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July 2, 2001

VIA HAND DELIVERY

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

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

Dear Secretary Williams:

Enclosed for filing in the above-captioned proceeding are the original and twenty-five (25) copies of The Burlington Northern and Santa Fe Railway Company's Fifth Annual and Cumulative Progress Report (BNSF-PR-20). Also enclosed is a 3.5 inch disk containing the text of the Quarterly Progress Report in WordPerfect 9 format.

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

Sincerely,

*Erika Z. Jones/als*

Erika Z. Jones

Enclosures

cc: All Parties of Record

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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

THE BURLINGTON NORTHERN AND  
SANTA FE RAILWAY COMPANY'S  
FIFTH ANNUAL AND CUMULATIVE  
PROGRESS REPORT

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July 2, 2001

## TABLE OF CONTENTS

	Page
INTRODUCTION AND SUMMARY .....	2
I. REVIEW OF FIVE YEAR IMPLEMENTATION.....	4
A. Corridor Analyses .....	7
1. Bay Area Corridor .....	7
2. Central Corridor (Denver-Salt Lake City-Stockton) .....	9
3. Central Texas Corridor.....	24
4. Eagle Pass Corridor .....	29
5. El Paso Corridor.....	32
6. Gulf East Corridor (Houston-Lake Charles-New Orleans) .....	33
7. Gulf North Corridor (Houston-Memphis/East St. Louis) .....	44
8. Gulf South Corridor (Houston-Corpus Christi/Laredo Brownsville).....	48
9. I-5 Corridor.....	52
10. Southern California Corridor .....	54
B. Implementation of Specific Merger Conditions .....	56
1. Trackage Rights .....	56
2. Haulage Rights .....	58
3. Line Sales .....	61
4. "2-to-1" Points .....	61
5. "2-to-1" Shortlines .....	61
6. New Facilities .....	62
7. Transload facilities .....	63
8. Build-in/Build-out Lines .....	63
9. Contract Reopener.....	63
10. Use of UP's (Formerly SP's) Intermodal Ramp at Sparks, NV .....	64
11. Management and Operation of CCT .....	65
12. Operation of Domestic High Cube Double Stacks Over Donner Pass .....	65



# TABLE OF CONTENTS

(continued)

	Page
13. I-5 Proportional Rate Agreement .....	66
14. Seadrift Build-in.....	66
15. Brownsville Conditions .....	67
16. Lake Charles .....	68
17. Memphis BEA Condition .....	69
18. Oakland JIT .....	69
19. Omnibus Points.....	69
20. Trackage Rights Compensation.....	70
21. Storage-In-Transit ("SIT") Facilities .....	71
22. Use of Agents for Limited Feeder Service .....	72
II. CHANGES AND DEVELOPMENTS OVER THE PAST YEAR .....	72
A. Operations .....	73
1. Gulf Corridor .....	73
2. Central Corridor.....	77
3. I-5 Corridor.....	77
B. Investments .....	78
C. Marketing and Business Development .....	80
1. 2000-2001 Activities.....	80
2. Traffic Volumes .....	85
3. Customer Identification And Access Pursuant To Merger Conditions.....	85
D. Issues Affecting BNSF'S Implementation of Trackage Rights .....	88
1. Ameren UE – Labadie, MO .....	88
2. Track Capacity Issues at Grand Junction/Durham, CO ....	89
3. Transwood, Inc. Transload – Ogden, UT .....	90
4. Broken Arrow Environmental – Aragonite, UT .....	92
5. Dunphy, NV Turnouts ..	93
6. Track Lease at Fernley, NV .....	93
7. McNeil, TX Interchange Track.....	94

**TABLE OF CONTENTS**  
(continued)

	<b>Page</b>
8. Texas Service Issues .....	95
9. Oakland Joint Intermodal Terminal ("JIT").....	98
10. McClellan Park .....	100
11. Demurrage Charges Levied by JP Against BNSF Customers .....	106
12. Audit of the I-5 Proportional Rate Agreement .....	107
III. ISSUES REQUIRING BOARD ACTION .....	109
A. Restated and Amended BNSF Settlement Agreement.....	109
B. GTM Mill Rate Dispute .....	118
C. Audit of the I-5 Proportional Rate Agreement .....	119
D. Continuation of Oversight .....	120
CONCLUSION .....	122

BEFORE THE  
SURFACE TRANSPORTATION BOARD

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Finance Docket No. 32760

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AND MISSOURI PACIFIC RAILROAD COMPANY

-- CONTROL AND MERGER --

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

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THE BURLINGTON NORTHERN AND  
SANTA FE RAILWAY COMPANY'S  
FIFTH ANNUAL AND CUMULATIVE  
PROGRESS REPORT

Pursuant to the Surface Transportation Board's ("Board") Decision No. 44 in Finance Docket No. 32760, The Burlington Northern and Santa Fe Railway Company ("BNSF") hereby submits its twentieth Progress Report in this oversight proceeding. Union Pacific Corp., et al. -- Control and Merger -- Southern Pacific Rail Corp., et al., Fin. Dkt. No. 32760, Decision No. 44 at 147 (served Aug. 12, 1996). In accordance with Decision No. 16 served by the Board on December 15, 2000, in Finance Docket No. 32760 (Sub-No. 21), this Report not only provides a summary of BNSF's service over the past year using



the trackage rights and other rights on the lines of UP and SP (the "UP/SP lines") that BNSF was granted in the UP/SP merger proceeding, but it also provides a comprehensive summary of BNSF's service during the past five years on the UP/SP lines since the approval of the UP/SP merger.<sup>1</sup>

### **INTRODUCTION AND SUMMARY**

This Report first reviews in Section I BNSF's implementation of the rights it received in the UP/SP merger cumulatively over the past five years. As has been previously reported, BNSF has been and continues to be an aggressive and effective competitor utilizing the rights it obtained pursuant to the BNSF Settlement Agreement and the conditions imposed by the Board. BNSF cannot, however, be expected to be a full head-to-head competitor in all areas or at all points served by UP, such as all points on the Central Corridor where BNSF simply does not have as extensive customer access as UP. Where BNSF has rights, it is aggressively competing.

Specifically, the Report will describe BNSF's service in each of the traffic corridors on which BNSF has reported in prior quarterly progress reports. The Report will also address each of the principal conditions imposed by the Board on the UP/SP merger in Decision No. 44.

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<sup>1</sup> In Decision No. 16, the Board indicated that BNSF should submit information for both "the fifth oversight year and a summation pertaining to the entire 5-year oversight process".

The Report then describes in Section II the principal operational, capital investment, marketing and other changes and developments that have occurred during the past year.

The Report concludes in Section III with a description of several issues that require Board attention and action. With respect to the BNSF Settlement Agreement amendment process, the Report reviews those areas where BNSF and UP disagree, particularly with respect to the definition of new facilities and new transloads and argues that, in its decision on oversight and when the amended Settlement Agreement comes before the Board, the Board should clarify and confirm these issues in a procompetitive manner.<sup>2</sup> The Report then conceptually describes the issues that have arisen in connection with the adjustment to the GTM mill rate trackage rights charge which BNSF pays UP for operation over the trackage rights lines and the audit of the I-5 Proportional Rate Agreement. Finally, the Report sets forth BNSF's request that formal oversight be continued until such time as the issues raised in oversight, including the amended Settlement Agreement, the trackage rights compensation and I-5 Proportional Rate Agreement issues, and any other pending disputes, are resolved by the Board.

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<sup>2</sup> The Restated and Amended Settlement Agreement will be filed shortly with the Board and will contain revised provisions to the extent agreeable to the parties.



BNSF does not seek an extension of oversight for a specific time period, but requests that oversight be held open until these matters are resolved in an appropriate manner. BNSF also requests that the Board confirm that it will consider and act promptly upon disputes of general applicability as well as disputes relating to the parties' compliance with the BNSF Settlement Agreement and other merger conditions which come before the Board after the end of oversight.

**I. REVIEW OF FIVE YEAR IMPLEMENTATION**

In 1996, BNSF was granted various rights in connection with the UP/SP merger, including trackage rights and access to certain customers. The Board made this grant of rights with the expectation that BNSF would compete vigorously for the traffic opened up to it by the BNSF Settlement Agreement and would become the competitive replacement for the competition that would otherwise have been lost or reduced when UP and SP merged.

At that time, BNSF represented that it would be an aggressive, effective competitor, and that it would grow the traffic associated with its rights from zero carloadings and revenues to the size and scale of a new Class I railroad. BNSF has clearly met that commitment. In fulfilling its commitments to the Board and to its customers, as well as its common carrier obligation with respect to traffic opened to it by virtue of the BNSF Settlement Agreement and the Board's conditions on the UP/SP merger, BNSF has exceeded that goal and extended

the benefits of its network reach and its competitive products and services to more than 1,300 customers on the UP/SP lines.

- Through its marketing and sales campaigns, BNSF has identified more than 500 "2-to-1" shipper facilities, more than 430 customers on "2-to-1" shortlines, 17 existing transload facilities at "2-to-1" points, more than 60 shipper facilities accessed by virtue of conditions in the Chemical Manufacturer's Association Agreement ("CMA Agreement"), nearly 150 shipper facilities accessed by virtue of the February 12, 1998 "50/50 Agreement" between BNSF and UP, 16 shipper facilities on lines purchased from UP in Louisiana, and more than 20 new shipper facilities on the merger condition lines.
- BNSF's average volume of loaded units on the UP/SP lines has grown steadily over the five-year period:
  - 1997 – 13,450 loaded units per month.
  - 1998 – 25,450 loaded units per month.
  - 1999 – 31,020 loaded units per month.
  - 2000 – 33,958 loaded units per month.
  - Through May 2001 – 37,079 loaded units per month.
- Loaded units originated by BNSF on UP/SP lines have grown steadily over the five-year period.

- 1997 – 2,447 loaded units per month.
- 1998 – 4,374 loaded units per month.
- 1999 – 6,042 loaded units per month.
- 2000 – 6,564 loaded units per month.
- Through May 2001 – 7,191 loaded units per month.
- Similarly, loaded units delivered by BNSF on UP/SP lines have grown steadily over the five-year period:
  - 1997 -- 6,159 loaded units per month.
  - 1998 – 9,687 loaded units per month.
  - 1999 – 11,993 loaded units per month.
  - 2000 – 13,210 loaded units per month.
  - Through May 2001 – 15,579 loaded units per month.
- BNSF has implemented many new products and services to aggressively compete for traffic that it gained new or expanded access to as a result of the merger conditions. Recent examples include the railroad industry's first Carload Service Assurance Program (on the I-5 Corridor), the I-5 Corridor "5-5-7" Service, the Pacific Coast Express operated in conjunction with Matson Intermodal Systems on the I-5 Corridor, the Loading Origin Guaranteed Supply program ("LOGS"), and new "door-to-ramp,"



"ramp-to-door," and "door-to-door" intermodal services to and from Mexico, including BNSF's latest program offering, Mexi-Modal.

BNSF anticipates the continued customer growth and commercial success of its UP/SP franchise through various new marketing and sales initiatives, new carload product development programs, and other ongoing efforts.

Nevertheless, this success has not been easily achieved. BNSF has faced many difficult challenges over the last five years as it has endeavored to fully implement the conditions imposed by the Board on its approval of the UP/SP merger. This cumulative, five-year report will highlight the successes, challenges faced and overcome, and issues remaining as the Board evaluates whether or not the conditions it imposed have effectively addressed the competitive issues they were intended to remedy.

#### **A. Corridor Analyses**

This section provides an overview of BNSF's operations, marketing and business development efforts, customer access, traffic volumes, challenges faced and resolved, and current challenges in each of the ten geographic regions where BNSF operates using UP/SP trackage rights.

##### **1. Bay Area Corridor**

*Corridor Overview.* The Bay Area Corridor includes BNSF's trackage and haulage rights and access to customer facilities located geographically south and

west of Sacramento and Stockton, CA, including: access to customer facilities via trackage rights between Richmond and Warm Springs, CA; access to customer facilities via haulage rights and reciprocal switching between Warm Springs and San Jose, CA; access to customer facilities at "omnibus" "2-to-1" points between Niles Junction and the end of the joint track near Midway, CA, including Livermore, Pleasanton, Radum, and Trevarno; and access to customer facilities at the "omnibus" "2-to-1" point of Turlock, CA, south of Stockton.

*Customer Access.* BNSF conducted a comprehensive marketing and sales blitz of the Bay Area Corridor in 1997. As a result of this initiative, BNSF identified and confirmed its access to 49 "2-to-1" shipper facilities and two transload facilities on the Bay Area Corridor. The largest concentration of customers – consisting of 16 customer facilities – is located at the "2-to-1" point of San Jose. BNSF also has access to all customer facilities at the "2-to-1" points of Altamont, Hearst, Livermore, Midway, Niles Junction, Pleasanton, Radum, and Trevarno. With respect to new shipper facilities, BNSF has identified one new customer facility at San Jose, and is engaged in ongoing efforts to identify or locate other such facilities.

*Operating Plan.* Service to customers between Richmond and San Jose is accomplished through a combination of trackage and haulage rights. BNSF operates a local train three days per week between Richmond and Warm Springs, primarily to interchange traffic originating and terminating at points

south of Warm Springs with UP at UP's Warm Springs yard. UP provides haulage services and reciprocal switching for BNSF traffic moving to points south of Warm Springs, including customer facilities at Milpitas and San Jose.

*Assessment.* BNSF enjoyed considerable success in developing business on the Bay Area Corridor between 1996 and 2000. Average monthly traffic volumes increased from 62 loaded units per month during the first six months of 1997 to 336 loaded units per month during the last six months of 2000. BNSF's traffic volumes have been somewhat lower during the first five months of 2001, and are currently tracking at 261 loaded units per month.

## **2. Central Corridor (Denver-Salt Lake City-Stockton)**

*Corridor Overview.* BNSF's Central Corridor consists of approximately 2,015 miles of trackage rights extending between (1) Stockton and Sacramento, CA on the west and (2) Denver, CO on the east, including all points accessed by BNSF in Nevada, Utah, and western Colorado. The Central Corridor rights provide BNSF with direct access to more than 40 "2-to-1" points in California, Nevada, and Utah. The Central Corridor also provides BNSF with direct access to five "2-to-1" shortline railroads, including Utah Railway Company, Utah Central Railway Company, Salt Lake City Southern Railroad Company, Salt Lake Garfield and Western Railway Company, and BHP Nevada Railroad Company.

*Customer Access.* BNSF conducted marketing and sales blitzes at all "2-to-1" points on the Central Corridor during 1997 and 1998, with frequent follow-



up studies since that time, and also conducted intensive business and economic development activities on the Central Corridor during each of the ensuing years. Through these efforts, BNSF identified 186 "2-to-1" shipper facilities on the Central Corridor to which it gained access pursuant to the BNSF Settlement Agreement. Nineteen of these "2-to-1" shipper facilities are located on the Central Corridor in Northern California, at the stations of Sacramento and West Sacramento and at the Yolo Port District. Forty "2-to-1" shipper facilities are located in the state of Nevada at points on the UP and former SP paired track between Weso and Alazon, NV. In the state of Utah, BNSF identified 128 "2-to-1" shipper facilities, with significant concentrations at the Freeport Center at Clearfield (22 shipper facilities), at Ogden (18 shipper facilities), and at Salt Lake City (69 shipper facilities). BNSF estimates that it also gained indirect access to at least 37 shipper facilities through commercial and interchange agreements with the five "2-to-1" shortlines that it connects with on the Central Corridor. The majority of these customers are located in the Ogden and Salt Lake City areas. Finally, BNSF identified at least six existing transload facilities accessible to BNSF on the Central Corridor, including four transload facilities at Salt Lake City, and one each at Ogden and West Sacramento.

As evidence of the success of BNSF's economic development programs, BNSF identified or located 14 new shipper facilities on the Central Corridor between 1997 and 2001. Proposed rail service plans for two new shipper

facilities in Nevada and a new transload facility in Colorado are pending as of the date of this Report. As the Board contemplated in imposing conditions with respect to new facilities and transloading facilities, these new shipper facilities have been critical to BNSF's ability to build and maintain the traffic density required in order for BNSF to offer frequent and competitive rail services to "2-to-1" shippers and other customers that benefit from BNSF's services on the Central Corridor.

*Operating Plan.* BNSF's operations on the Central Corridor include both through and local train services, as well as occasional unit train operations to accommodate specific customer requirements.

BNSF operates two daily high-priority merchandise trains, one in each direction, between Denver, CO and Stockton, CA (train symbols H-DENSTO and H-STODEN). These trains are blocked for and perform set outs and pick ups at intermediate terminals including Fernley, NV, Elko, NV, Provo, UT, and Grand Junction, CO. BNSF's through merchandise trains also handle intermodal traffic to and from BNSF's Salt Lake City intermodal ramp.

BNSF adjusts the operating frequency of its through merchandise trains on a daily basis, as may be necessary, in response to actual traffic volumes. Generally speaking, the westbound H-DENSTO train operates daily between Denver, CO and Provo, UT, continuing west of Provo to Stockton, CA three or four days per week. Similarly, the frequency of the eastbound H-STODEN train



is adjusted as necessary to reflect actual traffic demand eastbound out of Stockton. BNSF frequently operates eastbound "extra" manifest trains originating at Provo, UT in order to maintain fluid operations at Provo Yard and to provide an additional outlet for eastbound traffic moving to BNSF terminals at Denver, CO and Lincoln, NE.

BNSF operates 12 locals and roadswitchers at various points on the Central Corridor. (Eight of these trains are operated by Utah Railway, which serves as BNSF's agent for local switching services on the trackage rights lines between Ogden and Salt Lake City, UT, and between Salt Lake City and Provo, UT.) These locals and roadswitchers connect with BNSF's through trains at Stockton, Fernley, Provo, and Grand Junction, and gather cars from and distribute cars to shipper facilities and interchanges served by BNSF on the Central Corridor.

- *Stockton-Sacramento Local.* This turnaround local originates at BNSF's Mormon Yard in Stockton six days per week (Monday through Saturday). This train operates with BNSF crews via UP's Sacramento Subdivision from Stockton to Sacramento, where it interchanges local Sacramento and West Sacramento traffic with UP. The Stockton-Sacramento local then returns to Stockton via UP's former SP Fresno Subdivision, serving Southdown Cement at Polk, CA on the return leg of the trip. Upon completion of signals

and derails at McClellan Park by UP's engineering department personnel, the Stockton-Sacramento local will also handle BNSF's interchange with the Yolo Short Line Railroad at McClellan Park, located on UP's Martinez Subdivision between Sacramento and Roseville, northeast of Sacramento.

- *Sparks-Fernley Local.* This turnaround local originates at UP's former SP Sparks Yard in Sparks, NV six days per week (Monday through Saturday). This train operates with UP crews that are contracted to BNSF for this service, and whose activities are under the management and supervision of BNSF's operating officers with responsibility for this territory. The Sparks-Fernley local shuttles cars between Sparks and Fernley, NV, and also spots and pulls BNSF's customers at Sparks and Fernley, including BNSF's Quality Distribution Center ("QDC") and Reno Lumber at Sparks, and Valley Joist, Paramount Asphalt, and Quebecor Printing at Fernley. BNSF expects to add two additional customers in the Sparks-Fernley corridor during the third quarter of 2001, and is currently evaluating the need for a second local assignment to handle traffic volumes and increased switching duties associated with BNSF's growth in western Nevada.

- *Ogden 510 Job.* This roadswitcher originates five days per week (Monday through Friday) at Utah Railway's yard in Ogden, UT, and operates with a Utah Railway crew. The primary duty of this train is to switch BNSF's customers at the Freeport Center at Clearfield, UT. This train also switches Ogden-area customers on occasion, and blocks Ogden-area traffic for movement to Provo, UT, where connections are made with BNSF's eastbound and westbound through merchandise trains.
- *Ogden 511 Job.* This train originates five days per week (Monday through Friday) at Utah Railway's yard in Ogden, UT, and operates with a Utah Railway crew. This train's primary duties include switching BNSF's customers at Ogden and Little Mountain, UT, and blocking Ogden-area traffic for movement to Provo, UT, where connections are made with BNSF's eastbound and westbound through merchandise trains.
- *Midvale 309 Job.* This roadswitcher originates five days per week (Monday through Friday) at Utah Railway's yard in Midvale, UT, and operates with a Utah Railway crew. This train switches BNSF's customers on the south side of Salt Lake City and in the Midvale area, and also performs general switching duties in the Midvale yard in support of the other Midvale roadswitchers.



- *Midvale 310 Job.* This train originates six days per week (Saturday through Thursday) at Utah Railway's yard in Midvale, UT, and operates with a Utah Railway crew. This train's primary functions include switching Kennecott Utah Copper at Magna, UT, assembling blocks from the other Midvale roadswitchers in the yard at Midvale, shuttling Midvale traffic to Provo for outbound connections, and shuttling traffic off inbound connections at Provo to Midvale for delivery to customers.
- *Midvale 311 Job.* This turnaround local originates six days per week (Monday through Saturday) at Utah Railway's yard in Midvale, UT, and operates with a Utah Railway crew. This local switches the west side of the refineries off of the former SP/DRGW mainline at Woods Cross, UT, interchanges with the Salt Lake, Garfield and Western Railroad at Salt Lake City, and switches BNSF's customers on the north side of Salt Lake City.
- *Midvale 312 Job.* This turnaround local originates daily at Utah Railway's yard in Midvale, UT, and operates with a Utah Railway crew. This train's primary responsibility is to switch the east side of the refineries off of the UP mainline at Woods Cross, UT, including Chevron and Phillips. This train also performs other industry switching work on an as-needed basis.

- *Ogden 611 Job.* This train originates three days per week (Tuesday-Thursday-Sunday) at Utah Railway's yard in Provo, UT, and operates in turnaround service between Provo and Ogden with a Utah Railway crew. This train's principal function is to shuttle inbound Ogden-area traffic from the Provo yard to the Ogden yard, and to return to Provo with outbound Ogden-area traffic that has been blocked for connections with BNSF's eastbound and westbound through merchandise trains.
- *Provo 211 Job.* This train originates six days per week (Sunday through Friday) at Utah Railway's yard in Provo, UT, and operates with a Utah Railway crew. This train's primary functions include switching BNSF's Provo-area customers, switching the Provo yard and classifying and blocking cars for connection to BNSF's through merchandise trains, building trains for departure, and preparing the yard for inbound trains.
- *Grand Junction-Durham Switcher.* This roadswitcher originates six days per week (Monday through Saturday) at Grand Junction, CO, and operates with a BNSF crew. Its primary functions are to deliver inbound loaded cars set out by BNSF's through merchandise trains to the Conoco and Total Petroleum fuel terminals at Durham, CO,

and to build blocks of outbound empty cars for pick up by BNSF's through trains.

- *Grand Junction-Parachute-Glenwood Turn.* This train originates three days per week at Grand Junction, CO or on an as-needed basis, to shuttle loaded and empty cars between Glenwood and Parachute, CO and between Parachute and Grand Junction, CO, where connections are made with BNSF's eastbound and westbound through merchandise trains or cars are consolidated for unit train movement.

In addition to its through merchandise train services and local train services, BNSF operates unit trains over the Central Corridor on an as-needed basis to handle trainload-quantity shipments of bulk commodities including coal, grain, potash, soda ash, and steel coils. Furthermore, BNSF often uses its Central Corridor trackage rights as an alternative relief route for its southern "Transcon" route via New Mexico and Arizona. This is particularly true during the peak intermodal shipping season, at which time BNSF routes certain unit trains over the Central Corridor that would otherwise move via BNSF's Transcon between the Midwest and the West Coast. In this manner, BNSF is able to allocate the capacity of its premium intermodal route between the Pacific Southwest ports and Chicago, Kansas City, Memphis, Dallas, and New Orleans to high-priority, time-sensitive intermodal shipments. This arrangement



maximizes the overall efficiency of BNSF's network capacity and enables BNSF to continue to deliver high-quality transportation services to its intermodal customers during the peak shipping season.

With respect to crew districts and personnel on the Central Corridor, BNSF crews operate BNSF's trackage rights trains between Denver, CO and Provo, UT, and between Stockton, CA and Roseville, CA. BNSF crew change points are located at Kremmling, CO, Grand Junction, CO, and Roseville, CA. Utah Railway crews shuttle BNSF's trains between Provo and UP's Roper Yard at Salt Lake City, UT. UP supplies crews to operate BNSF's trackage rights trains between Roper Yard and Roseville, with intermediate crew change points at Elko, NV, Sparks, NV, and Portola, CA.

In response to the rapid growth in its traffic volumes with new shipper facilities at Sparks, NV, Fernley, NV, and Parachute, CO, BNSF has made, and continues to make, targeted capital investments designed to provide the terminal capacity it requires to efficiently handle this growth. As described in BNSF's prior quarterly progress reports, BNSF capitalized the construction of a new siding at Fernley, NV in 2000 to support its service to customers at Sparks and Fernley. Construction of Phase I of a new support yard at Parachute, CO is currently in progress, and involves constructing a wye track and stub-end yard track to enable BNSF to efficiently handle loaded and empty unit soda ash trains operating between Denver, CO and American Soda's new soda ash production

plant at Parachute. Phase II of this project will involve extension of the stub-end yard track to a new connection with UP's main track and the construction of additional yard tracks to provide storage and staging capacity for American Soda. As these projects are progressed, BNSF is utilizing tracks leased on a long-term basis from UP at Grand Junction, CO, in conjunction with yard tracks leased from UP on an interim basis at Glenwood, CO, to support its operations in this region.

*Assessment.* Since the inception of the Central Corridor trackage rights, BNSF has been publicly criticized for a perceived lack of interest in developing its business levels on the Central Corridor. Specifically, assertions have been made concerning the degree to which BNSF has competed for transportation contracts to handle Colorado and Utah coal. A review of these assertions and BNSF's responses will provide an accurate understanding of the Board's conditions as they relate to the Central Corridor and BNSF's ability to compete for such coal transportation contracts.

In the first instance, some interests claim that BNSF has not competed for Utah and Colorado coal and that BNSF is not carrying any Utah coal east, whereas the former SP was carrying multiple unit trains of coal east.

In its decision approving the UP/SP merger, the Board rejected arguments that BNSF access to Utah and Colorado mines was necessary to preserve source competition between those mines and PRB mines. The majority of the



Utah/Colorado coal mines (including all of the former SP Central Corridor Colorado mines) were sole-served by SP prior to the UP/SP merger, and thus the merger had no negative competitive impact on those mines.

The role that some have claimed that BNSF would or could fulfill post-merger in serving mines on the Central Corridor has been overstated. In fact, that role was to serve as a joint line partner with Utah Railway to provide a competitive alternative to such facilities as the North Valmy, Nevada power plant owned jointly by Sierra Pacific Power and Idaho Power Company. The record establishes that BNSF has provided such a competitive alternative and has in fact provided service to the North Valmy facility pursuant to the rights it received under the Board's conditions.

It should be noted that, as a practical matter, BNSF's ability to originate coal in the Central Corridor is limited and linked to those coal origins accessed by Utah Railway in Utah. The balance of the coal loadout facilities on the Central Corridor, particularly in Colorado, were either not open pre-merger to both UP and SP ("2-to-1" customer facilities) or are located on branch lines radiating north or south from the Central Corridor route on which BNSF did not obtain trackage rights pursuant to the UP/SP merger.

In those instances where BNSF does have access to the coal origins through Utah Railway, it is actively competing with UP. BNSF has and continues to bid for the transportation of such coal in conjunction with Utah Railway. For

instance, over the past several years, BNSF has made approximately 20 bids for coal sourced in Utah and has been successful on a number of occasions in securing the business. These include bids for movements for domestic shippers both to the east (e.g., Wildcat, Utah to Chicago, Illinois (KCBX Terminal) for transshipment to Marblehead Lime Company in Buffington, Indiana; Utah sources to various Tennessee Valley Authority river terminals) and to the west (e.g., Savage, Utah to SPP/IDPC's North Valmy, Nevada facility; Savage, Utah to American Metals & Coal International's Wasco, California facility) as well as export traffic (e.g., Utah sources to Los Angeles/Long Beach, California export facilities). On a number of occasions, BNSF has run a "trainload test" in an effort to secure a contract from a coal shipper. Such tests obviously cause UP to respond competitively by offering lower rates or service betterments to the shipper.

It should be recognized with regard to the number of bids that BNSF has submitted that much of the coal produced in Utah is committed to long-term contracts, and thus the number of opportunities proffered for bidding in any given year is relatively low, and varies with the cycle of those long-term contracts.

Further, in a number of instances, BNSF was unable to bid successfully on a particular movement because the shipper wanted coal from Colorado mines included in the contract. BNSF has no access to those mines, and thus no

ability to offer a similar package of services from Wyoming and Colorado coal origins.

In the second instance, some parties claim that BNSF service between Salt Lake City/Provo and Denver is minimal. The Board has, however, consistently held that market share and traffic volumes – regardless of whether they have increased or declined – are not the decisive criterion for determining whether BNSF is offering a competitive alternative to UP over its trackage rights lines. Rather, "the most important indicator of the impact of BNSF's Central Corridor trackage rights is the effect that BNSF's presence in the market has on the rates offered by UP." Fin. Docket No. 32760 (Sub-No. 21), Decision No. 15 at 8.

In determining whether the competitive conditions imposed by the Board are working, the focus should thus not be on BNSF's market shares over the trackage rights lines or on whether BNSF has secured a particular volume of business over those lines. Rather, the Board must look at whether BNSF is offering a competitive service alternative to UP to and from points served on the trackage rights lines and whether BNSF's ability to compete over those lines has served as a competitive discipline on UP's rates.

The confidential rate information submitted by UP as well as the rate study conducted by the Board's Office of Economics, Environmental Analysis,



and Administration last year show that western rail rates (and coal rates in particular) have continued their significant overall decline through year-end 1999.

BNSF currently provides daily merchandise service in the corridor and operates other trains on an as needed basis to assure that it is able to compete for all business proffered to it. While the volumes of traffic BNSF has carried in the Central Corridor have fluctuated, there can be no real doubt that BNSF's service offerings have been – and remain – at a level which provides a “realistic choice” for shippers.

BNSF has been able to meet its pre-merger projections for traffic using its Central Corridor rights, and the projections made by KCS Witness Crowley during the UP/SP merger proceeding have proven to be overly pessimistic. BNSF projected that it would handle 2 to 5 trains a day through the Central Corridor while Crowley predicted only 1.08 trains per day.

- Between July 1, 2000 and June 30, 2001, BNSF operated a total of 428 westbound and 428 eastbound through trains between Denver, CO and Provo, UT. Excluding unit trains carrying strictly overhead business between (1) Denver and points east and (2) Stockton and points west, and detours and other unique or “one-time” train movements, the number of through trains operated by BNSF between Denver and Provo was 397 westbound and 384

eastbound, for a total of 781 trains in both directions equating to 2.14 trains per day.

- During the same 12-month time period, BNSF operated a total of 237 westbound and 319 eastbound through trains between Provo, UT and Stockton, CA. Excluding unit trains carrying strictly overhead business between (1) Denver and points east and (2) Stockton and points west, and detours and other unique or "one-time" train movements, the number of through trains operated by BNSF between Provo and Stockton was 201 westbound and 275 eastbound, for a total of 476 trains in both directions equating to 1.30 trains per day.

BNSF acknowledges that it is not always successful in securing business along its trackage rights lines, and a variety of economic and competitive factors may lead a shipper to opt for UP-only service over access to both UP and BNSF service. Nevertheless, BNSF has served as an effective competitive alternative to UP, and the evidence submitted by UP establishes that BNSF's presence has placed a competitive discipline on UP's rates both in general in the Central Corridor and with respect to Utah/Colorado coal.

### **3. Central Texas Corridor**

*Corridor Overview.* The Central Texas Corridor includes BNSF's trackage rights between Temple and Waco, TX; between Temple and Elgin, TX; and

between Temple and McNeil, TX. These trackage rights provide BNSF with direct access to Waco, a "2-to-1" point, as well as connections and interchanges with two "2-to-1" shortline railroads, the Austin Area Terminal Railroad ("AUAR") at Elgin and McNeil, and the Georgetown Railroad ("GRR") at Kerr, TX.

*Customer Access.* BNSF conducted a comprehensive marketing and sales blitz at Waco in 1997, with periodic follow-up studies since that time. As a result of these initiatives, BNSF identified and confirmed its access to 22 "2-to-1" shipper facilities and one existing transload facility at Waco. BNSF also implemented commercial and interchange agreements with the Longhorn Railroad – AUAR's predecessor operating the former SP line between Giddings and Llano, TX via Elgin and McNeil – and GRR.

BNSF and its shortline partners have enjoyed considerable success in developing new business on the Central Texas Corridor. In conjunction with both AUAR and GRR, BNSF has been particularly successful in growing the volume of construction materials such as crushed limestone aggregates moving in unit trains to markets in southeast and northeast Texas and southern Louisiana. BNSF's volumes on the Central Texas Corridor more than doubled between 1997 and 2000, from an average of 646 loaded units per month in 1997 to an average of 1,374 loaded units per month in 2000.

*Operating Plan.* BNSF's operations on the Central Texas Corridor trackage rights have consisted primarily of local and unit trains. BNSF operates



a turnaround local train between Temple and Waco five days per week to serve customers at Waco and to conduct interchange with UP at Waco for "2-to-1" shipper facilities served through reciprocal switching performed by UP. BNSF also operates unit trains on an as needed basis to handle construction materials originating on the AUAR at McNeil and on the GRR at Kerr. These trains also handle carload merchandise traffic interchanged with AUAR and GRR at shipper facilities located on AUAR and GRR.

Under normal or planned operating circumstances, the routing of BNSF's unit aggregate trains via the trackage rights in Central Texas is dependent upon the ultimate destination of the product. BNSF's transportation service plan provides for unit trains destined to receivers in the Houston, TX area to move over the trackage rights via a route of Kerr-Taylor-Smithville-Sealy, TX. At Sealy, these trains connect to and move over BNSF's own lines between Sealy and Houston. BNSF's transportation service plan provides for unit trains destined to receivers in northeast Texas and southwestern Louisiana to move over the trackage rights via a route of Kerr-Taylor-Temple, TX. At Temple, these trains connect to and move over BNSF's own lines between Temple and the ultimate destinations.

*Assessment.* The primary challenges faced by BNSF in competing for and efficiently developing business on the Central Texas Corridor include train congestion, capacity constraints, track conditions, and slow orders on the Central

Texas trackage rights. On several occasions, particularly during 2000-2001, BNSF has deemed it necessary to deviate from the planned operation of its unit aggregate trains via trackage rights due to capacity constraints, train congestion, and slow orders on UP's lines between Taylor and Smithville, TX and between Smithville and Sealy, TX.

As BNSF reported in its prior quarterly progress reports, it elected in August 2000 to temporarily reroute loaded and empty unit rock trains that normally operate via Smithville, TX on trackage rights over UP between Kerr and Sealy, TX to a new routing via Temple, TX between Kerr and Sealy, TX in order to avoid congestion and train delay on UP between Waco and Smithville and between Smithville and Sealy. The rerouted trains operated over a longer but less congested route using BNSF's trackage rights between Kerr and Temple, then over BNSF's own line between Temple and Houston, thus avoiding the slow orders and congestion on the trackage rights between Taylor and Sealy. BNSF also reported that the temporary rerouting of these unit trains continued through the end of November 2000, at which time normal operations resumed via the trackage rights through Smithville.

BNSF determined early in January 2001 that it would be necessary to resume the temporary rerouting of loaded and empty unit rock trains between Kerr and Sealy, taking these trains off of the trackage rights and operating via Temple due to slow orders on UP's line between Kerr and Sealy via Smithville.



These reroutes, which affected shipments of aggregates received from the Georgetown Railroad at Kerr destined to BNSF customers in the Houston area, continued through mid-March 2001, at which time planned operations resumed over the trackage rights between Kerr and Sealy.

Research by BNSF determined that on at least two occasions – on July 22, 1999, and again on October 27, 2000 – UP issued General Orders reducing the maximum authorized train speed over significant portions of the trackage rights between Smithville and Sealy from 40 mph to 25 mph. This reduction in the speed limit over the trackage rights line was inconsistent with the provisions of the BNSF Settlement Agreement and associated agreements between BNSF and UP that require UP to maintain service standards that existed on the route at the time that the BNSF Settlement Agreement was signed. BNSF wrote to UP on March 9, 2001, raising the issue of maintaining the line to adequate standards. In its response on March 21, UP advised that BNSF's trackage rights lines in central Texas, specifically the Smithville and Waco subdivisions, had slow orders amounting to 63 miles of 25 mph track and 15 miles of 30 mph track. UP advised BNSF at that time that its maintenance-of-way forces were completing required rail work on the trackage rights, primarily involving the replacement of rail on 15 curves, and that additional work would be performed by maintenance-of-way forces replacing ties on both the Smithville and Waco

subdivisions during May and June 2001. UP informed BNSF that the completion of this work by June 30, 2001, would result in removal of the slow orders.

#### **4. Eagle Pass Corridor**

*Corridor Overview.* The Eagle Pass Corridor consists of BNSF's trackage rights between Temple and San Antonio, TX and between San Antonio and Eagle Pass, TX, and includes BNSF's access to customer facilities at the "2-to-1" points of San Antonio and Halsted, TX, as well as the Elmendorf facilities of the City Public Service Board ("CPSB") of San Antonio. The Eagle Pass Corridor also provides BNSF a direct interline connection to the Ferrocarril Mexicano ("FXE") at Eagle Pass for interchange of traffic originating or terminating in Mexico.

*Customer Access.* BNSF conducted a comprehensive marketing and sales blitz at San Antonio in 1997, with periodic follow-up studies since that time. As a result of these initiatives, BNSF identified and confirmed its access to 28 "2-to-1" shipper facilities and three existing transload facilities at San Antonio. In addition, the Lower Colorado River Authority's Fayette Power Project at Halsted and CPSB's facilities at Elmendorf are "2-to-1" shipper facilities accessible to BNSF under the provisions of the BNSF Settlement Agreement.

BNSF operates scheduled manifest train service four days per week from Temple to Eagle Pass, and five days per week from Eagle Pass to Temple. These trains handle BNSF cars that originate or terminate at shipper facilities

accessible to BNSF at San Antonio. All customers accessed by BNSF at San Antonio are served through reciprocal switching performed by UP. BNSF sets out inbound cars for its San Antonio customers at Adams Siding, on the northwest side of San Antonio, and picks up outbound cars at Remount Siding, on the northeast side of San Antonio. UP pulls BNSF cars from Adams Siding and delivers BNSF cars to Remount Siding using its existing local train service at San Antonio.

On average, BNSF also operates two unit grain trains per week for interchange to FXE at Eagle Pass. The actual number and frequency of BNSF's unit grain train shipments to Mexico during any given period of time fluctuates as a function of market demand for agricultural products and other competitive factors in the marketplace. BNSF has also operated unit trains of other bulk commodities, such as coal, via the Eagle Pass gateway on an as-needed basis. For example, between November 2000 and February 2001, BNSF participated in an interline movement of Canadian export coal destined to a receiver in Mexico. BNSF handled 12 coal trains moving between interchange from the Canadian Pacific Rail System at Minot, ND and interchange to the FXE at Eagle Pass.

*Assessment.* As BNSF has reported to the Board in its quarterly and annual progress reports, BNSF's train performance on the Eagle Pass Corridor has often been adversely impacted by train congestion on UP's Austin Subdivision and in the San Antonio terminal, as well as by UP's refusal to allow



BNSF trains operating between Ajax and San Antonio to join UP's directional flow in this high-density corridor. BNSF's trackage rights trains operating between Temple and Eagle Pass have persistently experienced unacceptably high recrew rates and have failed to complete their trips within the agreed upon transit time standards for this corridor.

The operational issues on the Eagle Pass Corridor have been an ongoing topic of discussion among senior BNSF and UP operating officials. BNSF recognizes that UP has implemented operating and dispatching practices that have produced incremental improvements in BNSF's train performance on this corridor, though not to a degree that meets BNSF's expectations or its customers' expectations regarding the service levels required for BNSF to provide fully competitive service on this corridor. To date, UP has consistently and repeatedly refused to allow BNSF to join UP's directional operations on UP's Austin Subdivision between Ajax and San Antonio unless BNSF either (1) participates in UP's cost of reconstructing and restoring service over a section of former Missouri-Kansas-Texas Railroad ("MKT") mainline that UP had dismantled prior to its merger with SP, or (2) funds and constructs capacity improvements on a BNSF line between Houston and Algoa, TX, over which UP operates via overhead trackage rights.

BNSF believes that in situations such as this UP should allow BNSF to join the directional flow whenever and wherever UP implements directional

operations involving BNSF's trackage rights lines if necessary for BNSF to provide competitive service, as called for in the Board's decision in the Houston/Gulf Coast oversight proceeding. To resolve this issue for the future, BNSF requests that the Board clarify its prior orders and conditions and in its decision in this oversight proceeding specifically so order and direct that BNSF can join the directional flow whenever and wherever UP implements directional operations involving BNSF's trackage rights lines if necessary for BNSF to provide competitive service, to ensure that long term efficient service can be provided. The Board could empower its Office of Compliance and Enforcement, or other appropriate office, to direct such operations on short notice to address service issues that arise pending a review by the Board if necessary.

## **5. El Paso Corridor**

*Corridor Overview.* The El Paso Corridor consists of BNSF's trackage and haulage rights between El Paso and Sierra Blanca, TX. All stations on UP's former SP line between El Paso and Sierra Blanca are "2-to-1" points, and BNSF has access to all shipper facilities on industry tracks at these points.

*Customer Access.* BNSF has identified and confirmed its access to 13 "2-to-1" shipper facilities, one existing transload facility, and two new shipper facilities on the El Paso Corridor, including the Four Star Sugar transload at El Paso, TX.

*Operating Plan.* In lieu of trackage rights, BNSF has elected to serve customers on the El Paso Corridor through reciprocal switching for customers at El Paso, or a combination of haulage service and reciprocal switching for customers located on the line between El Paso and Sierra Blanca.

*Assessment.* BNSF has had limited success in developing business on the El Paso Corridor, as the volume of loaded units handled on the corridor has fluctuated considerably between 1997 and 2001. BNSF enjoyed some success during the second half of 1997 and through the first three months of 1999. Volumes fell dramatically during the balance of 1999, but rebounded in early-2000 and have generally increased since that time, averaging 82 loaded units per month during the first five months of 2001.

## **6. Gulf East Corridor (Houston-Lake Charles-New Orleans)**

*Corridor Overview.* BNSF's Gulf East Corridor consists of a combination of jointly owned lines, trackage rights, and haulage rights on former UP and SP lines between Houston, TX and New Orleans, LA, in southeast Texas and southern Louisiana. The former SP mainline between Dawes, TX and Avondale, LA – commonly referred to as the "50/50 Line" in recognition of its joint ownership by BNSF and UP resulting from a February 12, 1998 agreement between BNSF and UP – constitutes the spine of the Gulf East Corridor. The corridor also includes BNSF's access to all existing and future customers located on former SP branch lines and spurs that connect to the 50/50 Line.



The BNSF Settlement Agreement dated September 25, 1995, granted BNSF trackage rights on SP's line between Houston, TX and Iowa Junction, LA, and on UP's and SP's lines between SP Milepost 16.9 near Avondale, LA and West Bridge Junction, LA at SP Milepost 10.5. The Settlement Agreement also required that UP sell the former SP line between Iowa Junction and Avondale, LA to BNSF, with UP retaining full trackage rights, the right to serve all local industries on the line, and rights for the Louisiana and Delta Railroad ("LDRR") to serve as its agent between Iowa Junction and points served by the LDRR. BNSF purchased UP's Westwego, LA intermodal terminal, a portion of SP's yard at Avondale, LA, and all of SP's yard at Lafayette, LA to support its operations over the trackage rights and purchased lines.

The Supplemental Agreement between BNSF and UP dated November 18, 1995, granted additional trackage rights to BNSF in the Gulf East Corridor. These additional trackage rights included rights on SP's line between Dayton, TX and Baytown, TX, and on UP's line between West Bridge Junction, LA and UP's Westwego, LA intermodal facility. The Supplemental Agreement furthermore provided that BNSF would have the right to interchange with and have access over the New Orleans Public Belt Railroad at West Bridge Junction, LA.

The Second Supplemental Agreement between BNSF and UP dated June 27, 1996, further expanded and revised BNSF's trackage rights access in the Gulf East Corridor. This agreement granted BNSF trackage rights over SP's

Channelview Spur, which connects to SP's line between Houston, TX and Iowa Junction, LA near Sheldon, TX, for the purpose of reaching a point of build-in to or build-out from the facilities of Lyondell Petrochemical Company and Arco Chemical Company at Channelview, TX. The agreement amended BNSF's trackage rights at Avondale, LA to extend between a point near Avondale (SP Milepost 14.94) and West Bridge Junction, LA (SP Milepost 9.97). The agreement granted additional trackage rights to BNSF at Avondale on UP's Mainline No. 1 between UP Milepost 14.29 and UP Milepost 14.11, including the crossover to SP's mainline at this location, and between UP Milepost 10.38 and UP Milepost 10.2. The UP trackage at Avondale, LA to be purchased by BNSF was revised to include UP's Mainline No. 1 between UP Milepost 14.11 and UP Milepost 10.38. The Second Supplemental Agreement also provided new language to implement certain provisions of the CMA Agreement, specifically, the provision that BNSF would have the right to handle traffic of shippers open to all of UP, SP, and KCS at Lake Charles and West Lake, LA, and traffic of shippers open to SP and KCS at West Lake Charles, LA, under the condition that such traffic be limited (1) to traffic to, from and via New Orleans, and (2) to and from points in Mexico, with routings via Eagle Pass, Laredo (through interchange with Tex-Mex at Corpus Christi or Robstown), or Brownsville, TX. These restrictions were removed by the Board in Decision No. 44.

