 1997, the latest date for which the data has thus far been compiled.

	<u>Texas, Louisiana, Arkansas, Missouri and Illinois</u>	<u>California and Central Corridor</u>
REVENUE		
Trackage Rights Fees	\$4,863,595	\$2,893,525
Capacity Improvement Fees	<u>0</u>	<u>0</u>
Total Revenue	<u>\$4,863,595</u>	<u>\$2,893,525</u>
EXPENSES		
Maintenance	\$25,260,260	\$16,490,601
Depreciation	25,629,981	19,421,472
Capital Expenditures	0	0
Accounting Expenses	<u>5,946</u>	<u>5,946</u>
Total Expenses	<u>\$50,896,187</u>	<u>\$35,918,019</u>

EXHIBIT B

ENVIRONMENTAL MITIGATION CONDITIONS

The following is a report on steps taken, and plans for future steps, in regard to the environmental mitigation conditions, which are addressed in the order they are listed in Appendix G to Decision No. 44:

A. Systemwide Mitigation

1. Track Inspection. This condition has been satisfied.
2. Tank Car Inspection. This condition has been satisfied.
3. Signal Crossing Devices. This condition has been satisfied.
4. Emergency Response Phone Number. This condition has been satisfied.
5. TRANSCAER Participation. This condition has been satisfied.
6. Hazardous Materials Supervision. This condition has been satisfied.
7. Training Program for Emergency Response Personnel. This condition has been satisfied. The next training program will be held in Pueblo this month.
8. UP Training and Operating Practices. This condition has been satisfied.
9. Closing Boxcar Doors. This condition has been satisfied.

10. Security Forces. As previously reported, UP/SP has extended to SP territory its policy of "zero-tolerance" of vagrancy and trespassing on railroad property. UP/SP is participating in a new nationwide initiative by Operation Lifesaver to reduce trespassing on railroad property. UP/SP met with the Reno Police Department regarding a "zero-tolerance" program in late June; these discussions are on hold pending a City of Reno legal determination.

11. Visible Smoke Reduction. This condition has been satisfied.

12. Use of Head-Hardened Rail on Mountain Curves. This condition has been satisfied.

13. Compliance with FRA Rules and Regulations. UP/SP is working closely with FRA on a number of new safety initiatives, as described in the main report.

B. Corridor Mitigation

14. EPA Emissions Standards. On January 21, 1997, EPA released proposed rules that would establish nationwide regulatory requirements for control of emissions from locomotives. EPA's proposal includes standards for oxides of nitrogen, hydrocarbons, carbon monoxide, particulate matter and smoke. EPA received comments on the proposed rules at a public hearing in Detroit on May 15 and in written submissions due June 16. The final rules are scheduled for release in December.

15. Consultations With Air Quality Officials.

Discussions have been held with environmental officials in Arizona, Colorado, Illinois, Oregon, Wyoming and Washington. UP/SP is engaged in ongoing discussions with California officials. Officials in some of these states have identified additional permitting requirements, with which the railroad is complying. UP/SP has conducted initial discussions with officials in Texas and is moving forward with contacts in Nevada.

16. Noise Impacts. UP/SP continues to monitor implementation of merger-related transportation plans. UP/SP has notified each county in the designated states that may be affected by threshold-level noise increases of an 800 number to which complaints and questions about noise can be directed. Nine calls have been received thus far, and UP/SP is gathering additional information about those situations.

17. Use of Two-Way End-to-Train Devices. This condition has been satisfied.

C. Rail Line Segment Mitigation

18. Priority List for Upgrading Grade Crossing Signals. UP/SP provides train density information to states every six months, which they use to re-prioritize their grade crossing programs. As previously reported, UP/SP has met with officials in California, Colorado, Kansas and Texas, and held additional meetings with Colorado and Kansas officials in May to discuss new routings for trains that had previously

operated via Pueblo, Colorado. Officials in both states prefer to wait until the changes in operations take place before revising their grade crossing programs.

19. East Bay Regional Park District MOU. The MOU is being implemented in accordance with its specifications. A new pedestrian crossing at Crockett, California, has been installed. UP/SP is waiting for the District to pursue applications for other crossings and to provide property descriptions necessary for trail easements.

20. Town of Truckee MOU. The MOU is being implemented in accordance with its specifications. UP/SP has obtained required permits for its bridge at the western undercrossing and is waiting for the Town to obtain permits for the Town's construction activities.

21. Placer County MOU. This complex MOU is being implemented in accordance with its specifications. The more significant recent developments are as follows:

(a) UP/SP submitted a yard design and operation plan to the City of Roseville on July 1. UP/SP will consult with the City if UP/SP makes changes. Certain projects to improve City streets were deferred to 1998 at the City's request.

(b) UP/SP and County officials have scheduled an inspection trip this month in connection with development of an emergency response plan.

(c) UP/SP will install Centralized Traffic Control or similar train control mechanisms during the first quarter of 1998 to facilitate passenger operations.

(d) UP/SP is progressing with surveys and documentation for leases and conveyances of properties to be used for passenger service. By the end of 1997, UP/SP will remove trackage to permit construction of a passenger loading platform at Colfax.

(e) UP/SP gave the City of Lincoln \$150,000 for study of an overpass at Moore Road.

22. City of Reno. UP/SP is in compliance with the limit of 14.7 through freight trains per day through Reno. UP/SP will comment on SEA's preliminary mitigation recommendations by October 15, 1997.

23. City of Wichita/Sedgwick County. UP/SP is in compliance with the limit of 6.4 through freight trains per day on the former Rock Island line through Wichita. UP/SP will comment on SEA's preliminary mitigation recommendations by October 15, 1997.

D. Rail Yards and Intermodal Facilities

24. Noise Abatement Plans for Rail Yards. Before UP/SP undertakes any rail yard construction at the specified locations, UP/SP will contact appropriate state and local officials and will report to SEA on the results of those consultations. No construction is planned at these facilities in 1997.

25. Intermodal Facilities. Before any changes are made at the specified intermodal facilities, UP/SP will contact appropriate state and local air quality officials in the states of California and Illinois and will report to SEA on the results of those consultations. No major construction or operating changes are planned at these facilities in 1997.

E. Abandonments.

26-61. As abandonments are carried out, UP/SP will comply with all listed conditions. Several abandonments may begin in the next quarter, and Applicants will advise concerning developments in their next quarterly report.

62-108. As construction projects are carried out, UP/SP will comply with all listed conditions. UP/SP is developing noise studies for two recently completed construction projects.

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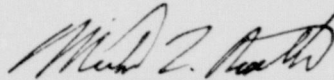
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CERTIFICATE OF SERVICE

I, Michael L. Rosenthal, certify that, on this 1st day of October, 1997, 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 (Sub-No. 21), and on:

Director of Operations
Antitrust Division
Suite 500
Department of Justice
Washington, D.C. 20530

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



Michael L. Rosenthal

STB FD

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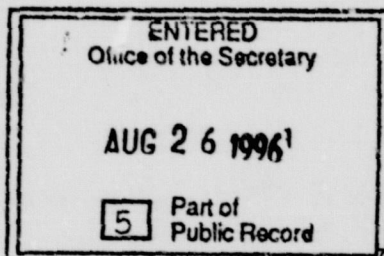
MAYER, BROWN & PLATT

2000 PENNSYLVANIA AVENUE, N.W.

WASHINGTON, D.C. 20006-1882

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JAUREGUI, NAVARRETE, NADER Y ROJAS

202-463-2000
TELEX 892603
FACSIMILE
202-861-0473



ADRIAN L. STEEL, JR.
202-778-0630

Aug. 23, 1996



BY HAND DELIVERY

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

RE: Finance Docket No. 32760, Union Pacific
Corporation, et al. -- Control and Merger --
Southern Pacific Transportation Company et al.

Dear Mr. Secretary:

In its August 12, 1996 decision in this proceeding, the STB directed CPSB, UP/SP and BN/Santa Fe to negotiate and file certain condition implementing arrangements by August 22, 1996. The parties requested a one-day extension of that deadline until today. We understand that CPSB and UP/SP have reached an agreement on the terms for the conditions granted to CPSB. BN/Santa Fe is currently reviewing those terms, and, in order to fully evaluate and understand the terms and their implications, BN/Santa Fe requests an extension until Friday, August 30, 1996, to advise the STB of its concurrence with those terms or to submit a separate proposal respecting the implementation of the CPSB conditions.

Counsel for CPSB has agreed to this extension of time while counsel for UP/SP was unable to do so.

Because this is a technical matter, we also request a waiver of the certificate of service requirement.

Sincerely yours,

Adrian L. Steel, Jr.

ALS:ch
cc: John H. LeSeur, Esq.
Arvid E. Roach, II, Esq.