An agreement between BNSF and UP on February 12, 1998, made significant revisions to BNSF's purchased lines, trackage rights, and customer access in the Gulf East Corridor. In this agreement, BNSF and UP agreed to jointly own and operate the former SP Lafayette Subdivision between Dawes, TX (east of Houston) and Avondale, LA (west of New Orleans) by exchanging 50 percent ownership interests in their respective mainlines and operating sidings, with BNSF and UP each having 50 percent ownership interest in the resulting operating corridor. That transaction was closed and consummated on September 1, 2000.

As a further condition of the February 12, 1998 agreement, BNSF gained the right to serve all present and future industries or facilities originating or terminating traffic on the Dawes-Avondale line, as well as on all former SP branch lines and spurs connecting to this line (e.g., former SP lines between Dayton and Baytown, TX, between Beaumont and Port Arthur, TX, and branches in the Lake Charles, LA area). The implications of this agreement for BNSF's access to customers in the Gulf East Corridor were as follows:

- On the mainline west of Iowa Junction, LA, prior to the February 12, 1998 agreement, BNSF had access only to "2-to-1" customers and to Lake Charles, LA area customers served by (1) SP and KCS or (2) by UP, SP, and KCS. East of Iowa Junction, LA, on the former SP line that BNSF had purchased from UP, BNSF had



access to all customers prior to the February 12, 1998 agreement. Following the agreement, BNSF gained access to all customers on the former SP west of Iowa Junction, and retained access to all customers on the former SP east of Iowa Junction.

- On the former SP Baytown Branch, which connects to the mainline at Dayton, TX and extends south to Baytown, TX, and also includes the Cedar Bayou Spur to East Baytown, TX, BNSF had access to ten customers before the February 12, 1998 agreement. BNSF acquired access to all customers on the branch and connecting spurs following the agreement.
- On the former SP Sabine Branch, connecting to the mainline at Beaumont, TX and extending to Port Arthur, TX, BNSF had no direct access to customers prior to the February 12, 1998 agreement. Following the agreement, BNSF gained access to all customers on this line, including customers on the Chaison Spur between Guffey, TX and Chaison, TX.
- On the former SP West Lake Charles Branch, BNSF had access to all customers as a result of the CMA Agreement. These customers were jointly served by SP (UP) and KCS. BNSF's access to customers on this line was unchanged by the February 12, 1998 agreement.

- On the former SP Lake Arthur Branch, now the Harbor Spur, near Lake Charles, LA, a former SP branchline from a mainline connection at Mallard Junction, LA extending to Harbor, LA, BNSF had access prior to the February 12, 1998 agreement to "2-to-1" customers on this line as well as customers served by trackage belonging to the Port of Lake Charles. Following the agreement, BNSF gained access to all customers on this line.
- On the former SP Sheldon or Channelview Spur, extending approximately four miles south of the former SP mainline at Sheldon, TX, BNSF had no access to customers prior to the February 12, 1998 agreement. However, BNSF was entitled to trackage rights over this line for the purpose of reaching a point of build-in to or build-out from the facilities of Lyondell Petrochemical Company and Arco Chemical Company at Channelview, TX. As a result of the agreement, BNSF has full trackage rights and unrestricted access to all customers on the former SP Sheldon or Channelview Spur.

*Customer Access.* Shipper facilities accessible to and served by BNSF on the Gulf East Corridor generally fall into one of six categories:

- "2-to-1" Shipper Facilities. These are shipper facilities that were open to both UP and SP, whether via direct service or via

reciprocal switching, joint facility, or other arrangements, and no other railroad when the BNSF Settlement Agreement was executed on September 25, 1995.

- "2-to-1" Shortline Customers. These are customers located on and served by "2-to-1" shortline railroads in the Gulf East Corridor that BNSF connects with pursuant to the BNSF Settlement Agreement (i.e., Orange Port Terminal Railroad, Acadiana Railway, Louisiana and Delta Railroad, and New Orleans Public Belt Railroad.)
- CMA Agreement Customers. These are customers at Lake Charles, West Lake Charles, and West Lake, LA that were open to all of UP, SP, and KCS (at Lake Charles and West Lake, LA), or that were open to SP and KCS (at West Lake Charles), and thus are accessible to and served by BNSF pursuant to the terms of the CMA Agreement and the Second Supplemental Agreement.
- Direct Customers. These are customers that BNSF gained direct access to on the former SP line between Iowa Junction and Avondale as a result of BNSF's purchase of the line pursuant to the BNSF Settlement Agreement.
- 1998 Agreement Customers. These were SP solely served customers that are located on the former SP mainline between Dawes, TX and Iowa Junction, LA, and on branches and spurs



connected to the former SP mainline, that are now accessible to and served by BNSF pursuant to the terms of the "50/50 Agreement" of February 12, 1998.

- Open Customers. These are customers located on the Illinois Central, CSX, and Norfolk Southern railroads at New Orleans, LA, that are open to BNSF through reciprocal switching.

*Operating Plan.* BNSF operates daily merchandise and daily intermodal service on the Gulf East Corridor between Houston and New Orleans.

BNSF operates seven regularly scheduled carload merchandise or manifest trains over all or portions of the Gulf East Corridor between Houston and New Orleans.

- BNSF merchandise train H-TPLNWO (Temple, TX to New Orleans, LA) operates daily eastbound over the corridor. This train originates at BNSF's Temple, TX yard, operates via Rosenberg and Houston, TX, and handles blocks of local carload traffic for Lafayette, LA and Schriever, LA and interchange blocks for delivery to NOPB, CSX, NS, and CN at New Orleans.
- A second daily eastbound train, BNSF manifest train M-TPLLAL (Temple, TX to Lafayette, LA), also originates at BNSF's Temple, TX yard, and operates daily via Somerville, Cleveland, Silsbee, and

Beaumont, TX, to handle traffic moving to Silsbee and Beaumont, TX and Lafayette, LA.

- BNSF manifest train M-HOUSSB (Houston, TX to Silsbee, TX) originates at Houston, TX six days per week and operates eastbound via trackage rights to Beaumont, TX on UP's eastbound directional line between Houston and Beaumont.
- BNSF merchandise train H-NWOBEL (New Orleans, LA to Belen, NM) operates daily westbound over the corridor. This train originates on the NOPB at New Orleans, and handles carload merchandise traffic that BNSF either originates at Avondale, LA or receives in interchange at New Orleans destined for Lafayette, LA, Houston, TX, Temple, TX, and points west.
- BNSF manifest train M-LALPTR (Lafayette, LA to Houston-PTRA, TX) originates at Lafayette, LA three days per week (Tuesday-Thursday-Saturday) and handles traffic gathered at Lafayette for the Port Terminal Railroad Association ("PTRA") at Houston and Houston-area chemicals customers.
- BNSF manifest train M-SSBHOU (Silsbee, TX to Houston, TX) originates at BNSF's Silsbee, TX yard six days per week and operates westbound via Beaumont and Dayton, TX. This train delivers blocks to Beaumont for interchange to UP and further

handling by UP in haulage and/or reciprocal switching service. This train also handles PTR A and Memphis traffic to connections in Houston.

- BNSF high-priority merchandise train H-MEMDYT (Memphis, TN to Dayton, TX) operates on the Corridor via the former SP between Houston and Dayton, TX.

BNSF operates six regularly scheduled intermodal trains over the Gulf East Corridor. These trains include:

- BNSF intermodal train P-LACNWO (Los Angeles, CA to New Orleans, LA) originates at Los Angeles, CA six days per week (Tuesday through Sunday) and operates via the Gulf East Corridor eastbound from Houston to New Orleans. This train handles primarily intermodal trailer-on-flatcar ("TOFC"), container-on-flatcar ("COFC"), and doublestack containers for BNSF's intermodal facility at Westwego, LA and for interchange delivery to NS at New Orleans; however, this train also provides an additional eastbound outlet for carload merchandise traffic out of Houston, TX and Lafayette, LA.
- BNSF intermodal train P-CLONWO (Clovis, NM to New Orleans, LA) originates at BNSF's Clovis, NM yard on Saturday and operates via the Gulf East Corridor from Houston to New Orleans.



This train handles primarily doublestack containers for BNSF's Westwego, LA intermodal facility and for interchange to NS at New Orleans.

- BNSF intermodal train S-LHTNWO (Los Angeles Harbor, CA to New Orleans, LA) originates at Los Angeles, CA on Monday and operates via the Gulf East Corridor from Houston to New Orleans. This train handles primarily doublestack containers for interchange delivery to CSX and NS at New Orleans.
- BNSF intermodal train S-LHWNWO (Los Angeles Harbor, CA to New Orleans, LA) originates at Los Angeles, CA on Sunday and operates via the Gulf East Corridor from Houston to New Orleans. This train handles primarily doublestack containers out of Southern California for New Orleans.
- BNSF intermodal train P-NWOLAC (New Orleans, LA to Los Angeles, CA) originates at New Orleans, LA four days per week (Monday-Tuesday-Thursday-Saturday) and operates via the Gulf East Corridor westbound from New Orleans to Houston. This train handles primarily doublestack containers that originate or are received in interchange from eastern carries at New Orleans.
- BNSF intermodal train P-NWOPEA (New Orleans, LA to Pearland, TX) originates at New Orleans, LA on Sunday and operates via the

Gulf East Corridor westbound from New Orleans to Houston. This train handles primarily doublestack containers and other intermodal traffic gathered at New Orleans for Houston, TX and Southern California.

*Assessment.* Business growth on the Gulf East Corridor has been one of the significant success stories for BNSF resulting from the UP/SP merger conditions. BNSF's carloadings on this corridor have increased steadily and consistently, from 47,403 total loaded units in 1997, an average of 3,950 loaded units per month or 912 loaded units per week, to 150,301 total loaded units in 2000, an average of 12,525 loaded units per month or 2,890 loaded units per week. Traffic volumes for the first five months of 2001 are pacing at 13,162 loaded units per month, equating to a total volume of 65,812 loaded units from January 2001 through May 2001.

#### **7. Gulf North Corridor (Houston-Memphis/East St. Louis)**

*Corridor Overview.* The Gulf North Corridor includes BNSF's customer access rights and trackage rights operations over the parallel UP lines between Houston, TX and Memphis, TN and East St. Louis, IL. These include SP's line between Houston, TX and Fair Oaks, AR via Cleveland, TX and Pine Bluff, AR; UP's line between Fair Oaks and Bridge Junction, AR; SP's line between Brinkley and Briark, AR; UP's line between Pine Bluff and North Little Rock, AR; UP's line between Houston, TX and Valley Junction, IL via Palestine, TX; SP's

line between Fair Oaks, AR and Illmo, MO via Jonesboro, AR and Dexter Junction, MO; and UP's line between Fair Oaks and Bald Knob, AR.

The Gulf North Corridor provides BNSF with direct trackage rights access to at least eight "2-to-1" points in Arkansas, including Baldwin, Camden, East Little Rock, Fair Oaks, Forrest City, Little Rock, North Little Rock, and Pine Bluff. The corridor also enables BNSF to connect and interchange directly with two "2-to-1" shortline railroads, including the Little Rock Port Authority ("LRPA") at Little Rock, and the Little Rock and Western Railroad ("LRWN") at North Little Rock.

*Customer Access.* During 1997, BNSF performed marketing and sales blitzes at "2-to-1" points on the Gulf North Corridor in Arkansas and Missouri, and identified and confirmed its access to 77 "2-to-1" shipper facilities and one existing transload facility, all but five of which are located in Arkansas. The largest concentrations of "2-to-1" shipper facilities are at Little Rock (26 shipper facilities), North Little Rock (14 shipper facilities), and Pine Bluff (25 shipper facilities). BNSF also identified and confirmed its access to 19 shipper facilities at Shreveport, LA and at Texarkana AR/TX, that were open to all of UP, SP and KCS at those points, and are thus accessible to BNSF under the terms of the CMA Agreement. Finally, BNSF estimates that it acquired indirect access to at least 30 customers on "2-to-1" shortline railroads through its commercial and interchange agreements with LRPA and LRWN.



*Operating Plan.* BNSF operates daily merchandise train service in both directions on the Gulf North Corridor.

- BNSF high-priority merchandise train H-MEMDYT (Memphis, TN to Dayton, TX) originates daily at BNSF's yard in Memphis, TN, and operates over UP's former SP line between Memphis, TN and Dayton, TX, via Pine Bluff, AR, Shreveport, LA, and Tenaha, TX. This train handles primarily overhead traffic received in interchange from eastern carriers at Memphis, TN and off of BNSF connecting merchandise trains at Memphis moving to Gulf Coast region shippers and receivers.
- BNSF high-priority merchandise train H-MEMCVE (Memphis, TN to Cleveland, TX) originates at BNSF's yard in Memphis, TN five days per week (Monday through Saturday) and operates over UP's former SP line between Memphis, TN and Cleveland, TX, via Pine Bluff, AR, Shreveport, LA and Tenaha, TX. This train primarily handles traffic of shippers open to BNSF pursuant to the merger conditions at Pine Bluff, AR, Camden, AR, Little Rock, AR, and at other "2-to-1" points in Arkansas, and performs work at Forrest City, Pine Bluff, Tenaha, and Cleveland.
- BNSF high-priority merchandise train H-HOUMEM (Houston, TX to Memphis, TN) originates at BNSF's New South Yard in Houston,

TX daily, and operates over the trackage rights between Houston, TX and Memphis, TN via Palestine, TX, Longview, TX, and Bald Knob, AR. This train handles primarily overhead traffic from Gulf Coast region shippers, including customers on the Port Terminal Railroad Authority ("PTRA") at Houston and on the Dayton Branch, that moves to Memphis, TN, where this traffic connects to other BNSF merchandise trains or is interchanged to CN.

BNSF also operates two local trains on the Gulf North Corridor to provide service to customers and shortline railroads accessed by BNSF pursuant to the merger conditions.

- BNSF's Pine Bluff-Little Rock local originates at Pine Bluff, AR six days per week (Monday-Saturday), and operates one-way via trackage rights to Little Rock, AR. This train shuttles traffic arriving on BNSF's Memphis-Houston through merchandise trains at Pine Bluff, including cars for BNSF's customers at Little Rock and North Little Rock and interchange for the Little Rock Port Authority ("LRPA") and Little Rock and Western Railway ("LRWN"), to Little Rock and interchanges with LRPA at Little Rock. This train also shuttles traffic originating at Pine Bluff and Camden to Little Rock for outbound connection to BNSF's Little Rock-Memphis local, which forwards this traffic to Memphis where connections are made

with other BNSF trains or the cars are interchanged to eastern carriers.

- BNSF's Little Rock-Memphis local originates at Little Rock, AR six days per week (Monday through Saturday), and operates one-way via trackage rights to Memphis, TN. This train interchanges with LRWN at North Little Rock, and forwards Camden, Pine Bluff, and Little Rock/North Little Rock traffic to Memphis, where connections are made with other BNSF trains or the cars are interchanged to eastern carriers.

*Assessment.* Following considerable early success in building its traffic base on the Gulf North Corridor, characterized by growing volumes from the first quarter of 1997 through the third quarter of 1998, the volume of loaded units handled by BNSF on this corridor decreased slightly in late-1998 and early-1999, and has fluctuated or remained generally flat since that time.

#### **8. Gulf South Corridor (Houston-Corpus Christi/Laredo Brownsville)**

*Corridor Overview.* BNSF's trackage and haulage rights on UP's lines between Alcoa, TX and Brownsville, TX, and between Odem, TX and Corpus Christi, TX, comprise the Gulf South Corridor. This corridor is a critical component of BNSF's UP/SP merger condition lines, providing BNSF with direct access to the ports of Corpus Christi and Brownsville, as well as direct interchange with Transportacion Ferroviaria Mexicana ("TFM") at the



Brownsville/Matamoras gateway, and access to TFM at the Laredo/Nuevo Laredo gateway via BNSF-Texas Mexican Railway ("TM") interline service at Corpus Christi and Robstown, TX.

*Customer Access.* BNSF conducted marketing and sales blitzes at Brownsville, Corpus Christi and other points on the Gulf South Corridor during 1997 to identify customers accessible to BNSF pursuant to the merger conditions and to acquaint them with BNSF and the services it provides. Through these efforts, BNSF identified 58 "2-to-1" shipper facilities primarily located at the "2-to-1" points of Brownsville, Corpus Christi and Harlingen. (BNSF includes in this number 16 "2-to-1" shipper facilities at omnibus "2-to-1" points in south Texas, including Sugarland, TX, Victoria, TX, and points on the former Galveston, Houston and Henderson Railroad between Houston, TX and Galveston, TX served only by UP and SP.) BNSF also connects and interchanges with three "2-to-1" shortline railroads that it gained access to on the Gulf South Corridor pursuant to the merger conditions. BNSF estimates that these three shortlines represent an additional customer base of more than 170 customers. BNSF has not identified or located any new shipper facilities on the Gulf South Corridor.

The BNSF Settlement Agreement contains provisions related to BNSF's and Union Carbide Corporation's ("UCC") build-in/build-out rights at UCC's Seadrift complex. BNSF's implementation of these rights is described elsewhere in this report.

*Operating Plan.* BNSF provides daily combined merchandise and intermodal train service between Alliance (Fort Worth), TX and Corpus Christi, TX via Algoa, TX. BNSF also operates unit trains over the corridor on an as-needed basis.

In the southbound direction, BNSF train H-ALTLAR (Alliance, TX to Laredo, TX) originates daily at BNSF's Alliance Yard, near Fort Worth, TX. This train operates via BNSF lines to Algoa, TX, thence via the trackage rights between Algoa, TX and the TM yard at Corpus Christi, TX. This train handles primarily merchandise and intermodal traffic destined to Mexico, that is handled in interline service with TM at Robstown, TX, for furtherance to TFM at Laredo. This traffic is either set out at Robstown or delivered to TM at Corpus Christi for further handling. This train also handles Corpus Christi local traffic, including traffic delivered to UP and Corpus Christi Terminal Railway ("CCTR") at Corpus Christi for reciprocal switching.

In the northbound direction, BNSF train H-LARALT (Laredo, TX to Alliance, TX) originates daily at the TM yard at Corpus Christi, TX and operates via trackage rights to Algoa, TX, thence via BNSF lines to its terminus at BNSF's Alliance Yard near Fort Worth, TX. This train handles primarily merchandise and intermodal business originating in Mexico, received by TM from TFM at Laredo, TX and handled in BNSF-TM interline service at Robstown, TX. This train also

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handles traffic received from UP and CCTR at Corpus Christi, from customers served by BNSF through reciprocal switching.

BNSF's unit train operations via trackage rights on the Gulf South Corridor are primarily loaded unit grain trains destined to the Port of Corpus Christi, TX for export or for interchange to TM at Robstown for furtherance to TFM at Laredo. For example, during the 12-month period from July 1, 2000 through June 30, 2001 BNSF operated 190 unit grain trains, with 100 of these unit trains moving to Laredo and 90 trains moving to the Port of Corpus Christi. BNSF also operated 27 unit trains of corn syrup to Laredo during this period. On average, BNSF operates between four and five southbound loaded unit trains per week. Northbound empty cars either return in BNSF's existing merchandise train service or, in the case grain shuttle trains, return north as empty unit grain trains.

BNSF utilizes haulage service provided by UP to move carload merchandise traffic between Houston and Brownsville, TX, and to move unit grain trains between Algoa and Brownsville, TX. "2-to-1" customers accessible to BNSF at Brownsville and Harlingen are served through a combination of haulage service and reciprocal switching provided by UP. Customers at the Port of Brownsville, TX are served through the Brownsville and Rio Grande International Railroad ("BRGI").

*Assessment.* BNSF's traffic volumes on the Gulf South Corridor have grown steadily during the five-year oversight period, and have more than

doubled when current volumes are compared against volumes during the first year of operation. Loaded units handled in the Gulf South Corridor grew from 25,572 total carloads in 1997, an average of 2,131 carloads per month or 492 carloads per week, to 55,377 carloads in 2000, an average of 4,615 carloads per month or 1,065 carloads per week. During the first five months of 2001, BNSF handled 30,187 total carloads on the Gulf South Corridor, averaging 6,037 carloads per month.

#### **9. I-5 Corridor**

*Corridor Overview.* As a result of BNSF's purchase from UP of the former UP line between Bieber and Keddie, CA, coupled with BNSF's trackage rights over UP's line between Keddie and Stockton, CA, BNSF was able to offer the industry's first direct, single-line service between (1) Canadian railroad interchanges at Vancouver, BC (and other interchanges in western Canada) and BNSF-served origins and destinations in the Pacific Northwest, and (2) BNSF-served origins and destinations in northern and southern California. This condition of the BNSF Settlement Agreement closed a significant gap in BNSF's system between the Pacific Northwest and Southern California and created the corridor now commonly referred to as the "I-5 Corridor," named after a parallel interstate highway.

*Customer Access.* The I-5 Corridor conditions resulted in no new customer access for BNSF, however, they did provide a significant franchise

expansion opportunity for BNSF due to new single-line routes and service between the western Canada and the Pacific Northwest and northern and southern California.

*Operating Plan.* BNSF provides regularly scheduled merchandise and intermodal train service on the I-5 Corridor.

BNSF currently operates three scheduled southbound merchandise trains on the corridor. Train symbol H-VBCBAR operates daily from Vancouver, BC to Barstow, CA; train symbol H-PASBAR operates daily from Pasco, WA to Barstow, CA; and train symbol M-PASSTO operates daily from Pasco, WA to Stockton, CA.

BNSF currently operates two scheduled northbound merchandise trains on the corridor. Train symbol H-BARPAS operates daily from Barstow, CA to Pasco, WA; and train symbol M-STOFAW operates daily from Stockton, CA to Vancouver, WA.

In addition, BNSF operates regularly scheduled, twice weekly "Pacific Coast Express" intermodal service for international steamship and commercial customers moving freight in the I-5 Corridor between Seattle, WA and Los Angeles, CA.

*Assessment.* BNSF has enjoyed strong growth in traffic volumes on the I-5 Corridor, much of it driven by new products and services introduced by BNSF for traffic moving between the Pacific Northwest and southern California, as



described in BNSF's quarterly progress reports and elsewhere in this report. BNSF's traffic levels on the Corridor have grown from 1,327 loaded units per month on average during the last six months of 1997, to 4,696 loaded units per month on average during the first five months of 2001. This represents a 250 percent increase in BNSF's traffic levels on the I-5 Corridor during an approximately four-year period.

#### **10. Southern California Corridor**

*Corridor Overview.* The Southern California Corridor includes BNSF's trackage rights and access to "2-to-1" and new shipper facilities in the Los Angeles Basin between Riverside and Ontario, CA, at Southgate, CA, Patata, CA, and on the La Habra Branch.

*Customer Access.* BNSF has access to 13 "2-to-1" shipper facilities, two new shipper facilities, and four "open" customers in the Los Angeles Basin pursuant to the BNSF Settlement Agreement. This number includes customers at Fullerton, La Habra, Los Angeles, and Southgate.

*Operating Plan.* BNSF operates unit grain trains on an as-needed basis to serve O. H. Kruse Grain and Milling's Ontario mill, a "2-to-1" shipper facility at Ontario, CA. BNSF has access to two new shipper facilities at Ontario, CA, however, no traffic has developed with these customers to date. BNSF plans to provide direct service to these customers, and to any other new shipper facilities that it identifies or locates at Ontario, CA, with a turnaround local operating

between San Bernardino, CA and Ontario at such time as traffic develops with these customers. Customers at Fullerton, La Habra, Los Angeles, and Southgate accessible to and served by BNSF pursuant to the Settlement Agreement are served through reciprocal switching performed by UP.

*Assessment.* Despite some early successes in winning competitive traffic moving to and from "2-to-1" shipper facilities in the Los Angeles Basin, the volume of loaded units originated and terminated on the Southern California Corridor exhibited a slow, steady decline over the last two to three years. At its peak, BNSF's business volumes at these points averaged between 350 and 450 carloads per month. By comparison, for much of the past year, volumes have dropped to fewer than 100 carloads per month, and have shown a continued precipitous decline.

Anecdotal information received from customers suggests that BNSF's volumes have declined on the Southern California trackage rights corridor as a consequence of poor and inconsistent reciprocal switching service, echoing a complaint BNSF frequently receives from customers elsewhere on its trackage and haulage rights served through reciprocal switching. BNSF recently implemented an automated measurement tool to objectively quantify UP's service performance at points where UP provides reciprocal switching services to BNSF, both on and off the trackage rights. This tool should allow BNSF to more closely monitor UP's performance in Southern California and elsewhere on the

trackage rights, and to hold UP accountable for service failures impacting BNSF's customers. BNSF believes that the Board should affirm in oversight UP's obligation to impartially provide these services along the trackage rights lines and to indefinitely provide performance reports to BNSF no less than quarterly from which service can be benchmarked and switching for BNSF movements can be compared with switching for UP's own account.

## **B. Implementation of Specific Merger Conditions**

This section describes the status of implementation of provisions of the BNSF Settlement Agreement that BNSF regards as being most critical to the long-term viability of its trackage rights. Where implementation of specific STB-imposed conditions has been delayed or has encountered difficulties, these delays or difficulties are highlighted.

### **1. Trackage Rights**

Trackage rights agreements have been finalized for all of the UP/SP lines over which BNSF received trackage rights pursuant to the BNSF Settlement Agreement.<sup>3</sup>

BNSF has commenced train operations on all of the UP/SP lines over which it received trackage rights pursuant to the BNSF Settlement Agreement, with the following exceptions:

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<sup>3</sup> These trackage rights agreements will be restated and amended to reflect the terms and conditions of the Restated and Amended BNSF Settlement Agreement once that agreement is finalized and approved by the Board.



- Between Sacramento and Richmond, CA (part of the trackage rights corridor between Weso, NV and San Jose, CA) – For traffic moving in this corridor, BNSF uses its own mainline between Stockton and Richmond, CA to access its customers in the Bay Area, and has no plans to commence trackage rights operations over the former SP "Cal-P" between Richmond and Sacramento at this time. BNSF retains and reserves the right to commence such trackage rights operations over the "Cal-P" pursuant to the BNSF Settlement Agreement if and when it elects to do so.
- Between Basta, CA and Fullerton and La Habra, CA – Shipper facilities accessible to BNSF in this area of the Los Angeles Basin pursuant to the BNSF Settlement Agreement and the Board's conditions on the UP/SP merger are served through reciprocal switching performed by UP.
- Between Robstown and Brownsville, TX (part of the trackage rights corridor between Houston and Brownsville) – Points and interchanges south of Robstown, TX accessible to BNSF pursuant to the BNSF Settlement Agreement and the Board's conditions on the UP/SP merger are served via haulage provided by UP between Houston and Brownsville (for carload business) and between Algoa and Brownsville (for unit grain trains).

- Between Placedo and Port Lavaca, TX – BNSF anticipates that it will commence trackage rights operations over this line during 2003, upon the completion of its planned build-in to the Union Carbide Corporation plant at Seadrift, TX.
- Between El Paso and Sierra Blanca, TX – Points and shipper facilities accessible to BNSF on UP's line between El Paso and Sierra Blanca, TX are served by BNSF via haulage and reciprocal switching services performed by UP.
- Between Beaumont and Port Arthur, TX – Points and shipper facilities accessible to BNSF on UP's line between Beaumont and Port Arthur, TX are served by BNSF via haulage and reciprocal switching services performed by UP.
- Between East St. Louis, IL and Bald Knob and Brinkley, AR – BNSF's traffic that could move over these lines currently moves via parallel BNSF lines or in conjunction with CN/IC over Memphis. BNSF retains and reserves the right to institute such trackage rights operations if and when it elects to do so.

## **2. Haulage Rights**

BNSF serves customers on the following corridors via haulage services provided by UP:

- Between Dayton, TX and West Baytown and Bayer Switch, TX – BNSF also operates over this corridor via trackage rights; however, certain customers on this line are served via haulage and reciprocal switching services performed by UP in order to promote more efficient operations on the Dayton Branch between Dayton and Baytown, TX.
- Between El Paso and Sierra Blanca, TX – BNSF has trackage rights over this line, but has elected to serve customers via haulage and reciprocal switching at this time.
- Between Houston and Brownsville, TX – BNSF also has trackage rights over this line. BNSF exercises its trackage rights between Algoa, TX and Robstown and Corpus Christi, TX, and has elected to utilize haulage and reciprocal switching to serve customers at Brownsville and the Port of Brownsville as well as the Transportacion Ferroviaria Mexicana ("TFM") interchange at Matamoros, TL.
- Between Lake Charles, LA and Harbor LA.
- Between Lake Charles, LA and Westlake, Rose Bluff and West Lake Charles, LA – Switching services in the Lake Charles Complex are provided by KCS and UP.
- Between Pine Bluff and Camden, AR – BNSF also operates over this corridor via trackage rights; however, shipper facilities accessible by BNSF at Camden pursuant to the BNSF Settlement Agreement and



the Board's conditions on the UP/SP merger are served via haulage and reciprocal switching.

- Between Valla, CA and Patata and Southgate, CA – Shipper facilities accessible to BNSF in this area of the Los Angeles Basin pursuant to the BNSF Settlement Agreement and the Board's conditions on the UP/SP merger are served through reciprocal switching performed by UP.
- Between Elko and Winnemucca, NV – BNSF also operates over this corridor via trackage rights; however, to promote operational efficiency, shipper facilities accessible by BNSF on the UP and former SP paired tracks between Elko and Winnemucca are served via haulage and reciprocal switching.
- Between Stockton and Turlock, CA.
- Between Texarkana, AR/TX and Shreveport, LA.
- Between Shreveport, LA and Tenaha, TX – BNSF also operates over this corridor via trackage rights; however, to promote operational efficiency in the Shreveport terminal, some local traffic is handled in haulage service by UP between Shreveport and Tenaha.

### **3. Line Sales**

The BNSF Settlement Agreement included provisions for three line sales associated with the UP/SP merger transaction. Specifically, the Agreement provided for BNSF to purchase the following three UP line segments:

- Between Bieber and Keddie, CA;
- Between Dallas and Waxahachie, TX; and
- Between Iowa Junction and Avondale, LA

As previously reported, all of the line sales contemplated in the BNSF Settlement Agreement are complete. The line segment between Iowa Junction and Avondale is now part of the 50/50 line extending between Avondale and Dawes, TX.

### **4. "2-to-1" Points**

BNSF has identified more than 500 "2-to-1" shipper facilities on the UP/SP lines.

### **5. "2-to-1" Shortlines**

BNSF has commercial and interchange agreements in place with and is conducting business with 17 "2-to-1" shortline railroads that it gained access to for the first time as a result of the merger conditions. These shortline railroads are: BHP Nevada at Shafter, NV; Salt Lake City Southern at Salt Lake City, UT; Salt Lake, Garfield and Western at Salt Lake City, UT; Utah Central Railway at Ogden, UT; Utah Railway at Provo and Utah Railway Junction, UT and Grand

Junction, CO; Brownsville & Rio Grande International Railroad at Port of Brownsville, TX; Corpus Christi Terminal Railroad at Corpus Christi, TX; Texas Mexican Railway Company at Houston, Robstown, and Corpus Christi, TX; Little Rock and Western Railroad at North Little Rock, AR; Little Rock Port Authority Railroad at Little Rock, AR; New Orleans Public Belt Railroad at New Orleans, LA; Acadiana Railway at Crowley, LA; Louisiana and Delta Railroad at Lafayette and Schriever, LA; Orange Port Terminal Railroad at Orange, TX; Almanor Railroad at Clear Creek Junction, CA; Georgetown Railroad at Kerr, TX; and Austin Area Terminal Railroad at Elgin and McNeil, TX. BNSF estimates that it has access to and the potential to handle the traffic of more than 430 additional customers through its commercial and interchange agreements with these 17 shortline railroads.

## **6. New Facilities**

BNSF has identified and made its services available to more than 20 new facilities on the UP/SP lines including Green Waste Recovery at San Jose, CA; Southdown Cement at Polk, CA; Willamette Industries at Elk Grove, CA; McClellan Park at McClellan Park, CA; International Paper at Ontario, CA; Staples, Inc. at Ontario, CA; BNSF Quality Distribution Center (QDC) at Sparks, NV; Reno Lumber at Sparks, NV; Valley Joist at Fernley, NV; Paramount Petroleum Corporation at Fernley, NV; Quebecor at Fernley, NV; Atlas Towing Company at Battle Mountain, NV; Newmont Mining Company at Jayhawk, NV;



PWPipe at West Jordan, UT; Conoco at Durham, CO; Total Petroleum at Durham, CO; Steel, Inc. at Durham, CO; American Soda at Parachute, CO; Unimast at East Baytown, TX; Pilgrim's Pride at Tenaha, TX; Thompson Consumer Electronics at Belen, TX; and Port Container International at San Antonio, TX.

#### **7. Transload Facilities**

BNSF has identified and commenced service to more than 20 transload facilities on the UP/SP lines.

#### **8. Build-in/Build-out Lines**

No build-ins or build-outs have been constructed as of the date of this report. A build-in to UCC's Seadrift plant is currently planned and is being progressed, as described elsewhere in this report. In addition, the Board confirmed in March 2000 the right of Entergy Services, Inc. to construct a build-out from Entergy's White Bluff Station in Arkansas to a former SP line. Subsequently, Entergy, UP and BNSF agreed that BNSF could serve the White Bluff Station via trackage rights over UP.

#### **9. Contract Reopener**

The CMA Agreement required UP/SP, effective upon consummation of the UP/SP merger, to modify any contracts with shippers at "2-to-1" points in Texas and Louisiana so that at least 50 percent of the volume is open to BNSF. In Decision No. 44, the STB required as a condition that the contract modification provision of the CMA Agreement be modified by extending it to all shippers at all

"2-to-1" points and not just those in Texas and Louisiana. In Decision No. 57, the STB provided 11 guidelines to govern the implementation of the contract modification condition.

In general, it is BNSF's belief that the contract reopener has not been a particularly effective tool. Less than 12 parties appear to have made use of it and offered business to BNSF.

**10. Use of UP's (Formerly SP's) Intermodal Ramp at Sparks, NV**

The BNSF Settlement Agreement required that, for Reno area intermodal traffic, BNSF could use SP's intermodal ramp at Sparks with UP/SP providing intermodal terminal services to BNSF for normal and customary charges. The Settlement Agreement also required that, if expansion of this facility is required to accommodate the combined needs of UP/SP and BNSF, then UP/SP and BNSF would share in the cost of such expansion on a pro rate basis allocated on the basis of the relative number of lifts for each party in the twelve-month period preceding the date construction begins.

BNSF is not providing intermodal service to the Reno/Sparks market at this time, nor has it done so during the Board's five-year oversight proceeding. Therefore, BNSF has not had cause to exercise this condition of the Settlement Agreement. BNSF retains and reserves its rights to use the UP intermodal ramp at Sparks, NV if and when there is sufficient demand for this service and BNSF elects to commence intermodal service to this market.

#### **11. Management and Operation of CCT**

The BNSF Settlement Agreement requires that UP/SP agree that the Central California Traction Company ("CCT"), which is jointly owned by UP (two-thirds) and BNSF (one-third), shall be managed and operated so as to provide non-discriminatory access to industries on the CCT on the same and no less favorable basis as is provided to UP and SP. This condition of the UP/SP merger is critical to ensuring that competitive, two-carrier railroad service continues to be provided to all existing and future CCT customers. BNSF believes that UP's management and operation of the CCT during the five-year oversight period has complied with the Settlement Agreement terms.

#### **12. Operation of Domestic High Cube Double Stacks Over Donner Pass**

BNSF is not moving domestic high cube double stacks over the Donner Pass route at this time. BNSF handles such traffic on its southern "Transcon" route via Barstow, CA and Clovis, NM. Since the BN/Santa Fe merger in 1995, BNSF has made significant investments in its Transcon to create the premier intermodal route between the Pacific Southwest, including California's Bay Area and Los Angeles Basin, and the midwestern and southeastern United States. BNSF's Transcon provides a service- and cost- competitive alternative to UP's Central Corridor route via Ogden, UT and Cheyenne, WY for intermodal traffic originating or terminating in the Bay Area. BNSF will continue to invest in the Transcon commensurate with market demand to ensure that the Transcon



remains the premier intermodal link between the California, the Southwest and the midwestern and southeastern United States.

### **13. I-5 Proportional Rate Agreement**

In the BNSF Settlement Agreement, BNSF and UP/SP agreed to establish a proportional rate agreement incorporating the terms of the "Term Sheet for UP/SP-BNSF Proportional Rate Agreement Covering I-5 Corridor." The Proportional Rate Agreement ("PRA") was agreed to and signed by BNSF and UP on May 22, 1997, and has promoted vigorous competition between BNSF and UP in the I-5 Corridor. Recent issues concerning the implementation of specific provisions of the PRA are discussed below in this Report.

### **14. Seadrift Build-in**

BNSF announced on February 26, 2001, that it had entered into an agreement with UCC to provide competitive rail service to UCC's petrochemicals plant at Seadrift, TX. BNSF's access and service to UCC's Seadrift plant will be achieved through construction of a new, seven-mile rail line between Kamey and Seadrift, TX. BNSF's right to provide competitive service to the Seadrift plant was imposed by the Board as a condition to the UP/SP merger. Pursuant to the Board's condition, UP/SP is required to grant trackage rights to BNSF on SP's Port Lavaca Branch between Placedo and Port Lavaca, TX, to reach a point of build-in/build-out to/from UCC's Seadrift facility. BNSF formally notified UP of its decision to exercise its right to construct a build-in to the Seadrift plant in a letter to UP dated February 13, 2001. BNSF's letter stated that BNSF will require a

grant of additional trackage rights between Placedo and Kamey, TX, and also outlined preliminary details of BNSF's operating plans for service to the Seadrift plant. A Petition for Exemption under 49 U.S.C. 10502 from the prior approval requirements of 49 U.S.C. 10901 to construct and operate the build-in line was filed in Finance Docket No. 34003 with the Board by BNSF on January 31, 2001. On June 19, 2001, the Board conditionally granted BNSF's Petition subject to the Board's consideration of the proposal's anticipated environmental impacts. On June 28, 2001, BNSF and UP operating, engineering, and joint facilities officials met in Spring, TX to jointly review and discuss BNSF's plans for the build-in project, to the extent that those plans involve or impact UP's property and/or operations.

#### **15. Brownsville Conditions**

The BNSF Settlement Agreement contains the following provisions with respect to BNSF's access and interchange rights at Brownsville, TX:

- UP/SP shall grant to BNSF trackage rights on UP's line between Houston (Algoa) and Brownsville, TX (with parity and equal access to the Mexican border crossing at Brownsville). A trackage rights agreement has been entered into between BNSF and UP to implement this condition. At this time, BNSF has elected to serve Brownsville, Harlingen, and the Port of Brownsville via haulage service provided by UP in lieu of trackage rights.

- BNSF shall have the right to interchange with TFM at Brownsville (Matamoras, Mexico). This condition has been implemented; BNSF is interchanging traffic with TFM at the Brownsville/Matamoras gateway.
- BNSF shall have direct access to the Port of Brownsville, the Brownsville and Rio Grande International Railroad ("BRGI"), and TFM. This condition has been implemented; BNSF is serving the Port of Brownsville and conducting interchange with both BRGI and TFM.
- UP will designate a yard in Brownsville for sale to BNSF at such time as BNSF establishes its own trackage rights operations into Brownsville and at such time as the connection between UP and SP as a part of the Brownsville relocation project is completed. This condition has not been implemented, due to the fact that BNSF has elected at this time to continue serving Brownsville via haulage services provided by UP.

#### **16. Lake Charles**

The most significant issue BNSF faces in providing competitive service to Lake Charles area shippers is ineffective local switching service at Lake Charles, West Lake Charles, and Westlake. When KCS switches Zone 1, KCS delivers cars to UP and then UP delivers them to BNSF. BNSF has had several instances where it was awarded business, but then lost the business due to 4-6 days switching within the Lake Charles/Westlake complex. UP and KCS depart



the complex within 24-48 hours, but BNSF does not receive its cars until 3-5 days after they are pulled from the customer's plant.

#### **17. Memphis BEA Condition**

Section 6 of the BNSF Settlement Agreement provides that BNSF shall have the right to handle traffic of shippers open to all of UP, SP and KCS at Texarkana, TX/AR, and Shreveport, LA, to and from Memphis or other points in the Memphis BEA (BEA 73), but not including proportional, combination or Rule 11 rates via Memphis or other points in the Memphis BEA. The requirement that traffic handled by BNSF at Texarkana and Shreveport must originate or terminate in the Memphis BEA (not including traffic originated or terminated at "2-to-1" shipper facilities, existing transload facilities, and new shipper facilities at Shreveport) has effectively prevented BNSF from competing for and capturing business moving in this lane, inasmuch as those few customers which could avail themselves of BNSF service as a result of this condition had wider distribution patterns than only to or from the Memphis BEA..

#### **18. Oakland JIT**

Plans and discussions are underway with the Port of Oakland and with UP regarding the development of the Joint Intermodal Terminal, as discussed elsewhere in this report.

#### **19. Omnibus Points**

Section 8(i) of the BNSF Settlement Agreement, commonly referred to as the "omnibus" clause, recognized that some "2-to-1" customers would not be

able to avail themselves of BNSF service by virtue of the trackage rights and line sales provided for in the Agreement. Examples of such "omnibus" points include points between Niles Junction, CA and the end of the joint track near Midway, CA (including Livermore, Pleasanton, Radum and Trevarno, CA); Turlock, CA; Southgate, CA; Tyler, TX; Defense, TX; College Station, TX; Great Southwest, TX; Victoria, TX; Sugarland, TX; points on the former Galveston, Houston & Henderson Railroad served only by UP and SP; Opelousas, LA; Paragould, AR; Dexter, MO; and Herington, KS. The BNSF Settlement Agreement required that UP/SP and BNSF agree to enter into arrangements under which, through trackage rights, haulage, ratemaking authority, or other mutually acceptable means, BNSF will be able to provide competitive service to "2-to-1" customers at "omnibus" "2-to-1" points.

BNSF completed a comprehensive effort to identify "2-to-1" customer facilities at all known omnibus "2-to-1" points during 1997. As a result of this initiative, BNSF identified and confirmed its access to 97 customer facilities at omnibus "2-to-1" points. In general, BNSF has had limited success in developing traffic at the omnibus "2-to-1" points, although it has achieved some success at points such as Southgate, CA, Turlock, CA, and Great Southwest, TX.

## **20. Trackage Rights Compensation**

Section 12 of the Settlement Agreement contains provisions relating to the annual adjustment of the trackage rights fee (the GT&M mill rate) that BNSF pays

to UP for use of the trackage rights lines. UP agreed to the provisions of Section 12 in the CMA Agreement, which was subsequently incorporated in a supplement to the Settlement Agreement and reviewed by the Board. It is critical to BNSF's ability to provide competitive service over the trackage rights lines that the GTM mill rate be properly adjusted to reflect changes in UP's costs. BNSF and UP are presently engaged in a dispute over the adjustment mechanism, which is discussed elsewhere in this Report.

#### **21. Storage-In-Transit ("SIT") Facilities**

The CMA Agreement stipulated that the BNSF Settlement Agreement be amended to provide BNSF equal access to Dayton Yard, on economic terms no less favorable than the terms of UP/SP's access, for storage-in-transit of traffic handled by BNSF pursuant to the BNSF Settlement Agreement, and that UP/SP work with BNSF to locate additional SIT facilities on the trackage rights lines as necessary. The Second Supplemental Agreement on June 27, 1996, amended the BNSF Settlement Agreement to include this requirement of the CMA Agreement.

In Decision No. 44, the Board clarified and strengthened the BNSF Settlement Agreement's conditions with respect to SIT facilities. Specifically, the Board required that the Agreement be modified to require that BNSF have access to all SP Gulf Coast SIT facilities on economic terms no less favorable



than the terms of UP/SP's access, for storage-in-transit of traffic handled by BNSF under the terms of the BNSF Settlement Agreement.

On April 28, 1997, BNSF and UP entered into an agreement implementing BNSF's rights to access the Dayton, TX (Sjolander) SIT Facility operated by CMC Railroad, Ltd. This agreement also included a formula for apportionment of SIT charges between BNSF and UP. Remaining issues in this area are addressed in the Restated and Amended BNSF Settlement Agreement.

## **22. Use of Agents for Limited Feeder Service**

As described elsewhere in this report, BNSF uses the Utah Railway as its agent for limited feeder service at points in Utah including Little Mountain, Ogden, Woods Cross, Salt Lake City, Midvale, and Provo. BNSF also uses the Louisiana and Delta Railroad to access certain customers in the Lafayette-New Iberia, LA area. Also as described elsewhere, the Yolo Short Line Railroad, functioning as a certificated common carrier, performs switching services for both BNSF and UP at McClellan Park, CA. BNSF is not using agents for limited feeder service at any other points on its UP/SP trackage rights at this time.

## **II. CHANGES AND DEVELOPMENTS OVER THE PAST YEAR**

This section provides a summary of BNSF's service over the lines to which it was granted access under the Board's Decision No. 44, including the principal steps that BNSF has taken to implement service over those lines and the results of its marketing efforts over the past year.

## **A. Operations**

The following table details BNSF's current scheduled through daily service in major trackage rights lanes:

### **SCHEDULED THROUGH TRAIN OPERATIONS ON TRACKAGE RIGHTS June 30, 2001**

Line Segment	Train Service
Central Corridor	Daily merchandise service, with intermodal service provided on merchandise trains between Denver and Salt Lake City
I-5 Corridor	Daily merchandise service Twice weekly intermodal service
Gulf East Corridor	Daily merchandise service Daily intermodal service
Gulf North Corridor	Daily merchandise service
Gulf South Corridor	Daily merchandise service, with intermodal service on merchandise trains between Ft. Worth and Laredo
Eagle Pass Corridor	Five days/week merchandise service

Lists identifying the specific trains currently running over BNSF's trackage rights lines in the corridors referred to above are attached hereto as Attachment 1.

This section reviews and summarizes major revisions to BNSF's train operations on the trackage rights lines since July 1, 2000.

#### **1. Gulf Corridor**

*Temple-Corpus Christi Corridor.* On September 22, 2000, BNSF shifted some BNSF trackage rights trains operating between Temple and Corpus Christi, TX from the regular route via UP's Angleton and Brownsville subdivisions

between Algoa and Corpus Christi to an alternate route over UP's Flatonia and Port Lavaca subdivisions between Caldwell and Placedo via Flatonia. This change was made at UP's request in order to address congestion problems on UP's lines in south Texas and to expedite the completion of maintenance work between Algoa and Bloomington on UP's Houston-Brownsville line. The reroutes ended on October 15 after traffic flows generally improved with the removal of slow orders on UP's Brownsville line. BNSF rerouted a total of 33 trains via Flatonia between September 27 and October 15, including 18 Alliance-Laredo merchandise trains, 13 Laredo-Alliance merchandise trains, one loaded unit grain train, and one empty unit grain train.

*Kerr-Sealy Corridor.* BNSF elected in August 2000 to temporarily reroute loaded and empty unit rock trains that normally operate via Smithville, TX on trackage rights over UP between Kerr and Sealy, TX to a new routing via Temple, TX between Kerr and Sealy, TX in order to avoid congestion and train delay on UP between Waco and Smithville and between Smithville and Sealy. The rerouted trains operated over a longer but less congested route using BNSF's trackage rights between Kerr and Temple, then over BNSF's own line between Temple and Houston, thus avoiding the slow orders and congestion on the trackage rights between Taylor and Sealy. BNSF also reported that the temporary rerouting of these unit trains had continued through the end of



November 2000, at which time normal operations resumed via the trackage rights through Smithville.

BNSF determined early in January 2001 that it would be necessary to resume the temporary rerouting of loaded and empty unit rock trains between Kerr and Sealy, taking these trains off of the trackage rights and operating via Temple due to slow orders on UP's line between Kerr and Sealy via Smithville. These reroutes, which affected shipments of aggregates received from the Georgetown Railroad at Kerr destined to BNSF customers in the Houston area, continued through mid-March 2001, at which time planned operations resumed over the trackage rights between Kerr and Sealy.

*Houston-Memphis Corridor.* During March 2001, BNSF revised its train operations on the trackage rights corridor between Houston and Memphis to improve service consistency for customers whose shipments originate and terminate in the Gulf Coast region, including primarily at Houston, Baytown, Mont Belvieu, and Dayton, and at other origins and destinations east of Houston. Between March 15 and March 19, BNSF phased out the operation of high-priority merchandise trains H-MEMLGV from Memphis, TN to Longview, TX; H-MEMPTR from Memphis, TN to Houston, TX; and H-SSBMEM from Silsbee, TX to Memphis, TN; and commenced operation of two new high-priority merchandise trains including H-MEMDYT, from Memphis, TN to Dayton, TX; and H-DYTGAL, operating six days per week from Dayton, TX to Galesburg, IL.

BNSF currently operates one northbound, high-priority merchandise train (H-HOUMEM, operating daily) and two southbound, high-priority merchandise trains (H-MEMDYT, operating daily, and H-MEMCVE, operating six days per week) on the trackage rights corridor between Houston and Memphis. These changes to BNSF's transportation service plan provide more efficient service to Gulf Coast chemicals shippers by avoiding capacity-constrained terminals on BNSF's route through East Texas and by placing service-sensitive traffic on BNSF's high-capacity route between Houston and Galesburg, IL. Customers at the "2-to-1" points of Pine Bluff, Little Rock, and Camden, AR continue to be served by BNSF's daily high-priority merchandise train service operating between Houston and Memphis.

*BNSF's Service to Gulf Coast Region Utility Plants.* BNSF continued during the past year to provide unit coal train service over its trackage rights to two of the three Gulf Coast Region electric utility plants to which it gained direct access for the first time pursuant to the BNSF Settlement Agreement and the Board's conditions on the UP/SP merger. These plants include the Fayette Power Project at Halstead, TX, jointly owned by the Lower Colorado River Authority (LCRA) and the City of Austin, TX, and Entergy Gulf States' Roy S. Nelson Generating Station at Sulphur, LA. BNSF operated 174 loaded unit coal trains to the Fayette Power Project and 92 loaded unit coal trains to the Roy S. Nelson Station between July 1, 2000 and June 30, 2001.

## **2. Central Corridor**

BNSF continues to operate daily scheduled, high-priority merchandise train service over the Central Corridor between Denver, CO and Stockton, CA. The eastbound train operating between Stockton and Denver (train symbol H-STODEN) originates six days per week at Stockton, and the westbound train operating between Denver, CO and Stockton, CA (train symbol H-DENSTO) originates daily at Denver. Generally, every other westbound H-DENSTO train terminates at Provo, UT, due to insufficient overhead and local traffic volume to justify operation of the train on a daily basis west of Provo.

On November 26, 2000, BNSF initiated regular scheduled service to American Soda's new soda ash and sodium bicarbonate production facilities located on the Central Corridor trackage rights at Parachute, CO. This service is currently provided by a local train service operating between Grand Junction and Parachute three days per week, which delivers inbound empty railcars to the plant for loading and returns to Grand Junction with outbound loaded cars for forwarding on BNSF's merchandise trains operating between Denver, CO and Stockton, CA.

## **3. I-5 Corridor**

BNSF currently operates three scheduled southbound merchandise trains on the I-5 Corridor. Train symbol H-VBCBAR operates daily from Vancouver, BC to Barstow, CA; train symbol H-PASBAR operates daily from Pasco, WA to Barstow, CA; and train symbol M-PASSTO operates daily from Pasco, WA to



Stockton, CA. BNSF currently operates two scheduled northbound merchandise trains on the I-5 Corridor. Train symbol H-BARPAS operates daily from Barstow, CA to Pasco, WA; and train symbol M-STOVAW operates daily from Stockton, CA to Vancouver, WA. In addition, BNSF operates regularly scheduled, twice weekly "Pacific Coast Express" intermodal service for international steamship and commercial customers moving freight in the I-5 Corridor between Seattle, WA and Los Angeles, CA.

#### **B. Investments**

The following is a summary of investments and improvements that BNSF made during the past year on the UP/SP lines.

*Baytown Branch Interchange Tracks.* The construction of interchange tracks at Baytown, Eldon Junction, Cedar Bayou (Cove Road), and Mont Belvieu, TX, in the four switching zones south of the Dayton storage-in-transit facility on the Baytown Branch was completed. Construction of the Baytown interchange track was completed, and the track was placed in service on December 31, 2000. Construction of the Eldon Junction interchange track was completed, and the track was placed in service on March 2, 2001. Construction of the Mont Belvieu interchange track was completed, and the track was placed in service on March 31, 2001. Construction of the Cedar Bayou track was completed, and the track was placed in service on June 1, 2001. The added capacity provided by these four tracks, which are designed to support BNSF's

access to customers on the former SP Baytown and Cedar Bayou branches, will benefit all customers of both BNSF and UP on these lines by reducing BNSF's reliance on UP's infrastructure that supports UP's local switching operations.

*Baytown Branch Second Main Track, Milepost 0.2 to Milepost 3.8.* On August 4, 2000, UP and BNSF completed construction of a new, second main track between Milepost 0.2 and Milepost 3.8 on the Baytown Branch near Dayton, TX.

*Lafayette Subdivision Rehabilitation and Maintenance Program.* BNSF continued ongoing maintenance and rehabilitation projects on the jointly-owned former SP Lafayette Subdivision between Avondale and Iowa Junction, LA. Specifically, during the past year, BNSF installed ties at various locations and began a mechanized tie renewal program between Avondale and Ramos, LA. Further, there was continued focus on bridge rebuild work.

*Fernley, NV Operating Track.* UP completed the installation of switches for BNSF's new siding at Fernley, NV in December 2000, and the track was placed into service on December 19, 2000. BNSF uses this track in conjunction with a track leased from UP to set out, pick up, and stage cars for its customers at Fernley and Sparks, NV, including R.R. Donnelley, Quebecor, Paramount Asphalt, Valley Joist, Reno Lumber, and the BNSF Quality Distribution Center ("QDC") at Sparks.

*Angleton and Brownsville Subdivisions.* BNSF submitted a proposal to UP concerning improvements – and funding for such improvements – to several bridges on UP's Angleton and Brownsville subdivisions between Angleton and Odem, TX on April 25, 2001. These improvements will allow 286,000 pound gross weight (car plus lading) equipment to be operated over this line. (The current weight restriction on this line is 268,000 pounds.) Currently, UP can send heavier 286,000 pound shipments to Corpus Christi and Brownsville via its San Antonio to Corpus Christi and Odem to Brownsville lines, and to Laredo via its San Antonio to Laredo line than BNSF can accommodate over its route. However, BNSF (and Tex-Mex) – which also operates over this route) are at a competitive disadvantage for shipments moving to each of these destinations, because it is restricted to a route that cannot handle the heavier shipments. To date, UP has not responded to BNSF's proposal regarding the funding of the bridge improvements on the Angleton and Brownsville subdivisions.

### **C. Marketing and Business Development**

#### **1. 2000-2001 Activities**

During the past year, BNSF continued its marketing activities with respect to points on the UP/SP lines, and also introduced several new marketing and growth initiatives designed to promote system-wide intramodal and intermodal competition.

*Loading Origin Guarantee Program ("LOGs").* The LOGs program was initially introduced by BNSF in January 2000 to enhance equipment efficiency.



The program allows customers the option to secure centerbeam railcar capacity 4 to 26 weeks in advance of a designated shipping period through a weekly auction. BNSF guarantees the availability of empty centerbeam cars for the scheduled shipping period and pays a penalty if it is unable to fill the order. The LOGs program, which provides all customers with an equal opportunity to participate, helps BNSF predict car demand and better allocate its equipment fleet. This program is designed to make BNSF more competitive for forest products traffic moving on the I-5 Corridor and on other corridors. On August 23, 2000, BNSF announced that it had reached agreement with NS and CSX to extend BNSF's LOGs program to all destinations on NS and CSX, coinciding with BNSF's second 26 week LOGs offering to customers.

*I-5 Corridor "5-5-7" Service.* In conjunction with its new I-5 Corridor business development growth initiative, BNSF announced on September 28, 2000, its new "5-5-7" service offerings for carload business on the I-5 Corridor. Under this program, BNSF offers 5-day dock-to-dock service between Vancouver, British Columbia and the San Francisco Bay Area in Northern California; 5-day dock-to-dock service between Vancouver, British Columbia and the Los Angeles area in Southern California; and 7-day dock-to-dock service between Vancouver, British Columbia and Phoenix, AZ.

*I-5 Corridor Carload Service Assurance Program.* Also in conjunction with its new I-5 Corridor business development growth initiative and "5-5-7" transit

time program, BNSF announced the rail industry's first "Carload Service Assurance Program" on September 28, 2000. Features of the program include:

- **Guaranteed Service:** offering 100-percent money-back guarantees of on-time delivery and equipment availability for traffic moving at a 10- 15 percent premium in select lanes.
- **Service Insurance:** offering cash-back allowances of between 10 and 15 percent for each carload that arrives behind schedule or that does not arrive on time for a 5 percent premium or a 15 percent volume increase.
- **No-Strings Option:** allowing shippers to take advantage of BNSF's normal published rates for point-to-point transportation services, without the need for long-term contracts or time or volume commitments.

*Louisiana & Delta Railroad.* For the fourth consecutive year, BNSF cooperated this past fall with public and private interests in the State of Louisiana, as well as the LDRR, a "2-to-1" shortline railroad, in the operation of intermodal sugar cane trains. LDRR operated a daily "sugar cane train" over BNSF's route on expedited schedules to ensure product quality. The trains originated in the Lake Charles, LA area, destined to receivers on the LDRR which are accessed via the Iowa Junction-Avondale, LA route. This innovative public-private partnership is designed to deliver both economic and safety benefits to southern Louisiana, by increasing sugar cane production and refining and by removing increasingly large volumes of sugar cane (estimated at over 70,000 trucks per harvest season) from the region's highway system.

*Pacific Coast Express.* In late 2000, BNSF and Matson Intermodal Systems, Inc. commenced operations of a new I-5 Corridor intermodal train

service called the Pacific Coast Express. The new train service, which began on November 5, offers regular, twice weekly, fixed-day service for international steamship and commercial customers moving freight along the I-5 Corridor between Los Angeles, CA and Seattle, WA. The Pacific Coast Express was introduced after Matson Navigation Company restructured its water-based Pacific Coast service from a weekly port-to-port service to the new Pacific Coast Express rail container service. The added frequency of the new service is designed to allow customers additional flexibility in scheduling their freight shipments. Matson Intermodal System, a subsidiary of Matson Navigation Company, manages the service.

*Mexican Intermodal Service.* On November 17, 2000, in conjunction with its rail partners TFM and Tex-Mex, BNSF announced expanded intermodal service offerings for Mexican traffic moving to and from TFM intermodal terminals at Monterrey, Pantaco, and Queretaro. Service offerings and pricing for BNSF's intermodal customers to and from Mexico also includes fees for "door-to-ramp" or "ramp-to-door" drayage ("door service") between the Mexico intermodal facilities and the actual origin or destination of the shipment, the "in-bond transit authority" fee for the rail movement between the border and Mexico origins/destinations, and the North American Container System ("NACS") equipment charges while the shipment is in Mexico.



On June 28, 2001, BNSF announced the launch of Mexi~Modal, a new intermodal service that creates a seamless and easy to use transportation network connecting major markets in Mexico, the United States, and Canada. With Mexi~Modal, BNSF coordinates the entire transborder shipping process, door-to-door, through cooperation with CN, TFM, and several Mexican trucking companies. Through the Mexi~Modal internet site posed at [www.bnsf.com/productofferings](http://www.bnsf.com/productofferings), customers can learn more about Mexi~Modal and instantly check door-to-door rates for service in various lanes. With a simple call to a BNSF representative in the United States, customers can book loads and arrange for movement of freight.

- BNSF's Mexi~Modal service consists of three distinct products: MidBridge, Laredo, and MexiStack.
- MidBridge. This product mirrors how most transborder truck transportation into and out of Mexico is conducted today, by allowing the purchase of products to occur at the "middle of the bridge" between Laredo, TX and Mexico. MidBridge allows freight to be moved by rail in the United States and Canada and by truck in Mexico.
- Laredo. This product allows a customer to move full truckload freight from the United States or Canada by rail either to or from a

designated warehouse in Laredo, TX, thus enabling customers to store freight in Laredo for warehousing.

- MexiStack. This all-rail product allows the purchase of goods to occur at the United States, Canadian, or Mexican origin or destination. North of the border, the customer's freight is moved by BNSF or CN, and by TFM in Mexico.

With Mexi~Modal, customers can select the product that best suits their specific transportation needs. BNSF is currently exploring additional rail and truck partnerships to expand the Mexi~Modal network.

## **2. Traffic Volumes**

BNSF traffic volumes over the lines to which BNSF received access as a result of the UP/SP merger continued to grow over the past year. See the charts attached hereto as Attachment 1. The charts attached hereto as Attachments 2 to 11 reflect the volumes of traffic for each of the major traffic lanes to which BNSF received access. Attachment 12 shows the breakdown by general commodity groups of this traffic.

## **3. Customer Identification And Access Pursuant To Merger Conditions**

BNSF has continued its efforts to identify all UP/SP customer facilities to which it received access as a result of the UP/SP merger. These facilities include access to "2-to-1" customers and transload facilities on its trackage rights lines and facilities which can be served by the seventeen "2-to-1" shortlines to

which it received access. Current listings of all such known facilities are attached as Attachment 13.

**Access to "2-to-1" Customers.** BNSF and UP verified BNSF's access to the following additional "2-to-1" customer facilities during the past year: Celotex Corporation at San Antonio, TX; Red River Army Depot at Defense, TX; Lone Star Army Ammunition Plant at Defense, TX; Kronos, Inc. at West Lake Charles, LA; Pioneer Pipe at Geneva, UT; and Transwood, Inc.'s transload facility at Ogden, UT.

**Access to New Facilities.** With respect to the development of new facilities along BNSF's trackage rights lines, BNSF is working with a number of customers and achieved several additional successes during the past year including: Port Container Industries, Inc., which established a new transload facility at San Antonio, TX; Paramount Asphalt, which established a new distribution facility at Fernley, NV; International Paper Company, which is leasing warehouse space in a recently constructed distribution center at Ontario, CA; Staples, Inc., which is leasing warehouse space in a recently constructed distribution center at Ontario, CA; Green Waste Recovery, a new-to-rail customer at San Jose, CA; Unimast, Inc., located in the Cedar Crossing Industrial Park at Baytown, TX; PW Eagle, Inc. (d/b/a PW Pipe), which established a new facility at West Jordan, UT; and McClellan Park, the former McClellan Air Force Base at Planehaven CA.



***Seadrift Build-In.*** As described above, BNSF announced on February 26, 2001, that it had entered into an agreement with UCC to provide competitive rail service to UCC's petrochemicals plant at Seadrift, TX via a new, seven-mile rail line between Kamey and Seadrift, TX. BNSF's Petition for Exemption under 49 U.S.C. 10502 from the prior approval requirements of 49 U.S.C. 10901 to construct and operate the build-in line was filed in Finance Docket No. 34003 with the Board by BNSF on January 31, 2001. On June 19, 2001, the Board conditionally granted BNSF's Petition subject to the Board's consideration of the proposal's anticipated environmental impacts.

On June 28, 2001, BNSF and UP operating, engineering, and joint facilities officials met in Spring, TX to jointly review and discuss BNSF's plans for the build-in project, to the extent that those plans involve or impact UP's property and/or operations. Topics and issues discussed during this meeting included BNSF's construction plans with respect to the location and configuration of the build-in point near Kamey, TX on UP's Port Lavaca Subdivision; BNSF's operating plans providing for a daily local in each direction between Houston/Algoa and Seadrift; BNSF's use of UP's existing track connection between the Angleton and Port Lavaca subdivisions at Placedo, TX; the potential need for accommodations for a UP aggregates customer that unloads product off the mainline on the Port Lavaca Subdivision between Placedo and Kamey; coordination to occur between BNSF and UP engineering officials regarding

required maintenance work on the Port Lavaca Subdivision, including work to be performed on track and structures; and process for handling any proposed capacity improvements that may be required as a result of increased train volumes on the Angleton Subdivision.

**D. Issues Affecting BNSF'S Implementation of Trackage Rights**

The following summarizes issues that have affected BNSF's implementation of the merger conditions during the past year and updates the status or disposition of these and previously reported issues.

**1. Ameren UE – Labadie, MO**

BNSF made progress toward the construction of a new connecting track between the BNSF and UP main tracks at Pacific, MO. Final engineering plans for the new connecting track were provided to UP for review and approval in February. Upon completion and being placed into service, this track will allow BNSF's loaded and empty unit coal trains moving to and from Ameren UE's Labadie plant to access the plant via approximately nine miles of trackage rights over UP's main tracks between Pacific and West Labadie, MO. Until the new connecting track is completed and placed into service, BNSF will continue to utilize its temporary haulage rights over the UP between St. Louis (Grand Avenue) and Labadie to implement the Board's ruling providing for competitive access to Ameren UE's Labadie plant. BNSF has operated 50 loaded unit coal trains to the Labadie plant using the temporary haulage rights since the Board's

June 1, 2000 ruling that Ameren UE is a "2-tc-1" shipper entitled to BNSF service.

## **2. Track Capacity Issues at Grand Junction/Durham, CO**

BNSF has reported in its quarterly progress reports regarding capacity issues in western Colorado related to recent and forecasted long-term business growth at Durham, CO (near Grand Junction) and at Parachute, CO. During the first quarter of 2001, BNSF moved forward on its plans to construct a new yard to support BNSF's service to American Soda's new soda ash production facility at Parachute. This yard will be constructed on approximately 23 acres of property that were purchased by BNSF from the State of Colorado during the fourth quarter of 2000. As of the date of this report, the first phase of the yard construction is in progress, and is anticipated to be completed by late-summer 2001. This first phase of the project will include a wye and a support track with capacity for approximately 50 to 70 railcars. The facility is designed to allow additional capacity to be constructed on an incremental, as-needed basis as business demands dictate.

BNSF reported in its fourth quarter 2000 report that it had reached agreement in principle with UP on a six-month lease of two tracks at Glenwood, CO to provide additional capacity to support BNSF's operations. This lease was finalized during January for an initial six-month term, and was extended by UP during May 2001 for a second six-month term. BNSF is currently using the



Glenwood tracks to support its service to American Soda at Parachute during the ongoing first phase of the construction project at Parachute.

A separate dispute between BNSF and UP involving BNSF's use of a track at Durham, CO (the Railhead Industrial Spur) to stage cars for pickup by its merchandise trains has not been resolved. This track is used by BNSF and UP to access three rail-served customers in the Railhead Industrial Park which include Conoco, Total Petroleum, and Steel Inc. BNSF handles practically all of the business handled by rail to or from these customers. BNSF desires to lease the Railhead Industrial Spur from UP to allow continued use of the track as an operating support track. BNSF proposed to UP on May 7, 2001, that BNSF be allowed to lease the track and either switch customers at the Railhead Industrial Park, or otherwise clear the track for UP's use as required, in order that BNSF's use of the track would in no way impair UP's ability to use the track to access and provide service to the customers in the Park. UP has not formally responded to BNSF's latest request to lease the Railhead Spur.

### **3. Transwood, Inc. Transload – Ogden, UT**

Transwood operates a transload at Ogden, UT, a "2-to-1" point, on property that Transwood leases from UP. Transwood commenced operations at this Ogden facility in 1989 in conjunction with SP, and has conducted transloading operations at this site continuously since that time. The principal commodity handled by Transwood at Ogden is soda ash produced in

southwestern Wyoming, at points that are directly and exclusively served by UP, and for which SP provided a competitive alternative to UP prior to the UP/SP merger. BNSF has provided rail service to Transwood's Ogden transload, in competition with UP's direct service to the traffic origins as SP did prior to the UP/SP merger, since the commencement of BNSF's Central Corridor trackage rights operations.

As BNSF reported in its quarterly progress reports to the Board, UP notified Transwood of its intent to terminate Transwood's track and property leases at Ogden in order to make more productive use of the Ogden property, but later agreed to allow Transwood to remain on UP property and trackage at Ogden "for the time being" so that BNSF and Transwood could identify and evaluate alternate sites for the Ogden transload. BNSF and Transwood identified an alternate site in the Ogden area, and BNSF understands that the relocation of Transwood's facilities and operations to this new location is currently in progress. However, there are considerable expenses associated with the relocation, including but not limited to acquisition of the alternate property through lease or purchase; construction of new track; and dismantling, transport, and reassembly of the transload equipment. These expenses, necessitated solely by UP's decision to terminate Transwood's track and property leases at Ogden and UP's apparent refusal to ensure that Transwood incur no additional financial expense over and above what it would have

otherwise incurred in the ongoing operation of the transload, may cause the relocation and ongoing operation of the Ogden transload to ultimately prove economically unfeasible. If so, this would effectively eliminate the Ogden transload – an existing transload facility at a “2-to-1” point to which BNSF gained access pursuant to the UP/SP merger – as a source of competition to UP’s direct service to the soda ash producers in southwestern Wyoming and to other UP exclusively served points in Utah and southern Idaho.

#### **4. Broken Arrow Environmental – Aragonite, UT**

BNSF reported in a previous quarterly progress report that Broken Arrow Environmental (“BAE”) and UP continued negotiations on an industry track agreement for UP to construct and install two mainline turnouts to BAE’s new municipal solid waste transload facility on BNSF’s Central Corridor trackage rights at Aragonite, UT. BNSF understood that this work would be completed by the end of the first quarter. BNSF conducted an on-site inspection of the BAE transload on March 28, 2001, and determined that BAE’s contractor had completed all track construction at the site (clearance point-to-clearance point; however, the track to the clearance points and two mainline turnouts, which must be installed and placed in service by UP, had not yet been installed as of that date. BNSF learned in early May 2001 that UP had advised BAE that installation of the two mainline turnouts and track to the clearance points would not



commence until mid-May at the earliest, and that installation of power to the mainline turnouts by UP's Signal Department could take two months to complete.

#### **5. Dunphy, NV Turnouts**

BNSF reported in its previous quarterly progress report concerning the installation by UP of two mainline turnouts to serve Newmont Gold Company's new multi-commodity transload and distribution facility at Dunphy, NV. The first of the two mainline turnouts (the west turnout) was installed and placed into service by UP during the second quarter of 2000. BNSF anticipated that UP would complete the installation of the second turnout to this facility (the east turnout) by late July 2000; however, this date has been postponed by UP on several occasions. BNSF conducted an on-site inspection of the Newmont transload facility on March 29 and determined that UP had completed the installation of the second mainline turnout (the east turnout) during the first quarter. BNSF has commenced service to the Newmont transload facility via UP haulage service between Elko and Dunphy, NV.

#### **6. Track Lease at Fernley, NV**

On March 9, UP formally notified BNSF of its decision to terminate BNSF's lease of the House Track at Fernley, NV. This lease, which was signed by BNSF and UP in April 2000, was understood by BNSF to be a long-term lease that would, in conjunction with BNSF's recently-constructed track at Fernley (as described elsewhere in this report), allow BNSF to serve the needs of its customers at Fernley and Sparks, NV. With the cancellation of this lease

effective upon 90 days from the date of notification, the Fernley House Track would no longer be available to BNSF after June 7, 2001. In early-June, BNSF and UP negotiated an arrangement that will allow BNSF to continue using the Fernley House Track for an additional twelve-month period, through June 7, 2002.

#### **7. McNeil, TX Interchange Track**

BNSF previously reported to the Board that the Capital Metropolitan Transportation Authority ("CMTA") of Austin, TX, owner of the former SP line between Giddings and Llano, TX, and UP had agreed to construct a new interchange track in the northeast corner of the crossing of the CMTA and UP lines at McNeil, TX. During the fourth quarter of 2000, UP completed the turnout installation and construction of track to the clearance point of the UP mainline at McNeil. This track connects to a new interchange track constructed by CMTA at McNeil on the Austin Area Terminal Railroad ("AUAR"), the operator of CMTA's former SP line between Giddings and Llano, TX. Following completion of the interchange track and new connection during the first quarter of 2001, BNSF and AUAR relocated the BNSF-AUAR interchange at Elgin, TX to McNeil, as was contemplated in the Board's Decision No. 10 in the Houston/Gulf Coast oversight proceeding.

On April 12, 2001, a 60-car loaded unit aggregate train was the first train to be interchanged between AUAR and BNSF via the new interchange track and

connection. The new connection provides BNSF and AUAR a much better option for interchanging traffic moving between AUAR's customers and shippers and receivers on BNSF's system. The new connection provides a two-day reduction in transit time versus the former Elgin interchange, resulting in increased overall traffic-handling capacity and significant improvements in locomotive and equipment utilization versus the former Elgin interchange. Furthermore, the new connection is capable of handling six-axle locomotives, whereas the Elgin interchange was restricted to four-axle locomotives. These efficiencies and improvements will allow BNSF and AUAR to expand the volume of aggregates, chemicals, lumber, beer, and other commodities interchanged between the two railroads.

#### **8. Texas Service Issues**

In its previous filings, BNSF has reported to the Board concerning a variety of service problems encountered on its UP/SP trackage rights in Texas, notably on the trackage rights between Houston and Brownsville, TX; between Kerr and Sealy, TX; and between Temple and the interchange with FFE on the U.S.-Mexico border at Eagle Pass, TX.

*Kerr-Sealy, TX.* Elsewhere in this Report, BNSF has described the rerouting of loaded and empty unit aggregates trains that normally operate over trackage rights on UP's line between Kerr and Sealy via Smithville, TX due to slow orders and chronic delays incurred on these trackage rights. UP informed



BNSF that the completion of the work being undertaken to address these problems would result in removal of the slow orders by June 30, 2001.

*Temple-Eagle Pass, TX.* BNSF's train performance on this route was adversely impacted by congestion in the San Antonio terminal and on UP's Austin Subdivision during the past year. BNSF's trackage rights trains operating between Temple and Eagle Pass have experienced unacceptably high recrew rates and have consistently failed to meet the agreed upon transit time standards for this corridor.

BNSF's service on this route also suffers from time to time as a result of apparent discriminatory handling by UP. BNSF reported to the Board in the past concerning this issue, most recently in its October 2, 2000 report concerning a situation during September 2000 in which BNSF's merchandise trains operating between Temple and Eagle Pass were twice refused permission by UP dispatchers to set out cars for customers at San Antonio, TX, at locations previously agreed to by BNSF and UP, resulting in delays, service failures, and additional operating expenses.

Unfortunately for BNSF and its customers, this situation was repeated on June 21, 2001, when UP refused to allow BNSF train M-TPLEAP1-19 to set out 13 cars at San Antonio, on the basis that there was no room to make the set out, despite previous assurances from UP that BNSF would be allowed to set out at San Antonio to avoid delays to customers' shipments. BNSF requested that, as

an alternative on this one occasion, it be allowed to make the set out at Spofford, TX, on the trackage rights between San Antonio and Eagle Pass, TX. Again, UP denied BNSF permission to make the set out, once again asserting that there was no room at Spofford for the 13-car set out. As a consequence, BNSF had no choice but to take the 13 cars into Eagle Pass, to be placed on the next BNSF train north out of Eagle Pass toward San Antonio. These cars incurred a two-day delay in transit as a result.

Another example occurred during March 2001 when UP arbitrarily restricted BNSF's ability to interchange with FXE at Eagle Pass for nearly a week. Specifically, UP restricted BNSF's interchange delivery to the FXE to 115 cars per delivery and also imposed a limitation of only one train interchanged per day. On March 26, BNSF was allowed to deliver only 76 cars to FXE as a result of UP blocking the interchange tracks during the interchange window that had been mutually agreed upon. Subsequently, UP lifted its restrictions on BNSF's interchange at Eagle Pass, but only after repeated protests by BNSF's operating department.

*Houston-Brownsville, TX.* As BNSF reported in its quarterly progress reports to the Board, BNSF's service over this trackage rights corridor has been impaired from time to time by train congestion and slow orders on the trackage rights south of Algoa, TX. The most recent episode occurred during August-October 2000, when track maintenance problems brought on by record heat and

drought conditions in central and south Texas necessitated that 25-mph slow orders be imposed on much of the UP track in this corridor. The slow orders and maintenance-of-way windows on the Houston-Brownsville line contributed to an overall slowing of both BNSF and UP trains in this corridor, and prevented many trains from reaching their destinations within the federally-mandated Hours of Service requirements, thus resulting in abnormally high recrew rates. As trains were parked in sidings to await new crews, these sidings then were unavailable for train meets and passes, effectively reducing the capacity of the line. At UP's request, BNSF agreed to shift some of its trackage rights trains operating between Temple and Corpus Christi, TX from their normal route via trackage rights between Algoa and Corpus Christi, to a shorter, alternate route between Caldwell and Placedo, TX via Flatonia, TX. This arrangement continued for just less than one month, at which time the track maintenance issues had been corrected or resolved and normal operations could be resumed.

#### **9. Oakland Joint Intermodal Terminal ("JIT")**

On January 12, BNSF formally notified UP of its intent to exercise its rights under the BNSF Settlement Agreement to access and serve the Joint Intermodal Terminal ("JIT") at Oakland, CA, and indicated its desire to meet with UP to discuss the operating plan for the JIT in anticipation of a June 1, 2001 start date for BNSF service to the JIT. UP responded on January 23 and concurred that both parties should meet to discuss the access to and operation of the



facility. BNSF's and UP's operating and joint facilities officials met on February 27 to begin discussions. At this meeting, it was mutually agreed that BNSF's Warm Springs Local would deliver less-than-trainload volumes to the JIT, and that unit trains would operate directly to the JIT using Desert Yard and the JIT lead track.

UP's response on January 23 indicated that, per the Settlement Agreement, BNSF must pay \$2 million to UP for upgrading and reverse signaling the No. 1 Main Track between Emeryville and Stege. (The Settlement Agreement requires that "BNSF shall pay 50% of the cost, up to \$2,000,000 maximum, for upgrading to mainline standards and reverse signaling of SP's No. 1 track between Emeryville at milepost 8 and Stege at milepost 13.1.) Based on BNSF's inspection of the UP line between Emeryville and Stege and consultation with the State of California, BNSF determined that the No. 1 track was upgraded to mainline standards and reverse signaled in 1998 using 100 percent state funding. BNSF has concluded that, because UP incurred no liability for these improvements, BNSF should incur no liability.

BNSF and UP continue to discuss these issues and seek a resolution that will allow BNSF to commence direct service to the Oakland JIT, as contemplated by the Settlement Agreement, during the summer of 2001. BNSF will pursue its legal remedies if, and to the extent, necessary to provide such service on appropriate terms.

## **10. McClellan Park**

McClellan Park, located on BNSF's Central Corridor trackage rights between Sacramento and Roseville, CA, is a new business and industrial park that is being developed on the site of the former McClellan Air Force Base. McClellan Park will include rail-served public reload and warehouse facilities that will be switched by the Yolo Short Line Railroad ("YSLR"). BNSF will provide direct rail service to McClellan Park on an as-needed basis with its existing Stockton-Sacramento local. BNSF's local will interchange with YSLR at YSLR's McClellan Park yard, and YSLR will switch the various rail-served customer facilities, transloads, and warehouses located at McClellan Park.

On January 22, 2001, BNSF submitted its proposed rail service plan to UP for access to McClellan Park, and requested that UP confirm BNSF's access to this new facility. BNSF's proposed operating plan was to serve McClellan Park with the Stockton-Sacramento Local, and BNSF further advised UP of its understanding that the public warehouse and reload facilities at McClellan Park would be switched by YSLR.

UP responded to BNSF's request and proposal on February 14, 2001, and agreed that "...BNSF has the right to access any new industry that may eventually locate in the Park". UP also stated in its response that it understood that a third party switcher would operate within McClellan Park, and that it was in the process of confirming that YSLR would perform the industrial switching for

McClellan Park. Furthermore, UP indicated in its response that an entering signal and double point derail must be installed before any rail service is provided to McClellan Park, and that these matters would be reviewed with BNSF after other issues are clarified.

On March 27, 2001, the Board issued a notice that YSLR had filed a verified notice of exemption to acquire from the County of Sacramento, CA the exclusive occupancy and operating rights over seven miles of unmarked railroad track within McClellan Park.

BNSF received information in late-March that UP intended to rescind its letter of February 14, 2001, approving BNSF's access to McClellan Park. BNSF subsequently raised this issue with UP through its legal counsel. On April 9, 2001, UP's legal counsel confirmed that it was UP's official position that BNSF would have access to McClellan Park, and that it was permissible for BNSF to use YSLR to perform the switching services at McClellan Park.

BNSF received a letter from UP dated April 11, 2001, in which UP further clarified its official position concerning BNSF's access to McClellan Park. UP's letter stated that YSLR's operation of the seven miles of track at the Park as certificated track regulated by the STB presented a unique situation. UP agreed that BNSF would have access to new shippers at the Park in connection with the switching services provided by YSLR, but that UP's concurrence to BNSF's access was based solely on the unique facts with respect to McClellan Park, and



that this concurrence was without prejudice to UP's position that BNSF is not entitled to access new industries via shortline railroads or any trackage subject to STB jurisdiction over which BNSF does not have trackage rights. UP observed that YSLR had injected itself as a shortline where it would ordinarily operate as an industrial switcher, and that the characterization of YSLR's role as a shortline, not an industrial switcher, does not change the "new facilities" nature of the customers at McClellan Park. (BNSF agrees with UP that YSLR's status does not change the fundamental nature of the customers served at McClellan Park.)

UP's letter of April 11 also indicated that the nature of the operation to McClellan Park would be subject to review by UP's local operating officers. UP observed that BNSF's Stockton-Sacramento local "...is doing more and more work," presumably in reference to the success achieved by BNSF in competing for business at this "2-to-1" point and at other points on the Stockton-Sacramento trackage rights. Finally, UP noted that its operating department was still reviewing the signal and derail system that it would require before any rail service was provided to McClellan Park.

On April 24, 2001, BNSF attempted to deliver 18 carloads of a customer's product to McClellan Park for short-term storage. BNSF's customer had made arrangements with YSLR under which YSLR agreed to perform car storage services on its tracks at McClellan Park. However, UP's local operating officials refused to grant BNSF permission to deliver the 18 cars to the Park. BNSF

escalated this matter through proper channels within UP's operating department on April 25, and was informed that UP's regional joint facilities official had determined that BNSF did not currently have permission to enter McClellan Park, citing the ongoing local operating department review of the signal and derail system that UP claimed had to be installed before rail service could be provided to the Park.

BNSF contested this decision by UP's local operating and joint facilities officials, on the basis that UP had already provided rail service to McClellan Park. In fact, BNSF determined that a UP local train operating between Roseville and Sacramento, CA had delivered 15 carloads of the same customer's product to McClellan Park for storage by YSLR, and that these deliveries by UP had occurred as recently as April 23, one day before BNSF attempted to make a similar delivery. Despite these facts, UP's local operating officials again refused to allow BNSF to serve McClellan Park on April 26. As a result, BNSF was forced to hold the 18 cars on its own tracks, thus increasing BNSF's costs and denying BNSF the utility to its operations that these tracks would have otherwise provided.

During the ensuing weeks, BNSF made numerous attempts to resolve this matter with UP through communication with UP's operating and joint facilities officials at local, division, regional and headquarters levels, as well as through communication with UP's legal department. BNSF proposed revised operating

plans to UP's local operating officials that would have required BNSF to operate its local train to Roseville and then turn the train on the wye, so as to approach McClellan Park from the east, just as UP's local does, rather than from the west as BNSF had originally proposed. In this manner, BNSF's operation to the Park would resemble as closely as possible UP's own manner of service. Nevertheless, UP's operating and joint facilities officials remained adamant that BNSF not be allowed to serve McClellan Park, and continued to refuse to grant permission for such service to occur. BNSF continued to remind UP that UP was already serving the facility, and that BNSF thus had a right to also provide service, but these complaints were to no avail.

BNSF wrote to UP on May 18 and offered several alternatives for BNSF service to McClellan Park. The access dispute was finally resolved on May 30 when UP advised BNSF that it was agreeable to BNSF providing direct service to McClellan Park upon installation of an electric lock switch and a split-point derail, with the cost of such installation to be shared equally between BNSF and UP. UP's concurrence was also subject to the additional conditions that BNSF (1) agree to clear UP's mainline during its switching of the facility so as to minimize disruption of passenger and freight operations on the mainline, and (2) agree to utilize the wye at Elvas (in Sacramento) to turn its trains and then make a shove move to McClellan Park from that point. UP advised that it would



require approximately 90 days from the date of acceptance by BNSF of UP's proposal to arrange for installation of the electric lock switch and derail.

During the approximately 90-day interim period required for design and installation of the electric lock switch and derail, UP agreed to provide reciprocal switching at the standard reciprocal switching charge, for BNSF traffic to and from McClellan Park via a Sacramento interchange. UP stated that the service level would be the same as UP provides for its own traffic making a similar move.

BNSF has commenced service to McClellan Park via the Sacramento interchange and reciprocal switching performed by UP. BNSF's first shipment to the Park under this arrangement, a carload of building products awarded to BNSF in competition with UP, was interchanged to UP at Sacramento at about 6:00 p.m. on June 11. After sitting at Sacramento for several days, and after requests by BNSF to UP to deliver the car, UP finally interchanged the car to YSLR at McClellan Park, some 7-8 miles from Sacramento, shortly after midnight on June 16, about 102 hours (4-5 days) after receiving the car in interchange at Sacramento. (To place UP's service performance on this shipment into context, BNSF moved the car from Tacoma, WA to Sacramento, CA, a distance of about 838 miles on BNSF, in just under 89 hours, or about 3-4 days.)

Based on this experience and similar situations BNSF has reviewed in prior reports, BNSF believes that the Board should confirm in its oversight

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decision that UP must expeditiously address requests for access and service proposals, in accord with existing protocols.

#### **11. Demurrage Charges Levied by UP Against BNSF Customers**

During the preparation of this Report, BNSF learned, from one of its customers that ships product to a transload facility on the trackage rights in Nevada, that UP has threatened to file suit against the customer for non-payment of demurrage charges levied by UP's Demurrage Team against the BNSF shipments. BNSF understands that UP advised the shipper that the charges are for storage of loaded cars on UP's yard tracks at Carlin, NV. The shipper, however, has protested UP's charges on the basis that the cars are stored on a track that is leased from UP by the transload facility.

The traffic in question is moved for BNSF by UP in haulage service between Elko and Winnemucca, NV, and switched by UP at the transload facility under a reciprocal switching arrangement. BNSF is concerned that UP's assessment of demurrage or storage charges on BNSF traffic under these circumstances may be inappropriate. BNSF will continue to investigate this matter, and will take appropriate action, including arbitration or other legal action if necessary, if it determines or suspects that UP's assessment of charges on BNSF shipments is contrary to the intent of or obligations imposed in the haulage agreement governing UP's provision of such haulage services.



## **12. Audit of the I-5 Proportional Rate Agreement**

UP asserted in its January 2, 2001 progress report that the I-5 Proportional Rate Agreement ("PRA"), which was imposed by the Board as a condition of its decision approving the UP/SP merger, is not working as intended and that UP often cannot compete effectively with BNSF. UP made five allegations in its January 2 quarterly report concerning the PRA and BNSF's compliance with its terms and condition; however, UP offered no specific facts or objective data to support these assertions and allegations. BNSF provided a comprehensive, fact-based response to UP's allegations in its April 2, 2001 quarterly progress report, and will not repeat those arguments at this time.

At UP's request, a formal, independent audit of BNSF's compliance has now been completed using the audit process stipulated by the I-5 PRA, and a preliminary report received from the independent auditor. BNSF fully cooperated with UP in the conduct of this audit. BNSF's and UP's audit teams communicated on several occasions to define and agree upon the audit program, the procedures that would be employed, and the selection of the independent accounting firm of KPMG to conduct the audit.

The preliminary audit report confirms BNSF's previous statements that it has been engaged in an ongoing process to develop and refine the systems that provide data to the matrix. BNSF has been working, and will continue to work, to

develop and refine those systems, consistent with its obligation to provide data the same as it uses for other business purposes. While there is always room for improvement, BNSF has carried out its commitments under the Proportional Rate Agreement to develop information systems that will offset refunds, credits, and rebates against the rates in the Proportional Rate Matrix. The Agreement also requires that BNSF continue refining the accuracy of its estimating systems used to produce the rate matrix, and the audit confirms that BNSF has done so.

UP has asserted that the audit shows that the rates in cells have not been reduced to reflect "hundreds of dollars of credits" that BNSF offers the shippers in the QDC or LOGS programs. Neither program, however, includes credits to shippers which are not being deducted from the revenue that is included in the matrix. With respect to the QDC program, that program is directed at competing with UP exclusively served points for which distribution service costs are properly included. With respect to the LOGS program, BNSF's revenue is reduced by the LOGS freight deduction amount up front. Therefore, for shipments moving under the LOGS program, BNSF's net revenue amounts in the matrix have already been reduced by the amount of the LOGS discount.<sup>4</sup>

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<sup>4</sup> UP has also recently raised an issue concerning the provision of equipment under the LOGS program. In that regard, section 4 of the Proportional Rate Agreement states that BNSF has the same obligation to supply equipment for traffic moving under the Agreement as it has for traffic that does not move under the Agreement. BNSF is not aware of any legal, contractual, regulatory or other obligation upon BNSF to offer a LOGS program to any shipper or carrier. Under section 4 (c) of the Proportional Rate

BNSF believes that it is properly implementing the I-5 Proportional Rate Agreement.

### **III. ISSUES REQUIRING BOARD ACTION**

As mentioned, there are a number of issues that BNSF believes require Board action to ensure proper ongoing implementation of the Settlement Agreement and Board-enhanced merger conditions. These include issues relating to the amendment of the BNSF Settlement Agreement, the GTM mill rate issue, the audit of the I-5 Proportional Rate Agreement, and the continuation of oversight.

#### **A. Restated and Amended BNSF Settlement Agreement**

As previously reported to the Board and in accord with its direction, BNSF and UP have engaged in negotiations over the last several months to restate and amend the BNSF Settlement Agreement. The process which BNSF and UP have undertaken is focused on updating the original September 25, 1995 Settlement Agreement so that it incorporates the terms of the first and second supplemental agreements as well as the conditions imposed by the Board in Decision No. 44 and subsequent Board decisions interpreting and clarifying those conditions.