Item No. _____

Page Count 1

July 1996 #19

STB FD

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September 17, 1996



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

RE: Union Pacific Corp., et al. - Control and Merger - Southern Pacific Rail Corp., et al.
Finance Docket 32760

Dear Mr. Williams:

I am writing in response to the written decision of the Surface Transportation Board's approval of the Union Pacific-Southern Pacific merger. Fina Oil and Chemical Company believes that this decision has some points which need clarification concerning the competitive rail access conditions imposed in the decision. Fina insists on protecting the concept of competition and allowing Fina to have options when selecting rail carriers across the entire nation in servicing our customers. We are concerned about the granting of the trackage rights to the Texas Mexican Railway.

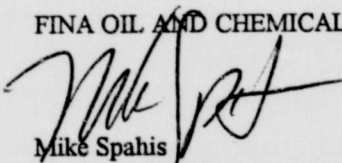
I am the traffic manager for Fina Oil and Chemical Company, an integrated oil and chemical company based in Dallas, Texas. I currently am responsible for the movement of our products produced at our facilities in Texas and Louisiana to our various customers across North America as well as around the globe. Our facilities are located in West Texas, the Baton Rouge area as well as Houston, Texas.

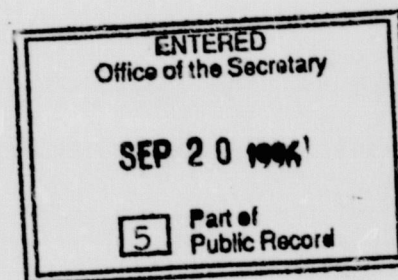
In particular, the SP/UP merger has reduced our options in selected corridors. Our rail options at our polypropylene plant located in Houston have decreased from four mainline carriers (SP, UP, BN, ATSF) to two (UP and BNSF). We are concerned that these limited options can provide a level of service and cost that will meet our demands for the future.

One of the conditions outlined in the Surface Transportation Board's decision grants the Tex Mex trackage rights between its line in Beaumont and Corpus Christi. But the decision restricts access into the Houston area where our facilities are located. Fina urges the Surface Transportation Board to lift service restriction on the Tex Mex to give it full local service access in the Houston area which would maintain competitive options in Houston.

Sincerely,

FINA OIL AND CHEMICAL COMPANY


Mike Spahis
Manager of Traffic





September 17, 1996



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

RE: Union Pacific Corp., et al. - Control and Merger - Southern Pacific Rail Corp., et al. Finance Docket 32760

Dear Mr. Williams:

I am writing in response to the written decision of the Surface Transportation Board's approval of the Union Pacific-Southern Pacific merger. Fina Oil and Chemical Company believes that this decision has some points which need clarification concerning the competitive rail access terms imposed in the decision. Fina insists on protecting the concept of competition and allowing Fina to have options when selecting rail carriers across the entire nation in servicing our customers. I would like to address the concerns raised regarding the BNSF trackage rights.

I am the traffic manager for Fina Oil and Chemical Company, an integrated oil and chemical company based in Dallas, Texas. I currently am responsible for the movement of our products produced at our facilities in Texas and Louisiana to our various customers across North America as well as around the globe. Our facilities are located in West Texas, the Baton Rouge area as well as Houston, Texas.

In particular, the SP/UP merger has reduced our competitive options in selected corridors. Our rail options at our polypropylene plant located in Houston have decreased from four mainline carriers (SP, UP, BN, ATSF) to two (UP and BNSF). In addition, for our other facilities, our routing options have decreased as a result of the merger. We are concerned that these limited options can provide a level of service and cost that will meet our demands for the future. I acknowledge that the Surface Transportation Board has acknowledged the potential for reduction of competition resulting from the merger. The BNSF should have full opportunity to compete in a meaningful manner. The STB record clearly states that they intend BNSF to compete and there should be clarification to make this known.

Honorable Vernon A. Williams
September 17, 1995
Page 2

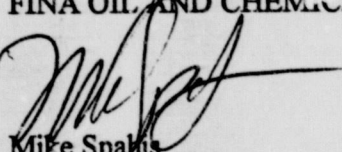
There are two questions of interpretation which have arisen. First, the issue of conditions related to the opening of 50% of contract volumes at 2-to-1 locations. I strongly urge the Surface Transportation Board provide clarification of its ruling in the 50% volume provision in order to ensure BNSF's access will provide a competitive environment. We believe the shipper should state their conditions on the opening of volume, not the UP/SP.

Second is the STB requirement that BNSF be allowed to serve new facilities, including transload facilities. I suggest that the STB reject the UP/SP position narrowing the opportunities for serving new facilities, which includes new transload facilities.

The clarification of these two critical issues will provide for the greatest opportunity for meaningful competition that the STB intends in granting this historic merger. Fina Oil and Chemical Company has been active in the merger proceedings: a member of the Society of Plastics Industry (SPI) and the National Industrial Transportation League (NITL).

Sincerely,

FINA OIL AND CHEMICAL COMPANY



Mike Spahn
Manager of Traffic

STB FD

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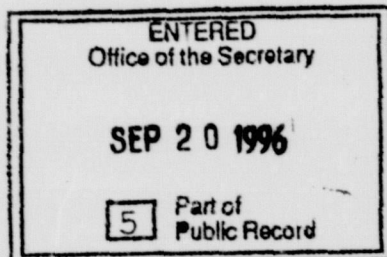
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ARIZONA CHEMICAL DIVISION
CALLER BOX 2447
PANAMA CITY FL 32402
PHONE 904 785 8521
FAX 904 785 1359

September 18, 1996



Mr. Vernon A. Williams
Secretary, Surface Transportation Board
12th Street & Constitution Avenue, N.W.
Washington, DC 20423

FD 32760



Dear Secretary Williams:

This letter responds to the recent decision by the Surface Transportation Board approving the Union Pacific-Southern Pacific (UP-SP) railroad merger. In particular, Arizona Chemical Company believes the Surface Transportation Board's decision unnecessarily hampers our ability to effectively access competitive rail options in the Greater Houston, TX area.

Arizona Chemical is a leading producer of specialty chemicals for customers worldwide. Our products are made from natural and renewable resources, primarily the pine tree. Arizona has nine manufacturing facilities and a network of sales offices worldwide. The Houston, TX area is a major point used to export our finished goods to international customers and the importation of raw materials which are critically needed to run our refineries. Securing competitive rail service in the Houston, TX area is essential to our ability to continue to service our customers and remain competitive in the domestic and international markets.

Arizona Chemical is concerned that reduced rail competition as a result of the UP-SP merger will have long term consequences on our ability to market and source products to and from the Houston, TX area. The UP-SP and BN-SF control approximately 90% of the petro-chemical rail carload business from Texas and 100% of the petro-chemical rail carload business originating or terminating in the Houston, TX area. These limited rail options effectively hobble competitive alternatives from both international suppliers of raw materials and our export customers whose products move through the Houston, TX. area. More vigorous competition is needed to foster high service levels and responsive rates.

As a condition outlined in the Surface Transportation Board's UP-SP decision, The Texas Mexican Railway was granted trackage rights between its line in Corpus Christi, TX and Beaumont, TX with restricted access at Houston TX. Arizona Chemical believes that this limited access at Houston is unnecessarily restrictive and a grant of full service access to

Mr. Vernon A. Williams

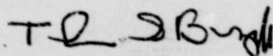
Page 2

September 18, 1996

Houston would provide for greater long term operational efficiency for the Texas Mexican Railway. Full access would continue to provide a viable third rail competitor in Houston and will foster competition between UP-SP, BN-SF and the Kansas City Southern Railway at Beaumont, TX. For these reasons, Arizona Chemical believes that the Surface Transportation Board should reconsider its final decision, remove the service restrictions at Houston and grant full local service access to The Texas Mexican Railway.

Sincerely,

ARIZONA CHEMICAL



Thomas S. Brzowski, Manager
Transportation & Distribution

TSB/mg

cc: Larry Fields - The Texas Mexican Railway
Charlie McHugh - International Paper

STB FD

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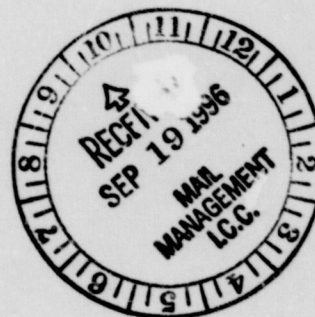
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Cerestar

September 18, 1996

The Honorable Vernon A. Williams
Secretary
Surface Transportation Board
12th Street & Constitution Avenue N.W.
Room 2215
Washington, D.C. 20423



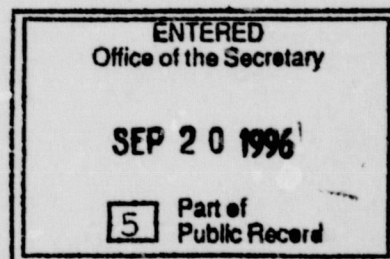
Re: Finance Docket 32760

Dear Mr. Williams:

My name is Robert A. Sieffert, and I am Manager of Transportation/Distribution for Cerestar USA. Cerestar is a major corn wet-miller with plants in Texas, Alabama, and Indiana, and our business is heavily dependant on rail service. I am responsible for all transportation-related activities of this company.