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Agreement, UP has the right to provide equipment of its own for movement under the Agreement, and, if UP wishes to implement a LOGS type program of its own for origins served under the Agreement, BNSF is open to discussing its implementation.



BNSF and UP have reached agreement on the majority of the amendments needed to be made to the Settlement Agreement, and they will be jointly submitting a separate pleading in the near future which will restate the Settlement Agreement, identify all of the proposed amendments, and contains BNSF's and UP's separate proposals on a number of issues where the parties have been unable to reach final agreement. While BNSF intends to continue to negotiate in good faith with UP to attempt to resolve the issues that remain in dispute, it may be necessary for the parties to request that the Board, after having received full comment from all interested parties, resolve any issues that remain in dispute.

The principal issues on which agreement has not been reached and BNSF's position on those issues are as follows:

1. Definition of "2-to-1" Points — In Decision No. 44, the Board found that the UP/SP merger, as conditioned by the Board, would not diminish competition at "2-to-1" points. Decision No. 44 at 121-24. In reaching this conclusion, the Board identified and addressed several kinds of pre-merger competition that needed to be preserved at such points. These included direct service, service via reciprocal switching, siting competition, transloading competition, build-in/build-out competition, plant switching, and source competition. Id. at 122-24. See also Decision No. 61 at 9-10.

In order to implement the Board's finding, BNSF has proposed that the Settlement Agreement be amended to include a definition of "2-to-1" points. Such points (which include, but are not limited to, the points listed on Exhibit A to the Settlement Agreement) are critical to the effective implementation of the rights BNSF received pursuant to the merger. For example, BNSF received the right to serve "2-to-1" shippers, existing transloads and new shipper facilities at "2-to-1" points, and a clear definition of the term is vital to ensuring that shippers can receive the full benefit of the Board's conditions.

BNSF believes that a "2-to-1" point should be defined to be all geographic locations (as defined by 6-digit SPLCs) served in any manner by both UP and SP before the merger regardless of how long before the merger shippers at such a location may have availed themselves of that service and regardless of whether any shipper at the location was open to or served by both UP and SP pre-merger. In this regard, rate and service competition existed pre-merger at "2-to-1" points regardless of whether a particular shipper received or was open to service from both UP and SP. For instance, a shipper interested in constructing a new facility at a 6-digit SPLC location served by UP and SP only before the merger could have negotiated with each carrier to obtain the most favorable rate and service package it could, and the fact that some other shipper at that location may or may not have been receiving (or been open to) service by both

carriers would have been totally irrelevant to the shipper's negotiations with UP and SP.

2. Definition of "New Shipper Facilities" – Under Decision No. 44, BNSF received the right to serve new facilities (including transloads) at "2-to-1" points and on the lines over which it received trackage rights. Decision No. 44 at 146. While BNSF and UP agree that BNSF should have the right to serve (i) existing facilities constructing trackage for first time rail service and (ii) newly constructed rail-served facilities at such points and on such lines, they disagree on the extent to which BNSF should have the right to access previously-served facilities that begin to ship by rail again.

It is BNSF's position that it should have the right to serve vacant or existing rail-served facilities that undergo a change of ownership or lessee and (a) change the product shipped from or received at the facility, or (b) have not shipped or received by rail for at least 12 months prior to the resumption or proposed resumption of rail service. BNSF access to such previously-served facilities is necessary in order to fully implement the dual purposes underlying the "new facilities" condition: (i) to preserve "the indirect UP vs SP competition provided by siting and transload options"; and (ii) to "enable BNSF to achieve sufficient traffic density on the trackage rights lines, not only in the near future but in the more distant future as well." Decision No. 61 at 10.



The indirect siting competition which the Board sought to preserve by imposing the "new facilities condition" exists not only in situations where a shipper decides to construct a new facility, but also in situations where a shipper purchases or leases a facility. In all three situations, shippers had the ability before the merger, in the Board's words, "to play UP and SP against each other in deciding where to locate new facilities." Id. at 9. Moreover, BNSF's proposed language adequately protects UP against any contrivance by an exclusively-served shipper to obtain BNSF access by requiring there to be a change of the shipper and either a change of product shipped or a minimum 12 month cessation of rail service.

3. Definition of "Existing" and "New Transload Facilities" – In Decision No. 44, the Board expanded the "new facilities" condition to grant BNSF access to transload facilities at "2-to-1" points and new transload facilities on trackage rights lines. BNSF believes that, in order to provide greater certainty as to what type of facilities qualify as transload facilities, a definition of both existing and new transload facilities should be included in the Agreement. It is BNSF's position that such a definition should not require that the facility must provide services to the shipping public on a for-hire basis (and not just services to a single shipper or receiver), or that the operator of the transload facility must have no ownership in the product which is being transloaded.

Either requirement would significantly undercut the effectiveness of the Board's transload condition in preserving pre-merger competition. First, as to existing transloads, there is little doubt that a transload facility operated by a single shipper or receiver at a "2-to-1" point would lose the UP vs. SP competition it enjoyed before the merger if such requirements were adopted. For instance, a shipper located at a "2-to-1" point on a UP line pre-merger which owned and operated a private transload facility that was located on an SP line pre-merger would clearly lose the benefit of the competition between UP and SP which it enjoyed. It enjoyed that competition notwithstanding the fact that the shipper owned the product being transloaded and that its transload facility was not open to the public.

Second, with respect to new transload facilities on trackage rights lines, the Board has interpreted and applied the transload condition in a literal manner to require that BNSF have access to any new legitimate transload facility built on the trackage rights lines. See Decision No. 61 at 7 ("The transload condition should . . . be read literally"). The Board was aware of and took into consideration UP's concern that the new transload condition would enable exclusively-served shippers to access two-carrier service. However, the Board concluded that, by imposing limitations that require the construction of improvements and operating costs above and beyond the cost of what it would cost to provide direct rail service, UP was sufficiently protected against such a

result while at the same time the Board's purposes of ensuring that pre-merger siting competition is preserved and that BNSF is able to secure adequate traffic density over the long term would be met.

4. Restrictions on BNSF's Trackage Rights – BNSF and UP disagree as to whether certain trackage rights which BNSF received pursuant to the Settlement Agreement and the Board's conditions should be restricted to overhead trackage rights or should otherwise be limited. It is BNSF's position that the trackage rights which BNSF received under Section 1a of the 1995 Agreement between Elvas (near Sacramento) and Stockton, CA should not be limited to overhead trackage rights. Further, it is BNSF's position that the prohibition placed by Section 6c of the 1995 Agreement on BNSF's ability to enter (i.e., interchange with) the trackage rights lines north of Bald Knob and Fair Oaks, AR and the limit on traffic that BNSF can handle on its trackage rights between Memphis, TN and Valley Junction, IL to traffic to or from Texas and Louisiana should be removed. BNSF should be entitled to fully utilize the trackage rights lines at issue.

First, the Board has in the past rejected similar attempts to constrict BNSF's trackage rights on the grounds that the particular rights were granted for operational purposes only. See Decision No. 61 at 11. Further, the actions of the Board in Decision No. 44 modifying and enhancing the access rights which BNSF received under the Settlement Agreement supercede any limitation on the



scope of the trackage rights granted under the Settlement Agreement. The Board found that full BNSF access to all of the trackage rights lines was necessary to ensure the preservation of the indirect competition that would otherwise have been lost as a result of the merger and to ensure that BNSF could obtain sufficient traffic density to implement and maintain a fully competitive replacement service for SP.

Second, with respect to BNSF's trackage rights on the UP and SP lines north of Bald Knob and Fair Oaks, the Board previously rejected UP's attempt to restrict BNSF's right to serve new facilities on those lines in Decision No. 61 because such a restriction would be inconsistent with one of the principal purposes of the new facilities condition – i.e., ensuring that BNSF could achieve sufficient traffic density not only in the short term but also over the long term. Decision No. 61 at 11. Restricting BNSF's ability to enter and connect with these portions of the trackage rights lines and placing geographic limitations on the traffic BNSF can carry over the line between Memphis and Valley Junction would have the same effect. Moreover, restricting BNSF's ability to move trains from its own lines on to the trackage rights lines at points north of Bald Knob and Fair Oaks would adversely affect BNSF's ability to compete in the corridor.

5. Team Tracks – Before their merger, UP and SP competed at various locations through the use of team tracks which function in a manner similar to transload facilities. For example, SP often competed for the traffic of

shippers located on UP at "2-to-1" locations (and vice versa) by establishing team tracks and then negotiating with those shippers to carry traffic they would have otherwise transported on UP. While the original Settlement Agreement did not specifically address this type of loss of competition, there is no doubt that the competition provided by team tracks was another form of competition that existed before the UP/SP merger.

In order to preserve this competition, BNSF proposes to amend the Settlement Agreement to provide that UP would agree to sell team tracks that it no longer uses at "2-to-1" points to BNSF at normal and customary costs and charges. Having acquired any such team tracks, BNSF could replicate the pre-merger competition that was lost by offering shipper the option to move their traffic via the team tracks.

Such a requirement would not infringe upon UP's right to abandon, dispose of, or to make other use of the property. It would, like the other conditions the Board imposed to preserve competition, be a consequence of the merger which UP and SP voluntarily proposed and entered into and, in any balancing of the various rights that is undertaken, the Board should favor the public's interest in preserving competition rather than UP's proprietary interests.

## **B. GTM Mill Rate Dispute**

Under Section 12 of the Settlement Agreement, the trackage rights fee (the GTM mill rate) which BNSF pays for its use of the trackage rights lines is to be adjusted annually. The relevant portion of that section provides:

All trackage rights charges under this Agreement shall be subject to adjustment upward or downward July 1 of each year by the difference in the two preceding years in UP/SP's system average URCS costs for the categories of maintenance and operating costs covered by the trackage rights fee.

UP agreed to this provision in Section 7 of the Chemical Manufacturers Association Agreement ("CMA Agreement"), dated April 18, 1996, which was then incorporated in a supplement to the Settlement Agreement, and then reviewed, enhanced and adopted by the Board. In keeping with the desires of shippers, it is critical to BNSF's ability to provide competitive service over the trackage rights lines that the GTM mill rate be properly adjusted to reflect changes in UP's costs. Otherwise, when UP's costs decrease, as they have done over the past several years, UP would obtain an unfair advantage since its lower costs related to the trackage rights operations would enable it to offer lower rates to shippers than BNSF could. The importance of this adjustment process is reflected by the fact that CMA (now The American Chemistry Council "ACC") was provided with the right to audit the adjustment calculations.

Over the past several months, BNSF has contested UP's method of adjustment in certain critical areas and requested refund of several million dollars



in previous trackage rights payments and a reduction in the current mill rate levels to reflect reductions in UP's costs. Specifically, the more significant issues are that BNSF believes that (i) UP has failed to properly reflect a purchase accounting adjustment for its acquisition of SP, (ii) UP is not properly reflecting in the adjustment of the mill rate the percentage decrease in the gross ton mile cost changes associated with its declining URCS unit costs involved in trackage rights operations in accord with the CMA agreement, and (iii) UP has incorrectly combined the cost bases for UP and SP.

UP has declined to make such adjustment and refund. These issues, which relate to such items as the application of purchase accounting, the proper categories of maintenance and operating costs to be examined and the proper method for taking the differences into account, need to be resolved in order to ensure BNSF's ability to compete on an even basis with UP over the trackage rights lines. If the parties are not able to resolve their dispute, BNSF will take the necessary steps to have the issues promptly resolved so that BNSF can continue to compete fully with UP.

### **C. Audit of the I-5 Proportional Rate Agreement**

As set forth in the prior section of this Report, BNSF and UP agreed to a formal, independent audit of BNSF's compliance of its obligations under the I-5 Proportional Rate Agreement. The preliminary audit report which was recently received has raised a number of issues which the parties still need to address

and resolve. In the event the parties are unable to resolve those issues, BNSF will take appropriate steps to ensure that the issues are resolved either through arbitration or by the Board.

**D. Continuation of Oversight**

As set forth above, the process of amending the BNSF Settlement Agreement to incorporate changes required by the conditions imposed by the Board on the UP/SP merger and by the Board's subsequent orders and decisions interpreting and clarifying those conditions has not been fully completed by the parties. For instance, the parties have been unable to agree on the definitions of such critical terms as "2-to-1' Points", "New Shipper Facilities", and "Existing" and "New Transload Facilities". These issues need to be resolved with the full participation of the parties to this oversight proceeding in order to ensure that the Board receives comment from all interested parties. Accordingly, oversight should continue until the areas of disagreement between UP and BNSF have been resolved.

In addition, there are issues of the parties' compliance with the BNSF Settlement Agreement and other merger conditions which, in the event they cannot be resolved by the parties, should be addressed by the Board before oversight is ended. In addition, as discussed above, there are outstanding issues concerning the parties' rights and obligations under the I-5 Proportional Rate Agreement, and the proper implementation of the adjustment mechanism

for trackage rights charges pursuant to Section 12 of the Settlement Agreement, which is to be used to annually adjust the gross ton mile rate for traffic moving over trackage rights lines to reflect changes in UP's operating and maintenance costs.

When the Board concludes oversight, BNSF requests that the Board clarify that, notwithstanding the end of formal oversight, the Board will consider and promptly resolve disputes of general applicability relating to BNSF's access to shipper facilities or other issues relating to the parties' compliance with the conditions imposed by the Board on the UP/SP merger, subject to any applicable requirement to arbitrate for the indefinite future. The Board has previously recognized in this proceeding that it has the authority under 49 U.S.C. 11327 to enter supplemental orders and modify decisions entered in merger and control proceedings under 49 U.S.C. 11323 (see Sub-No. 21, Decision No. 1 (served May 7, 1997) at n. 3), and it should expressly reconfirm that this authority is applicable to the issues in need of resolution listed above by BNSF as well as other such issues that may arise in the future.

It is important in this regard to note that the issues do not just relate to BNSF's rights under the Settlement Agreement and the merger conditions. As the Board recognized in Decision No. 44 and in a number of decisions thereafter, the merger conditions were imposed by the Board to protect the public interest in preserving pre-merger competition, and, as beneficiaries of the conditions



imposed, shippers have rights independent of any rights BNSF may have under the BNSF Settlement Agreement to have the conditions implemented in a manner which will effectively preserve that competition. See Decision No. 44 at 12 n.15 (shippers at points opened up to BNSF under the BNSF Settlement Agreement have rights under the Agreement); Decision No. 72 (served May 23, 1997) at 8 n.18 ("We wish to clarify that shippers have rights under the BNSF agreement because we have imposed the terms thereof as a condition of the merger.").

Thus, in addition to resolving any pending issues in the current oversight proceeding, the Board should clarify that, in the future after oversight concludes, it will consider and act promptly upon issues of general applicability relating to BNSF's access to shippers under the BNSF Settlement Agreement as well as issues relating to the parties' compliance with the merger conditions.

### **CONCLUSION**

Over the five years since the UP/SP merger became effective, BNSF has focused its efforts on providing reliable, dependable and consistent service over its trackage rights lines. BNSF has introduced several initiatives designed to improve its service offerings on the UP/SP lines and has established several innovative marketing programs to improve BNSF's ability to provide fully competitive service. As this Report has shown, these efforts have been successful, and BNSF is today providing aggressive competitive service to over

1,300 shippers on the UP/SP lines providing a competitive alternative to the shippers to which BNSF gained access.

There are nonetheless certain issues which remain to be resolved with UP in order to ensure that BNSF can be fully responsive to customer needs and fully implement the Board's merger conditions on an ongoing basis and in the future. It is important that, if the parties are unable to resolve those issues expeditiously, the Board take action in this oversight proceeding to resolve them. By so doing, the Board will ensure the continuation of the intended competition for rail customers who were afforded access to service by BNSF as a result of the UP/SP merger settlement agreements and Board decisions. Accordingly, BNSF requests that the Board confirm in its oversight decision the principles to be applied in implementing the Board's conditions on the issues described above.

Respectfully submitted,

Erika Z. Jones/als

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Adrian L. Steel, Jr.

Jeffrey R. Moreland  
Richard E. Weicher  
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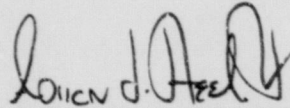
Mayer, Brown & Platt  
1909 K Street, NW  
Washington, DC 20006  
(202) 263-3000

Attorneys for The Burlington Northern and Santa Fe Railway Company

July 2, 2001

CERTIFICATE OF SERVICE

I do hereby certify that copies of The Burlington Northern and Santa Fe Railway Company's Fifth Annual and Cumulative Progress Report (BNSF-PR-20) are being served on all parties of record.

A handwritten signature in dark ink, appearing to read "Adrian L. Steel, Jr.", written over a horizontal line.

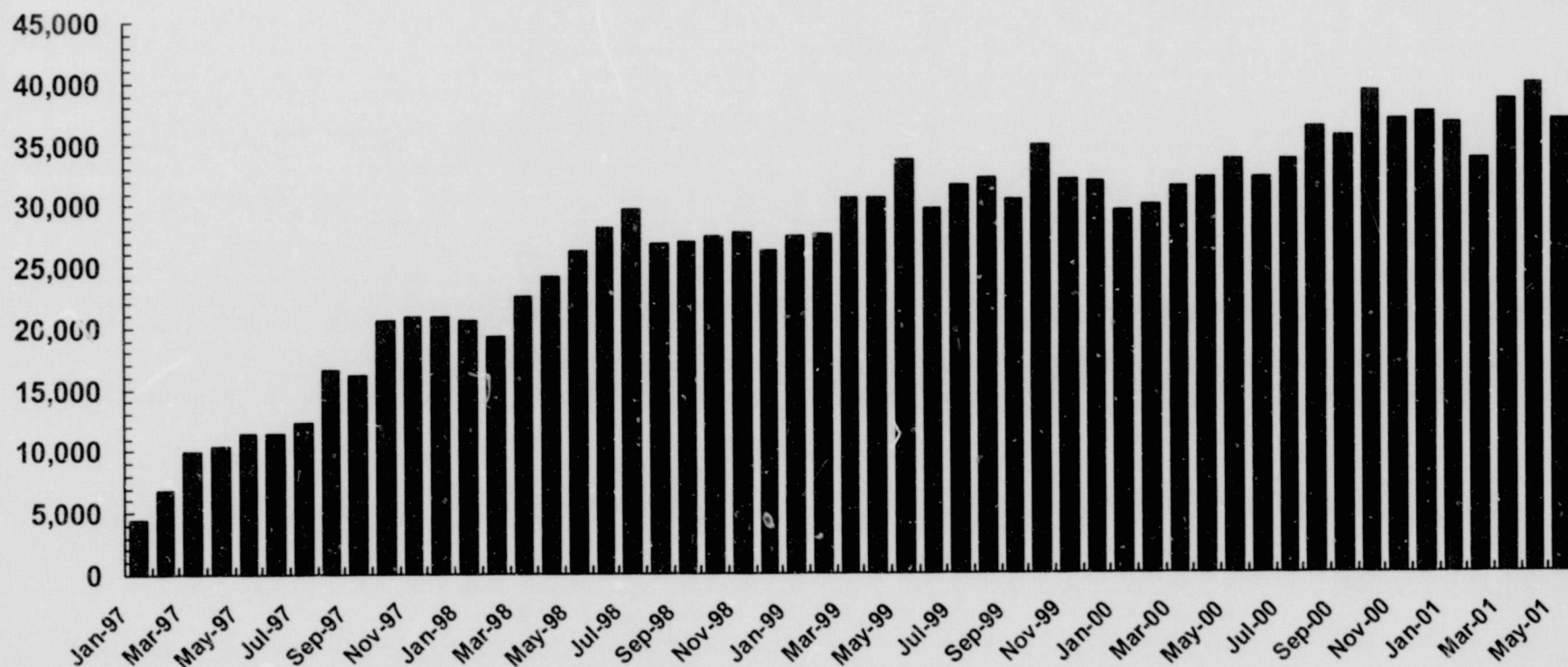
Adrian L. Steel, Jr.



ATTACHMENT 1

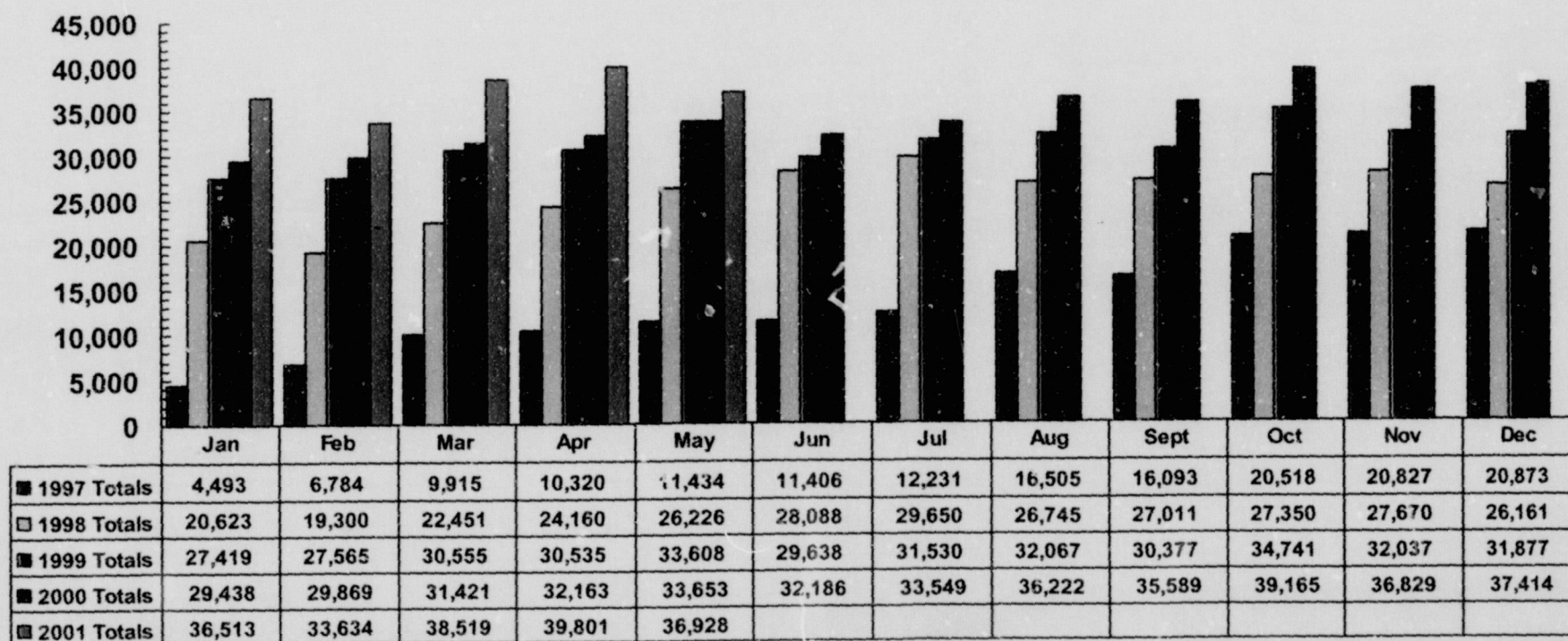
# Total January 1997- May 2001 BNSF Loaded Units On UPSP Merger Condition Lines

Loads



# Total 1997-2001 BNSF Loaded Units On UPSP Merger Condition Lines

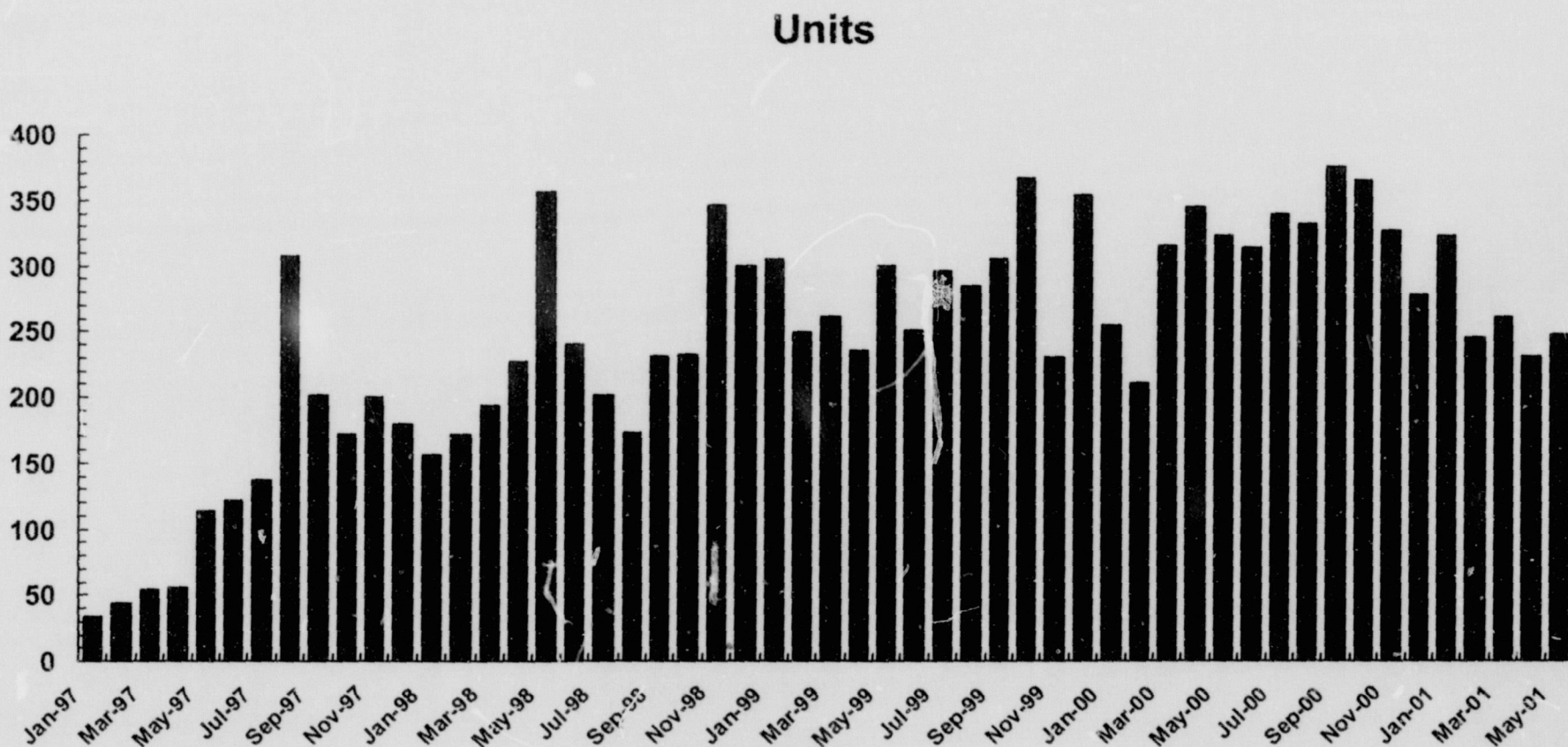
## Loads





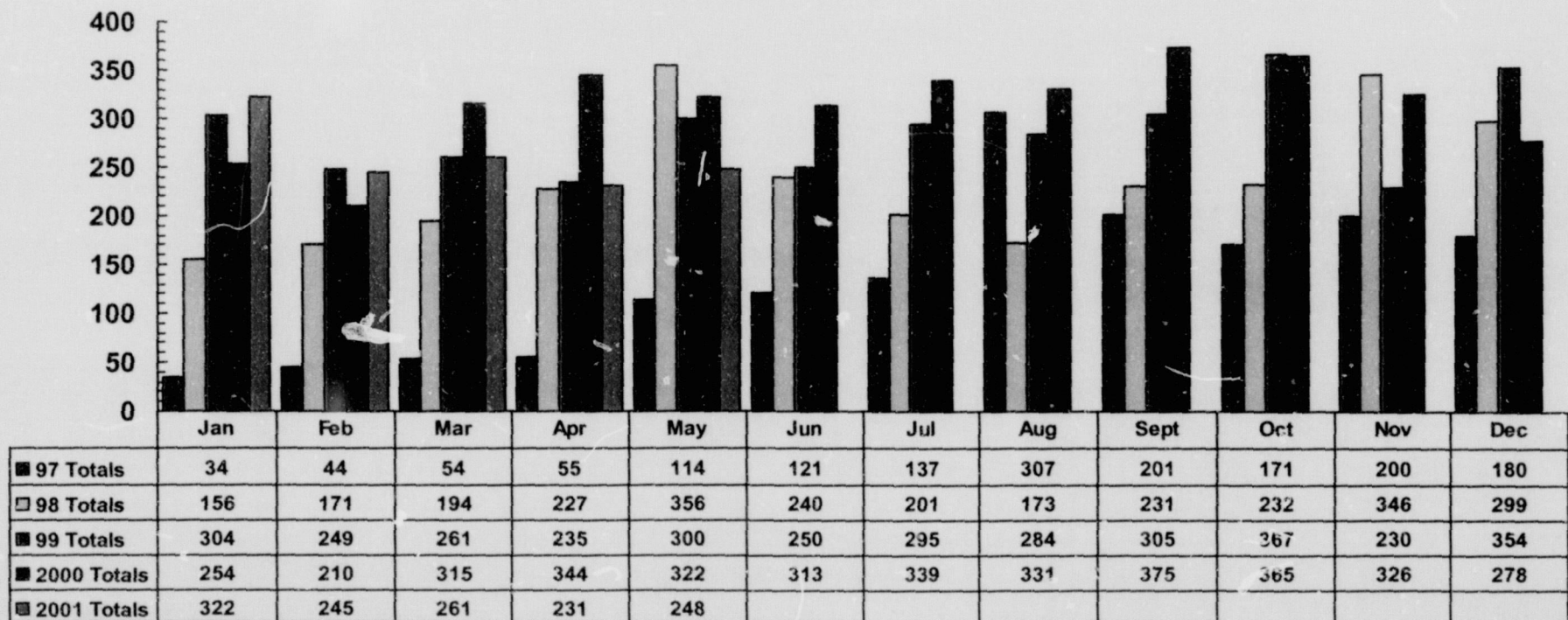
ATTACHMENT 2

# January 1997 - May 2001 BNSF Loaded Units On UP/SP Merger Condition Lines By Corridor Bay Area Corridor



# 1997-2001 BNSF Loaded Units On UP/SP Merger Condition Lines By Corridor Bay Area Corridor

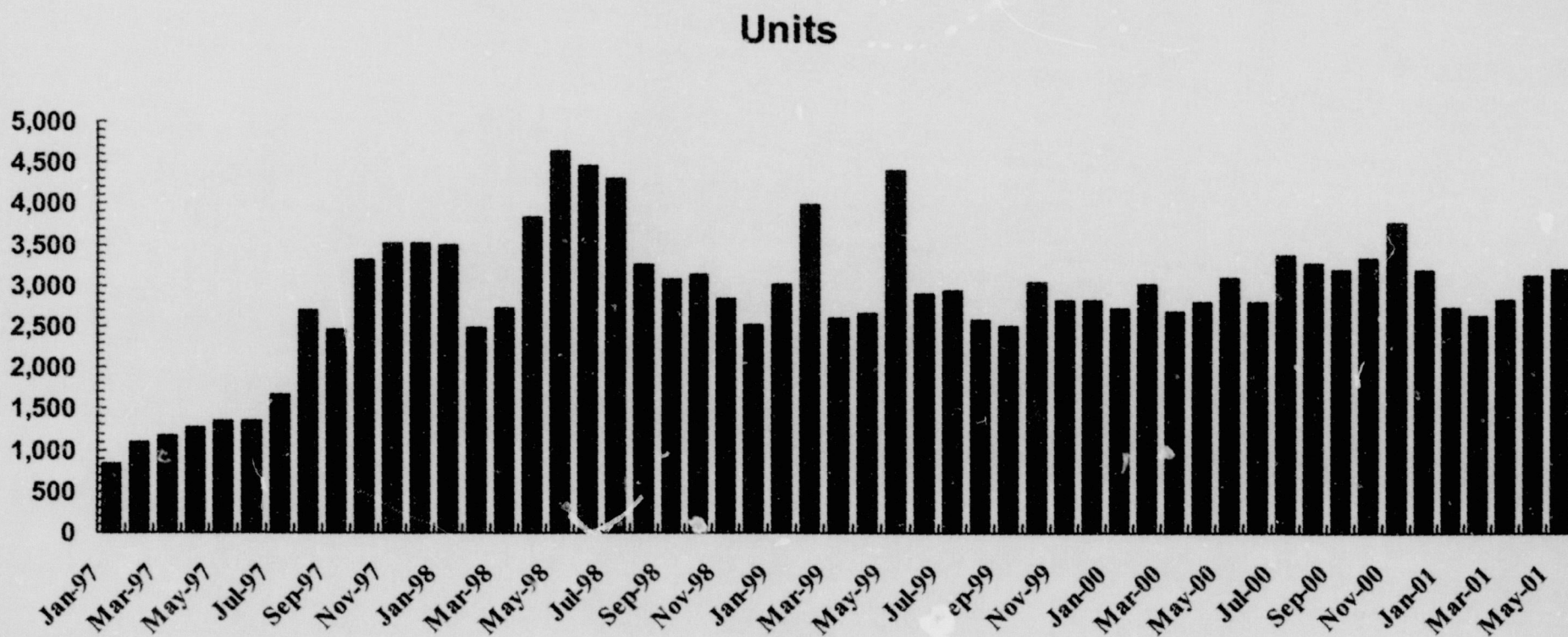
Units





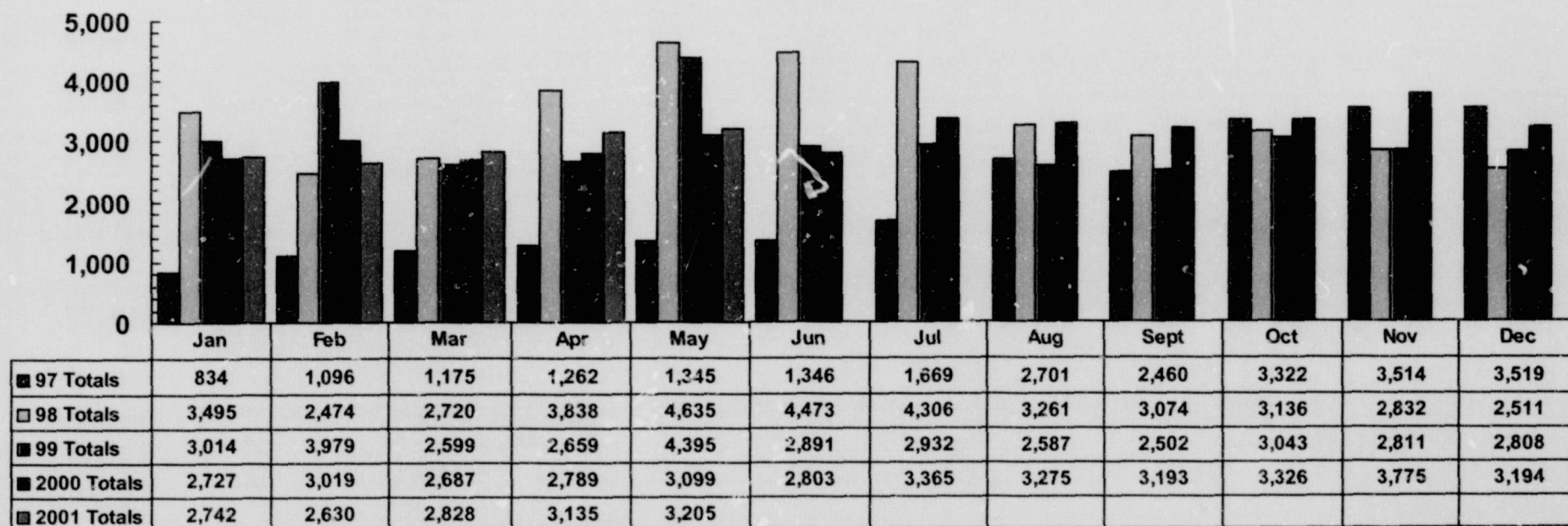
ATTACHMENT 3

# January 1997 - May 2001 BNSF Loaded Units On UP/SP Trackage Rights Corridors Central Corridor



# 1997-2001 BNSF Loaded Units On UP/SP Trackage Rights Corridors Central Corridor

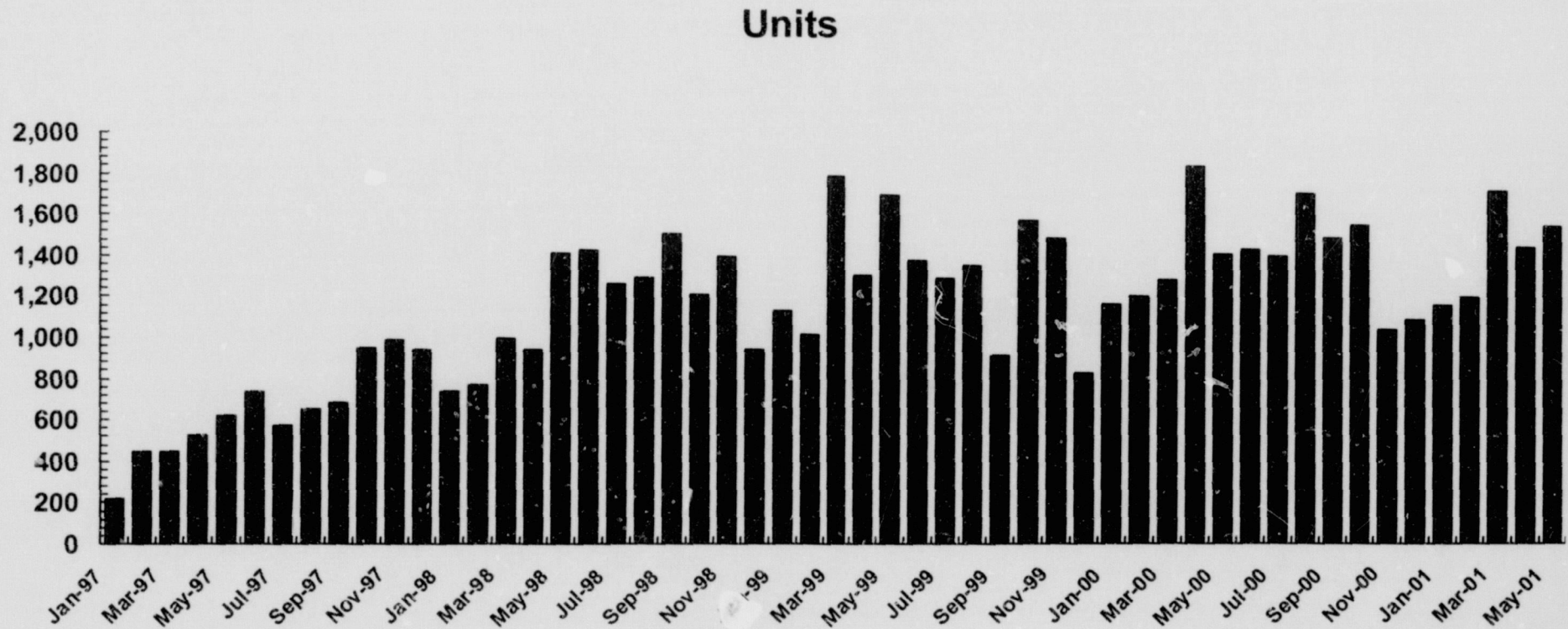
Units





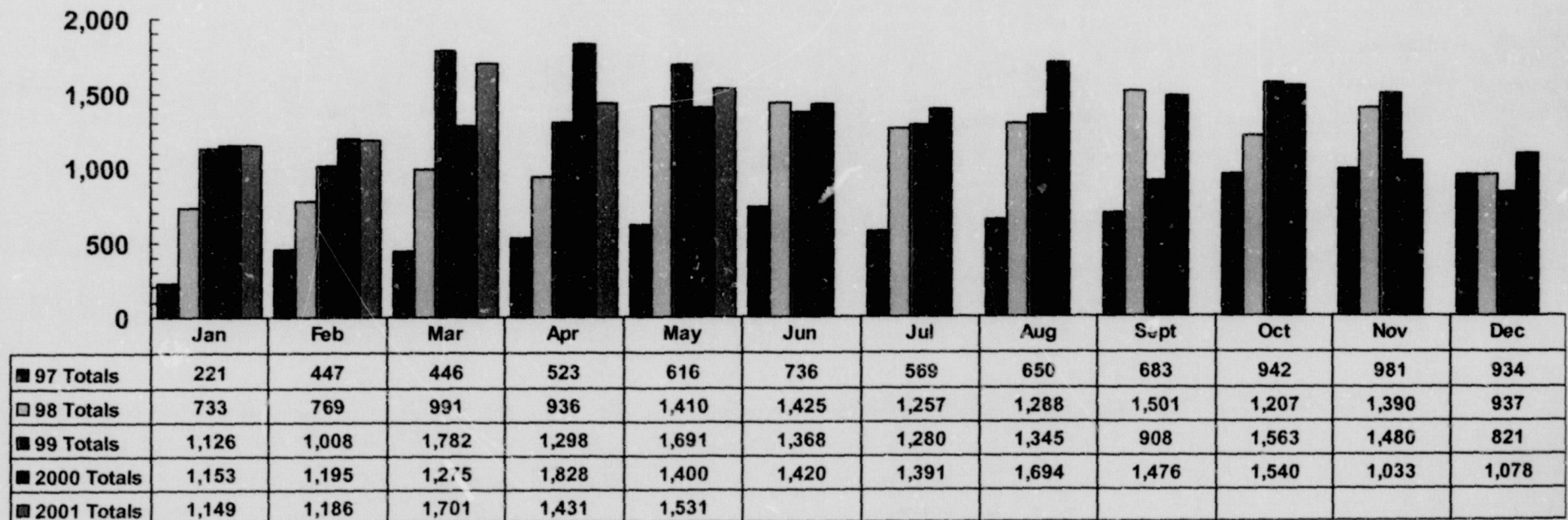
ATTACHMENT 4

# January 1997 - May 2001 BNSF Loaded Units On UP/SP Trackage Rights Corridors Central Texas Corridor



# 1997-2001 BNSF Loaded Units On UP/SP Trackage Rights Corridors Central Texas Corridor

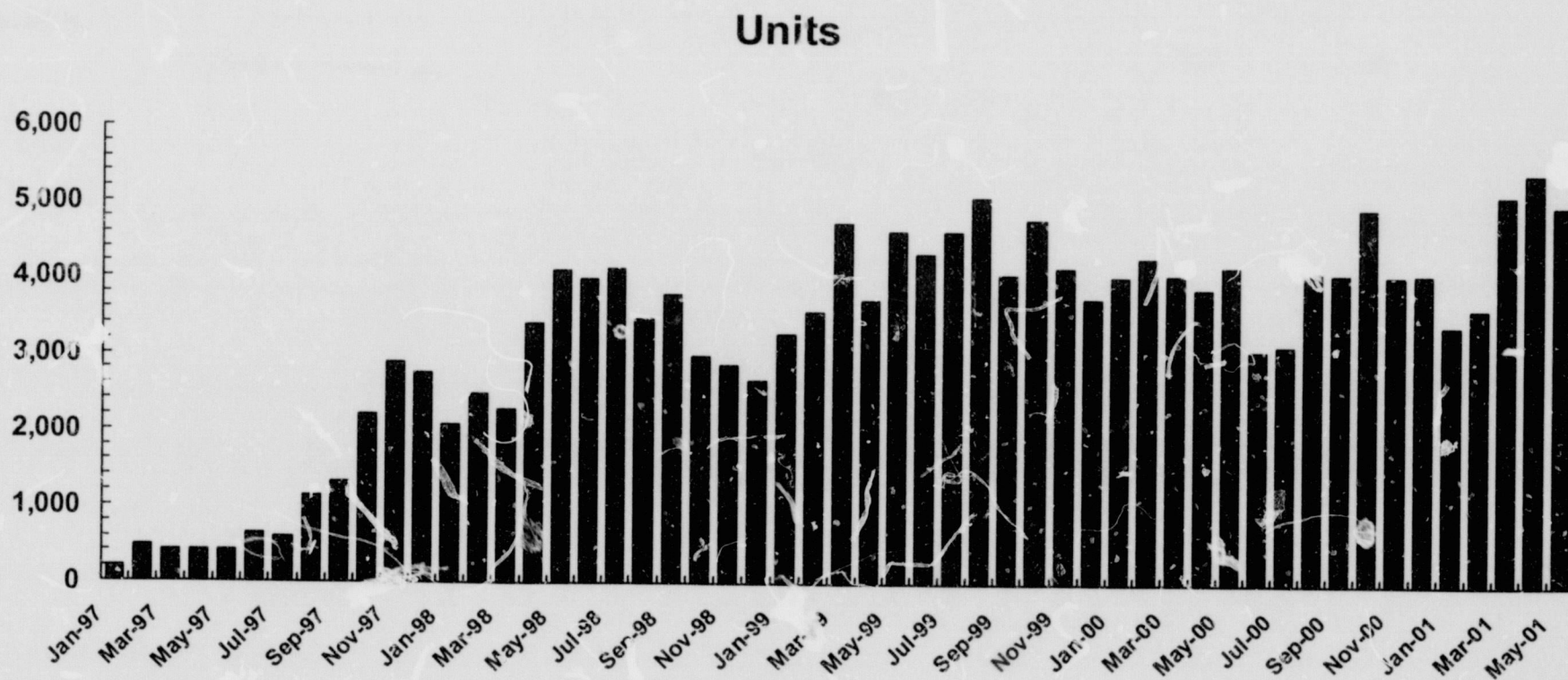
Units





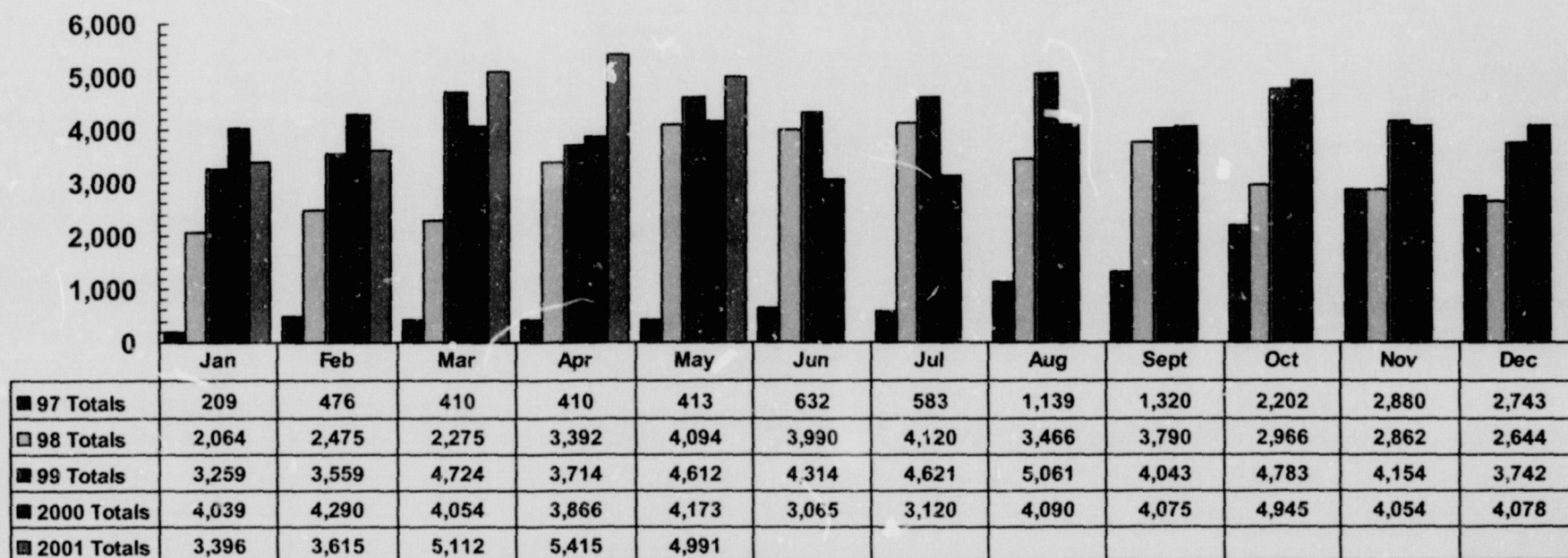
ATTACHMENT 5

# January 1997 - May 2001 BNSF Loaded Units On UP/SP Trackage Rights Corridors Eagle Pass Corridor



# 1997-2001 BNSF Loaded Units On UP/SP Trackage Rights Corridors Eagle Pass Corridor

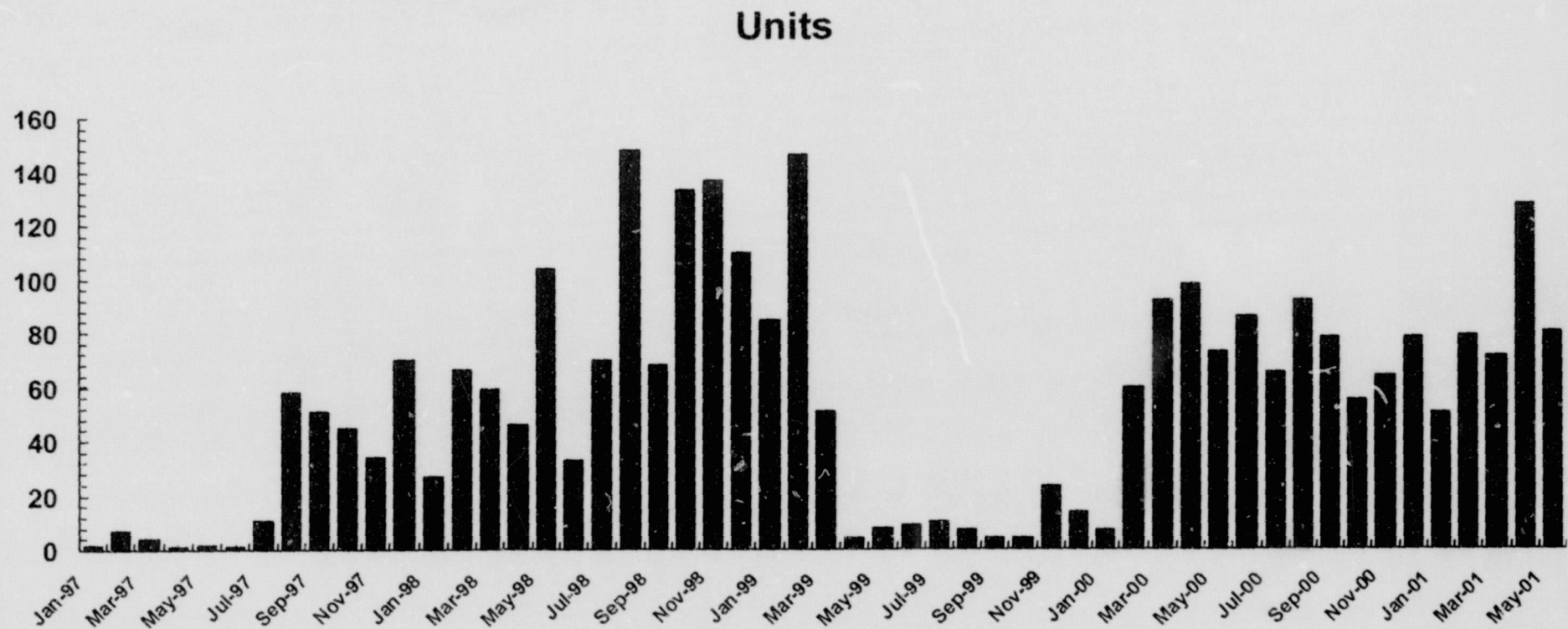
Units





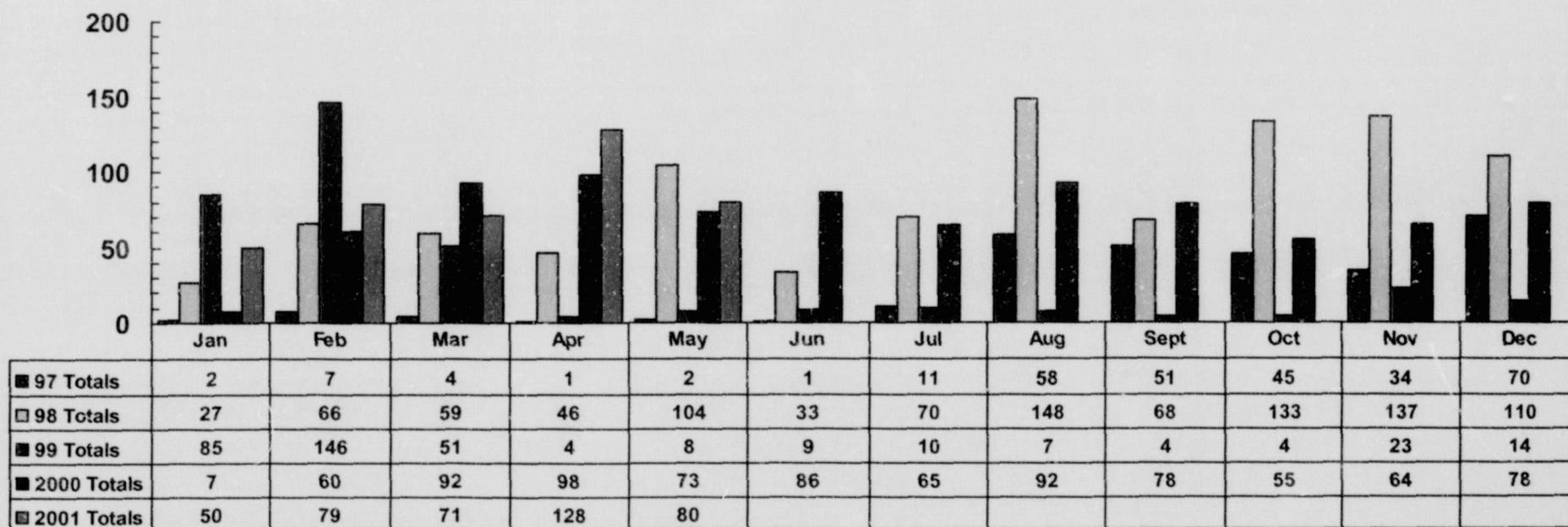
ATTACHMENT 6

# January 1997 - May 2001 BNSF Loaded Units On UP/SP Trackage Rights Corridors El Paso Corridor



# 1997-2001 BNSF Loaded Units On UP/SP Trackage Rights Corridors El Paso Corridor

Units

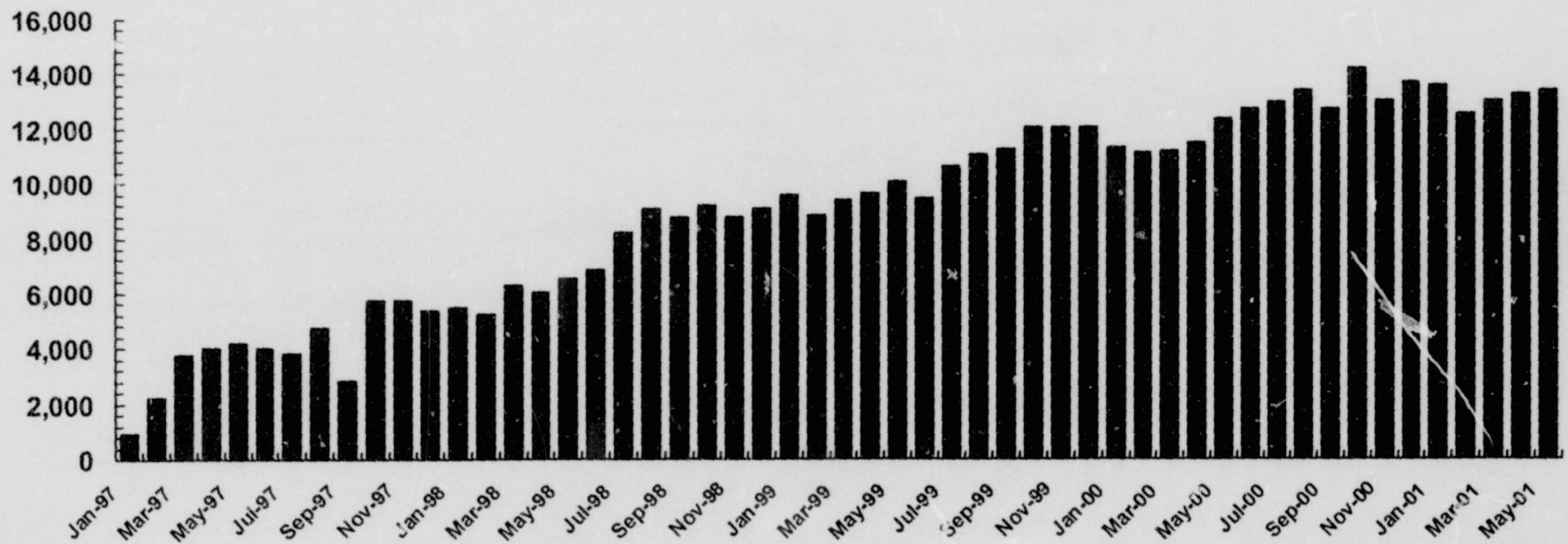




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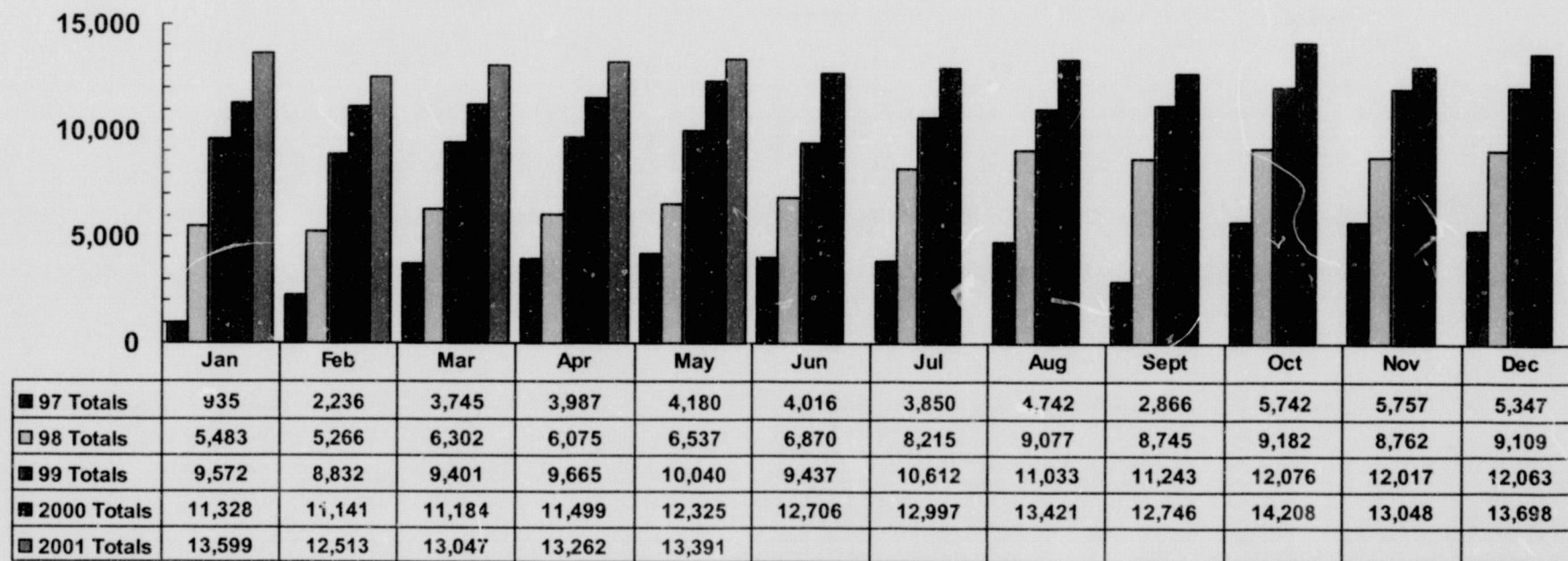
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Units



# 1997-2001 BNSF Loaded Units On UP/SP Trackage Rights Corridors Gulf East Corridor

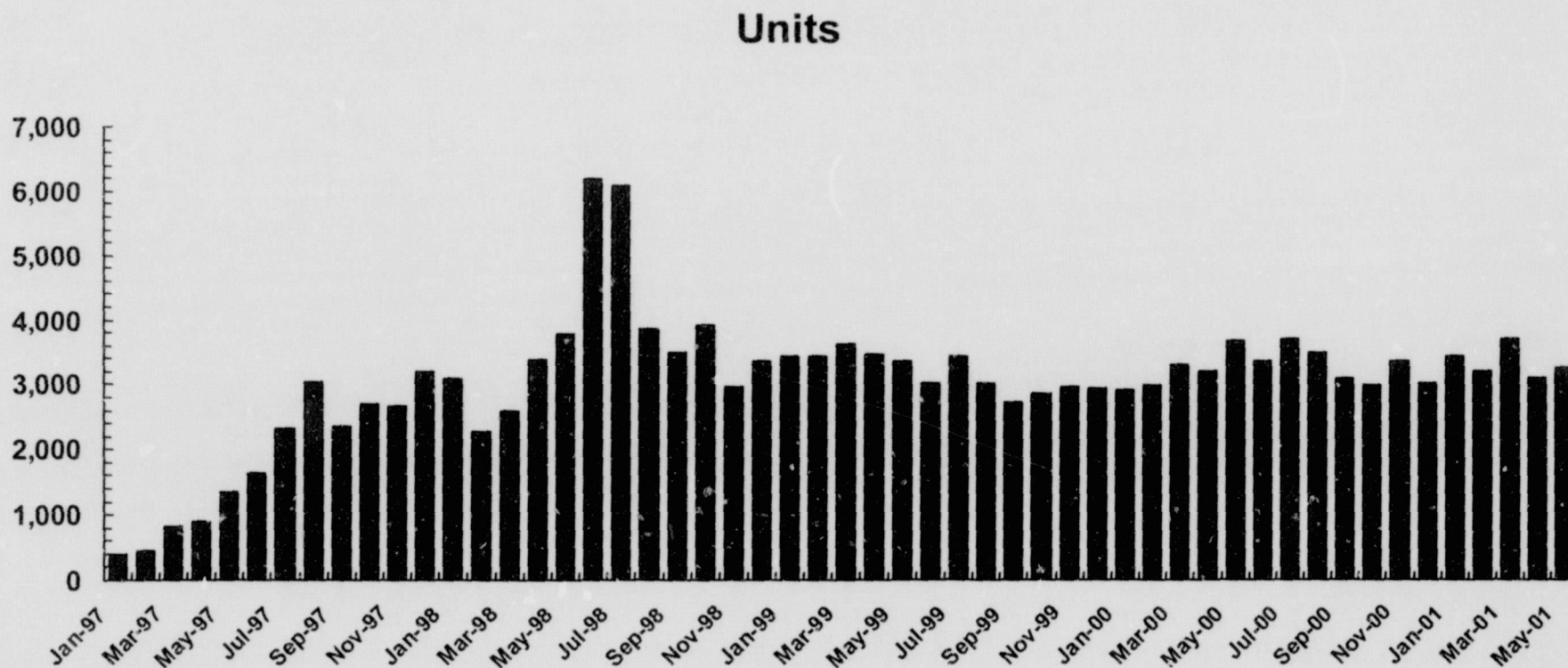
Units





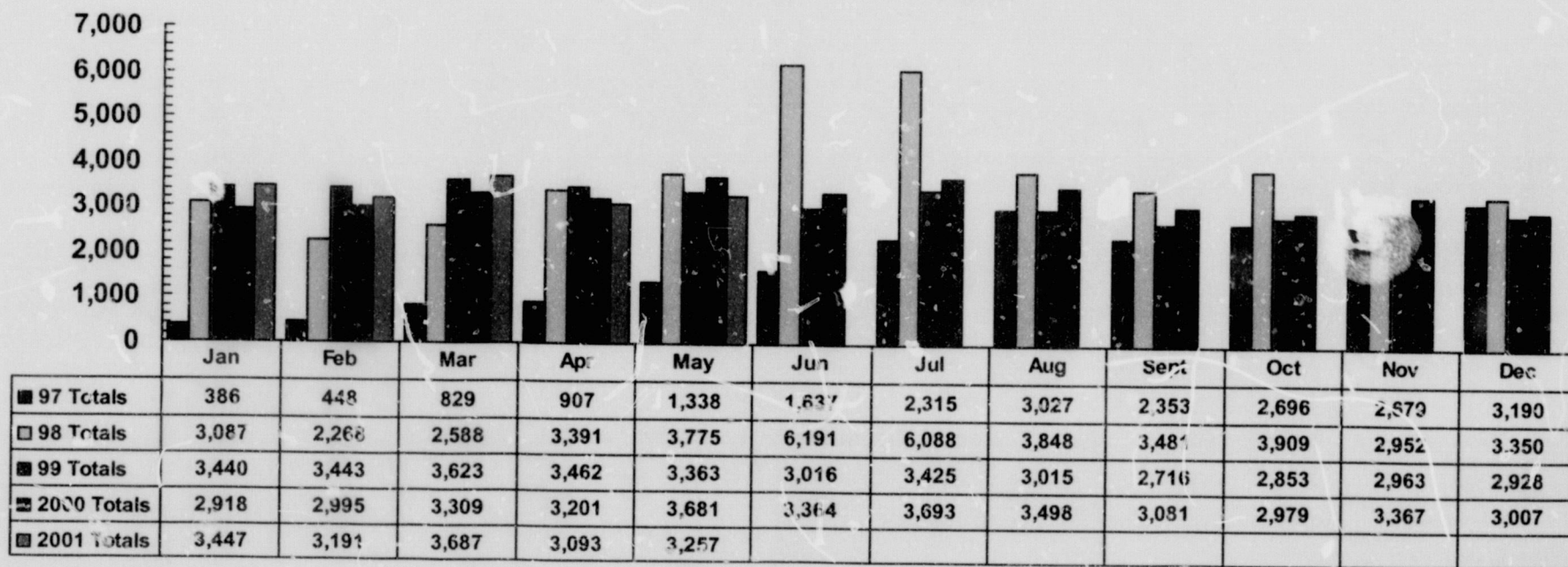
ATTACHMENT 8

# January 1997 - May 2001 BNSF Loaded Units On UP/SP Trackage Rights Corridors Gulf North Corridor



# 1997-2001 BNSF Loaded Units On UP/SP Trackage Rights Corridors Gulf North Corridor

Units

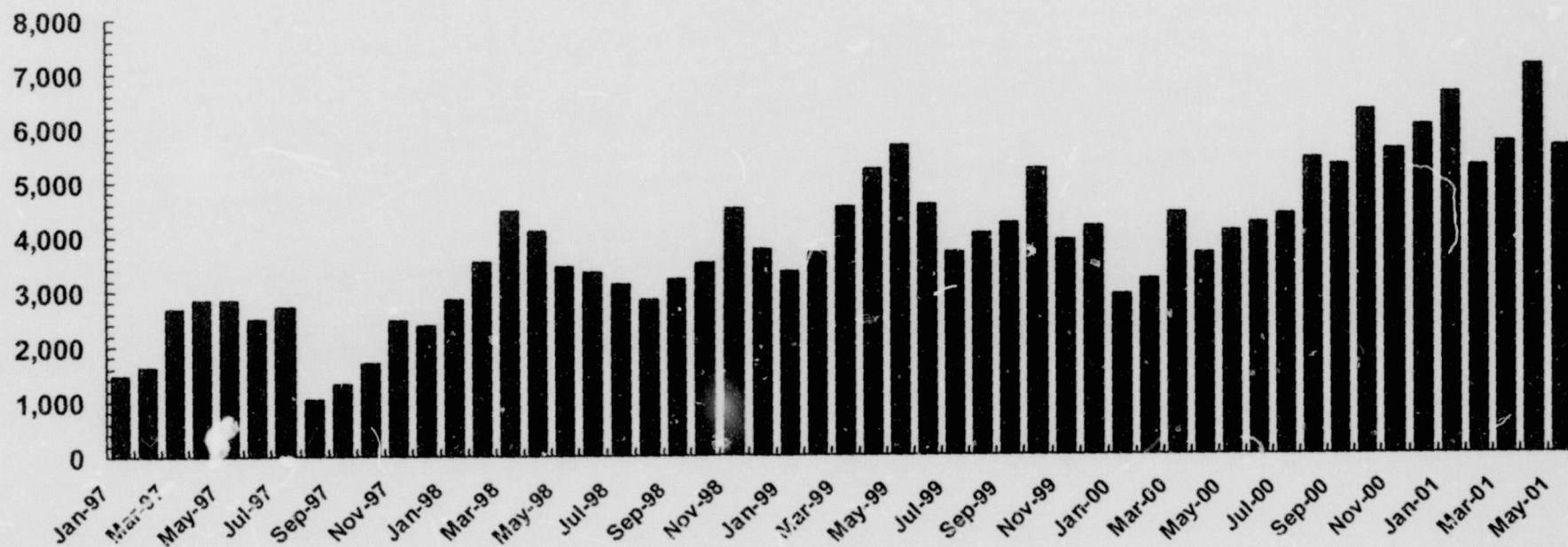




ATTACHMENT 9

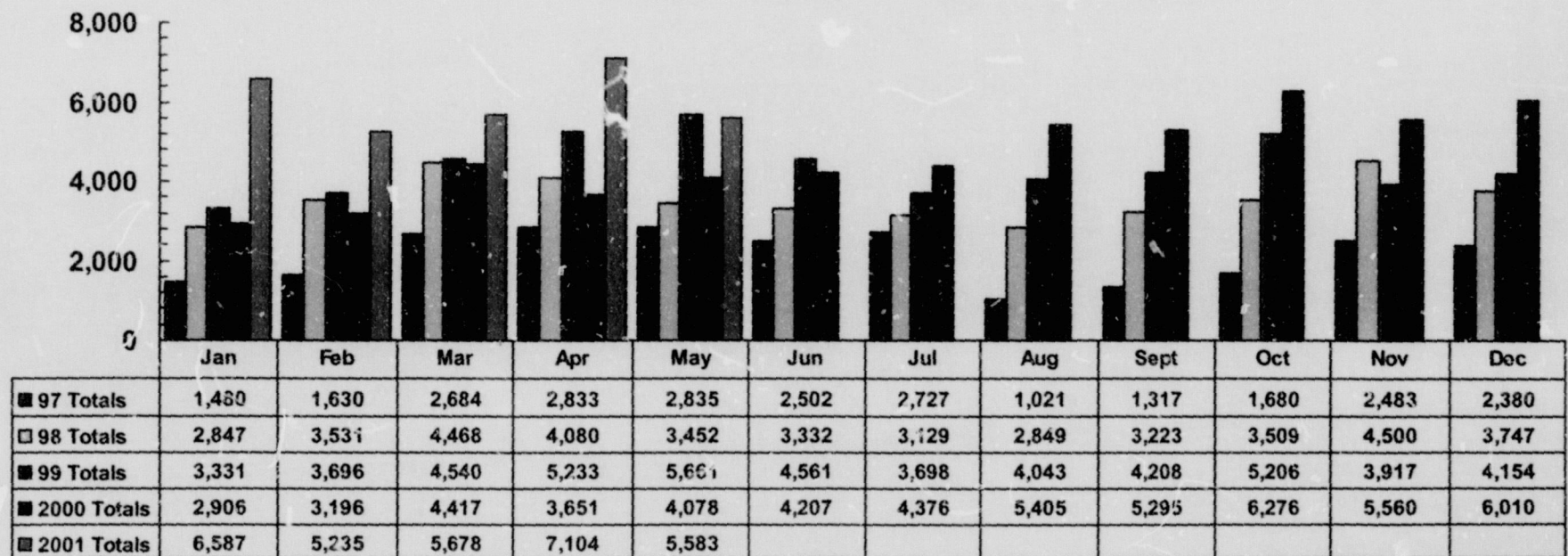
# January 1997 - May 2001 BNSF Loaded Units On UP/SP Trackage Rights Corridors Gulf South Corridor

Units



# 1997-2001 BNSF Loaded Units On UP/SP Trackage Rights Corridors Gulf South Corridor

Units

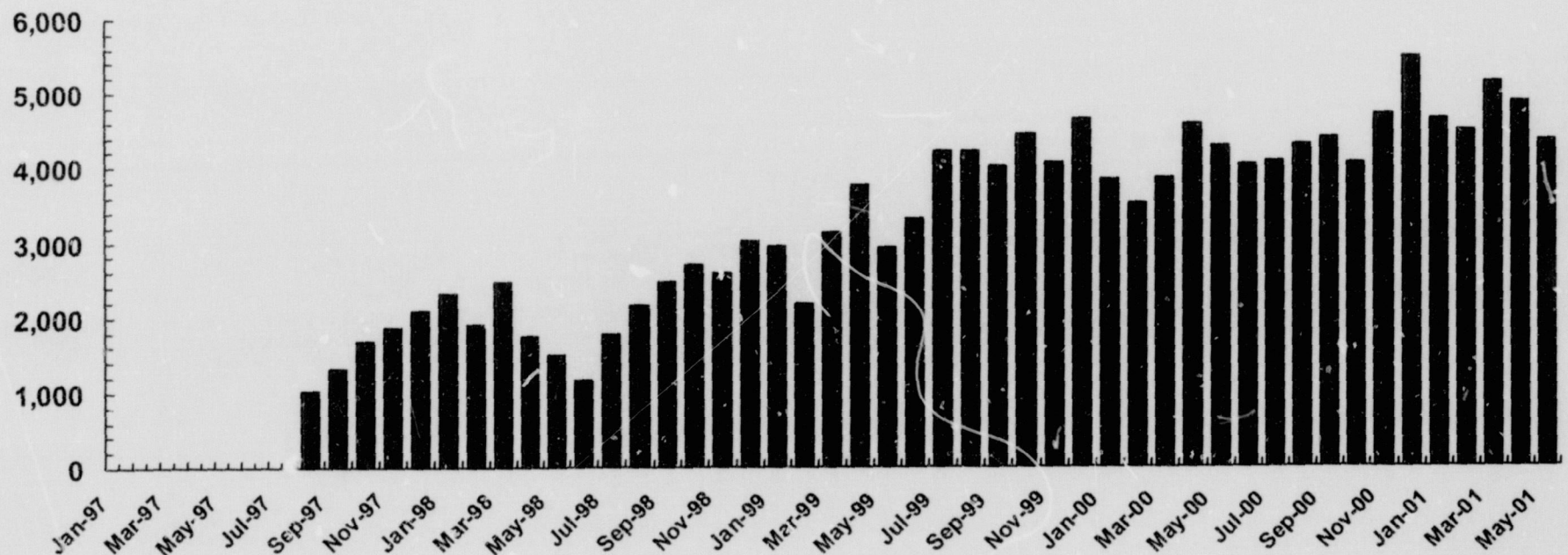




ATTACHMENT 10

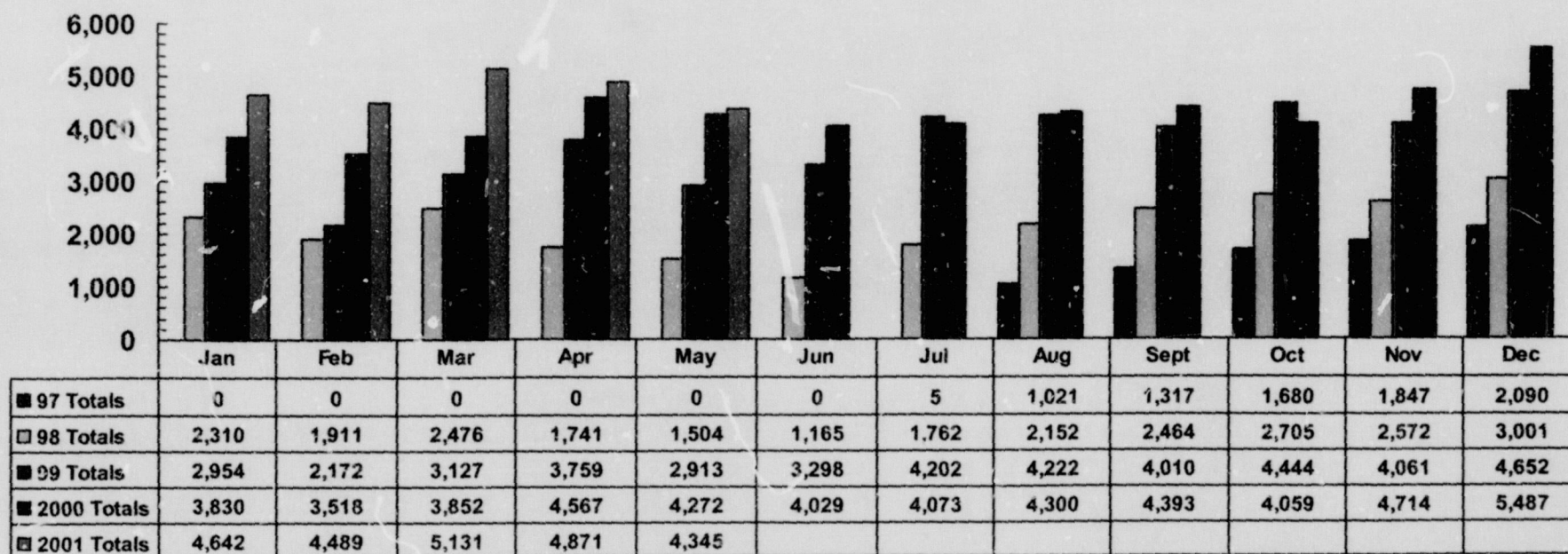
# January 1997 - May 2001 BNSF Loaded Units On UP/SP Trackage Rights Corridors 10 Corridor

Units



# 1997-2001 BNSF Loaded Units On UP/SP Trackage Rights Corridors I-5 Corridor

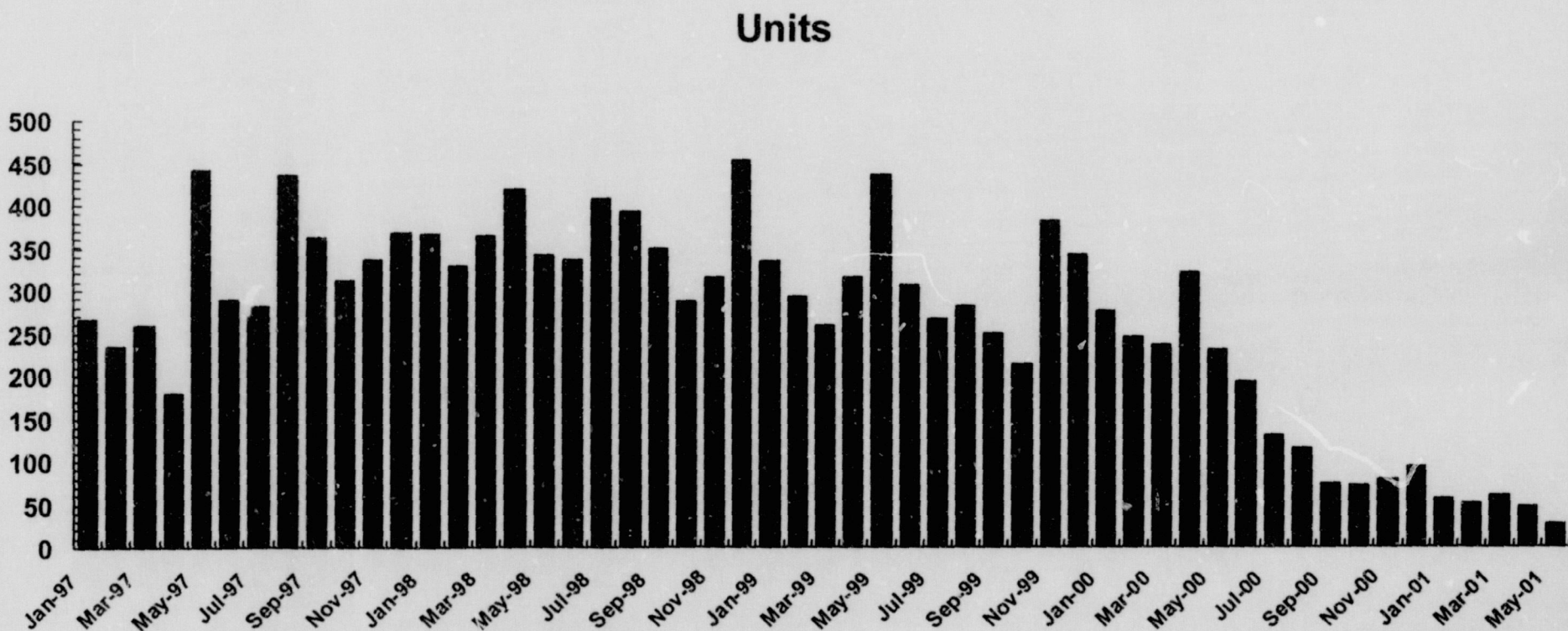
Units





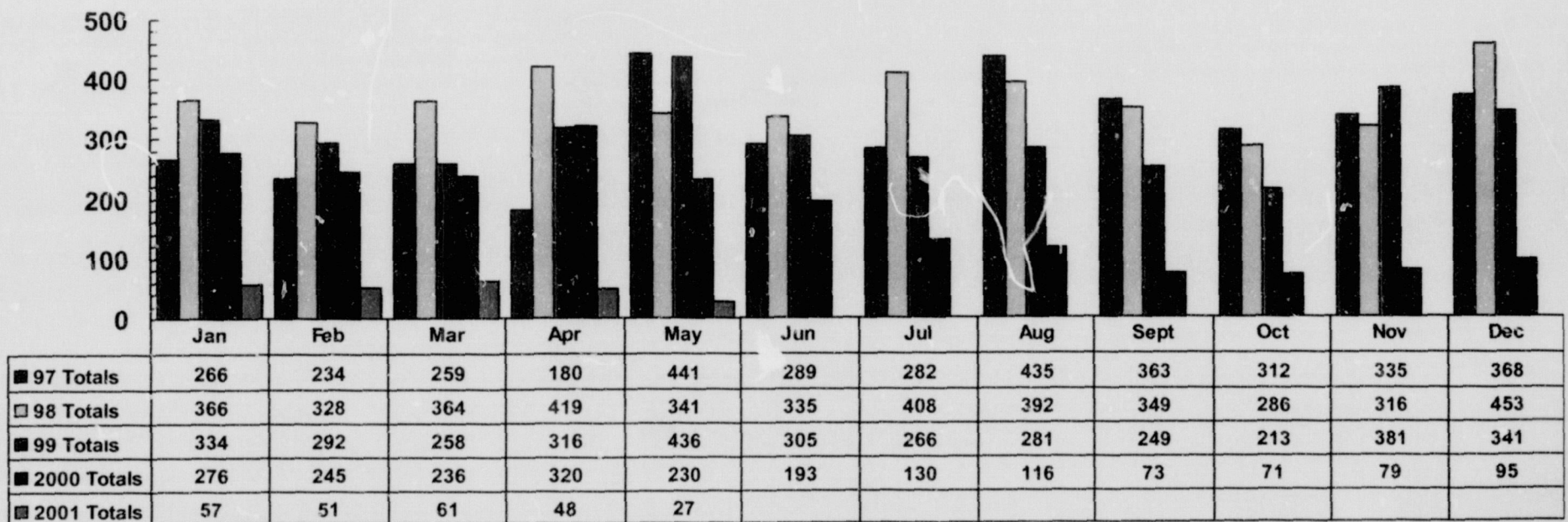
ATTACHMENT 11

# January 1997 - May 2001 BNSF Loaded Units On UP/SP Trackage Rights Corridors Southern California Corridor



# 1997-2001 BNSF Loaded Units On UP/SP Trackage Rights Corridors Southern California Corridor

Units





STB

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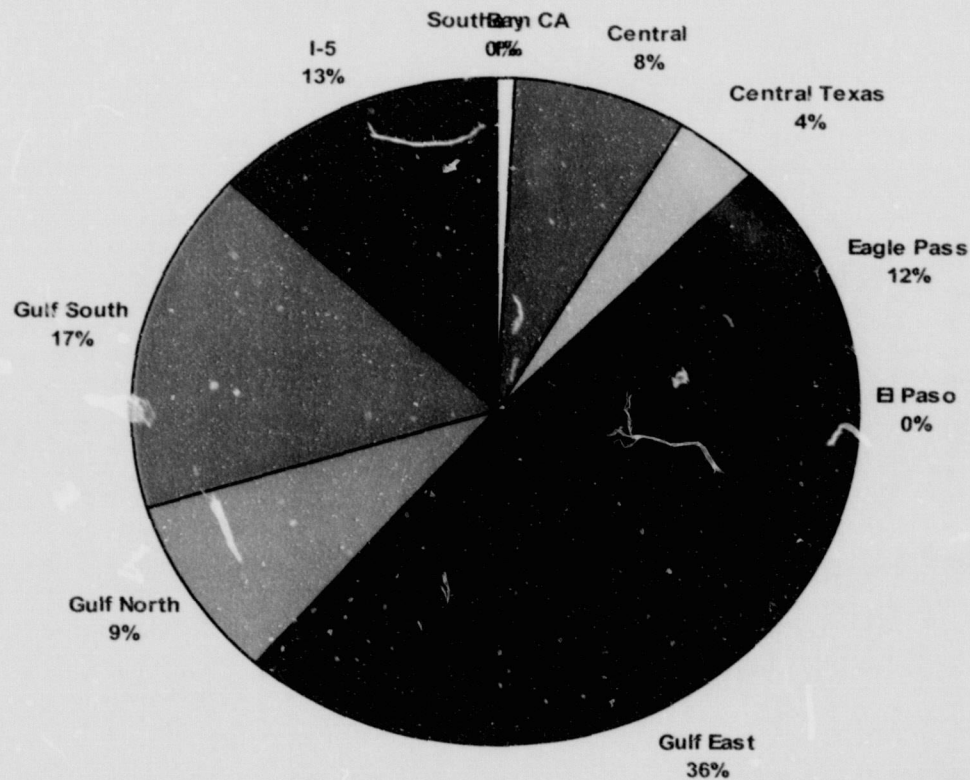
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4 of 4

ATTACHMENT 12

# Commodities Handled To/From and Via UP/SP Merger Condition Lines All Loaded Units By Corridor January - May 2001





ATTACHMENT 13

UP/SP Served Facilities Accessed By BNSF  
Other Than As A Result of "50/50 Line" Agreement

<u>Customer</u>	<u>Station</u>	<u>State</u>	<u>Status</u>
Gilchrist Bag Company Inc.	Camden	AR	2:1
International Paper Bag Pak	Camden	AR	2:1
International Paper Company, Southern Kraft	Camden	AR	2:1
Riceland Foods	Fair Oaks	AR	2:1
Planters Cotton Oil Mill Inc	Forrest City	AR	2:1
3M Industrial Mineral Prod (3M Arch St)	Little Rock	AR	2:1
3M Industrial Mineral Prod (3M Road)	Little Rock	AR	2:1
ADM Processing	Little Rock	AR	2:1
AFCO Steel Bond Street Plant	Little Rock	AR	2:1
AFCO Steel South Shop	Little Rock	AR	2:1
AFCO Steel Thomas Street Shop	Little Rock	AR	2:1
Alman, Sol Co	Little Rock	AR	2:1
Arkansas Power & Light	Little Rock	AR	2:1
Asphalt Products	Little Rock	AR	2:1
Barrett Hamilton	Little Rock	AR	2:1
Choctaw Inc	Little Rock	AR	2:1
Colonial Baking, Earth Grains Div (Facility Vacant)	Little Rock	AR	2:1
Darragh Co	Little Rock	AR	2:1
Georgia Pacific Corp	Little Rock	AR	2:1
Goff Distribution Warehouse	Little Rock	AR	Transload
Grobmyer Lumber	Little Rock	AR	2:1
Harcros Chemical Inc.	Little Rock	AR	2:1
Kaufman Lumber Whse (7th St)	Little Rock	AR	2:1
Northwest Hardwoods	Little Rock	AR	2:1
Sears Roebuck & Co	Little Rock	AR	2:1
Smith Fiberglass Prod Inc	Little Rock	AR	2:1
Smurfit Stone Container Corp	Little Rock	AR	2:1
Sterling Paint Inc (6th St)	Little Rock	AR	2:1
Sysco Food Svcs of Arkansas	Little Rock	AR	2:1
Thibault Milling	Little Rock	AR	2:1
Unisource Inc. (Shall Ave)	Little Rock	AR	2:1
Winburn Tile Mfg Co	Little Rock	AR	2:1
Central Terminal Distributing Centers, Inc	North Little Rock	AR	2:1
Koppers Industries Inc.	North Little Rock	AR	2:1
Mid South Seeds	North Little Rock	AR	2:1
Mountaire Feeds Inc	North Little Rock	AR	2:1
Oakley Bruce Inc	North Little Rock	AR	2:1
Onesource Home Building Center	North Little Rock	AR	2:1
PGI Nonwovens Polymer Group, Inc. Chicopee Div, Plant	North Little Rock	AR	2:1
PGI Nonwovens Polymer Group, Inc. Chicopee Div, Plant	North Little Rock	AR	2:1
S F Services Inc	North Little Rock	AR	2:1
S F Services Inc (Cooperative Mills Inc)	North Little Rock	AR	2:1
S F Services Inc (S F Svcs Fertilizer)	North Little Rock	AR	2:1
Southern Cotton Oil Co Div of ADM	North Little Rock	AR	2:1
Tenenbaum, A Co	North Little Rock	AR	2:1
Zeneca Agricultural Prod	North Little Rock	AR	2:1
ACF Industries	Paragould	AR	2:1
Ameri Steel (Florida Steel)	Paragould	AR	2:1
Century Tube Corporation	Pine Bluff	AR	2:1
Cloud Oak Flooring	Pine Bluff	AR	2:1
Gaylord Container Paper	Pine Bluff	AR	2:1
General Chemical Corp	Pine Bluff	AR	2:1

UP/SP Served Facilities Accessed By BNSF  
Other Than As A Result of "50/50 Line" Agreement