An important issue raised by the STB's recent decision in the UP/SP merger case needs to be clarified. Specifically, BNSF's right to serve new facilities, including new transload facilities, on any UP or SP line over which BNSF is to receive trackage rights as a condition of the merger.

Union Pacific has recently asked the STB to limit BNSF's freedom to open transload facilities on UP/SP lines newly open to BNSF. This is a blatant effort by Union Pacific to change the rules after the fact. Further, this runs counter to the STB's stated objective to ensure that shippers will benefit from vigorous competition between UP/SP and BNSF. I can think of no better way to enhance competition between these carriers than by allowing new transload facilities to be constructed by either carrier.



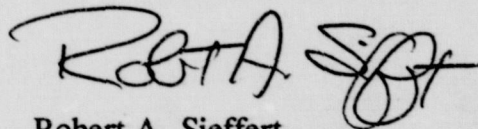
The Honorable Vernon A. Williams

September 18, 1996

Page 2

I strongly urge the board to deny Union Pacific's request to limit BNSF's ability to compete by restricting their freedom to open transload terminals.

Respectfully,

A handwritten signature in dark ink, appearing to read "Robert A. Sieffert". The signature is stylized with a large, sweeping "R" and a distinct "S".

Robert A. Sieffert
Manager of Transportation

RAS:ed

STB

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9-9-96

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MAYFR, BROWN & PLATT

2000 PENNSYLVANIA AVENUE, N.W.

WASHINGTON, D.C. 20006-1892

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KELLEY E. O'BRIEN
MEMBER OF THE VIRGINIA BAR
NOT ADMITTED IN THE
DISTRICT OF COLUMBIA
202-778-0607

September 9, 1996



VIA HAND DELIVERY

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
12th Street & Constitution Ave., NW
Room 2215
Washington, DC 20423

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

Dear Secretary Williams:

Enclosed for filing please find the original and twenty (20) copies of BNSF's Reply to Applicants' Motion For Leave to File Reply (BN/SF-66). Also enclosed is a disk containing the text of BN/SF-66 in WordPerfect 5.1 format.

Please date-stamp the enclosed extra copy and return it to the messenger for our files. Thank you for your time and attention to this matter. Please call me if you have any questions.

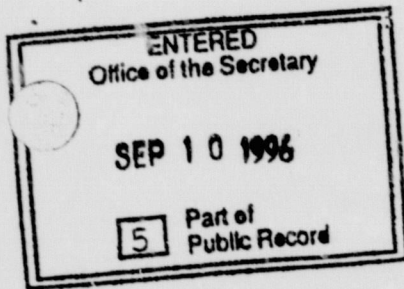
Sincerely,

Kelley E. O'Brien
Kelley E. O'Brien

Enclosures

Item No. _____
Page Count 13
Sep 10 1996

ENTERED
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SEP 10 1996
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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, ST. LOUIS SOUTHWESTERN RAILWAY
COMPANY, SPCSL CORP. AND THE DENVER AND
RIO GRANDE WESTERN RAILROAD COMPANY

BNSF's REPLY TO APPLICANTS' MOTION
FOR LEAVE TO FILE REPLY

BNSF^{1/} submits the following reply to the Applicants' Motion for Leave to File Reply (UP/SP-276) which was filed, together with the Applicants' Reply to the Submission of BNSF Respecting Terms for CPSB Conditions (BN/SF-63), on August 30, 1996, in this proceeding. While BNSF does not object to a grant of the Applicants' Motion to file their Reply,^{2/} that Reply contains several

^{1/} The acronyms used herein are the same as those in Appendix B to Decision No. 44.

^{2/} The Board, however, made no provision in Decision No. 44 for the submission of a reply or other response to the separate implementation proposals for the CPSB condition which it required in Ordering Paragraph No. 30. Additionally, the Applicants were aware of BNSF's position on the issue of whether BNSF would have the right to serve new facilities and transload facilities on the Track No. 2 line between Craig Junction and SP Junction (SP Tower 112) when they filed their separate submission but did not address the issue at that time.

CPSB has similarly filed a Motion for Leave to File Reply (CPSB-10), and in that Reply CPSB confirms BNSF's position that the Track No. 1 routing is not an operationally viable routing for BNSF service to the CPSB plants (CPSB-11, at 3).

specific factual allegations not set forth in the Applicants' prior submission (UP/SP-273/CPSB-9), and BNSF is filing this Reply to the Applicants' Motion to "ensure that the Board decides this matter in an informed manner based on a full and complete record." UP/SP-276, at 1-2.

The primary argument that the Applicants advance as to why BNSF should not receive the right to serve new facilities and transload facilities on the Track No. 2 line between Craig Junction and SP Junction (SP Tower 112) is that the Track No. 1 routing is a viable routing that satisfies the Board's condition that BNSF receive trackage rights sufficient to serve CPSB's plants.^{3/} As the attached Supplemental Verified Statement of Frank D. Clifton makes clear, however, the Applicants are simply incorrect. Only the Track No. 2 routing satisfies the Board's condition since it is the only viable route by which BNSF can serve the CPSB plants.

As is reflected on the map attached to Mr. Clifton's statement, the SP Elmendorf branch line to the CPSB plants connects with the SP Del Rio subdivision near SP Junction (SP Tower 112). However, the connection at that point allows only for movements into and out of the branch line from the east. Thus, it is not possible to make a through or head-on connection from the Track No. 1 routing onto the branch line.

^{3/} The Track No. 1 routing is from Craig Junction to SP Tower 105 in San Antonio via Adams, TX over the former MPRR line. The Track No. 2 routing is from Craig Junction to SP Junction (SP Tower 112) via Platt, TX over the former MKT line.

To serve the CPSB plants using the Track No. 1 routing, BNSF would have to move unit coal trains into the City of San Antonio on the MPRR line past SP Tower 105 before it could transfer those trains to the SP Del Rio subdivision. It could take several hours to obtain the necessary clearances before the trains could move onto that line since it is an SP main line. BNSF would then need to undertake a back movement on the SP main line from that point back past the entrance to the SP Elmendorf branch line near SP Junction (SP Tower 112). It could then proceed directly to deliver the trains to the CPSB plants.

The only alternative to this back movement would be for BNSF to disconnect the locomotives from the trains once they were on the SP main line, but it is not clear that there is adequate track for such a runaround to be made. Even if that were done, there would still need to be another disconnect and runaround after the trains had passed SP Junction (SP Tower 112) before the trains could enter the SP Elmendorf branch line, and again there is a question whether there is adequate track.

In any event, the logistics and delays involved in such a move would greatly complicate BNSF's ability to compete with the Applicants, which would have the advantage of a direct head-on movement into the SP Elmendorf branch line.^{4/} These would be the

^{4/} Indeed, Steve Searle, in his verified statement submitted with the Applicants' Reply, acknowledged that the Applicants' current routing over Track No. 2 is "operationally preferable to the MPRR [Track No. 1] route as presently configured." Verified Statement of Steve Searle, at 2-3. Thus, the Applicants' own witness effectively concedes that BNSF would be placed at a
(continued...)

same kinds of delays and problems (including possible derailments) that UP experienced on the Track No. 1 routing in the mid-1980's before it developed the Track No. 2 routing in conjunction with CPSB.

Finally, Mr. Clifton confirms that it has always been his understanding that BNSF would use the Track No. 2 routing between Ajax and San Antonio to serve the CPSB plants because of the operational difficulties connected with the Track No. 1 routing. He further states that the UP operating personnel he met with during his March 1996 site visit confirmed BNSF's understanding that it would be necessary to use the Track No. 2 routing because of the Track No. 1 operational difficulties.

The Applicants' argument that they and BNSF agreed in the Sealy, Texas to Waco and Eagle Pass, Texas trackage rights agreement, dated June 1, 1996 (the "Sealy Agreement"), that BNSF would serve the CPSB plants via the Track No. 1 routing is flatly incorrect and misleading. All that the Applicants and BNSF agreed to in that agreement was that BNSF would use the MPRR line (Track No. 1) between Ajax and San Antonio, but there was no definitive provision in the agreement as to the trackage rights or routing which would be used by BNSF to connect to the Elmendorf branch line. See UP/SP-266, Ex. B (Sealy Agreement, at 1-2.)

Accordingly, the only viable routing for BNSF to serve the CPSB plants is the Track No. 2 routing, and it is only that routing

4/(...continued)
competitive service disadvantage if it used the Track No. 1 routing.

which satisfies the Board's CPSB condition. BNSF therefore requests that the Applicants' proposed restriction on BNSF's use of the Track No. 2 line between Craig Junction and SP Junction (SP Tower 112) be eliminated from the terms for the implementation of the CPSB conditions submitted in UP/SP-273/CPSB-9.5/

5/ It should be noted that, if the Board agrees with BNSF and rejects the Applicants' proposed restriction on BNSF's use of the Track No. 2 line between Craig Junction and SP Junction (SP Tower 112), BNSF would retain the right to serve new facilities and transload facilities on the MPRR (Track No. 1) line between Ajax and San Antonio since BNSF was granted trackage rights over that line by the Board in order to allow BNSF to preserve competitive service to Eagle Pass.

Additionally, regardless of the resolution of the issue concerning the Applicants' proposed restriction, it is agreed by all parties that BNSF would have the right to serve new facilities and transload facilities on the SP Elmendorf branch line to the CPSB plants.

Respectfully submitted,

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

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(817) 333-7954

and

The Atchison, Topeka and Santa Fe
Railway Company
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Schaumburg, Illinois 60173
(847) 995-6000

Attorneys for Burlington Northern Railroad Company
and The Atchison, Topeka and Santa Fe Railway Company

September 9, 1996

Erika Z. Jones KEO

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Mayer, Brown & Platt
2000 Pennsylvania Avenue, N.W.
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(202) 463-2000

SUPPLEMENTAL VERIFIED STATEMENT
OF
FRANK D. CLIFTON

My name is Frank D. Clifton, Assistant Vice President Operations of the Burlington Northern Railroad Company ("BN") and The Atchison, Topeka and Santa Fe Railway Company ("Santa Fe") (collectively, "BN/Santa Fe"), with offices at 2650 Lou Menk Drive, Fort Worth, Texas 76131. I submitted a Verified Statement in support of BN/Santa Fe's Response to Inconsistent and Responsive Applications, Response to Comments and Rebuttal on April 29, 1996. My credentials and experience are correctly summarized in that statement as of that date. The purpose of this statement is to address several factual matters raised by the Applicants in their Reply to the Submission of BNSF Respecting Terms for CPSB Conditions (UP/SP-276).

In their reply, the Applicants have asserted that what has been called the Track No. 1 routing would be a viable route for BNSF to serve CPSB's Elmendorf plants. I personally visited the San Antonio area and inspected the track at issue on or about March 29, 1996, and, as set forth below, the Track No. 1 routing is not a viable routing for BNSF to use if it is to compete effectively with the Applicants for service to the CPSB plants. Initially, that routing does not allow for a through movement, and there is no head-on connection from the Track No. 1 routing to the SP Elmendorf branch line to the CPSB plants. As the attached map indicates, if BNSF were to use the Track No. 1 routing, it would have to move CPSB's unit coal trains past SP Tower 105 in San Antonio on MPRR's line before they could transfer to the SP Del Rio Subdivision. It

ould take several hours to secure the necessary clearances before the trains would be able to move onto that SP main line. BNSF would then need to undertake a back movement on the SP main line past the entrance to the SP Elmendorf branch line at SP Junction (SP Tower 112). It could then proceed directly to the CPSB plants on that line. Alternatively, the locomotives could be disconnected from and run around the train once it has been moved onto the SP line for a direct movement to SP Junction, but then either a back movement or another locomotive disconnection and runaround would be required in order to reach the CPSB plants. It is not clear whether there is adequate track to perform either of these disconnect and runaround movements. In any event, the logistics of such a move would greatly complicate BNSF's ability to compete with UP, which would have the advantage of a direct head-on move into the SP Elmendorf branch.

Additionally, I understand that CPSB and UP experienced significant delays and other logistical problems in serving the CPSB plants using the Track No. 1 routing in the mid-1980's and that it was for that reason that the Track No. 2 routing was developed. I also understand that several derailments occurred during the movements using the Tower No. 1 routing.

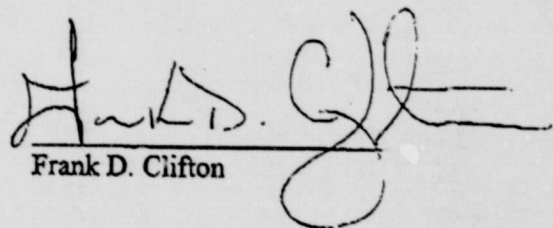
Finally, contrary to the Applicants' assertion, I have always understood that, at least for the purposes of serving the CPSB plants, BNSF would use the Track No. 2 routing between Ajax and San Antonio because of the operational difficulties connected with the Track No. 1 routing. This issue was discussed during our site

visit to the San Antonio area in March of this year, and UP's operating personnel at that time confirmed our understanding that we would need to serve the CPSB plants via that routing because of those difficulties.

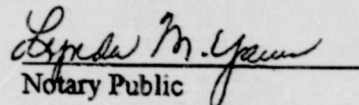
VERIFICATION

THE STATE OF TEXAS)
)
COUNTY OF TARRANT)

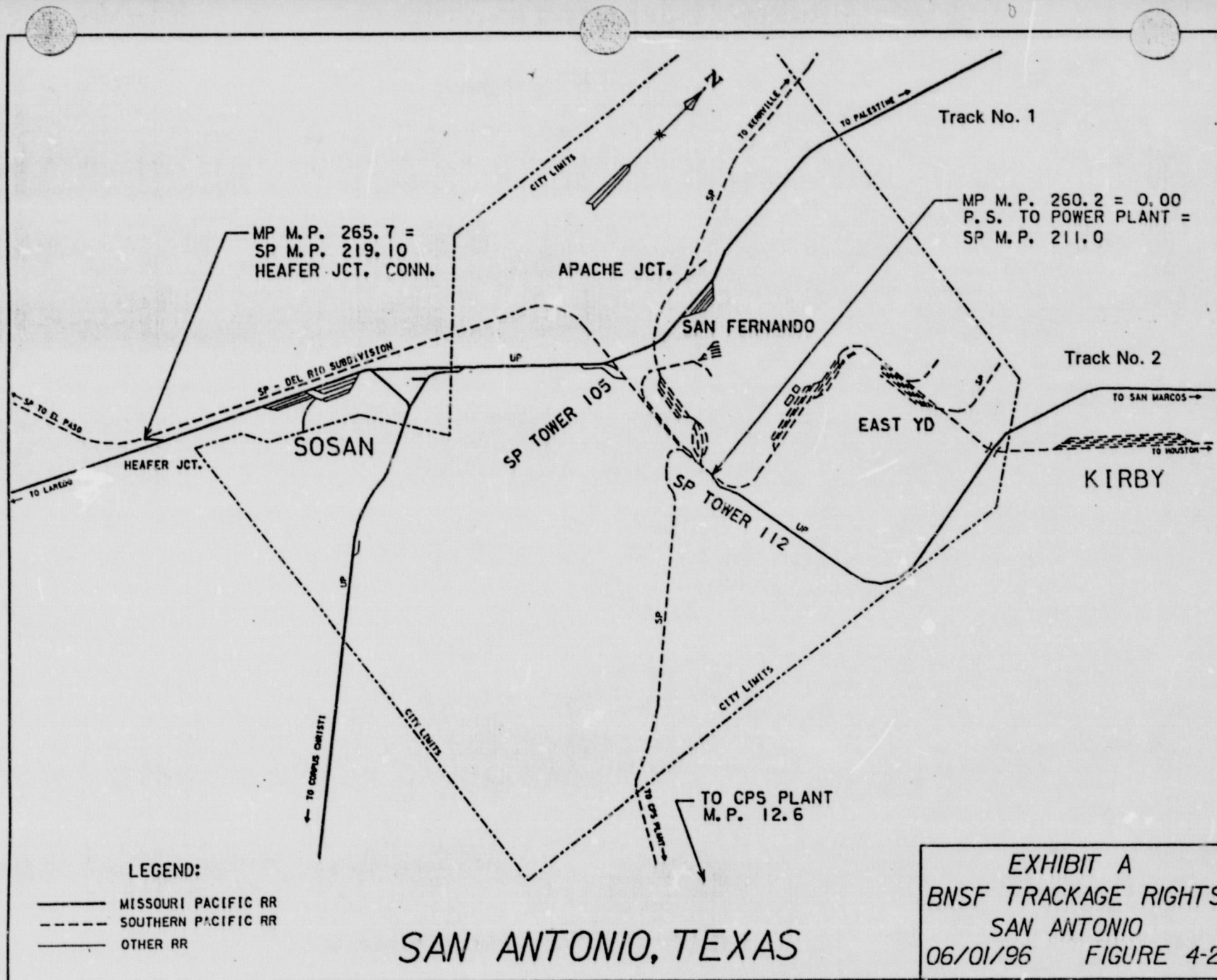
Frank D. Clifton, being duly sworn, deposes and says that he has read the foregoing statement, and that the contents thereof are true and correct to the best of his knowledge and belief.