<u>Customer</u>	<u>Station</u>	<u>State</u>	<u>Status</u>
Global Materials Svcs LLC (GMSFOUR)	Pine Bluff	AR	2:1
Global Materials Svcs LLC (GMSMAIN)	Pine Bluff	AR	2:1
Global Materials Svcs LLC (GMSONE)	Pine Bluff	AR	2:1
Hixson Lumber Sales	Pine Bluff	AR	2:1
Hixson Lumber Sales	Pine Bluff	AR	2:1
Hoover Treated Wood Prod	Pine Bluff	AR	2:1
International Paper Mill	Pine Bluff	AR	2:1
Johnson Metal Recyclers	Pine Bluff	AR	2:1
Mid America Packaging Inc. - Div of Gaylord	Pine Bluff	AR	2:1
Pine Bluff Arsenal	Pine Bluff	AR	2:1
Planters Cotton Oil Mill	Pine Bluff	AR	2:1
Planters Cotton Seed	Pine Bluff	AR	2:1
Southern Bag	Pine Bluff	AR	2:1
Southern Compress Whse	Pine Bluff	AR	2:1
Strong Company Inc.	Pine Bluff	AR	2:1
Sun Grove Horticulture	Pine Bluff	AR	2:1
T W Pelton & Co	Pine Bluff	AR	2:1
Terra International Inc	Pine Bluff	AR	2:1
Tyson Foods Feedmill	Pine Bluff	AR	2:1
Tyson Foods Protein Blend Plant	Pine Bluff	AR	2:1
Viking Bag	Pine Bluff	AR	2:1
Commercial Stg & Distribution Corp	Texarkana	AR	Agreement
Cooper Tire & Rubber Corp	Texarkana	AR	Agreement
General Electric Railcar Repair Services	Texarkana	AR	Agreement
Tri State Iron & Metal Corp	Texarkana	AR	Agreement
Willamette Industries	Elk Grove	CA	New Facility
California Cereal (Nabisco Brands)	Elmhurst	CA	2:1
Fleenor Packing	Elmhurst	CA	2:1
Fleischman's Yeast	Elmhurst	CA	2:1
Longview Fibre Co	Elmhurst	CA	2:1
Pacific America Whse	Elmhurst	CA	2:1
General Motors	Fremont	CA	2:1
New United Motor Manufacturing	Fremont	CA	2:1
Toyota Logistics Svcs	Fremont	CA	2:1
Toyota Logistics Svcs	Fremont	CA	2:1
United States Gypsum	Fremont	CA	2:1
Cargill Inc. (Refinery)	Fullerton	CA	2:1
Hunt Wesson (Bldgs 18, 22 & 28)	Fullerton	CA	2:1
U S Army, Sierra Army Depot	Herlong	CA	2:1
Standard Iron & Metals Co	Kohler	CA	2:1
Sunshine Biscuit - Vacant Bldg	Kohler	CA	2:1
Christian Salveson Inc. (CSI)	La Habra	CA	2:1
Lucky Sav-On Distribution Center	La Habra	CA	2:1
Vacant (Lucky Food Stores)	La Habra	CA	2:1
U S Army, Sharpe Depot	Lathrop	CA	2:1
Brown Strauss Steel	Livermore	CA	2:1
G S Roofing Products	Livermore	CA	2:1
Livermore Whse	Livermore	CA	2:1
Salinas Reinforcing Inc	Livermore	CA	2:1
Schiffenhaus California LLC	Livermore	CA	2:1
Mid-City Iron & Metal Corp	Los Angeles	CA	2:1
American Brass & Iron (ABI)	Melrose	CA	2:1
Armour Equipment Sales	Melrose	CA	2:1



UP/SP Served Facilities Accessed By BNSF  
Other Than As A Result of "50/50 Line" Agreement

<u>Customer</u>	<u>Station</u>	<u>State</u>	<u>Status</u>
Mother Cake & Cookies	Melrose	CA	2:1
Nabisco Brands	Oakland	CA	2:1
Kruse (O H) Grain & Milling Co	Ontario	CA	2:1
Intermod Industries	Ortega	CA	2:1
Kaiser Sand Gravel	Pleasanton	CA	2:1
California Builders Supply Co	Sacramento	CA	2:1
Capitol Plywood	Sacramento	CA	2:1
Continental Chemical Co	Sacramento	CA	2:1
Sacramento Bee (McClatchy Newspaper)	Sacramento	CA	2:1
Burke Flooring Products, Div Burke Industries	San Jose	CA	2:1
Coors Distributing Co of Santa Clara	San Jose	CA	2:1
Del Monte Corp, Plant #3	San Jose	CA	2:1
Ecolab Inc	San Jose	CA	2:1
Floor Service Supply	San Jose	CA	2:1
Frank Lin Distillers Products Ltd	San Jose	CA	2:1
Frito Lay	San Jose	CA	2:1
International Paper Bag Pak Div	San Jose	CA	2:1
Markovits & Fox	San Jose	CA	2:1
Northern California Fertilizer	San Jose	CA	2:1
Red Wing Co Inc (National Preserve)	San Jose	CA	2:1
Safety Kleen Corp	San Jose	CA	2:1
San Jose Distribution Services	San Jose	CA	2:1
Stapleton-Spence Packing	San Jose	CA	2:1
Sun Garden Packing Co	San Jose	CA	2:1
U S Pollution Control	San Jose	CA	2:1
Western Beverage Co	San Jose	CA	2:1
Truck Rail Handling	Snoboy	CA	Transload
Chem-World Supply Inc	South Gate	CA	2:1
EKA Chemicals/EKA Nobel	South Gate	CA	2:1
Los Angeles Chemical Co (LACCO)	South Gate	CA	2:1
P Q Corporation	South Gate	CA	2:1
Titan Terminal & Transport	South Gate	CA	2:1
Hardwoods Inc	Trevarno	CA	2:1
Trans Western Polymers	Trevarno	CA	2:1
A L Gilbert	Turlock	CA	2:1
Americold Plant 1	Turlock	CA	2:1
Facility vacant/for lease (Snider Lbr)	Turlock	CA	2:1
Feedstuffs Processing Co.	Turlock	CA	2:1
International Paper	Turlock	CA	2:1
Purina Mills Inc	Turlock	CA	2:1
Rogers Food (Div Universal Foods)	Turlock	CA	2:1
Tab Products Co	Turlock	CA	2:1
Turlock Fruit	Turlock	CA	2:1
Truck Rail Handling	Warm Springs	CA	Transload
Capital City Warehouse	West Sacramento	CA	2:1
Capital Coors	West Sacramento	CA	2:1
Cargill	West Sacramento	CA	2:1
Crum & Crum Enterprises Inc	West Sacramento	CA	Transload
Farmers Rice Coop	West Sacramento	CA	2:1
Karrolton Envelope	West Sacramento	CA	2:1
Montgomery Ward & Co Distr Ctr	West Sacramento	CA	2:1
PFX Pet Supply	West Sacramento	CA	2:1
Port Of Sacramento (Yolo Port Dist)	West Sacramento	CA	2:1

UP/SP Served Facilities Accessed By BNSF  
Other Than As A Result of "50/50 Line" Agreement

<u>Customer</u>	<u>Station</u>	<u>State</u>	<u>Status</u>
The Ink Company	West Sacramento	CA	2:1
Treasure Chest	West Sacramento	CA	2:1
Unocal	West Sacramento	CA	2:1
American Metals Corp	Yolo Port	CA	2:1
California Distribution Center	Yolo Port	CA	2:1
Weyerhaeuser Lumber	Yolo Port	CA	2:1
Conoco Inc	Durham	CO	New Facility
Total Petroleum	Durham	CO	New Facility
American Soda, L.L.P.	Parachute	CO	New Facility
Agri Producers	Herington	KS	2:1
Cairo Coop Equity Exchange	Preston	KS	2:1
Crowley American Transport	Harbor	LA	2:1
Farmers Rice Milling Co Inc	Harbor	LA	2:1
Lake Charles Carbon Co, Div Reynolds Metals	Harbor	LA	2:1
Lake Charles Stevedores	Harbor	LA	2:1
M I Drilling Fluids	Harbor	LA	2:1
Calcasieu Steel & Pipe Inc	Lake Charles	LA	Agreement
Lake Charles American Press	Lake Charles	LA	Agreement
Lake Charles Harbor Terminal	Lake Charles	LA	Agreement
Lake Charles Public Elevator	Lake Charles	LA	Agreement
Allen Millwork Inc	Shreveport	LA	Agreement
Bell Industries	Shreveport	LA	Agreement
Custom Bilt Cabinet & Supply #1	Shreveport	LA	Agreement
G S Roofing Products Co Inc	Shreveport	LA	Agreement
Georgia Pacific Corp	Shreveport	LA	Agreement
Hart Lumber Co Inc	Shreveport	LA	Agreement
Murphy Bonded Whse Inc	Shreveport	LA	Agreement
National Biscuit Co (Nabisco)	Shreveport	LA	Agreement
Purina Mills Inc	Shreveport	LA	Agreement
S F Services Inc	Shreveport	LA	Agreement
Sears Roebuck & Co	Shreveport	LA	Agreement
Southwestern Electric Power Co	Shreveport	LA	Agreement
Conoco (Gulf Coast Lube Plant)	Sulphur	LA	Agreement
Arco Chemical (Olin Corp)	West Lake	LA	Agreement
Condea Vista Co	West Lake	LA	Agreement
Conoco Inc	West Lake	LA	Agreement
Dunham Price Inc	West Lake	LA	Agreement
Excel Paralubes	West Lake	LA	Agreement
Holnam Inc	West Lake	LA	Agreement
Jupiter Chemicals/Jupiter Nash	West Lake	LA	Agreement
M I Drilling Fluids	West Lake	LA	Agreement
Martin Marietta Aggregates	West Lake	LA	Agreement
Montell USA	West Lake	LA	Agreement
PPG Industries Inc	West Lake	LA	Agreement
R E Heidt Construction	West Lake	LA	Agreement
Reagent Chemical & Research	West Lake	LA	Agreement
Tessenderlo Kerley Inc.	West Lake	LA	Agreement
Tetra Chemicals	West Lake	LA	Agreement
ABB Randall Corp	West Lake Charles	LA	Agreement
Baroid Drilling Fluids	West Lake Charles	LA	Agreement
Baroid Petroleum Services	West Lake Charles	LA	Agreement
Cit Con Oil	West Lake Charles	LA	Agreement
Citgo Petroleum Corp	West Lake Charles	LA	Agreement

UP/SP Served Facilities Accessed By BNSF  
Other Than As A Result of "50/50 Line" Agreement

<u>Customer</u>	<u>Station</u>	<u>State</u>	<u>Status</u>
Conoco Inc, Coke Term	West Lake Charles	LA	Agreement
Equistar Chemicals LP	West Lake Charles	LA	Agreement
Firestone Synthetic Rubber & Latex	West Lake Charles	LA	Agreement
Grace Davison (W R Grace)	West Lake Charles	LA	Agreement
Kronos Inc.	West Lake Charles	LA	Agreement
Southern Ionics Inc	West Lake Charles	LA	Agreement
Venco Conoco, Calcining Plant	West Lake Charles	LA	Agreement
West Lake Petrochemicals	West Lake Charles	LA	Agreement
West Lake Polymers	West Lake Charles	LA	Agreement
West Lake Styrene	West Lake Charles	LA	Agreement
Ag Processing	Dexter	MO	2:1
Cargill	Dexter	MO	2:1
Hudson Foods	Dexter	MO	2:1
Monarch Feed Mills	Dexter	MO	2:1
Union Electric Company (dba Ameren UE)	Labadie	MO	2:1
Baker Hughes Inteq	Argenta	NV	2:1
Saga Exploration Co	Barth	NV	2:1
Atlas Towing Co	Battle Mountain	NV	New Facility
M I Drilling Fluids	Battle Mountain	NV	2:1
Sierra Chemical NV	Battle Mountain	NV	2:1
Cortez Gold Mines	Beowawe	NV	2:1
Duke Energy	Beowawe	NV	2:1
Fleischli Oil Corp	Beowawe	NV	2:1
SS Supply	Beowawe	NV	2:1
Anschutz Marketing Transport	Carlin	NV	2:1
Continental Lime	Carlin	NV	2:1
Dust Chemical	Carlin	NV	2:1
Kilborn International	Carlin	NV	2:1
Thatcher Chemical Co - Nevada	Carlin	NV	2:1
Turner Gas	Carlin	NV	2:1
Baroid Drilling Fluids	Dunphy	NV	2:1
Kennecott Utah Copper	Dunphy	NV	2:1
Mine Service & Supply	Dunphy	NV	2:1
Newmont Gold Company Inc.	Dunphy	NV	New Facility
Alpark Petroleum	Elko	NV	2:1
Ash Grove Cement Co	Elko	NV	2:1
Blach Distributing	Elko	NV	2:1
Cashman Equipment	Elko	NV	2:1
Franklin Lumber Bldg Supply	Elko	NV	2:1
Nevada Freeport	Elko	NV	2:1
Nevada Ice & Cold Storage	Elko	NV	2:1
Par Gas	Elko	NV	2:1
Petro Source	Elko	NV	2:1
Petro Source Asphalt Terminal	Elko	NV	2:1
Tricon Metals & Services, Inc.	Elko	NV	2:1
Quebecor Printing Nevada Inc	Fernley	NV	New Facility
Valley Joist Corp	Fernley	NV	New Facility
Continental Lime	Golconda	NV	2:1
Diamond Plastics Co	Golconda	NV	2:1
U S Barium	Golconda	NV	2:1
Kennecott Utah Copper	Jayhawk	NV	2:1
Transwood Inc	Jayhawk	NV	2:1
Kennecott Utah Copper	Redhouse	NV	2:1



UP/SP Served Facilities Accessed By BNSF  
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<u>Customer</u>	<u>Station</u>	<u>State</u>	<u>Status</u>
Transwood Inc	Redhouse	NV	2:1
Coastal Chemical	Rennox	NV	2:1
Sierra Chemical Of Nevada	Rennox	NV	2:1
BNSF Nevada Quality Distr Center (QDC)	Sparks	NV	New Facility
Crown Pacific Corporation dba Reno Lumber Co.	Sparks	NV	New Facility
Sierra Pacific Power	Valmy	NV	2:1
Dupont	Vivian	NV	2:1
Vopak USA, Inc.	Vivian	NV	2:1
Mobil Chemical	Amelia	TX	2:1
Econo Rail Corp	Baytown	TX	2:1
Exxon Chemical Americas	Baytown	TX	Agreement
Exxon Chemical Plastics	Baytown	TX	Agreement
Exxon Company USA	Baytown	TX	Agreement
Jindal United Steel Corp	Baytown	TX	2:1
Rhodia	Baytown	TX	2:1
SAW Pipes USA Inc	Baytown	TX	2:1
Seapac Inc	Baytown	TX	2:1
United States Steel/USX	Baytown	TX	2:1
Thompson Consumer Electronics (RCA)	Belen	TX	New Facility
City Of Brownsville	Brownsville	TX	2:1
Milwhite	Brownsville	TX	2:1
Premier Services Corp	Brownsville	TX	2:1
Tex Mex Cold Storage	Brownsville	TX	2:1
Farstad Oil	Buford	TX	2:1
Lopez Scrap Metal	Buford	TX	2:1
El Paso Valley Cotton Assn	Clint	TX	2:1
T & R Chemicals Inc	Clint	TX	2:1
Valley Feed Mills	Clint	TX	2:1
Citgo Petroleum East Plant	Corpus Christi	TX	2:1
Citgo Petroleum West Plant	Corpus Christi	TX	2:1
Coastal Refining & Marketing	Corpus Christi	TX	2:1
Elementis Chromium	Corpus Christi	TX	2:1
Encycle Texas Inc.	Corpus Christi	TX	2:1
ESCO Distributors Inc	Corpus Christi	TX	2:1
Koch Refining Company, East Plant	Corpus Christi	TX	2:1
Nueces Grain Company	Corpus Christi	TX	2:1
US Interstate Grain Corp., Port Terminal	Corpus Christi	TX	2:1
Zarsky Lumber Co.	Corpus Christi	TX	2:1
Defense Distribution Depot	Defense	TX	2:1
Penreco	Dickinson	TX	2:1
Gulf States Asphalt	Dumont	TX	2:1
Houston L&P #1	Dumont	TX	2:1
Houston L&P #3	Dumont	TX	2:1
South Houston Lumber	Dumont	TX	2:1
General Tire	East Waco	TX	2:1
Four Star Sugars	El Paso	TX	New Facility
Amoco Chemical	Eldon	TX	Agreement
Bayer Chemical	Eldon	TX	Agreement
Borden Chemical	Eldon	TX	2:1
Chevron Chemical	Eldon	TX	Agreement
City Public Service Board of San Antonio	Elmendorf	TX	2:1
Richard Bills Feedlot	Fabens	TX	2:1
Romney Implement	Fabens	TX	2:1

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Other Than As A Result of "50/50 Line" Agreement

<u>Customer</u>	<u>Station</u>	<u>State</u>	<u>Status</u>
Swig Cotton Compress	Fabens	TX	2:1
Ashland Chemical	Genoa	TX	2:1
Pioneer Concrete Texas	Genoa	TX	2:1
Sunbelt Asphalt Materials	Genoa	TX	2:1
Amc Warehouses	Great Southwest	TX	2:1
Boise Cascade	Great Southwest	TX	2:1
Carry Companies	Great Southwest	TX	2:1
Carry Companies (Imperial Sugar)	Great Southwest	TX	2:1
Champion Recycling	Great Southwest	TX	2:1
Coors Brewing	Great Southwest	TX	2:1
D D Recycling	Great Southwest	TX	2:1
D S Plastics	Great Southwest	TX	2:1
DSC Logistics	Great Southwest	TX	Transload
DSC Logistics (Lever,	Great Southwest	TX	Transload
DSC Logistics (Pillsbury)	Great Southwest	TX	Transload
Frito Lay	Great Southwest	TX	2:1
G E Appliances	Great Southwest	TX	2:1
General Hardwoods	Great Southwest	TX	2:1
Ink	Great Southwest	TX	2:1
Intsel Southwest	Great Southwest	TX	2:1
LMD Warehouse Distribution	Great Southwest	TX	2:1
Mackie Automotive Southwest	Great Southwest	TX	2:1
Matlack Systems	Great Southwest	TX	2:1
McGregor Printing	Great Southwest	TX	2:1
National Distribution Center	Great Southwest	TX	2:1
National Gypsum Co	Great Southwest	TX	2:1
National Starch Chemical	Great Southwest	TX	2:1
Packaging Corp of America	Great Southwest	TX	2:1
Pennzoil Prod	Great Southwest	TX	2:1
Pepsi Cola	Great Southwest	TX	2:1
Porter Warner Ind	Great Southwest	TX	2:1
Professional Food Systems	Great Southwest	TX	2:1
Quality Logistics Services	Great Southwest	TX	2:1
Solvay Engineered Polymers (DS Plastics)	Great Southwest	TX	2:1
Sygma Network Inc.	Great Southwest	TX	2:1
Texas Plywood Lumber	Great Southwest	TX	2:1
Tucker Housewares	Great Southwest	TX	2:1
Tulco Oil	Great Southwest	TX	2:1
Uvtec	Great Southwest	TX	2:1
Wainwright Ind	Great Southwest	TX	2:1
Western Reclamation	Great Southwest	TX	2:1
Weyerhaeuser	Great Southwest	TX	2:1
Willamette Industries Bag	Great Southwest	TX	2:1
Willamette Industries Corrug	Great Southwest	TX	2:1
LCRA Plant	Halsted	TX	2:1
Alamo Forest Products Inc.	Harlingen	TX	2:1
Cameron Ashley Building Products	Harlingen	TX	2:1
Earthgrains Co	Harlingen	TX	2:1
Georgia Pacific Corp	Harlingen	TX	2:1
Harlingen Valley Compress Co., Inc.	Harlingen	TX	2:1
Joiner Foodservice Inc.	Harlingen	TX	2:1
Rio Grande Cil Mill	Harlingen	TX	2:1
Valley Compress Co., Inc.	Harlingen	TX	2:1

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<u>Customer</u>	<u>Station</u>	<u>State</u>	<u>Status</u>
Valley Coop Oil Mill (Valco Chemical)	Harlingen	TX	2:1
Valley Morning Star	Harlingen	TX	2:1
M G Building Materials	Heafer	TX	2:1
Wheelwright & Associates	League City	TX	2:1
Exxon Chemical Americas	Mont Belvieu	TX	Agreement
Allied Signal	Orange	TX	2:1
Bayer Fibers Additives/Rubber	Orange	TX	2:1
Chevron Chemical	Orange	TX	2:1
Dupont De Nemours, E I	Orange	TX	2:1
Equitable Bag	Orange	TX	2:1
Firestone Syn Rubber Latex	Orange	TX	2:1
Lewis Plastics	Orange	TX	2:1
Neches Inc	Orange	TX	2:1
Orange City Of	Orange	TX	2:1
Orange Port Of	Orange	TX	2:1
Orange Ship Building	Orange	TX	2:1
Precinct One Orange County	Orange	TX	2:1
PrintPak (James River)	Orange	TX	2:1
Rescar Inc	Orange	TX	2:1
Sabine Warehouse	Orange	TX	2:1
Schulman Plant (Burnett St)	Orange	TX	2:1
Schulman Plant (Thomas St)	Orange	TX	2:1
Texas Polymer Services	Orange	TX	2:1
West Orange City Of	Orange	TX	2:1
Wilson Warehouse	Orange	TX	2:1
Alamo Iron Works	San Antonio	TX	2:1
Allen & Allen Co	San Antonio	TX	2:1
BFI (Browning Ferris Industries)	San Antonio	TX	2:1
Big Tex Grain	San Antonio	TX	2:1
Block Distributing, Wine Div	San Antonio	TX	2:1
California Fruit Co	San Antonio	TX	2:1
Celotex Corporation	San Antonio	TX	2:1
Crystal Cold Storage	San Antonio	TX	2:1
Dittmar Lumber Corp	San Antonio	TX	2:1
Fiesta Warehousing Distribution	San Antonio	TX	Transload
Fite Distribution Services	San Antonio	TX	2:1
Georgia Pacific Corp	San Antonio	TX	2:1
GLI Distributing	San Antonio	TX	2:1
Halo Distributing	San Antonio	TX	2:1
Hart Lumber	San Antonio	TX	2:1
Hood Clays Vr	San Antonio	TX	2:1
Imperial Bedding	San Antonio	TX	2:1
Lone Star Brewing	San Antonio	TX	2:1
Newell Industries Inc	San Antonio	TX	2:1
Newell Recycling of San Antonio, L.P.	San Antonio	TX	2:1
Pearl Brewing	San Antonio	TX	2:1
Pioneer Flour Mills	San Antonio	TX	2:1
Salt Exchange Inc	San Antonio	TX	2:1
Savage Industries, Industrial Rail Services	San Antonio	TX	Transload
South Texas Liquid Terminal	San Antonio	TX	Transload
Southern Merchandise Stge Co	San Antonio	TX	2:1
Star Seed & Grain	San Antonio	TX	2:1
Superior Tomato-Avocado Co Inc	San Antonio	TX	2:1



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<u>Customer</u>	<u>Station</u>	<u>State</u>	<u>Status</u>
Trinity Industries Inc	San Antonio	TX	2:1
Warren Oil Company	San Antonio	TX	2:1
Wright Oil	San Antonio	TX	2:1
Merco Joint Venture	Sierra Blanca	TX	2:1
San Patricio County Commissioner, Pricinct 1	Sinton	TX	2:1
A E Staley @ Imperial Holly facility	Sugar Land	TX	2:1
Imperial Holly	Sugar Land	TX	2:1
Nalco Exxon Energy Chemicals, L.P.	Sugar Land	TX	2:1
J J S Distributing	Texarkana	TX	Agreement
Kerr McGee Chemical Corp	Texarkana	TX	Agreement
Miller Bowie County Farmers (Willis St)	Texarkana	TX	Agreement
Texarkana Milling Supply	Texarkana	TX	Agreement
Amrail Services	Tornillo	TX	Transload
Drake Enterprises	Tornillo	TX	2:1
American Plant Food Co	Tyler	TX	2:1
Bonar Packaging	Tyler	TX	2:1
Cameron Ashley Building Products	Tyler	TX	2:1
Jewell Concrete Products	Tyler	TX	2:1
Kelly Springfield Tire	Tyler	TX	2:1
Sunbelt Cement	Tyler	TX	2:1
Transit Mix Concrete Material	Tyler	TX	2:1
Kamin Furniture	Victoria	TX	2:1
Cameron Ashley Building Products	Waco	TX	2:1
Central Forwarding Co	Waco	TX	2:1
Central Texas Iron Works	Waco	TX	2:1
Central Warehouse Co	Waco	TX	2:1
Certainfeed	Waco	TX	2:1
Continental General Tire	Waco	TX	2:1
Equalizer	Waco	TX	Transload
Exporters & Traders Compress & Whse Co	Waco	TX	2:1
Fleetwood Homes	Waco	TX	2:1
Fleetwood Trailer Co	Waco	TX	2:1
Gross Yowell Lumber	Waco	TX	2:1
Gulf States Paper	Waco	TX	2:1
Jarvis Paris Murphy	Waco	TX	2:1
Jewell Concrete Products	Waco	TX	2:1
M Lipsitz	Waco	TX	2:1
M M Mars	Waco	TX	2:1
Metro Lumber Industries	Waco	TX	2:1
Mid State Beverage Inc	Waco	TX	2:1
Owens Brockway	Waco	TX	2:1
Tejas Warehouse System	Waco	TX	2:1
Terra Nitrogen Corp (Terra Intl Inc)	Waco	TX	2:1
Vacant Facility (McCoys Bldg Supply Center)	Waco	TX	2:1
Veterans Administration	Waco	TX	2:1
Houston Shell & Concrete	Webster	TX	2:1
McCoys Bldg Supply Center	Webster	TX	2:1
Sunbelt Asphalt Materials	Webster	TX	2:1
Custom House Manuvering Svcs	Ysleta	TX	2:1
Featherlite Building Products Corp	Ysleta	TX	2:1
International Paper, Container Div	Ysleta	TX	2:1
Rhin-hart Oil	American Fork	UT	2:1
Alpine Transfer	Clearfield	UT	2:1

UP/SP Served Facilities Accessed By BNSF  
Other Than As A Result of "50/50-Line" Agreement

<u>Customer</u>	<u>Station</u>	<u>State</u>	<u>Status</u>
Americold	Clearfield	UT	2:1
Ashland Chemical	Clearfield	UT	2:1
Birmingham Bolt	Clearfield	UT	2:1
Bulkmatic Transport	Clearfield	UT	2:1
Del Monte Foods	Clearfield	UT	2:1
DSC Logistics	Clearfield	UT	2:1
Excel Mining	Clearfield	UT	2:1
FABPRO Oriented Polymers Inc	Clearfield	UT	2:1
Freeport Center	Clearfield	UT	2:1
Freeport Cold Storage	Clearfield	UT	2:1
Gatx Logistics	Clearfield	UT	2:1
Lifetime Products	Clearfield	UT	2:1
Malnove	Clearfield	UT	2:1
Naptech Inc	Clearfield	UT	2:1
Oborn Transfer & Storage	Clearfield	UT	2:1
Poli Twine	Clearfield	UT	2:1
Quintex	Clearfield	UT	2:1
Ryerson Son J T	Clearfield	UT	2:1
Tech Steel	Clearfield	UT	2:1
Thiokol	Clearfield	UT	2:1
Watkins Shepard	Clearfield	UT	2:1
Geneva Steel	Geneva	UT	2:1
LaRoche Industries	Geneva	UT	2:1
Pioneer Pipe	Geneva	UT	2:1
Western Pipe Coaters (c/o Geneva Steel)	Geneva	UT	2:1
Reilly Industries	Ironton	UT	2:1
Great Salt Lake Minerals	Little Mountain	UT	2:1
Kennecott Utah Copper Corp	Magna	UT	2:1
Flying J Inc	North Salt Lake City	UT	2:1
Red Man Pipe & Supply Co	North Salt Lake City	UT	2:1
American Nutrition	Ogden	UT	2:1
Atlas Steel	Ogden	UT	2:1
Cache Commodities DRGW	Ogden	UT	2:1
Cargill Flour Milling	Ogden	UT	2:1
Cargill Nutrena Feeds	Ogden	UT	2:1
Cereal Food Processors	Ogden	UT	2:1
David Grant Trucking Inc	Ogden	UT	Transload
Defense Depot	Ogden	UT	2:1
Durbano Metals	Ogden	UT	2:1
Dyce Chemical Ind	Ogden	UT	2:1
Great Salt Lake Minerals	Ogden	UT	2:1
Harsac	Ogden	UT	2:1
Kimberly Clark	Ogden	UT	2:1
Koch Agri Services West	Ogden	UT	2:1
L Bloom & Sons	Ogden	UT	2:1
McNabb Grain	Ogden	UT	2:1
Nutrena Feed	Ogden	UT	2:1
Transwood Incorporated	Ogden	UT	Transload
Wasatch Distributing	Ogden	UT	2:1
Western Gateway Storage	Ogden	UT	2:1
Pipe Fabricating	Pioneer	UT	2:1
A Y Building Supply	Provo	UT	2:1
Atlas Steel	Provo	UT	2:1

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<u>Customer</u>	<u>Station</u>	<u>State</u>	<u>Status</u>
Big Four Distributing	Provo	UT	2:1
Pacific States Cast Iron Pipe	Provo	UT	2:1
Pitt Des Moines (PDM)	Provo	UT	2:1
A K Railroad Materials	Salt Lake City	UT	2:1
Alta Industries	Salt Lake City	UT	2:1
American Excelsior	Salt Lake City	UT	2:1
Amerigas Propane Lp	Salt Lake City	UT	2:1
Amoco Oil	Salt Lake City	UT	2:1
Asphalt Systems Inc	Salt Lake City	UT	2:1
Associated Food Stores	Salt Lake City	UT	2:1
Atlas Steel Inc	Salt Lake City	UT	2:1
Baker Hughes Inteq	Salt Lake City	UT	2:1
Bee Hive Brick	Salt Lake City	UT	2:1
Benergy dba Star Carbon Divn	Salt Lake City	UT	2:1
Border Steel	Salt Lake City	UT	2:1
Bruce Transfer & Storage	Salt Lake City	UT	2:1
Capitol Lumber	Salt Lake City	UT	2:1
Cenex Land O Lakes	Salt Lake City	UT	2:1
Cereal Food Processors	Salt Lake City	UT	2:1
Certified Warehouse Transfer	Salt Lake City	UT	2:1
Chevron Products	Salt Lake City	UT	2:1
Chris & Dicks Lbr & Hardware	Salt Lake City	UT	2:1
Church Of Jesus Christ LDS	Salt Lake City	UT	2:1
Conoco Inc	Salt Lake City	UT	2:1
Corp Of The President (LDS Church)	Salt Lake City	UT	2:1
Corporation Of The Presiding	Salt Lake City	UT	2:1
Crawford Door Sales	Salt Lake City	UT	2:1
Crus Distributing	Salt Lake City	UT	2:1
E F Mariani	Salt Lake City	UT	Transload
Eaton Metal Products	Salt Lake City	UT	2:1
Eimco Process Equipment	Salt Lake City	UT	2:1
Engelhard	Salt Lake City	UT	2:1
Farwest Steel	Salt Lake City	UT	2:1
General Distributing	Salt Lake City	UT	2:1
General Felt Industries	Salt Lake City	UT	2:1
Great Western Chemical	Salt Lake City	UT	2:1
Harrington Trucking Inc	Salt Lake City	UT	Transload
Hill Brothers Chemical	Salt Lake City	UT	2:1
Holnam	Salt Lake City	UT	2:1
Liquid Sugars	Salt Lake City	UT	2:1
Mark Steel (W 200)	Salt Lake City	UT	2:1
Marmon Keystone	Salt Lake City	UT	2:1
May Foundry	Salt Lake City	UT	2:1
Metro Group Inc	Salt Lake City	UT	2:1
Mountain Cement	Salt Lake City	UT	2:1
Nalco Chemical	Salt Lake City	UT	2:1
Newspaper Agency	Salt Lake City	UT	2:1
Pacific Steel	Salt Lake City	UT	2:1
Packaging Corp of America	Salt Lake City	UT	2:1
Pax	Salt Lake City	UT	2:1
Peerless Oil	Salt Lake City	UT	2:1
Petrolane	Salt Lake City	UT	2:1
Pioneer Wholesale Supply Inc	Salt Lake City	UT	2:1



UP/SP Served Facilities Accessed By BNSF  
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<u>Customer</u>	<u>Station</u>	<u>State</u>	<u>Status</u>
Resource Net (aka Western Paper Co)	Salt Lake City	UT	2:1
Salt Lake Auto Auction	Salt Lake City	UT	2:1
Semling Menke	Salt Lake City	UT	2:1
Smurfit Stone Container Corp	Salt Lake City	UT	2:1
Specialized Rail Service	Salt Lake City	UT	Transload
Sport Court	Salt Lake City	UT	2:1
Steelco	Salt Lake City	UT	2:1
Sutherland Lumber	Salt Lake City	UT	2:1
Terminal Freight Handling	Salt Lake City	UT	2:1
Thatcher Company	Salt Lake City	UT	2:1
Transwood	Salt Lake City	UT	Transload
United States Postal Service	Salt Lake City	UT	2:1
United States Welding	Salt Lake City	UT	2:1
Utah Barrel	Salt Lake City	UT	2:1
Utah Metal Works	Salt Lake City	UT	2:1
Utah Paper Box	Salt Lake City	UT	2:1
Valley Steel Processing Inc	Salt Lake City	UT	2:1
Vopak USA Inc.	Salt Lake City	UT	2:1
Westinghouse Electric Co	Salt Lake City	UT	2:1
Weyerhaeuser (Matl Dist)	Salt Lake City	UT	2:1
Weyerhaeuser (Recycling)	Salt Lake City	UT	2:1
Wholesale Stationers Corp	Salt Lake City	UT	2:1
Wholesale Transfer & Whse	Salt Lake City	UT	2:1
Inland Refining Inc	Woods Cross	UT	2:1
Koch Performance Asphalt Co	Woods Cross	UT	2:1
Peak Profile	Woods Cross	UT	2:1
Phillips 66W	Woods Cross	UT	2:1

"2-To-1" Points Where UP Has Advised BSNF Has Access to "All Customers"

<u>Customer</u>	<u>Station</u>	<u>State</u>	<u>Status</u>
All Customers	Altamont	CA	2:1
All Customers	Hearst	CA	2:1
All Customers	Livermore	CA	2:1
All Customers	McCiellan Park	CA	New Facility
All Customers	Midway	CA	2:1
All Customers	Niles Jct	CA	2:1
All Customers	Pleasanton	CA	2:1
All Customers	Radum	CA	2:1
All Customers	Trevarno	CA	2:1
All Customers	Alazon	NV	2:1
All Customers	Argenta	NV	2:1
All Customers	Barth	NV	2:1
All Customers	Battle Mountain	NV	2:1
All Customers	Beowawe	NV	2:1
All Customers	Carlin	NV	2:1
All Customers	Coin	NV	2:1
All Customers	Deeth	NV	2:1
All Customers	Dunphy	NV	2:1
All Customers	Elburz	NV	2:1
All Customers	Elko	NV	2:1
All Customers	Ellison	NV	2:1
All Customers	Golconda	NV	2:1
All Customers	Halleck	NV	2:1
All Customers	Hunter	NV	2:1
All Customers	Iron Point	NV	2:1
All Customers	Jayhawk	NV	2:1
All Customers	Kampos	NV	2:1
All Customers	Knight	NV	2:1
All Customers	Mosel	NV	2:1
All Customers	Mote	NV	2:1
All Customers	Nardi	NV	2:1
All Customers	Osino	NV	2:1
All Customers	Palisade	NV	2:1
All Customers	Pardo	NV	2:1
All Customers	Rasid	NV	2:1
All Customers	Redhouse	NV	2:1
All Customers	Rennox	NV	2:1
All Customers	Russells	NV	2:1
All Customers	Ryndon	NV	2:1
All Customers	Tulasco	NV	2:1
All Customers	Valmy	NV	2:1
All Customers	Vivian	NV	2:1
All Customers	Weso	NV	2:1
All Customers	Buford	TX	2:1
All Customers	Clint	TX	2:1
All Customers	Dickinson	TX	2:1

"2-To-1" Points Where UP Has Advised BSNF Has Access to "All Customers"

<u>Customer</u>	<u>Station</u>	<u>State</u>	<u>Status</u>
All Customers	Dumont	TX	2:1
All Customers	Fabens	TX	2:1
All Customers	Fondren	TX	2:1
All Customers	Ft Hancock	TX	2:1
All Customers	Genoa	TX	2:1
All Customers	Great Southwest	TX	2:1
All Customers	Gypsum Spur	TX	2:1
All Customers	Hulen Park	TX	2:1
All Customers	Iser	TX	2:1
All Customers	La Marque	TX	2:1
All Customers	League City	TX	2:1
All Customers	McDonough	TX	2:1
All Customers	McNary	TX	2:1
All Customers	Olcott	TX	2:1
All Customers	Sierra Blanca	TX	2:1
All Customers	Texas City Jct	TX	2:1
All Customers	Tornillo	TX	2:1
All Customers	Webster	TX	2:1
All Customers	Ysleta	TX	2:1



Customers Accessed By BNSF Directly  
On Lines Purchased As A Result Of The UP/SP Merger

<u>Customer</u>	<u>Station</u>	<u>State</u>	<u>Status</u>
Baroid Corp	Berwick	LA	Direct
Ico Tubular	Boeuf	LA	Direct
J Ray McDermott	Boeuf	LA	Direct
M I Drilling Fluids	Boeuf	LA	Direct
Pipe Distributors	Boeuf	LA	Direct
Tuboscope Vetco International	Boeuf	LA	Direct
Monsanto Co	Boutte	LA	Direct
Anchor Drilling Fluids USA Inc	Cade	LA	Direct
J & L Cameco Honiron Div	Jeanerette	LA	Direct
Lafayette Power Plant	Lafayette	LA	Direct
Broussard Rice Mill Inc	Mermentau	LA	Direct
Environmental Treatment Team	Morgan City	LA	Direct
Patterson Truck Lines	Morgan City	LA	Direct
Port of Morgan City	Morgan City	LA	Direct
Tenneco	Morgan City	LA	Direct
Tuboscope	Morgan City	LA	Direct
Texaco Inc	Paradis	LA	Direct

Customers Accessed By BLSF Located  
On "2-To-1" Shortlines/Regional Carriers

<u>Customer</u>	<u>Station</u>	<u>State</u>	<u>Serving Carrier</u>	<u>Status</u>
Continental Grain Corp	Danville	AR	LRWN	2:1 SL
Green Bay Pkg Inc Ark Kraft Div	Danville	AR	LRWN	2:1 SL
Wayne Poultry & Feed (Div Continental Grain)	Danville	AR	LRWN	2:1 SL
American Fiber Industries	Little Rock	AR	LRPA	2:1 SL
Ben E Keith of Arkansas	Little Rock	AR	LRPA	2:1 SL
Best Foods Div CPC Intl Inc	Little Rock	AR	LRPA	2:1 SL
Democrat Printing & Lithographing Co	Little Rock	AR	LRPA	2:1 SL
G E Appliances	Little Rock	AR	LRPA	2:1 SL
Interstate Highway Sign Co	Little Rock	AR	LRPA	2:1 SL
Little Rock Distributing	Little Rock	AR	LRPA	2:1 SL
Logistics Services Inc. (LSI)	Little Rock	AR	LRPA	2:1 SL
Logistics Svcs Inc (LSI) (Ryan Walsh Inc)	Little Rock	AR	LRPA	2:1 SL
National By Products	Little Rock	AR	LRPA	2:1 SL
Oneal Steel Inc.	Little Rock	AR	LRPA	2:1 SL
Pind Supply Inc	Little Rock	AR	LRPA	2:1 SL
Recycle America	Little Rock	AR	LRPA	2:1 SL
River Cement	Little Rock	AR	LRPA	2:1 SL
Safety Kleen	Little Rock	AR	LRPA	2:1 SL
Schick Steel	Little Rock	AR	LRPA	2:1 SL
Schueck Steel	Little Rock	AR	LRPA	2:1 SL
Sloane, George Fischer Mfg Co Inc	Little Rock	AR	LRPA	2:1 SL
Southern Bldg Products	Little Rock	AR	LRPA	2:1 SL
Southern Scrap	Little Rock	AR	LRPA	2:1 SL
Southland Products	Little Rock	AR	LRPA	2:1 SL
Unisource Inc. (Lindsay Rd)	Little Rock	AR	LRPA	2:1 SL
Vincent Metals Div Rio Algom Inc	Little Rock	AR	LRPA	2:1 SL
Vinyl Building Products	Little Rock	AR	LRPA	2:1 SL
Wheatland Tube - Omega Div	Little Rock	AR	LRPA	2:1 SL
Deltic Timber Corp	Ola	AR	LRWN	2:1 SL
Ameri Gas	Perry	AR	LRWN	2:1 SL
Green Bay Packaging Inc Arkansas Kraft Div	Perry	AR	LRWN	2:1 SL
Collins Pine	Chester	CA	AL	2:1 SL
Riviana Food Inc	Abbeville	LA	LD RR	2:1 SL
Cargill Salt	Baldwin	LA	LD RR	2:1 SL
Morton Salt	Baldwin	LA	LD RR	2:1 SL
Twin Bros Marine	Baldwin	LA	LD RR	2:1 SL
Cabot Corp	Bayou Sale	LA	LD RR	2:1 SL
Columbian Chemicals Co	Bayou Sale	LA	LD RR	2:1 SL
Enterprise Products	Breaux Bridge	LA	LD RR	2:1 SL
Helena Chemical Co	Bunkie	LA	AKDN	2:1 SL
Acadiana Scrap Salvage	Crowley	LA	AKDN	2:1 SL
Falcon Rice Mill	Crowley	LA	AKDN	2:1 SL
Francis Drilling Fluids Ltd	Crowley	LA	AKDN	2:1 SL
G & H Seed	Crowley	LA	AKDN	2:1 SL
Helena Chemical	Crowley	LA	AKDN	2:1 SL
Krielow Bros	Crowley	LA	AKDN	2:1 SL
Liq Quick Fertilizer	Crowley	LA	AKDN	2:1 SL
Riceland Foods (ADM)	Crowley	LA	AKDN	2:1 SL
Southwest Rice Mill	Crowley	LA	AKDN	2:1 SL
Southwest Rice Mill	Crowley	LA	AKDN	2:1 SL
Supreme Rice Mill Inc	Crowley	LA	AKDN	2:1 SL
International Paper Co	Elks	LA	LD RR	2:1 SL
C & E Supply	Eunice	LA	AKDN	2:1 SL
Mowata Farm Supply	Eunice	LA	AKDN	2:1 SL
Rice Co of Eunice	Eunice	LA	AKDN	2:1 SL
Miller Brands	Harahan	LA	NOPB	2:1 SL
Ribelin Distribution Inc	Harahan	LA	NOPB	2:1 SL

Customers Accessed By BNSF Located  
On "2-To-1" Shortlines/Regional Carriers

<u>Customer</u>	<u>Station</u>	<u>State</u>	<u>Serving Carrier</u>	<u>Status</u>
Lincoln Big Three	Harvey	LA	NOPB	2:1 SL
M I Drilling Fluids Co	Harvey	LA	NOPB	2:1 SL
Shield Coat Inc	Houma	LA	LD RR	2:1 SL
Cajun Distributing	Jefferson	LA	NOPB	2:1 SL
Distron	Jefferson	LA	NOPB	2:1 SL
Liberty Rice	Kaplan	LA	LD RR	2:1 SL
Transoceanic Shipping/ Intl Export Packers of La	Kenner	LA	NOPB	2:1 SL
A & E Scrap Materials Inc	Lafayette	LA	LD RR	2:1 SL
American Manufacturing Company	Lafayette	LA	LD RR	2:1 SL
Branch Warehouse	Lafayette	LA	LD RR	2:1 SL
Catalyst Recovery	Lafayette	LA	LD RR	2:1 SL
Chastant Brothers Inc	Lafayette	LA	LD RR	2:1 SL
Elks Concrete Products	Lafayette	LA	LD RR	2:1 SL
Halliburton	Lafayette	LA	LD RR	2:1 SL
Lafayette Distributors	Lafayette	LA	LD RR	2:1 SL
Louisiana Sw Scrap & Salvage	Lafayette	LA	LD RR	2:1 SL
Mike Baker Brick Co	Lafayette	LA	LD RR	2:1 SL
Northpark Industrial Park	Lafayette	LA	LD RR	2:1 SL
Oneal Steel Inc	Lafayette	LA	LD RR	2:1 SL
OSCA Inc	Lafayette	LA	LD RR	2:1 SL
Quality Brands Inc	Lafayette	LA	LD RR	2:1 SL
Schilling Distributing Co Inc	Lafayette	LA	LD RR	2:1 SL
Lockport Thermostats	Lockport	LA	LD RR	2:1 SL
Nicolas Paper	Lockport	LA	LD RR	2:1 SL
Olin	Lockport	LA	LD RR	2:1 SL
Raceland Sugar	Lockport	LA	LD RR	2:1 SL
Allen Tank	New Iberia	LA	LD RR	2:1 SL
Ambar Inc	New Iberia	LA	LD RR	2:1 SL
Bayou Pipe Coating	New Iberia	LA	LD RR	2:1 SL
Carbo Ceramics	New Iberia	LA	LD RR	2:1 SL
Coastal Chemical	New Iberia	LA	LD RR	2:1 SL
Coastal Timbers	New Iberia	LA	LD RR	2:1 SL
Creole Fermentation	New Iberia	LA	LD RR	2:1 SL
Degussa Carbon Black Corp	New Iberia	LA	LD RR	2:1 SL
Iberia Sugar	New Iberia	LA	LD RR	2:1 SL
Iberia Threading	New Iberia	LA	LD RR	2:1 SL
Liberty Connell	New Iberia	LA	LD RR	2:1 SL
Olin	New Iberia	LA	LD RR	2:1 SL
Premiere Casing	New Iberia	LA	LD RR	2:1 SL
A To Z Paper Co	New Orleans	LA	NOPB	2:1 SL
Advance Paper Company	New Orleans	LA	NOPB	2:1 SL
Baroid Sales Co (Nl Ind)	New Orleans	LA	NOPB	2:1 SL
Barriere Construction Co	New Orleans	LA	NOPB	2:1 SL
Better Boxing	New Orleans	LA	NOPB	2:1 SL
Bourg Wilson Lbr & Bldg Inc	New Orleans	LA	NOPB	2:1 SL
Bubbas Produce	New Orleans	LA	NOPB	2:1 SL
Cargill	New Orleans	LA	NOPB	2:1 SL
Citadel Cement/ Laforest Co	New Orleans	LA	NOPB	2:1 SL
Crown Oil Chemical	New Orleans	LA	NOPB	2:1 SL
Dbi R Equine Feed Supply	New Orleans	LA	NOPB	2:1 SL
Deavo Lime Pellican Divn	New Orleans	LA	NOPB	2:1 SL
Depuy Stg & Fwd	New Orleans	LA	NOPB	2:1 SL
Dravo Basic Materials	New Orleans	LA	NOPB	2:1 SL
Equitable Shipyards	New Orleans	LA	NOPB	2:1 SL
Gats Masonry	New Orleans	LA	NOPB	2:1 SL
Glazer Steel and Aluminum	New Orleans	LA	NOPB	2:1 SL
Gulf Coast Dockside	New Orleans	LA	NOPB	2:1 SL
Halter Marine	New Orleans	LA	NOPB	2:1 SL