Frank D. Clifton

Subscribed and sworn to before me on this 9th day of September, 1996


Notary Public

My commission expires: 09/30/96



CERTIFICATE OF SERVICE

I hereby certify that copies of BNSF's Reply to Applicants' Motion For Leave to File Reply (BN/SF-66) have been served this 9th day of Septmeber, 1996, by hand-delivery on counsel for Applicants' and the City Public Service Board of San Antonio.

Kelley E. O'Brien

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KECK, MAHIN & CATE

FILE NUMBER

48189-001

DIRECT DIAL

202-637-3609

September 9, 1996

VIA MESSENGER

Vernon A. Williams, Secretary
Surface Transportation Board
1201 Constitution Ave., NW
Room 2215
Washington, DC 20423-0001

Item No. _____

Page Count _____

SEP #21

RE: FD #32760 -- UP/SP Merger

Dear Mr. Williams:

Enclosed please find an original and 21 copies of Request for Stay of Environmental Condition in Decision No. 44 Pending Appeal by the City of Reno.

Please file and return a file-stamped copy in the enclosed envelope.

EXPEDITED CONSIDERATION IS REQUESTED.

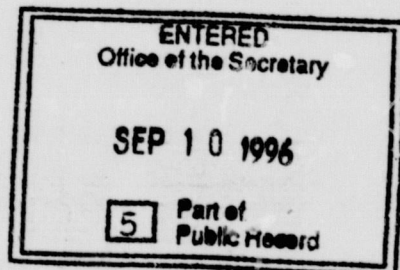
Thank you.

Very truly yours,

Paul A. Lamboley

PHL/DPH

WILLIAMS.909



United States of America

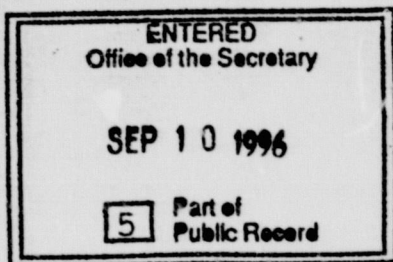
Before the
SURFACE TRANSPORTATION BOARD

F.D. NO. 32760

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



REQUEST FOR STAY OF ENVIRONMENTAL CONDITION
IN DECISION NO. 44 PENDING APPEAL



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City Attorney
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Phone (702) 334-2050

Dated: September 9, 1996

Counsel for City of Reno

EXPEDITED CONSIDERATION REQUESTED

I. REQUEST FOR STAY.

The City of Reno (City), hereby moves for stay of Environmental Condition No. 22(c) set out in Appendix G of Decision No. 44, served August 12, 1996 in these proceedings, pending disposition of the City's appeal of that Decision.

II. BASIS FOR REQUEST

Decision No. 44 imposes conditions to mitigate adverse impacts on public health, safety and environment that result from the proposed railroad operations in the merger transaction approved in that Decision. Decision, Ordering Paragraph 62, p. 237, and Appendix G. More specifically, Condition Paragraph 22(c) set out in Appendix G calls for an eighteen (18) month study, the specific substance and procedures of which are largely undefined in the Decision, Appendix G or the established record. Investigation and documentation by environmental impact statement (EIS) and conformity determination requested by the City has been denied. Id. Ordering Paragraph 63.

In addition, the nature and extent of the operations of the BNSF in the enhanced competitive role, newly required by Decision No. 44, will not become a matter of record sooner than October 1, 1996. At that time, BNSF is obligated to submit "a progress report and an operating plan." Decision, Ordering Paragraph 11, p. 237. This will be the first such operating plan filed by BNSF.

Just as proposed operations of the UP/SP applicants were impact factors essential to environmental investigation and

documentation. o too are those of BNSF. Until BNSF files, the record is not c plete.

III. AUTHORITY FOR REQUEST

As authority for its request, the City relies upon Washington Metropolitan Area Transit Commission v. Holiday Tours, Inc., 559 F.2d 841 (D.C. Cir. 1977), frequently cited by the Interstate Commerce Commission (ICC) in reviewing requests for stay pending appeal, and also Regents of the Univ. of Calif. v. American Broadcasting Cos., Inc., 747 F.2d 511 (9th Cir. 1984).

Stay is appropriate for the following reasons: (1) the City has a strong likelihood of success on appeal of the merits of FONSI and EIS issues; (2) in balancing hardships, stay will prevent irreparable harm to the City, without harm to the railroad applicants; and (3) the public interest will be served by granting stay.

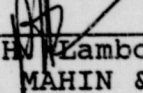
Substantial likelihood of success on the merits on appeal may be found in the record of acknowledged impacts, the absence of mitigation, and the applicable statutes, regulations and a variety of precedent. A recent decision in an abandonment context provides an example of judicial views on the environmental investigation and documentation process where an EIS was not undertaken albeit not required by the Agency's classification of transaction. See State of Idaho v. I.C.C., 35 F.3d 585 (D.C. Cir. 1994) (remanding for compliance with NEPA.)

Balancing hardships favor granting stay. The 18 month study as proposed in Paragraph 22(c) will require the City to commit significant personnel and budgetary resources to the process. This is additional to that already invested by the City in challenging the applicants environmental report, (ER), the Board's environmental assessment (EA) and the Post-EA.

Neither resource can be readily recompensed nor reimbursed. Moreover, those resources will be lost to administering and implementing the City's primary mission and responsibility as a municipal government. A stay occasions no harm to the railroad applicants since no resources are required to maintain the status quo nor is operational change imminent.

The fact that the public interest favors stay is already evident and recognized in Decision No. 44's requirement that railroads essentially maintain operational status quo.

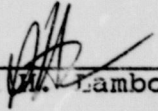
Respectfully submitted September 9, 1996.

By 
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Patricia A. Lynch
City Attorney
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Reno, NV 89501
Phone (702) 334-2050

CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing on Arvid E. Roach, II and Paul A. Cunningham, Esq. counsel for railroad applicants by messenger and on all other parties of record on the service list in this proceeding by first class mail, postage prepaid, this 9th day of September 1996.

Paul  Lamboley

MOT2STAY

STB

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LAW OFFICES

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September 4, 1996

Via Hand Delivery

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

Re: Union Pacific Corp., Union Pacific RR. Co. and Missouri Pacific RR Co. -- Control and Merger -- Southern Pacific Rail Corp., Southern Pacific Transp. Co., St. Louis Southwestern Rv. Co., SPCSL Corp. and The Denver and Rio Grande Western RR Co.,
Finance Docket No. 32760

Dear Secretary Williams:

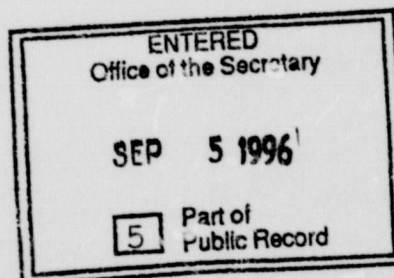
Enclosed for filing are an original and twenty copies of TM-45, The Reply of The Texas Mexican Railway Company to the Submissions of Applicants and Houston Belt and Terminal Railway Company Respecting Terms for Trackage Rights Granted to The Texas Mexican Railway Company. Also enclosed is a 3.5" floppy computer disc containing a copy of the filing in Wordperfect 5.1 format.

Sincerely,

Richard A. Allen
Richard A. Allen

Enclosures

Item No. _____
Page Count _____
Sep #18



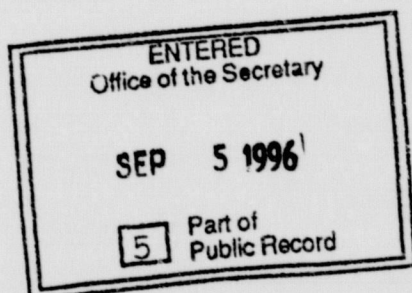
BEFORE THE
SURFACE TRANSPORTATION BOARD



Union Pacific Corp., Union Pacific)
RR. Co. and Missouri Pacific RR Co.)
-- Control and Merger -- Southern)
Pacific Rail Corp., Southern)
Pacific Trans. Co., St. Louis)
Southwestern Rw. Co., SPCSL Corp.)
and The Denver and Rio Grande)
Western Corp.)

Finance Docket No. 32760

REPLY OF THE TEXAS MEXICAN RAILWAY COMPANY
TO THE SUBMISSION OF APPLICANTS AND HOUSTON BELT
& TERMINAL RAILWAY COMPANY RESPECTING TERMS FOR
TRACKAGE RIGHTS GRANTED TO THE TEXAS MEXICAN RAILWAY COMPANY



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Andrew R. Plump
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888 Seventeenth Street, NW
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Washington, DC 20006-3939
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Attorneys for
The Texas Mexican Railway Company

Dated: September 4, 1996

BEFORE THE
SURFACE TRANSPORTATION BOARD



Union Pacific Corp., Union Pacific)
RR. Co. and Missouri Pacific RR Co.)
-- Control and Merger -- Southern)
Pacific Rail Corp., Southern)
Pacific Trans. Co., St. Louis)
Southwestern Rw. Co., SPCSL Corp.)
and The Denver and Rio Grande)
Western Corp.)

Finance Docket No. 32760

**REPLY OF THE TEXAS MEXICAN RAILWAY COMPANY
TO THE SUBMISSION OF APPLICANTS AND HOUSTON BELT
& TERMINAL RAILWAY COMPANY RESPECTING TERMS FOR
TRACKAGE RIGHTS GRANTED TO THE TEXAS MEXICAN RAILWAY COMPANY**

The Texas Mexican Railway Company ("Tex Mex") files this reply pursuant to 49 C.F.R. § 1104.13(a) to the submission filed by Applicants (UP/SP-272), on behalf of themselves and the Houston Belt & Terminal Railway Company ("HB&T"), respecting trackage rights granted to Tex Mex in this proceeding.

Tex Mex's positions on the issues in dispute are set forth more fully in its own submissions on those matters filed on August 22, 1996 (TM-40 and TM-41). This reply addresses specific contentions made by Applicants in their submission that warrant a further response.

Routes Through Houston.

1. Applicants argue that the route they proposed for Tex Mex through Houston, in lieu of the two routes through Houston that Tex Mex applied for in its Sub-No. 13 and Sub-No. 14 applications, is much better for Tex Mex and all other railroads serving Houston, and that the routes Tex Mex applied for will cause serious operational problems. Although it is not clear, Applicants seem to be asking the Board to require Tex Mex to accept this alternative route in lieu of the routes set forth in its applications.

If so, the Board should reject the request summarily as an impermissible attempt to change the Board's decision on the basis of arguments that Applicants could have made, but did not make, before the decision. The routes Tex Mex sought in its applications were clearly stated and were not objected to on any operational grounds. The Board noted that Tex Mex's application for terminal trackage rights over HB&T was not opposed at all (Decision No. 44 at 150, n. 184) Applicants made no claim prior to the decision, despite numerous opportunities to do so, that Tex Mex's Sub. No. 13 application would create significant operational problems if granted. On the contrary, Applicants' witness R. Bradley King testified in his rebuttal statement: "Operationally, UP and SP could accommodate Tex Mex's choice of routes. . . ." UP/SP-232, Tab A (King R.V.S. at 16). The Board was entitled to rely on those responses and lack of objections when it granted both Tex Mex applications without any

qualifications except as to the freight Tex Mex could handle.^{1/}
If Applicants are now asking the Board to require Tex Mex to take a different route, they are trying to change the Board's decision, not implement it.^{2/}

2. Applicants are mistaken in asserting that, in discussions between Tex Mex and Applicants, "Tex Mex has acknowledged the superiority of the alternative offered by Applicants. . . ." UP/SP-272 at 6. Tex Mex did not dispute that the route proposed by Applicants was less congested than the "East Route" past PTR's North Yard and through Settegast Yard (Applicants refer to this as the "East Belt" route). But Tex Mex made clear, as it stated in TM-41, that the main reason that Applicants' proposal was unacceptable was it would require Tex

^{1/} The restrictions regarding the freight Tex Mex can handle is the subject of a petition to reopen filed by Tex Mex pursuant to 49 U.S.C. § 1115.3 (TM-44, filed September 3, 1996).

^{2/} Any request to change the Board's decision would, of course, require a petition to reopen that met the requirements of 49 C.F.R. § 1115.3. Applicants have not contended, and could not contend, that the routes granted to Tex Mex should be changed because of material error, new evidence or changed circumstances, as required by § 1115.3(b). The routes Tex Mex sought in its Responsive Application and Terminal Trackage Rights Application have been known by the Applicants since those two applications were filed, were the subject of depositions and other evidence and were the subject of debate before the Board, and as such could not form the basis for reopening Decision No. 44. See Chicago and North Western Trans. Co. -- Construction and Operation Exemption -- City of Superior, Douglas County, WI -- Petition for Issuance of an Order Pursuant to 49 U.S.C. 10901(d), F.D. No. 32433 (Sub-No. 1), served January 12, 1995 ("UP's recent acquisition of control of CNW has no bearing on the disposition of these proceedings [because their relationship] was public knowledge when these proceedings were initiated and therefore may not be used as a reason to reopen these cases.")

Mex to relinquish the East Route, and this "would seriously impair the operational and economic effectiveness of Tex Mex's important right to interchange traffic with PTRR, especially at North Yard, which is on the East Route." TM-41 at 9.^{3/}

If the Board implements the trackage rights its decision granted to Tex Mex, as it should, there is nothing to prevent Applicants and HB&T from continuing to propose and discuss with Tex Mex operational alternatives that would accommodate not only Applicants' concerns and needs but also Tex Mex's. So far, Applicants' proposals and arguments have only concerned Applicants' concerns, and Tex Mex has chosen not to relinquish the rights the Board granted to it in Decision No. 44.

3. In their submission, Applicants also repeat the threat made during the parties' negotiations that, as a condition of Tex Mex's operating the East Route via Settegast Yard, Applicants will require Tex Mex to construct "a bypass track" around the yard. UP/SP-272 at 7. As stated in TM-41, there is no basis whatever for Applicants' imposing an obviously prohibitive condition on Tex Mex's exercise of trackage rights clearly

^{3/} There is also no basis for Applicants' suggestions that KCS determined Tex Mex's position on these matters and prevented Applicants and Tex Mex from reaching an agreement otherwise acceptable to them. E.g., UP/SP-272 at 6, 23. Given the substantial investment of KCSI in Tex Mex, it was entirely appropriate for Tex Mex to consult KCSI's views and to rely on the substantial expertise of KCSI's railroad subsidiary (Kansas City Southern) in these negotiations. But neither KCSI nor KCS control Tex Mex, and it is incorrect to suggest that KCS had the decisive voice in determining Tex Mex's position on any issue.

granted to it, and it is essential that the Board make clear that Applicants have no right to do so.^{4/}

4. In their submission, Applicants also urge the Board to deny Tex Mex rights over both the West Route and the East Route through Houston. They argue that only one or the other should be granted because, in Applicants' opinion, "[t]here is simply no need for two routes. . . ." UP/SP at 7.

Again, by this argument Applicants are seeking to change what was clearly decided and granted in the Board's decision. Tex Mex's Sub-No. 13 and Sub-No. 14 applications left no room for doubt that Tex Mex was applying for two different main routes through Houston as well as for rights over an SP line from Tower 81 to connect at PTR A at GH&H Junction. The applications made clear that Tex Mex sought all of these routes in order to give Tex Mex effective connections to HB&T and PTR A and various yards and to provide Tex Mex with alternative routes that it could use

^{4/} With respect to Settegast Yard, Applicants also state that "the segment through Settegast Yard between SP Tower 87 and Settegast Junction is owned by UP, not HB&T as Tex Mex mistakenly indicated in its Responsive Application." UP/SP at 6, n.4. Applicants also appear to argue that Tex Mex therefore obtained no rights over that segment (id. at 5-6), although they had indicated during the negotiations that they would not take that position. If that is their position, it is unfounded for the reasons stated in TM-41 at 8, n.5. As Tex Mex noted there: "Surely if Applicants had felt that the termination of the lease [of Settegast Yard to HB&T] created any impediment to Tex Mex's Sub-No. 14 application, they would have had an obligation to advise Tex Mex and the Board of that view in the course of the proceeding. Had they done so, Tex Mex could simply have included the lines involved in its Sub-No. 13 application."

through Houston in the event of congestion. See TM-23 (Sub-No 13) at 4-5, 163-164 and TM-24 (Sub-No. 14) at 4-5.^{5/}

Again, Applicants raised no objections to Tex Mex's seeking these different routes, indicating that they could accommodate them operationally. The Board's decision granted Tex Mex's applications without any qualifications or limitations except as to the type of freight that could be handled. Applicants' belated assertion of their opinion that there is "no need for two routes" provides no basis for changing the Board's decision.