Customers Accessed By BNSF Located  
On "2-To-1" Shortlines/Regional Carriers

<u>Customer</u>	<u>Station</u>	<u>State</u>	<u>Serving Carrier</u>	<u>Status</u>
Holnam	New Orleans	LA	NOPB	2:1 SL
Horizon Intl	New Orleans	LA	NOPB	2:1 SL
Hug Condon & Mayflower Moving & Storing	New Orleans	LA	NOPB	2:1 SL
Lane & Co	New Orleans	LA	NOPB	2:1 SL
Lengsfeld Bros - Lengsfeld Pkg	New Orleans	LA	NOPB	2:1 SL
Levitz Furniture	New Orleans	LA	NOPB	2:1 SL
Liquid Sugars Inc	New Orleans	LA	NOPB	2:1 SL
Marzoni & Associates	New Orleans	LA	NOPB	2:1 SL
Missionary Expeditors Inc	New Orleans	LA	NOPB	2:1 SL
Namasco	New Orleans	LA	NOPB	2:1 SL
Neeb Kearney Inc	New Orleans	LA	NOPB	2:1 SL
New Orleans Cold Storage	New Orleans	LA	NOPB	2:1 SL
New Orleans Distribution	New Orleans	LA	NOPB	2:1 SL
New Orleans Marine Cont	New Orleans	LA	NOPB	2:1 SL
New Orleans Metal Works	New Orleans	LA	NOPB	2:1 SL
North Star Steel Co	New Orleans	LA	NOPB	2:1 SL
Orleans Matls Equipment Co	New Orleans	LA	NOPB	2:1 SL
Patent Scaffolding	New Orleans	LA	NOPB	2:1 SL
Paulsen-Weber	New Orleans	LA	NOPB	2:1 SL
Pelican Paper	New Orleans	LA	NOPB	2:1 SL
Pelican Tomato Co	New Orleans	LA	NOPB	2:1 SL
Pennzoil Products	New Orleans	LA	NOPB	2:1 SL
Plymouth Cordage	New Orleans	LA	NCPB	2:1 SL
Plywood Panels	New Orleans	LA	NOPB	2:1 SL
Pontchartrain Matl Corp	New Orleans	LA	NOPB	2:1 SL
Port Cargo Service	New Orleans	LA	NOPB	2:1 SL
Public Bulk Terminal	New Orleans	LA	NOPB	2:1 SL
Puerto Rican Marine Mgt	New Orleans	LA	NOPB	2:1 SL
Reily Chemical Co	New Orleans	LA	NOPB	2:1 SL
Reily Wm B - Blue Plate Fine Foods	New Orleans	LA	NOPB	2:1 SL
Ribelen Sales Inc	New Orleans	LA	NOPB	2:1 SL
Rippner Inc	New Orleans	LA	NOPB	2:1 SL
Ryan Timber Co	New Orleans	LA	NOPB	2:1 SL
Sealand	New Orleans	LA	NOPB	2:1 SL
Second Harvester	New Orleans	LA	NOPB	2:1 SL
Sequoia Supply Inc	New Orleans	LA	NOPB	2:1 SL
Sewerage & Water Board of New Orleans	New Orleans	LA	NOPB	2:1 SL
Southeast Recycling	New Orleans	LA	NOPB	2:1 SL
Southern Scrap Matl Co	New Orleans	LA	NOPB	2:1 SL
Southern Steel & Aluminum	New Orleans	LA	NOPB	2:1 SL
Standard Coffee	New Orleans	LA	NOPB	2:1 SL
Tri Ro Pa Mills	New Orleans	LA	NOPB	2:1 SL
Triple E Transport Inc	New Orleans	LA	NOPB	2:1 SL
Turner Marine Bulk Inc	New Orleans	LA	NOPB	2:1 SL
US Army Corp of Engineering	New Orleans	LA	NOPB	2:1 SL
US Gypsum Co	New Orleans	LA	NOPB	2:1 SL
W R Grace	New Orleans	LA	NOPB	2:1 SL
Benhard Warehouse	Opelousas	LA	AKDN	2:1 SL
Cal-Chlor Inc	Opelousas	LA	AKDN	2:1 SL
Emick Prejean & Son Inc	Opelousas	LA	AKDN	2:1 SL
FMC	Opelousas	LA	AKDN	2:1 SL
Gaiennie Lumber	Opelousas	LA	AKDN	2:1 SL
James Corp of Opelousas	Opelousas	LA	AKDN	2:1 SL
Lou Ana Foods	Opelousas	LA	AKDN	2:1 SL
PMG Inc	Opelousas	LA	AKDN	2:1 SL
Prairie Construction Co	Opelousas	LA	AKDN	2:1 SL
Southwest Feed & Farm Supply	Opelousas	LA	AKDN	2:1 SL
Southwest Feed Farm	Opelousas	LA	AKDN	2:1 SL

Customers Accessed By BNSF Located  
On "2-To-1" Shortlines/Regional Carriers

<u>Customer</u>	<u>Station</u>	<u>State</u>	<u>Serving Carrier</u>	<u>Status</u>
Patout M A & Son Ltd	Patoutville	LA	LDRR	2:1 SL
Dufrene Building Materials Inc	Raceland	LA	LDRR	2:1 SL
Krielow Brothers	Roanoke	LA	AKDN	2:1 SL
Tri-State Delta Llc	Schriever	LA	LDRR	2:1 SL
Cabot Corp	Tate Cove	LA	AKDN	2:1 SL
National Beverage	Thibodaux	LA	LDRR	2:1 SL
Evangeline Farmers Coop	Ville Platte	LA	AKDN	2:1 SL
Union Tank Car	Ville Platte	LA	AKDN	2:1 SL
BHP Copper	Riepetown	NV	BHP	2:1 SL
Agua Dulce Grain Co	Agua Dulce	TX	TM	2:1 SL
Agua Dulce Co-op	Agua Dulce	TX	TM	2:1 SL
Barr Iron & Metal	Alice	TX	TM	2:1 SL
Bell Processing	Alice	TX	TM	2:1 SL
Dowell Schlumberger Inc	Alice	TX	TM	2:1 SL
Halliburton Energy Svc	Alice	TX	TM	2:1 SL
Hammock Distribution	Alice	TX	TM	2:1 SL
Milchem	Alice	TX	TM	2:1 SL
Santrol	Alice	TX	TM	2:1 SL
Tetra Oil & Gas Svc	Alice	TX	TM	2:1 SL
Tetra Services Inc	Alice	TX	TM	2:1 SL
Titan Services	Alice	TX	TM	2:1 SL
Western	Alice	TX	TM	2:1 SL
ABC Supply	Austin	TX	AUAR	2:1 SL
Acco Waste Paper	Austin	TX	AUAR	2:1 SL
Alar Distribution	Austin	TX	AUAR	2:1 SL
Alliant Foodservice	Austin	TX	AUAP	2:1 SL
Austin Steam Train Assn	Austin	TX	AUAR	2:1 SL
Bison Warehouse & Distribution	Austin	TX	AUAR	2:1 SL
Boonesborough Inc	Austin	TX	AUAR	2:1 SL
Brown Dist	Austin	TX	AUAR	2:1 SL
Capital Beverage	Austin	TX	AUAR	2:1 SL
Foxworth - Galbraith	Austin	TX	AUAR	2:1 SL
Huntsman Chemical Corp	Austin	TX	AUAR	2:1 SL
J Pinelli Corp	Austin	TX	AUAR	2:1 SL
Kraft Food Service	Austin	TX	AUAR	2:1 SL
Quartermaster Logistics, LLP	Austin	TX	AUAR	2:1 SL
Shiner	Austin	TX	AUAR	2:1 SL
Warren Furniture	Austin	TX	AUAR	2:1 SL
Banquete Co-op	Banquete	TX	TM	2:1 SL
Banquete Grain & Elevator	Banquete	TX	TM	2:1 SL
McCoy Building Supply Center	Belton	TX	GRR	2:1 SL
Amfels Inc	Brownsville	TX	BRG	2:1 SL
Anbel Corporation	Brownsville	TX	BRG	2:1 SL
Best Group Marine	Brownsville	TX	BRG	2:1 SL
Brownsville Navigation	Brownsville	TX	BRG	2:1 SL
Brownsville Refining	Brownsville	TX	BRG	2:1 SL
Carl & Carol Meyer	Brownsville	TX	BRG	2:1 SL
Chem USA Corp	Brownsville	TX	BRG	2:1 SL
Columbia Western Clay	Brownsville	TX	BRG	2:1 SL
Comercializadora Lajunta	Brownsville	TX	BRG	2:1 SL
Dix Industries Inc	Brownsville	TX	BRG	2:1 SL
Duopaper Bag Mfg	Brownsville	TX	BRG	2:1 SL
Elgo Internacional	Brownsville	TX	BRG	2:1 SL
Frontier Services	Brownsville	TX	BRG	2:1 SL
Galbreath Inc	Brownsville	TX	BRG	2:1 SL
Garva Corp	Brownsville	TX	BRG	2:1 SL
Global Stone Lc	Brownsville	TX	BRG	2:1 SL
Groendyke Transport	Brownsville	TX	BRG	2:1 SL

Customers Accessed By BNSF Located  
On "2-To-1" Shortlines/Regional Carriers

<u>Customer</u>	<u>Station</u>	<u>State</u>	<u>Serving Carrier</u>	<u>Status</u>
Gulf Facilities Inc	Brownsville	TX	BRG	2:1 SL
Gulf Stream Marine Of Brownsville	Brownsville	TX	BRG	2:1 SL
Gulmar Inc	Brownsville	TX	BRG	2:1 SL
Inter Transfer	Brownsville	TX	BRG	2:1 SL
Interlube Terminals	Brownsville	TX	BRG	2:1 SL
International Shipbreaking	Brownsville	TX	BRG	2:1 SL
International Stainless Steel	Brownsville	TX	BRG	2:1 SL
Itapco Border Terml	Brownsvi	TX	BRG	2:1 SL
Itapco Bville Terml	Brownsville	TX	BRG	2:1 SL
Itapco Tezano Terml	Brownsville	TX	BRG	2:1 SL
John Houlihan	Brownsville	TX	BRG	2:1 SL
Liberty Engr Inc	Brownsville	TX	BRG	2:1 SL
Lower Valley Trans	Brownsville	TX	BRG	2:1 SL
Marine Scrap Corp	Brownsville	TX	BRG	2:1 SL
Oglebay Norton	Brownsville	TX	BRG	2:1 SL
Open Sesame Commodity	Brownsville	TX	BRG	2:1 SL
Penn Octane Corp	Brownsville	TX	BRG	2:1 SL
Petroliquids Terminal	Brownsville	TX	BRG	2:1 SL
Plitt Crane & Equipment Inc	Brownsville	TX	BRG	2:1 SL
Port Elevator-Brownsville	Brownsville	TX	BRG	2:1 SL
Port Of Brownsville	Brownsville	TX	BRG	2:1 SL
Quimica Fluor Sa	Brownsville	TX	BRG	2:1 SL
R M Walsdorf Co	Brownsville	TX	BRG	2:1 SL
Rio Plastics Inc	Brownsville	TX	BRG	2:1 SL
Roll & Hold	Brownsville	TX	BRG	2:1 SL
RR Maintenance & Constr	Brownsville	TX	BRG	2:1 SL
Sanco International Inc	Brownsville	TX	BRG	2:1 SL
Satellite I Inc	Brownsville	TX	BRG	2:1 SL
South Pacific Plywood Lumber	Brownsville	TX	BRG	2:1 SL
South Texas Grain	Brownsville	TX	BRG	2:1 SL
South Texas Grain (Tip O Tex Elevator)	Brownsville	TX	BRG	2:1 SL
Southwest Grain	Brownsville	TX	BRG	2:1 SL
STG Leasing Co	Brownsville	TX	BRG	2:1 SL
Texas International Ry	Brownsville	TX	BRG	2:1 SL
Transforma Marine	Brownsville	TX	BRG	2:1 SL
TransMontaigne Terminaling Inc	Brownsville	TX	BRG	2:1 SL
Trico Technologies Corp	Brownsville	TX	BRG	2:1 SL
Valley Warehousing	Brownsville	TX	BRG	2:1 SL
Hoover Building Supp	Burnet	TX	AUAR	2:1 SL
Pioneer Concrete of Tx Inc	Burnet	TX	AUAR	2:1 SL
Aimcor (Applied Industrial Materials)	Corpus Christi	TX	CCTR	2:1 SL
Alamo Concrete Products Limited	Corpus Christi	TX	TM	2:1 SL
Alford Refrigerated Whse	Corpus Christi	TX	TM	2:1 SL
Andrews Distributing Company Inc	Corpus Christi	TX	TM	2:1 SL
Atlas Iron & Metal Company	Corpus Christi	TX	TM	2:1 SL
Auto Warehousing Company	Corpus Christi	TX	CCTR	2:1 SL
Baker Hughes Inteq	Corpus Christi	TX	TM	2:1 SL
Barnup & Simms of Texas Inc	Corpus Christi	TX	TM	2:1 SL
BFI Waste Systems	Corpus Christi	TX	TM	2:1 SL
Big Three Welding Co	Corpus Christi	TX	TM	2:1 SL
Block Distributing Company	Corpus Christi	TX	TM	2:1 SL
Butt H E Grocery	Corpus Christi	TX	TM	2:1 SL
City Delivery Service & Storage	Corpus Christi	TX	TM	2:1 SL
Clemtex Inc	Corpus Christi	TX	TM	2:1 SL
Coastal Storage Inc	Corpus Christi	TX	TM	2:1 SL
Commercial Metals Company	Corpus Christi	TX	TM	2:1 SL
Coors Distributing Co of Corpus Christi	Corpus Christi	TX	TM	2:1 SL
Corpus Christi Disposal Service	Corpus Christi	TX	TM	2:1 SL



Customers Accessed By BNSF Located  
On "2-To-1" Shortlines/Regional Carriers

<u>Customer</u>	<u>Station</u>	<u>State</u>	<u>Serving Carrier</u>	<u>Status</u>
Corpus Christi Grain Co	Corpus Christi	TX	TM	2:1 SL
Corpus Christi Produce Co Inc	Corpus Christi	TX	TM	2:1 SL
Corpus Christi Public Compress	Corpus Christi	TX	CCTR	2:1 SL
Corpus Christi Public Elevator	Corpus Christi	TX	CCTR	2:1 SL
Corpus Christi Wholesale Mart	Corpus Christi	TX	TM	2:1 SL
Delta Steel Inc	Corpus Christi	TX	TM	2:1 SL
Dix-Fairway Terminals	Corpus Christi	TX	CCTR	2:1 SL
Farrell Cooper Mining	Corpus Christi	TX	CCTR	2:1 SL
Featherlite Building Products	Corpus Christi	TX	TM	2:1 SL
G N I Group (Disposal System)	Corpus Christi	TX	TM	2:1 SL
Griffin Industries	Corpus Christi	TX	TM	2:1 SL
Gulf Coast Bearing & Supply Co	Corpus Christi	TX	TM	2:1 SL
Gulf Compress	Corpus Christi	TX	UP/TM	2:1 SL
Gulf Concrete	Corpus Christi	TX	TM	2:1 SL
Gulf Iron Works	Corpus Christi	TX	TM	2:1 SL
Haas Anderson Construction Inc	Corpus Christi	TX	TM	2:1 SL
Hausman, Sam Meat Packer	Corpus Christi	TX	TM	2:1 SL
Hitox Corp	Corpus Christi	TX	CCTR	2:1 SL
Industrial Stainless & Alloys	Corpus Christi	TX	TM	2:1 SL
Ingram Readymix Inc	Corpus Christi	TX	TM	2:1 SL
Koch Material Co	Corpus Christi	TX	CCTR	2:1 SL
M G Building Materials Inc.	Corpus Christi	TX	TM	2:1 SL
Milwhite Company Inc	Corpus Christi	TX	CCTR	2:1 SL
Mineral Processing & Marketing	Corpus Christi	TX	TM	2:1 SL
National Sanitary Supply Company (Century Paper)	Corpus Christi	TX	TM	2:1 SL
Naylor Farm & Ranch Supply	Corpus Christi	TX	TM	2:1 SL
Omni Fluids Co	Corpus Christi	TX	TM	2:1 SL
Penland Distributing Co	Corpus Christi	TX	TM	2:1 SL
Port of Corpus Christi Authority	Corpus Christi	TX	CCTR	2:1 SL
Port of Corpus Christi Authority - Bulkmaterials Dock	Corpus Christi	TX	CCTR	2:1 SL
Roy West Warehouses Inc	Corpus Christi	TX	TM	2:1 SL
Safety Kleen Corporation	Corpus Christi	TX	TM	2:1 SL
Scholl Forest Industry Inc.	Corpus Christi	TX	CCTR	2:1 SL
Sears Roebuck & Co	Corpus Christi	TX	TM	2:1 SL
Skips Industrial Salvage	Corpus Christi	TX	TM	2:1 SL
South Texas Recycling Co	Corpus Christi	TX	TM	2:1 SL
Southeastern Public Service Co	Corpus Christi	TX	TM	2:1 SL
Star Fire Port Services Inc	Corpus Christi	TX	CCTR	2:1 SL
Sterett Supply Co	Corpus Christi	TX	TM	2:1 SL
Suniland Furniture Co	Corpus Christi	TX	TM	2:1 SL
Swift-Train Company	Corpus Christi	TX	TM	2:1 SL
Texas Industries Inc. (TXI)	Corpus Christi	TX	TM	2:1 SL
Texas Lehigh Cement	Corpus Christi	TX	CCTR	2:1 SL
Thorpe Insulation Co (J. T. Thorpe Company)	Corpus Christi	TX	TM	2:1 SL
Timet	Corpus Christi	TX	CCTR	2:1 SL
United Masonry Supply Inc.	Corpus Christi	TX	TM	2:1 SL
Valls Shipping Company	Corpus Christi	TX	CCTR	2:1 SL
Vista Trading	Corpus Christi	TX	CCTR	2:1 SL
Vopak USA Inc.	Corpus Christi	TX	TM	2:1 SL
Wallace Co Inc	Corpus Christi	TX	TM	2:1 SL
Western Steel Co	Corpus Christi	TX	TM	2:1 SL
Wholesalers, Inc.	Corpus Christi	TX	TM	2:1 SL
Wuensche Grain & Elevator	Corpus Christi	TX	TM	2:1 SL
84 Lumber	Decker	TX	AUAR	2:1 SL
Acme Brick	Elgin	TX	AUAR	2:1 SL
Elgin Butler Brick	Elgin	TX	AUAR	2:1 SL
Elgin Warehousing Corp	Elgin	TX	AUAR	2:1 SL
Greenline Chemical Co	Elgin	TX	AUAR	2:1 SL

Customers Accessed By BNSF Located  
On "2-To-1" Shortlines/Regional Carriers

<u>Customer</u>	<u>Station</u>	<u>State</u>	<u>Serving Carrier</u>	<u>Status</u>
U S Brick	Elgin	TX	AUAR	2:1 SL
Valcones Recycling	Elgin	TX	AUAR	2:1 SL
Austin Powder Corp	Feld	TX	GRR	2:1 SL
Calcasieu Lumber Co	Feld	TX	GRR	2:1 SL
Dyno Nobel Mid America	Feld	TX	GRR	2:1 SL
Team Track Feld	Feld	TX	GRR	2:1 SL
Austin Marble	Georgetown	TX	GRR	2:1 SL
Hope Lumber Co	Georgetown	TX	GRR	2:1 SL
McCoy Lumber	Georgetown	TX	GRR	2:1 SL
Transit Mix Inc	Georgetown	TX	GRR	2:1 SL
Ambar Inc	Hebbronville	TX	TM	2:1 SL
Baker Hughes Integ	Hebbronville	TX	TM	2:1 SL
M I Drilling Fluids Co	Hebbronville	TX	TM	2:1 SL
Brennan & Co	Laredo	TX	TM	2:1 SL
Caseo Guerra	Laredo	TX	TM	2:1 SL
Chemical Leaman	Laredo	TX	TM	2:1 SL
Continental Exim (G Bolano)	Laredo	TX	TM	2:1 SL
Despachos del Norte	Laredo	TX	TM	2:1 SL
Fernando Garcia Whse	Laredo	TX	TM	2:1 SL
Flores R L	Laredo	TX	TM	2:1 SL
Galveston Paper Inc	Laredo	TX	TM	2:1 SL
Gateway Transfer	Laredo	TX	TM	2:1 SL
J O Alvarez CHB	Laredo	TX	TM	2:1 SL
Laredo Moving & Storage	Laredo	TX	TM	2:1 SL
MB Forwarding	Laredo	TX	TM	2:1 SL
Mesa Processing	Laredo	TX	TM	2:1 SL
Milwhite Inc	Laredo	TX	TM	2:1 SL
Pasquel Hermanos	Laredo	TX	TM	2:1 SL
Texas Intl Forwarding	Laredo	TX	TM	2:1 SL
Cactus Canyon Quarries Inc	Marble Falls	TX	LHRR	2:1 SL
Capitol Aggregates (Delta)	Marble Falls	TX	LHRR	2:1 SL
Chemical Lime	Marble Falls	TX	LHRR	2:1 SL
J M Huber	Marble Falls	TX	LHRR	2:1 SL
Texas Granite	Marble Falls	TX	LHRR	2:1 SL
Abbott Labs	McNeil	TX	AUAR	2:1 SL
Austin White Lime Company	McNeil	TX	AUAR	2:1 SL
Guthrie Lumber	McNeil	TX	AUAR	2:1 SL
J H Supply	McNeil	TX	AUAR	2:1 SL
Anglo Iron & Metal	Port of Brownsville	TX	BRG	2:1 SL
Brownsville Gulfside Warehouse	Port of Brownsville	TX	BRG	2:1 SL
Duro Bag	Port of Brownsville	TX	BRG	2:1 SL
Garva Corp	Port of Brownsville	TX	BRG	2:1 SL
Gulf Facilities Inc	Port of Brownsville	TX	BRG	2:1 SL
Gulmar Inc	Port of Brownsville	TX	BRG	2:1 SL
Schaefer Stevedoring	Port of Brownsville	TX	BRG	2:1 SL
STF Inc	Port of Brownsville	TX	BRG	2:1 SL
Texas Intl Rwy (Rail Transport Svcs)	Port of Brownsville	TX	BRG	2:1 SL
Union Carbide	Port of Brownsville	TX	BRG	2:1 SL
Westway Terminal (Trading)	Port of Brownsville	TX	BRG	2:1 SL
Wright Materials Inc	Robstown	TX	TM	2:1 SL
Calcasieu Lumber Company	Round Rock	TX	GRR	2:1 SL
Alar Distribution	Scobee	TX	AUAR	2:1 SL
Capital Beverage	Scobee	TX	AUAR	2:1 SL
Foxworth - Galbraith	Scobee	TX	AUAR	2:1 SL
McCoy Corp	Scobee	TX	AUAR	2:1 SL
Top Dollar Cement	Weir	TX	GRR	2:1 SL
Boise Cascade	City Limits	UT	SLGW	2:1 SL
Certified Warehouse	City Limits	UT	SLGW	2:1 SL

Customers Accessed By BNSF Located  
On "2-To-1" Shortlines/Regional Carriers

<u>Customer</u>	<u>Station</u>	<u>State</u>	<u>Serving Carrier</u>	<u>Status</u>
Comstar International	City Limits	UT	SLGW	2:1 SL
National Distribution	City Limits	UT	SLGW	2:1 SL
Pacific Cold Storage	City Limits	UT	SLGW	2:1 SL
Sauder Woodworking	City Limits	UT	SLGW	2:1 SL
Pacificorp	Gadsby	UT	SLGW	2:1 SL
Butterfield Bldg Matl (Lumber)	Midvale	UT	SL	2:1 SL
Amalgamated Sugar Co LLC	Ogden	UT	UCRY	2:1 SL
BMC West	Ogden	UT	UCRY	2:1 SL
Infiltrator Systems	Ogden	UT	UCRY	2:1 SL
Intermountain Grain	Ogden	UT	UCRY	2:1 SL
Pioneer Door Sales	Ogden	UT	UCRY	2:1 SL
Centennial Gas Liquids	Ogden Sugar Works	UT	UCRY	2:1 SL
Larkin Cattle Co	Ogden Sugar Works	UT	UCRY	2:1 SL
McFarland Cascade Corp	Ogden Sugar Works	UT	UCRY	2:1 SL
Northwest Trading Co	Ogden Sugar Works	UT	UCRY	2:1 SL
Round Butte Products	Ogden Sugar Works	UT	UCRY	2:1 SL
Trinity Industries Inc	Ogden Sugar Works	UT	UCRY	2:1 SL
Constar International	Salt Lake City	UT	SLGW	2:1 SL
Dunn Oil Company	Salt Lake City	UT	SL	2:1 SL
Georgia Pacific Corp	Salt Lake City	UT	SL	2:1 SL
Henderson Wheel & Whse Supply	Salt Lake City	UT	SL	2:1 SL
Hudson Printing Blaire	Salt Lake City	UT	SL	2:1 SL
Intermountain Furniture	Salt Lake City	UT	SL	2:1 SL
Intermountain Lumber Co	Salt Lake City	UT	SL	2:1 SL
Mountain Fuel Supply	Salt Lake City	UT	SLGW	2:1 SL
Pacific Cold Storage	Salt Lake City	UT	SLGW	2:1 SL
Pacificorp	Salt Lake City	UT	SLGW	2:1 SL
Sears Roebuck & Co	Salt Lake City	UT	SL	2:1 SL
Standard Builders Supply	Salt Lake City	UT	SL	2:1 SL
Utah State Board Education	Salt Lake City	UT	SLGW	2:1 SL
Valley Oil Transportation	Salt Lake City	UT	SLGW	2:1 SL
Wasatch Metal Salvage	Salt Lake City	UT	SL	2:1 SL
Wasatch Shippers	Salt Lake City	UT	SL	2:1 SL



UP/SP Customers Accessed By BNSF  
As A Result Of The '93 "50/50 Line Agreement"

<u>Customer</u>	<u>Station</u>	<u>State</u>	<u>Status</u>
National Concrete Products Inc	Beaumont	TX	98 Agreement
Cowboy Concrete	Beaumont	TX	98 Agreement
Inman Service Co	Baytown	TX	98 Agreement
Burris Transfer & Storage	Beaumont	TX	98 Agreement
Offshore Pipeline	Orange	TX	98 Agreement
Pol-Tex International	Mont Belvieu	TX	98 Agreement
Butcher Distributors Inc	Lake Charles	LA	98 Agreement
Trinity Industries	Orange	TX	98 Agreement
Tek Rap Inc	Houston (Fauna)	TX	98 Agreement
Cargill Steel & Wire	Beaumont	TX	98 Agreement
East Lake Oil Inc/Eastlake Oils	Lake Charles	LA	98 Agreement
Spartech Polycom	Lake Charles	LA	98 Agreement
A to Z Terminal Corp	Crosby	TX	98 Agreement
A & A Tubular Services Inc	Sheldon	TX	98 Agreement
Econo Rail Corp	Chaison	TX	98 Agreement
Venture Trucking	Sheldon	TX	98 Agreement
Arrow Trucking Co	Sheldon	TX	98 Agreement
Chevron Chemical	Beaumont	TX	98 Agreement
B W Services	West Lake	LA	98 Agreement
Baker Hughes Inteq	Sheldon	TX	98 Agreement
Conco Food Distributors	Lafayette	LA	98 Agreement
Milpark Drilling Fluids (Baker Hughes)	Lake Charles	LA	98 Agreement
BASF Corp Ag Prod Div	Viterbo	TX	98 Agreement
Baxter Oil Co	Beaumont	TX	98 Agreement
International Group Inc	Baytown	TX	98 Agreement
Beaumont Brick & Stone	Beaumont	TX	98 Agreement
Beaumont Rice Mills Inc	Beaumont	TX	98 Agreement
Betz Dearborn Hydrocarbon	Amelia	TX	98 Agreement
Trailer Marine Transport Corp	Harbor	LA	98 Agreement
Ritter Lumber Co	Beaumont	TX	98 Agreement
Century Steps Inc, Sulphur Div	Sulphur	LA	98 Agreement
Certainteed Corp	West Lake	LA	98 Agreement
Abitibi Consolidated, Inc.	Sheldon	TX	98 Agreement
Champion Pipe & Supply	Sheldon	TX	98 Agreement
Donohue Recycling Corp	Sheldon	TX	98 Agreement
Chevron Chemical Co	West Port Arthur	TX	98 Agreement
Clark Refining & Mktg	West Port Arthur	TX	98 Agreement
Port of Beaumont	Beaumont	TX	98 Agreement
Continental Grain Co	Beaumont	TX	98 Agreement
Cypress Creek Pipe	Sheldon	TX	98 Agreement
Delta Tubular Processing	Sheldon	TX	98 Agreement
Doquet Rice Milling Co	Amelia	TX	98 Agreement
Dupont de Nemours, E I (marked whse)	Orange	TX	98 Agreement
E L Farmer & Co	Sheldon	TX	98 Agreement
Eastex Farm & Home	Beaumont	TX	98 Agreement
Enfab Industries Inc	Crosby	TX	98 Agreement
Engineered Carbons (Div of Ameripol Synpol)	Eldon	TX	98 Agreement

UP/SP Customers Accessed By BNSF  
As A Result Of The '98 "50/50 Line Agreement"

<u>Customer</u>	<u>Station</u>	<u>State</u>	<u>Status</u>
Engineered Carbons (Div of Ameripol Synpol)	Echo	TX	98 Agreement
Entergy Inc/Gulf States Utilities	Sulphur	LA	98 Agreement
Enterprise Products	Mont Belvieu	TX	98 Agreement
Equistar (Millennium Petrochemical)	Williams	TX	98 Agreement
Woodard Transportation	Sheldon	TX	98 Agreement
Evans Cooperage Co Inc	Sheldon	TX	98 Agreement
Ferrell North America	Mont Belvieu	TX	98 Agreement
Five Star Transportation	Sheldon	TX	98 Agreement
G & G Enterprise	Francis	TX	98 Agreement
Giglio Distributing Co	Beaumont	TX	98 Agreement
Gilchrist Polymer Center	Beaumont	TX	98 Agreement
Entergy Services	China	TX	98 Agreement
Gulf Maritime Whse Co	West Port Arthur	TX	98 Agreement
Horsehead Resource Development	Korf	TX	98 Agreement
Houston Brick & Tile	Houston	TX	98 Agreement
Houston Light & Power Co	Eldon	TX	98 Agreement
Huntsman Petrochemical Corp	Audrey	TX	98 Agreement
ICO Tubular Services	Sheldon	TX	98 Agreement
J D Fields & Co	Sheldon	TX	98 Agreement
KM Tex/KM Co	West Port Arthur	TX	98 Agreement
KMCO Inc	Crosby	TX	98 Agreement
Koppers Ind	Amelia	TX	98 Agreement
L D Construction	Beaumont	TX	98 Agreement
L & L Oil Co Inc	West Port Arthur	TX	98 Agreement
LA Utilities	Sheldon	TX	98 Agreement
Liberty Forge Inc	Liberty	TX	98 Agreement
County of Jefferson	Viterbo	TX	98 Agreement
Luzenac America	Sheldon	TX	98 Agreement
Mandel Kahn Industries	Sheldon	TX	98 Agreement
Ultramar Diamond Shamrock (Martin Gas)	Mont Belvieu	TX	98 Agreement
Martin Gas Sales Inc	Chaison	TX	98 Agreement
Elf Atochem North America	Chaison	TX	98 Agreement
Mississippi Chemical	Liberty	TX	98 Agreement
Mobil Chemical Specialty (Mobil Oil Corp)	Chaison	TX	98 Agreement
Mobil Chemical, Petrochemical Div	Beaumont	TX	98 Agreement
Wilson Warehouse Co	Beaumont	TX	98 Agreement
Neches Industrial Park	Chaison	TX	98 Agreement
North Star Steel of Houston	Sheldon	TX	98 Agreement
North Star Steel Co	Korf	TX	98 Agreement
Olin Corp	Chaison	TX	98 Agreement
City of Lafayette	Lafayette	LA	98 Agreement
Port of Port Arthur	West Port Arthur	TX	98 Agreement
Star Enterprise	Port Arthur	TX	98 Agreement
Port of Lake Charles Bulk Terminal 1	West Lake Charles	LA	98 Agreement
Gulf States Utilities	Bobsher	TX	98 Agreement
Premier Pipe Inc	Sheldon	TX	98 Agreement
Quality Tubing Inc	Sheldon	TX	98 Agreement
Quality Trucking Inc	Sheldon	TX	98 Agreement

UP/SP Customers Accessed By BNSF  
As A Result Of The '98 "50/50 Line Agreement"

<u>Customer</u>	<u>Station</u>	<u>State</u>	<u>Status</u>
Redland Stone Prod	Dayton SIT	TX	98 Agreement
River Cement Co	Echo	TX	98 Agreement
Sampson Steel Corp	Beaumont	TX	98 Agreement
Seaberg Rice Co	Dayton	TX	98 Agreement
Sheldon Pipe Yard	Sheldon	TX	98 Agreement
Equistar Chemicals LP	Beaumont	TX	98 Agreement
Southern Iron & Metal Co	Beaumont	TX	98 Agreement
Motiva Enterprises LLC	Port Arthur	TX	98 Agreement
Sunbelt Works Inc	Audrey	TX	98 Agreement
T K Pipe & Rail Inc	Sheldon	TX	98 Agreement
Transit Mix Concrete & Matl (Dollinger)	Beaumont	TX	98 Agreement
Transit Mix Concrete & Matl (Longhorn Rd)	Beaumont	TX	98 Agreement
Tex Fab Inc	Sheldon	TX	98 Agreement
Texas Steel Compressor	Houston	TX	98 Agreement
Texas Eastern	Mont Belvieu	TX	98 Agreement
Texas Oilfield Pipe Svcs	Sheldon	TX	98 Agreement
Total Pipe Service Inc	Sheldon	TX	98 Agreement
Transit Mix Concrete & Materials	Francis	TX	98 Agreement
Transit Mix Concrete & Matl Co of LA	Lake Charles	LA	98 Agreement
Transit Mix Concrete & Materials	Port Arthur	TX	98 Agreement
Trevor Boyce	Dayton	TX	98 Agreement
Triad Transport Inc	Sheldon	TX	98 Agreement
Trinity Industries Inc	Connell	TX	98 Agreement
Tuboscope Vetco Intl Inc	Sheldon	TX	98 Agreement
Tuboscope Vetco Intl	Houston	TX	98 Agreement
Turner Brothers Trucking Co	Sheldon	TX	98 Agreement
Uni Form Components	Sheldon	TX	98 Agreement
Union Tank Car	Sheldon	TX	98 Agreement
Transit Mix Concrete & Matl (South Plant)	Chaison	TX	98 Agreement
W M Dewey & Son Inc	Sheldon	TX	98 Agreement
Dynegy Inc	Mont Belvieu	TX	98 Agreement
Wedco Inc	China	TX	98 Agreement
Wilson Warehouse Co of Texas	Francis	TX	98 Agreement
X L Systems	Guffey	TX	98 Agreement
R J Gallagher Co	Chaison	TX	98 Agreement
City of Port Arthur	Port Arthur	TX	98 Agreement
Pipe Distributors	Amelia	TX	98 Agreement
Fina Oil & Chemical Co	Dayton SIT	TX	98 Agreement
Chevron Chemical Co	Dayton SIT	TX	98 Agreement
Exxon Chemical Americas	Dayton SIT	TX	98 Agreement
Montell USA Inc	Dayton SIT	TX	98 Agreement
Millennium Petrochemicals Inc	Dayton SIT	TX	98 Agreement
Phillips Chemical	Dayton SIT	TX	98 Agreement
Amoco Chemical Co	Dayton SIT	TX	98 Agreement
Dayton Plastic Storage	Dayton SIT	TX	98 Agreement
A & R Logistics	Houston (Fauna)	TX	98 Agreement
BMA / Sunrise Plastics	Houston (Fauna)	TX	98 Agreement
U S Ink	Eldon	TX	98 Agreement



UP/SP Customers Accessed By BNSF  
As A Result Of The '98 "50/50 Line Agreement"

<u>Customer</u>	<u>Station</u>	<u>State</u>	<u>Status</u>
Chevron	Port Arthur	TX	98 Agreement
Progress Rail Service	Eldon	TX	98 Agreement
Baychem International	Eldon	TX	98 Agreement
A & A Fertilizer	Chaison	TX	98 Agreement
Chemical Waste Management	Chaison	TX	98 Agreement
Poly Glycol (Oxychem)	Chaison	TX	98 Agreement

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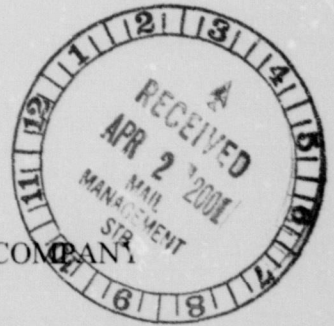
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UP/SP-383

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



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UNION PACIFIC'S FIRST QUARTER 2001 PROGRESS  
REPORT WITH RESPECT TO MERGER CONDITIONS

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April 2, 2001



BEFORE THE  
SURFACE TRANSPORTATION BOARD

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Finance Docket No. 32760

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

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UNION PACIFIC'S FIRST QUARTER 2001 PROGRESS  
REPORT WITH RESPECT TO MERGER CONDITIONS

UPC and UPRR<sup>1</sup> submit their first quarter 2001 progress report concerning the conditions the Board imposed when it approved the UP/SP merger in Decision No. 44, served August 12, 1996. Paragraph 10 of Decision No. 44 requires this progress report. 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."); Finance Docket No. 32760 (Sub-No. 21), Decision served Nov. 29, 1999, p. 10 ("UP and BNSF shall continue to report quarterly . . .").

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<sup>1</sup> We use the same acronyms as those in Appendix B of Decision No. 44.

As in our prior quarterly reports, we include items only if developments occurred since the prior report. The information in this report is more abbreviated than the more comprehensive presentation we will file in July 2001.

I. BNSF, TEX MEX AND UTAH RAILWAY CONDITIONS

A. BNSF

BNSF Trackage Rights and Haulage. BNSF continues to use its trackage rights to handle substantial volumes of traffic, although the slowing economy is affected traffic on all railroads. As shown in Charts #1, #2, and #3 in Appendix A, BNSF averaged 859 trackage rights trains per month in November through February,<sup>2</sup> compared with 887 in the prior two months.<sup>3</sup> The monthly tonnage handled on those trains averaged about 4.65 million tons in November through February, slightly below the 4.7 million tons in the prior two months. Monthly loaded and empty cars on BNSF through trackage rights trains averaged 58,044 in November through February, compared with 57,879 in the prior two months. BNSF continued to operate at least daily through train service in all major corridors.

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<sup>2</sup> UP experienced a failure in its data collection system for the month of November 2000 and was unable to include data for that month in its fourth quarter 2000 progress report. We include the November data in this report.

<sup>3</sup> In the first quarter of 2000, UP began monitoring both BNSF and Tex Mex trackage rights traffic using information obtained from UP's AEI scanners, as well as information provided by BNSF and Tex Mex. UP previously relied largely on data provided by the trackage rights tenants, but it believes the new data are more accurate. As a result of this change in data collection methodology, the data presented in this report are not directly comparable with the data provided by UP prior to the first quarter of 2000, although UP believes that differences should be minor.

BNSF and UTAH operated 492 local trains in November through February (average of 123 per month), handling 13,963 loaded and empty cars (average of 3,491 per month) and 1,188,153 tons of freight (average of 297,038 per month), compared with the previous totals for the prior two months of 327 (for an average of 164 per month) trains, 7,651 (for an average of 3,826 per month) cars and 611,842 (for an average of 305,921 per month) tons of freight.

UP's expenditures on the lines over which BNSF has trackage rights continue to exceed substantially the fees BNSF pays. We present the latest available data, through December 31, 2000, in Appendix B.

Implementation Steps. The UP-BNSF Joint Service Committee last met on January 30, 2001. The Committee discussed several issues, including train performance over trackage rights segments, the status of various capital projects, and access to facilities. The Committee's next meeting is scheduled for May 3, 2001.

Line Sales. There have been no significant Line Sales during the past quarter.

Connections. UP has completed its work on connections to facilitate BNSF trackage rights operations.

Definition of "2-to-1" Points and Opening 50 Percent of Contract Traffic at "2-to-1" Points to BNSF. UP continues to respond in a timely fashion to BNSF inquiries in accordance with the applicable protocol and continues to be in compliance with the contract reopener condition, as clarified in Decision No. 57, served Nov. 20, 1996.



New Facilities and Transloading Condition. UP continues to comply with this condition. Transwood is relocating its soda ash trainload facility at Ogden, Utah. It expects to complete this relocation around mid-2001.

Build-In/Build-Out Condition. There have been no significant Build-In/Build-Out activities during the past quarter. BNSF petitioned the Board under 49 U.S.C. § 10901 to construct a new rail line between UP's Port Lavaca Branch and a Union Carbide plant at Seadrift, Texas.

I-5 Corridor Condition. Since the last quarterly report, UP and BNSF have agreed on an independent audit firm that will soon begin reviewing implementation of the I-5 Proportional Rate Agreement. The parties anticipate that they will receive the audit report before the annual oversight reports are filed on July 2, 2001, and UP will discuss the results of the audit in that report.

B. Tex Mex

Tex Mex continued to use its trackage rights to handle significant volumes of traffic, as shown in the charts in Appendix A. Charts #4 through #9 show traffic levels reflecting Tex Mex's strong, effective competition.<sup>4</sup> Tex Mex averaged 58 through trains per month in November through February, slightly fewer than the 61 trains in the prior two months. The monthly tonnage on those trains averaged 313,078 tons in November through February, compared with 359,668 tons in the prior two months. Monthly loaded and empty

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<sup>4</sup> See note 2, above.

cars on Tex Mex through trackage rights trains averaged 3927 in November through February, compared with 4475 in the prior two months.<sup>5</sup>

UP completed the sale of its Victoria-Rosenberg line to Tex Mex on March 12, 2001.

C. Utah Railway

UTAH has moved substantial volumes of local trains as BNSF's agent in the Utah Valley area.

II. ABANDONMENTS

There have been no significant merger-related abandonment activities during the past quarter.

III. LABOR PROTECTIVE CONDITIONS

The United Transportation Union and the Brotherhood of Locomotive Engineers ratified their respective Portland II Agreements. These Agreements take effect on April 16, 2001. In March 2001, UP reached Agreements with the Shop Crafts covering the transfer of work and employees from the Pine Bluff locomotive shop to Houston, Fort Worth, San Antonio, North Little Rock, and Proviso (Chicago). Fifty positions will be transferred from Pine Bluff and fifteen additional positions will be eliminated in connection with these Agreements.

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<sup>5</sup> UP received incomplete data from Tex Mex on loaded and empty cars during the last quarter. Using the trains and tons information that UP received from Tex Mex, which was more complete, UP calculated the approximate number of loaded and empty cars in each month.

#### IV. ENVIRONMENTAL MITIGATION CONDITIONS

We report below on steps taken, and plans for future steps, in compliance with environmental mitigation conditions. We address them in the order listed in Appendix G to Decision No. 11:

##### A. Systemwide Mitigation

1-9. These conditions have been satisfied, as previously reported.

10. Security Forces. As previously reported, UP extended to SP territory its policy of zero tolerance of vagrancy and trespassing on railroad property. UP is participating in a nationwide initiative by Operation Lifesaver to reduce trespassing on railroad property.

11-13. These conditions have been satisfied, as previously reported.

##### B. Corridor Mitigation

14. EPA Emissions Standards. EPA promulgated national locomotive emissions rules. UP is working with locomotive industry suppliers to develop a compliance plan.