Tex Mex's Right To Carry Traffic Having a Prior or Subsequent Movement on Tex Mex's Line.

Decision No. 44 limited the trackage rights granted to Tex Mex by providing that "all freight handled by Tex Mex pursuant to its [Sub-No. 13 and 14 applications] must have a prior or subsequent movement on the Laredo-Robstown-Corpus Christi line." Decision No. 44 at 232, 233. Tex Mex believes that restriction is unwarranted and has filed a petition to reopen the decision requesting that it be removed. In accordance with the Board's directive to negotiate an agreement that would implement the

^{5/} Applicants can have had no doubt on this score for the further reason that Tex Mex also applied for certain other routes expressly in the alternative. Specifically, with respect to the route between Houston and Beaumont, Tex Mex applied for either the UP's mainline route or SP's mainline route, at Applicants' election, since either route would have been sufficient for Tex Mex's needs. Tex Mex also applied for certain other lines in Houston expressly in the alternative, depending on which mainline option between Houston and Beaumont Applicants elected. The lines comprising Tex Mex's West Route and East Route through Houston, and the line to GH&H Junction, in contrast, were not designated as being sought in the alternative.

decision as written, however, Tex Mex proposed terms to implement the restriction in precisely the terms of the restriction.

Applicants, however, propose language that would significantly expand the restriction by prohibiting Tex Mex from using the trackage rights to carry some freight that does have a prior or subsequent move over Tex Mex's line, including freight to or from shippers that are now served by Tex Mex in Corpus Christi.

This is yet another attempt by Applicants to change the decision without petitioning to reopen it, and there is no basis for it. Applicants' main argument appears to be that if Tex Mex can serve these shippers (whom it already serves), they will have three railroads serving them because Applicants have given BN/Santa Fe access to these shippers. The fact that Applicants have chosen to give another railroad access to these shippers is not a reason to restrict Tex Mex's access to them any more than the Board has already done.

Tex Mex's Access To Two-to-One Shippers.

As noted in TM-41, Tex Mex's Sub-No. 13 application stated in unmistakable terms that Tex Mex was seeking rights "to carry overhead traffic and to serve all local shippers currently capable of receiving service from both the [UP] and the [SP], directly or through reciprocal switching. . . ." Although that application was granted without limitation except to the type of freight to be handled, Applicants again ask the Board to further

limit Tex Mex's rights to overhead rights only. UP/SP-272 at 11. Applicants argue that "[t]here is no justification for what Tex Mex proposes," because Applicant have given BN/Santa Fe access to all such shippers.

This further attempt to change the Board's decision without petitioning to reopen it is equally meritless for the reasons stated earlier. Moreover, prohibiting Tex Mex from serving such shippers would adversely affect its traffic base and revenues and thereby increase the very risk that the Board granted the trackage rights to prevent: i.e., "that the merger will diminish [Tex Mex's] traffic base to the point where it is unable effectively to preserve a second competitive routing at Laredo, and that the merger might endanger the essential service it provides to the more than 30 shippers located on its line." Decision No. 44 at 148.

Compensation.

Applicants want Tex Mex to pay them 3.84 mills per gross ton mile for all freight, even though they agreed on rates of 3.1 and 3.0 with BN/Santa Fe. Applicants rely on the SSW Compensation cases and the fact that the Board observed in Decision No. 44 that the capitalized earnings methods applied in those cases would produce a 3.84 mill rate. The point that Applicants overlook is that the ultimate inquiry under the SSW Compensation cases is what is the fair market value of the rights at issue. The best evidence of fair market value in this case is the rate

for similar rights negotiated at arms length by two parties of equal bargaining power. Indeed, as Tex Mex pointed out in TM-41 at 15, the rights obtained by BN/Santa Fe between Beaumont and Corpus Christi are substantially superior, and therefore more valuable, than the rights Tex Mex is getting between those points.

Labor Protection.

Tex Mex submits that there is no basis for Applicants' effort to require Tex Mex to indemnify Applicants for any labor protection obligations Applicants may incur for the reasons stated in TM-41 at 16. Applicants cite statements in Decision No. 44 imposing Norfolk & Western conditions "with respect to the Tex Mex trackage rights approved [in Sub-No. 13]" (Decision No. 44 at 172, n. 220). However, any such obligations imposed on Tex Mex are only with respect to adversely affected employees of Tex Mex. The Board specifically stated:

We further find that any rail employees of Tex Mex affected by the trackage rights authorized in Finance Docket No. 32760 (Sub-No. 13) should be protected by the conditions set forth in [Norfolk and Western]. . . .

Id. at 228 (emphasis supplied). There is no basis in Decision No. 44 or any other decision of which Tex Mex is aware for the proposition that a recipient of trackage rights that the Board imposes to protect competition and the public interest from the effects of a merger must pay the merging parties themselves for

any protections they are required to provide to their own employees who may be adversely affected by such rights.

Terminal Trackage Rights Compensation
and other HB&T Issues.

In TM-40, Tex Mex stated that Tex Mex and HB&T had met in compliance with the Board's directive that they submit within 10 days an agreement implementing the terminal trackage rights granted in Sub-No. 14 or separate proposals respecting such implementation. Tex Mex stated that it had proposed to HB&T a trackage agreement that would reflect the same trackage and the same compensation terms as described in Tex Mex's Sub-No. 14 applications and that would be substantially in the form of the agreement submitted with Tex Mex's Sub-No. 13 responsive application. Tex Mex further stated that HB&T made no counterproposals to implement the Board's decision respecting terminal trackage rights. TM-40 at 3-4.^{6/}

In the portion of UP/SP-272 that Applicants submitted on behalf of HB&T (pages 22-23), Applicants have still made no proposal to Tex Mex or to the Board that would implement the Board's decision. They continue to insist on a route that is altogether different from the routes through Houston that Tex Mex applied for and obtained. As to compensation, HB&T has still made no proposal. Instead, it proposes that the Board institute

^{6/} Tex Mex noted that, the day after their meeting, HB&T made an alternative route proposal identical to the route proposal offered by Applicants, which was not an attempt to implement the Board's decision and which Tex Mex rejected. TM-40 at 4.

an entirely new proceeding and establish a procedural schedule to determine the RCNLD values of the assets involved.

Tex Mex submits that Applicants' and HB&T's response and its proposal for a lengthy new proceeding is in blatant disregard of the Board's clear directive to the parties to submit either an agreement or proposed terms within 10 days of the service of Decision No. 44. Tex Mex has endeavored to comply with that directive, and has submitted its proposals. As the only proposals extant, Tex Mex submits they should be approved without further delay.^{1/}

Other Terms.

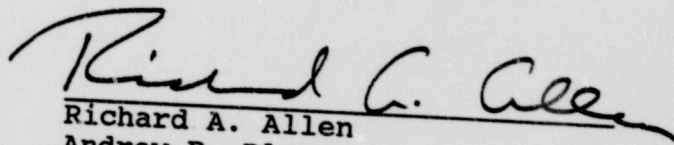
Tex Mex's positions on the other terms in dispute are adequately discussed in TM-41 and need not be addressed further.

^{1/} In a letter to the Board dated August 27, 1996, Mr. John Mathis, General Manager of HB&T, states that in its meetings with HB&T Tex Mex did not propose or present the form of trackage rights agreement included with Tex Mex's Sub-No. 13 application. He states that "it was understood" instead that the general terms that Tex Mex and Applicants agreed to would also "govern Tex Mex's exercise of rights over HB&T." Although Tex Mex agrees that it did not present a form of agreement at those meetings, it is the recollection of its representatives that they indicated that they had no objection in principle to applying the general terms ultimately reached with Applicants to any agreement governing the rights over HB&T, but that, in the absence of any specific proposal from HB&T, the general terms that they would propose to the Board would be those contained in the form of agreement included with its Sub-No. 13 application.

CONCLUSION

The Board should require Applicants and HB&T to accept the terms proposed by Tex Mex to implement the rights granted to Tex Mex in Decision No. 44 and should reject the terms proposed by Applicants and HB&T to which Tex Mex has not agreed.

Respectfully submitted,



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Attorneys for Texas Mexican Railway

Dated: September 4, 1996

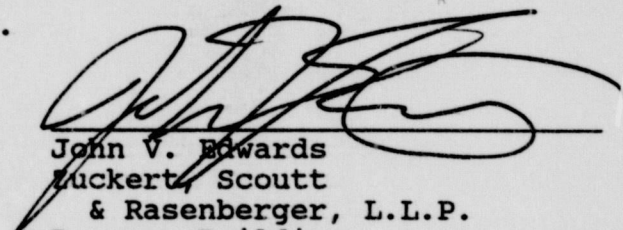
CERTIFICATE OF SERVICE

I hereby certify that I have caused to be served the foregoing TM-45, "Reply of The Texas Mexican Railway Company to the Submission of Applicants and Houston Belt and Terminal Railway Company Respecting Terms for Trackage Rights Granted to The Texas Mexican Railway Company" by hand delivery upon the following persons:

Arvid E. Roach II
J. Michael Hemmer
Michael L. Rosenthal
Covington & Burling
1201 Pennsylvania Avenue, N.W.
Washington, D.C. 20044-7566

Paul A. Cunningham
Richard B. Herzog
James M. Guinavan
Harkins Cunningham
Suite 600
1300 Nineteenth Street, N.W.
Washington, D.C. 20036

I have also caused to be served by first-class mail, postage prepaid, or by a more expeditious manner of delivery, the Honorable Judge Nelson and all persons on the official service list in Finance Docket No. 32760.



John V. Edwards
Luckert, Scoutt
& Rasenberger, L.L.P.
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Dated: September 4, 1996

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ANDREW B. KOLESAR III

September 4, 1996

202 347-7170

BY HAND DELIVERY

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



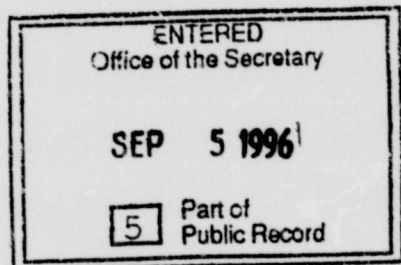
Re: Finance Docket No. 32760, Union Pacific
Corporation, et. al. -- Control and Merger --
Southern Pacific Transportation
Company et. al.

Dear Mr. Secretary:

Enclosed for filing in the above-referenced case please find an original and twenty (20) copies of Motion of City Public Service Board of San Antonio, Texas for Leave to File Reply (CPSB-10) and Reply of City Public Service Board of San Antonio, Texas to Submission of BNSF Respecting Terms for CPSB Conditions (CPSB-11).

Also enclosed is a diskette containing both documents in Word Perfect 5.1 format.

Thank you for your attention to this matter.



Respectfully submitted,

John H. LeSeur

John H. LeSeur
An Attorney for City Public
Service Board of San Antonio,
Texas

JHL:mfw
Enclosures

Item No. _____
Page Count 7
Sep #17

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CPSB-11

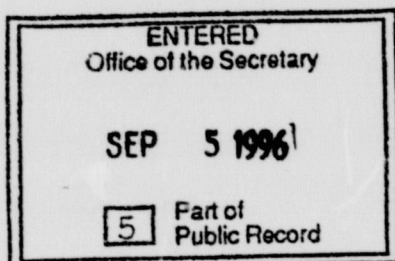
BEFORE THE
SURFACE TRANSPORTATION BOARD



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

REPLY OF CITY PUBLIC SERVICE
BOARD OF SAN ANTONIO, TEXAS
TO SUBMISSION
OF BNSF RESPECTING TERMS
FOR CPSB CONDITIONS



CITY PUBLIC SERVICE BOARD
OF SAN ANTONIO
P.O. Box 1771
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OF COUNSEL:

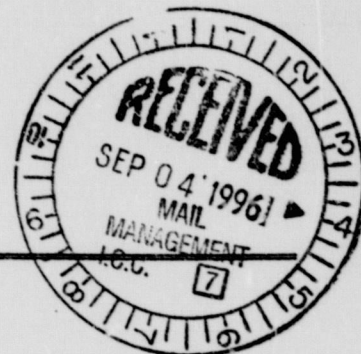
Slover & Loftus
1224 Seventeenth Street, N.W.
Washington, D.C. 20036

By: William L. Slover
John H. LeSeur
Slover & Loftus
1224 Seventeenth Street, N.W.
Washington, D.C. 20036

Dated: September 4, 1996

Attorneys for City Public
Service Board of San Antonio

BEFORE THE
SURFACE TRANSPORTATION BOARD



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

REPLY OF CITY PUBLIC SERVICE
BOARD OF SAN ANTONIO, TEXAS
TO SUBMISSION
OF BNSF RESPECTING TERMS
FOR CPSB CONDITIONS

City Public Service Board of San Antonio, Texas
("CPSB") files this reply to the Submission of BNSF Respecting
Terms for CPSB Conditions ("BNSF Submission"), and in support
hereof states as follows:

I.

THE AGREED-UPON TERMS

On August 23, 1996, CPSB and Applicants filed their
"Submission of Applicants and CPSB Respecting Terms for CPSB
Conditions" ("Joint Submission"). The implementing terms and
conditions CPSB and Applicants agreed to are set forth in Exhibit
A to the Joint Submission, and consist of amendments to the BNSF

Settlement Agreement¹ and amendments to the Sealy Agreement.²

These amendments provide CPSB with three basic rights:

First, pursuant to the amendments, CPSB will, at its option, be able to route Burlington Northern Santa Fe ("BNSF") trains via the Track No. 2 routing³ to serve (i) CPSB's current facilities at Elmendorf; (ii) any new CPSB facilities built at Elmendorf; and (iii) any new facilities that CPSB may build along the SP line between SP Junction (Tower 112) and Elmendorf.

Second, permitted BNSF service to CPSB is for all commodities (not just unit train coal shipments).

Third, CPSB has the right, at its option, to have BNSF move trains between SP Junction (Tower 112) and Elmendorf, or to have BNSF move trains to and from any new CPSB facilities built on the line from SP Junction (Tower 112) to Elmendorf, under its existing trackage rights arrangements with the Southern Pacific Transportation Company ("SP").

Both Applicants and BNSF concur in the grant of these three general rights to CPSB, and the granting of these rights is

¹ The BNSF Settlement Agreement refers to the agreement identified at page 12, footnote 15 of the STB's Final Decision in the UP/SP Merger Case (served August 12, 1996).

² The Sealy Agreement refers to the June 1, 1996 agreement entitled "Sealy, Texas to Waco and Eagle Pass, Texas Trackage Rights Agreement."

³ Track 2 is the UP line from Craig Junction via Fratt, Texas to SP Junction (Tower 112). At SP Junction (Tower 112), trains are moved over the SP line between SP Junction (Tower 112) and Elmendorf.

fully consistent with the STB's Final Decision in the UP/SP merger case (served August 12, 1996).

II.

THE DISPUTED SERVICE RESTRICTION

BNSF's only concern with the Joint Submission relates to Applicants' refusal to permit BNSF to serve new facilities built along the Track No. 2 line between Craig Junction and SP Junction (Tower 112). In connection with its arguments concerning the service restriction, the BNSF sets forth at pages 2 and 3 of its Submission a general discussion of the problems that CPSB and Union Pacific Railroad Company ("UP") had with moving CPSE unit coal trains via the Track No. 1 routing to Elmendorf.⁴ That discussion is correct and accurate. The UP had extensive operating problems in moving CPSB unit coal trains via the Track No. 1 routing and, with CPSB's substantial financial assistance, UP and CPSB developed the Track No. 2 routing for CPSB unit train coal deliveries. The Track No. 2 routing is now used by UP to deliver virtually all of CPSB's unit train coal traffic to Elmendorf (though an occasional empty train may still use the Track No. 1 routing). CPSB supports the Joint Submission as it

⁴ Track 1 is a UP line that runs between Craig Junction and SP Tower 105. At Tower 105, trains moved over the SP line between Tower 105 and SP Junction (Tower 112), and the SP line between SP Junction (Tower 112) and Elmendorf.

now stands, but has no objection if the Joint Submission is modified in the manner requested by BNSF.

Respectfully submitted,

CITY PUBLIC SERVICE BOARD
OF SAN ANTONIO
P.O. Box 1771
San Antonio, Texas 78296

OF COUNSEL:

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1224 Seventeenth Street, N.W.
Washington, D.C. 20036

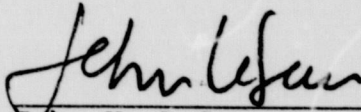
By: William L. Slover
John H. LeSeur *John LeSeur*
Slover & Loftus
1224 Seventeenth Street, N.W.
Washington, D.C. 20036

Dated: September 4, 1996

Attorneys for City Public
Service Board of San Antonio

CERTIFICATE OF SERVICE

I hereby certify that on this 4th day of September, 1996, copies of the Reply of City Public Service Board of San Antonio, Texas to Submission of BNSF Respecting Terms for CPSB Conditions were served on counsel for Applicants and counsel for BNSF via hand delivery.



John H. LeSeur