15. Consultations With Air Quality Officials. UP has held detailed discussions with environmental officials in the states of Arizona, Colorado, Illinois, Nevada, Oregon, Texas, Washington and Wyoming. UP and California officials continue to address air quality issues.

16. Noise Impacts. UP implemented a noise comment hotline, re-notified each affected county, and requested comments in the first part of 1999. UP monitors the noise hotline and compiles and analyzes data to determine if a noise abatement plan is



required. In the past quarter, there were three calls to the hotline, two of which were undecipherable. The other was a wrong number.

17. Use of Two-Way-End-of-Train Devices. This condition has been satisfied, as previously reported.

C. Rail Line Segment Mitigation

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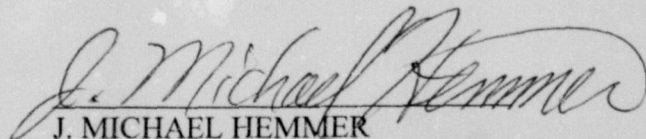
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*Attorneys for Union Pacific Corporation  
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April 2, 2001

## **Appendix A**



Chart #1  
**BNSF Trackage Rights**  
**Number of Through Trains**

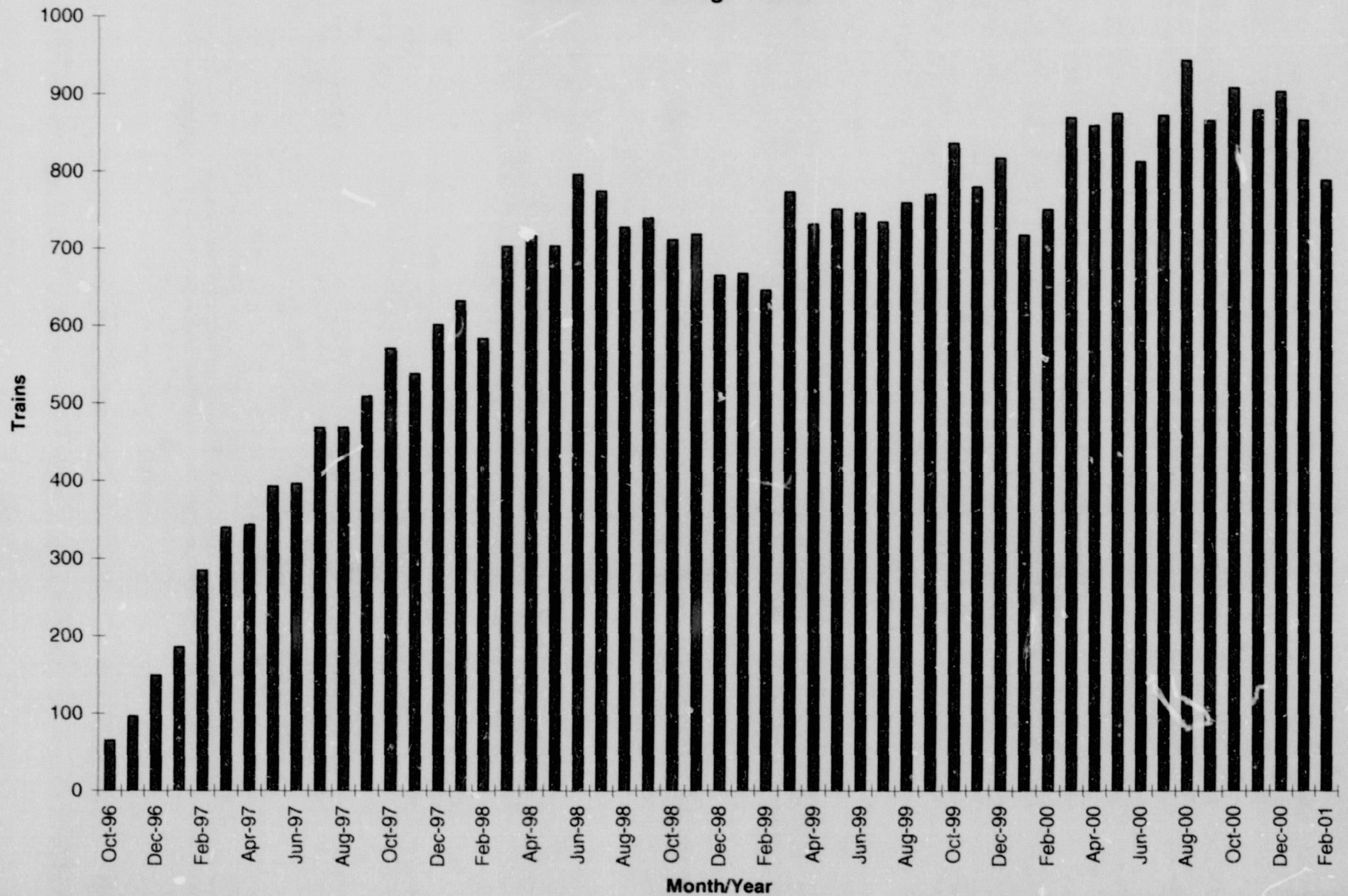


Chart #2  
**BNSF Trackage Rights**  
**Number of Cars (Through Trains)**

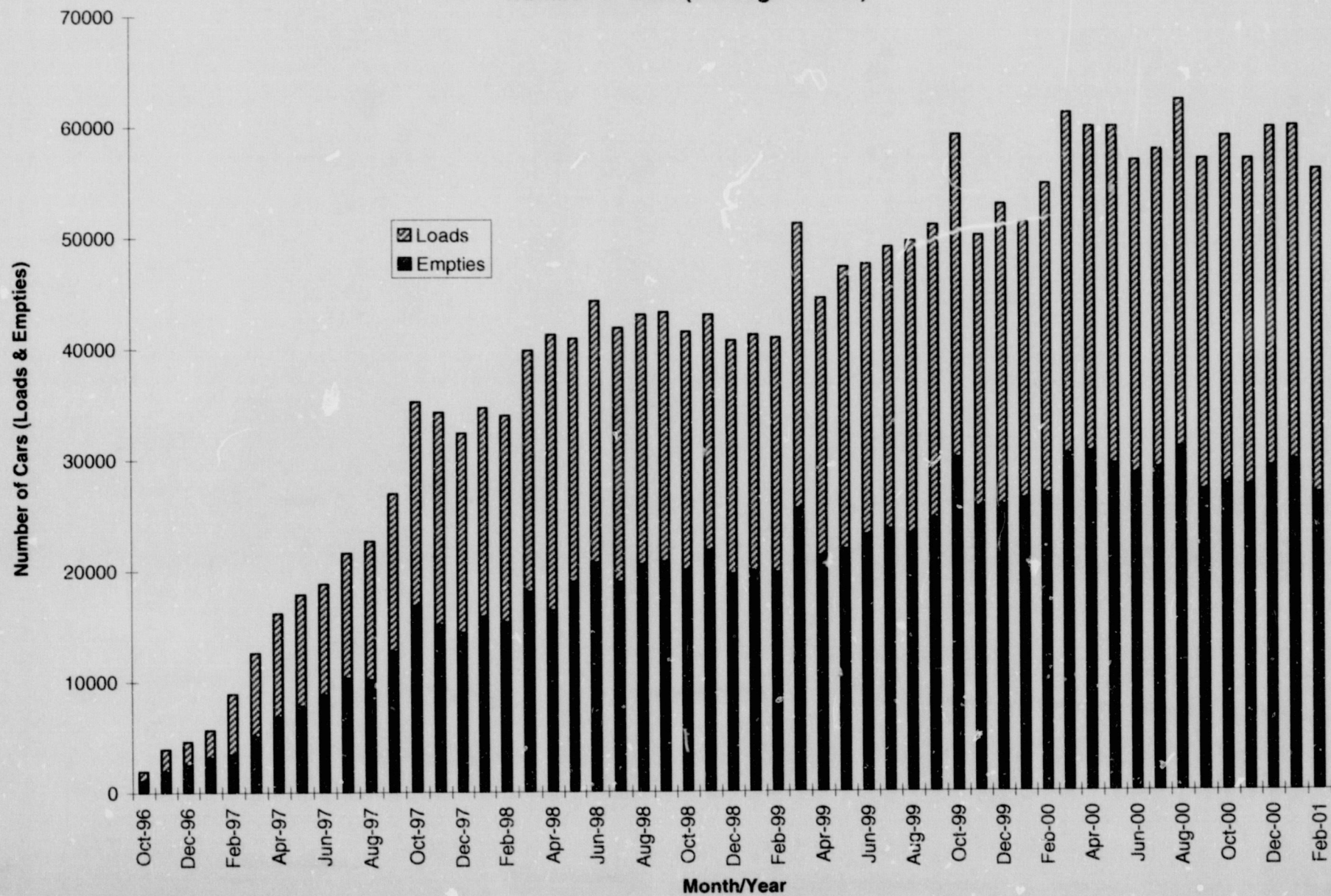




Chart #3  
**BNSF Trackage Rights**  
**Gross Tons (Through Trains)**

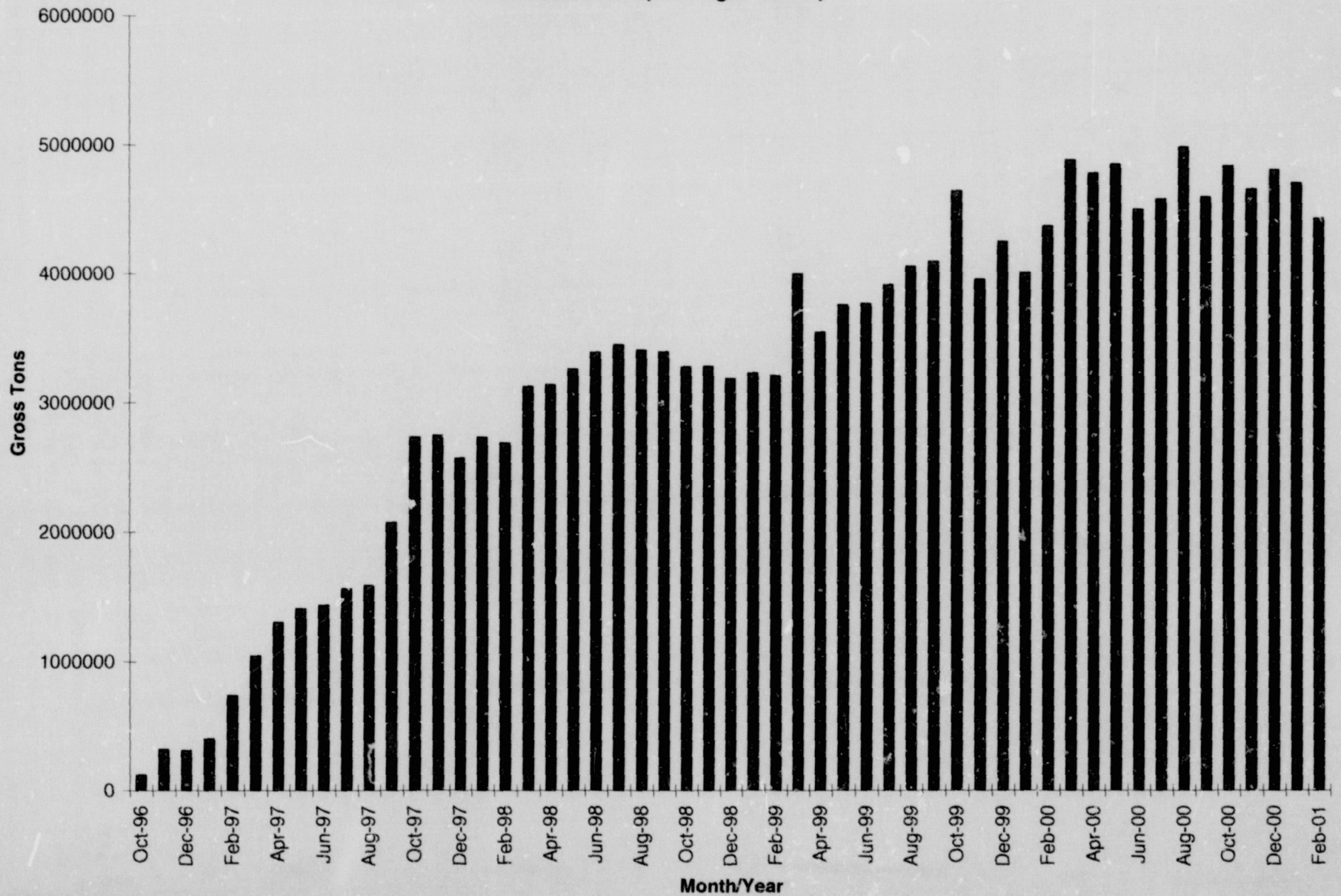




Chart #4

**Tex Mex Trackage Rights  
Number of Through Trains**  
(All Traffic Included)

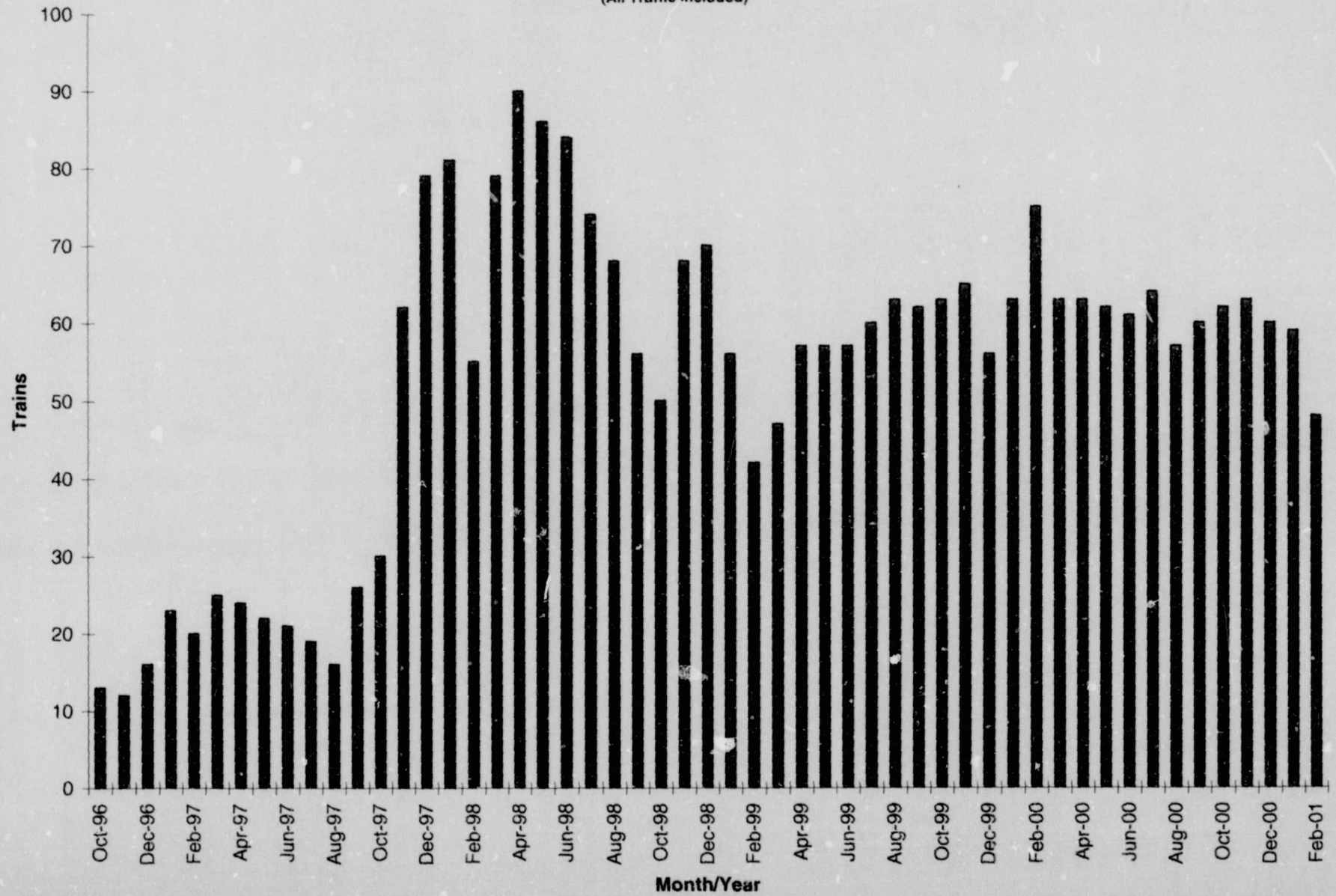


Chart #5  
**Tex Mex Trackage Rights**  
**Number of Cars (Through Trains)**  
 (All Traffic Included)

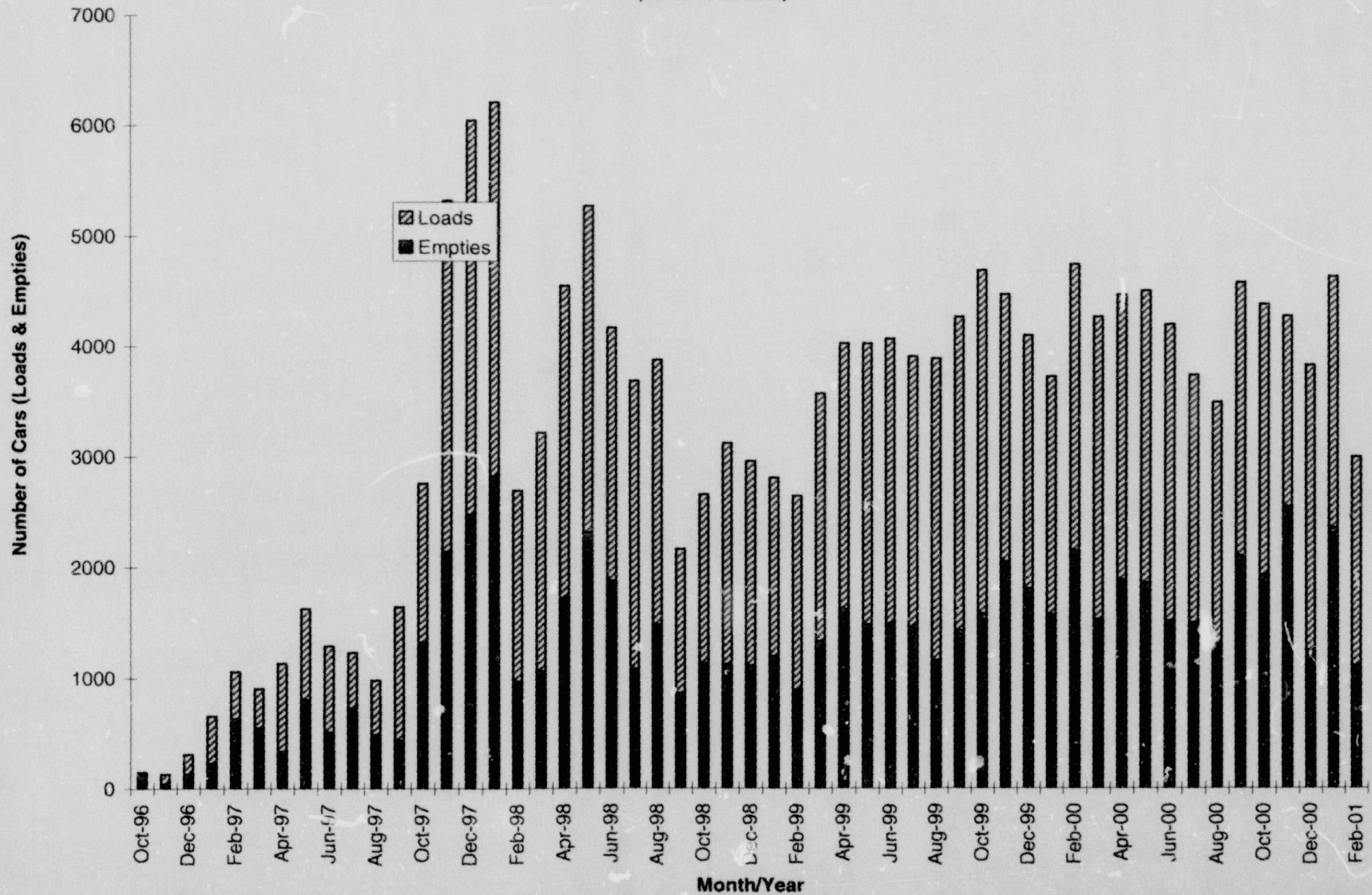




Chart #6  
**Tex Mex Trackage Rights**  
**Gross Tons (Through Trains)**  
(All Traffic Included)

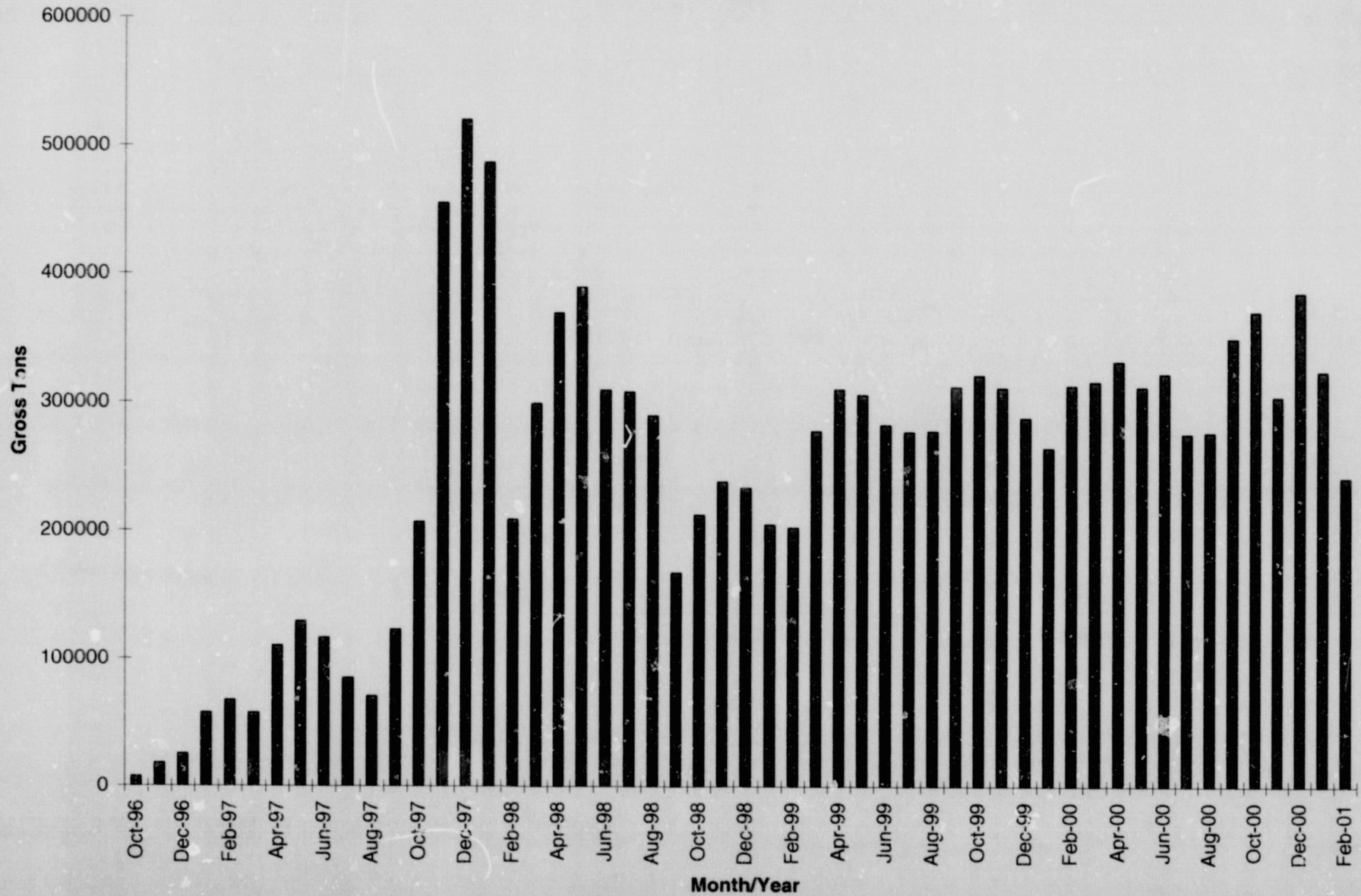




Chart #7

**Tex Mex Trackage Rights**  
**Number of Through Trains**  
(Estimated Service-Order-Related Traffic Excluded)

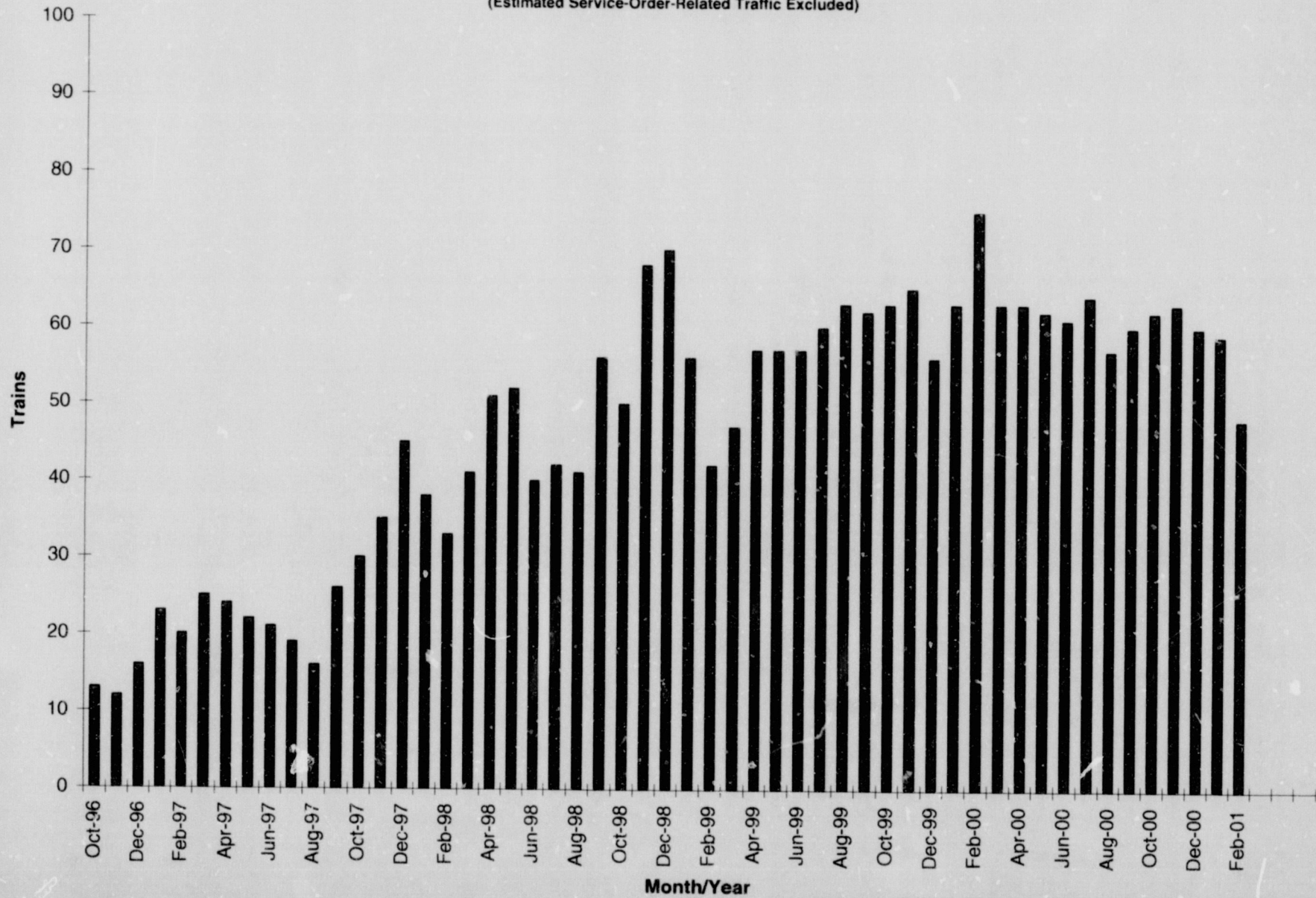


Chart #8

# **Tex Mex Trackage Rights** **Number of Cars (Through Trains)** (Estimated Service-Order-Related Traffic Excluded)

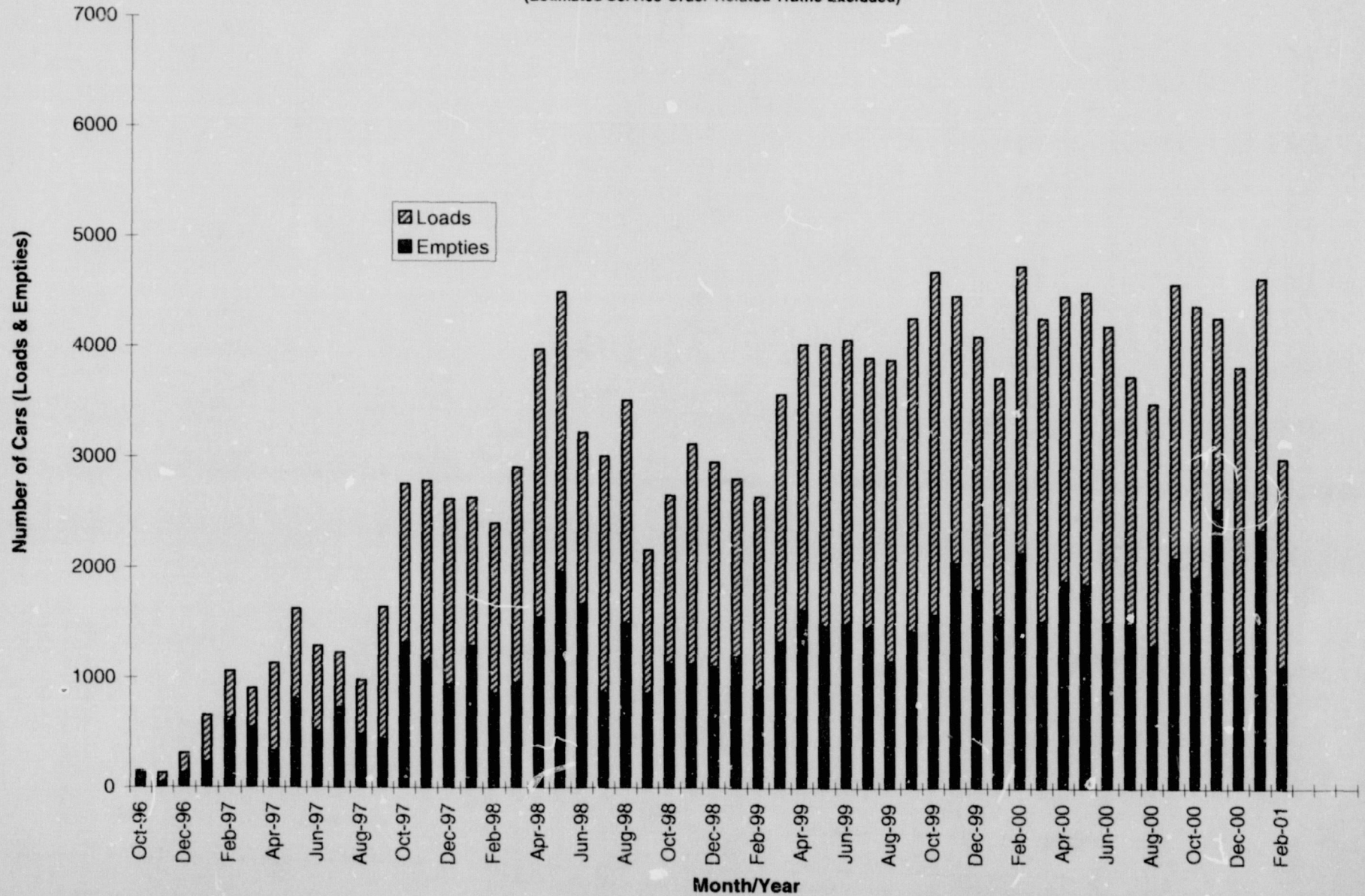


Chart #9

# **Tex Mex Trackage Rights Gross Tons (Through Trains)**

(Estimated Service-Order-Related Traffic Excluded)

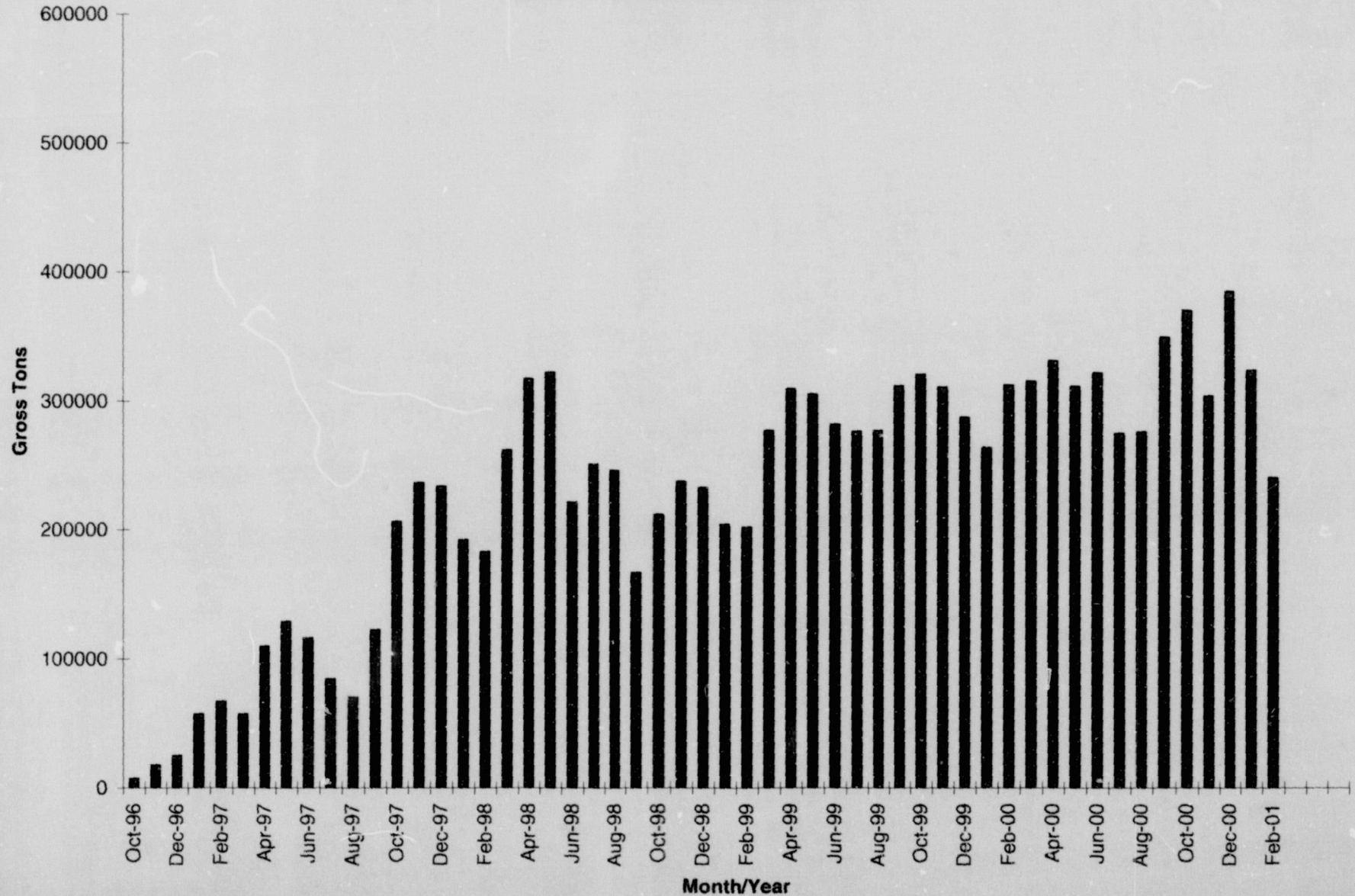




Chart #10  
Tex Mex Laredo Traffic  
(Loaded Cars)

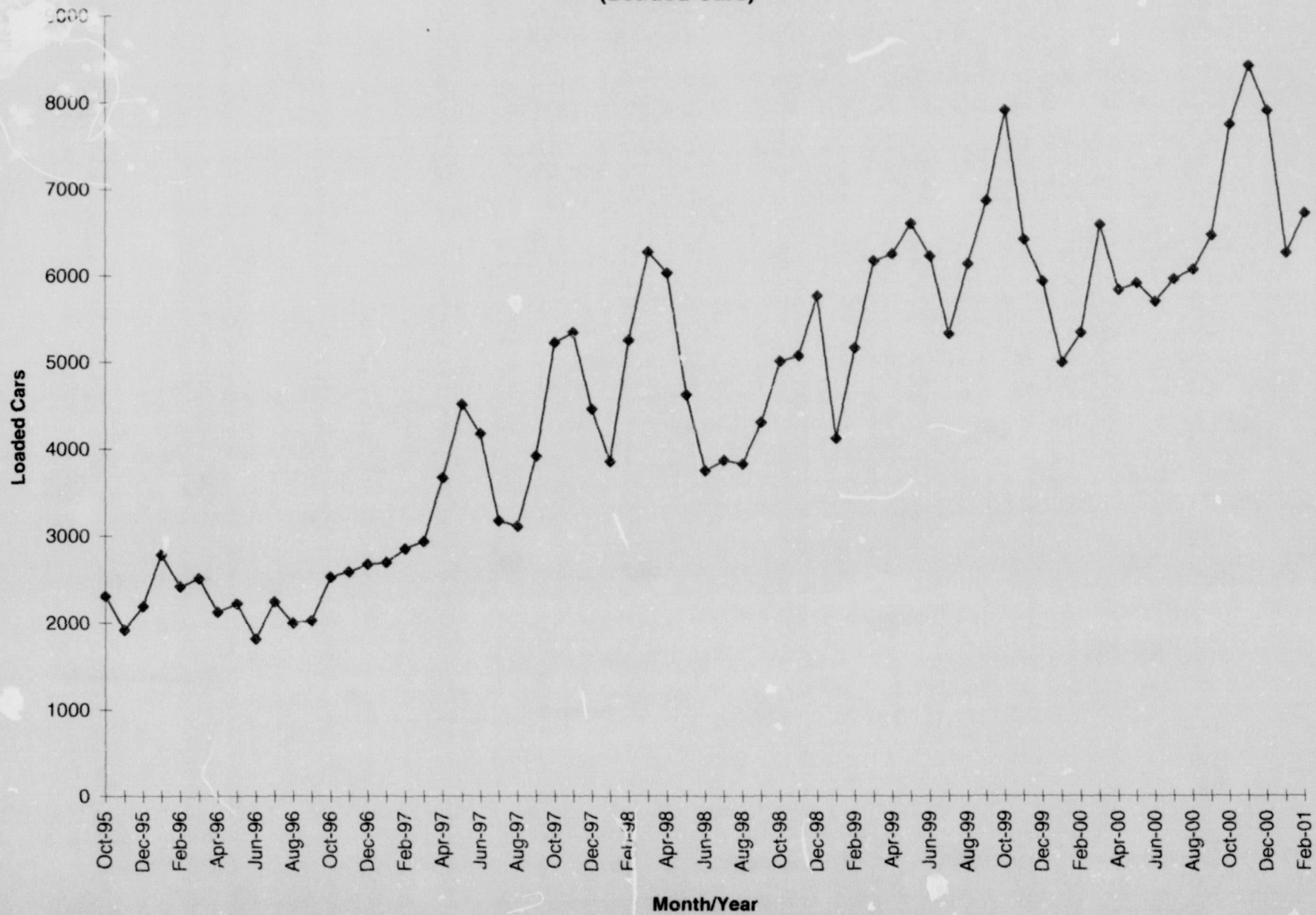
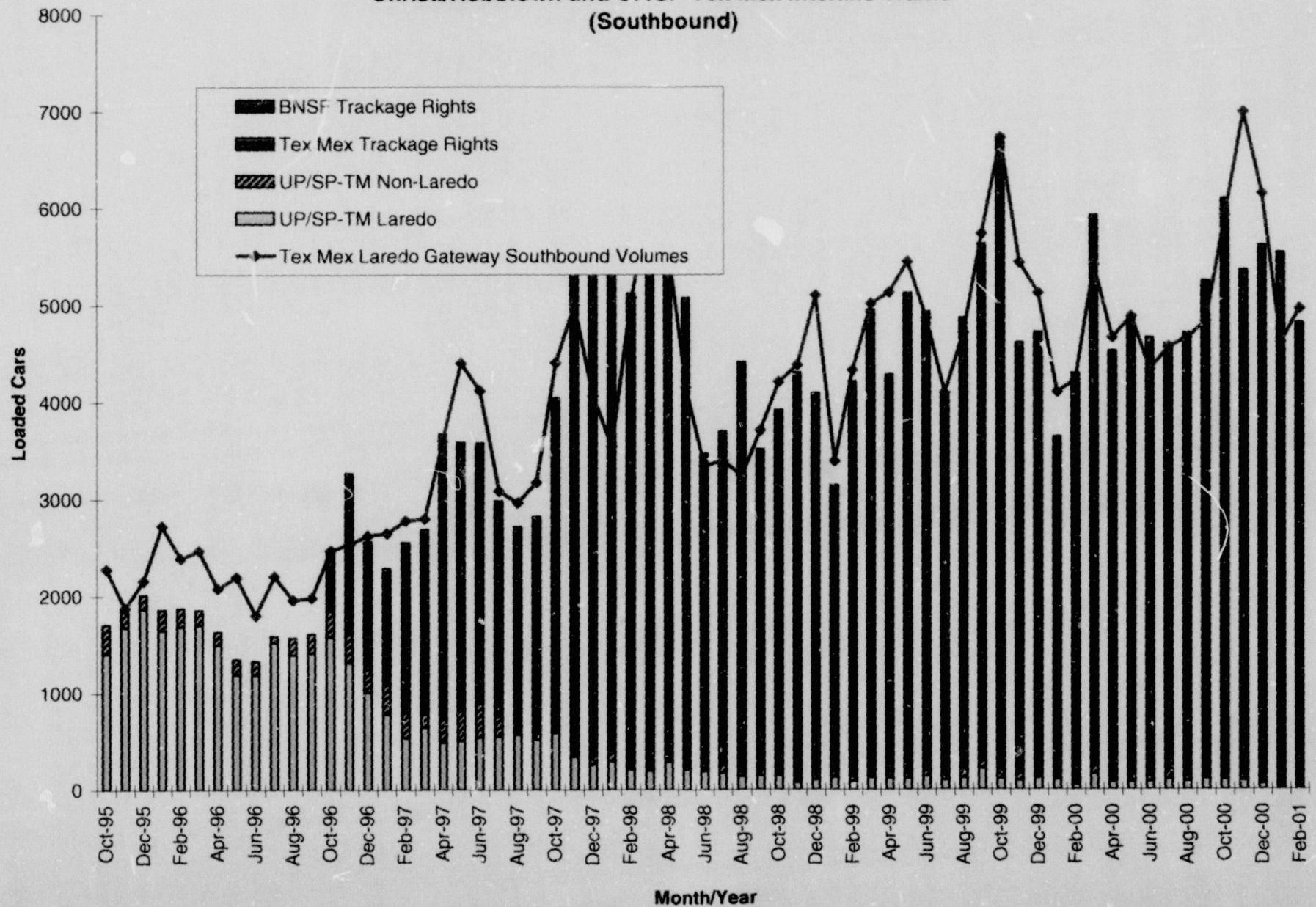


Chart # 11

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



## **Appendix B**



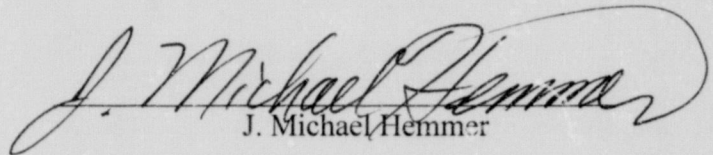
### TRACKAGE RIGHTS FUNDS

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 from September 1995 through the quarter ending December 31, 2000, the latest date for which the data have been compiled.

	Texas, Louisiana, Arkansas, Missouri and Illinois	California and Central Corridor
<b>REVENUE</b>		
Trackage Rights Fees	\$93,517,770	\$78,454,678
Capacity Improvement Fees	<u>0</u>	<u>0</u>
Total Revenue	<u>\$93,527,770</u>	<u>\$78,454,678</u>
<b>EXPENSES</b>		
Maintenance	\$156,067,421	\$104,415,802
Depreciation	145,236,559	110,055,008
Capital Expenditures	(Not reported)	(Not reported)
Accounting Expenses	<u>95,136</u>	<u>95,136</u>
Total Expenses	<u>\$301,399,166</u>	<u>\$214,565,946</u>

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that on this 2nd day of April, 2001 a copy of the foregoing "Union Pacific's First Quarter 2001 Progress Report With Respect to Merger Conditions" was mailed, postage prepaid, to all parties of record.

  
J. Michael Hemmer

STB

FD-32760

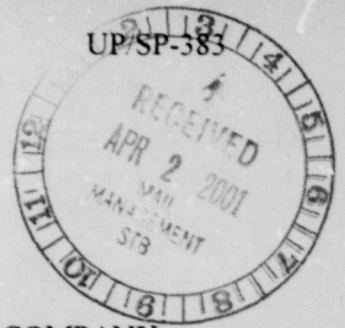
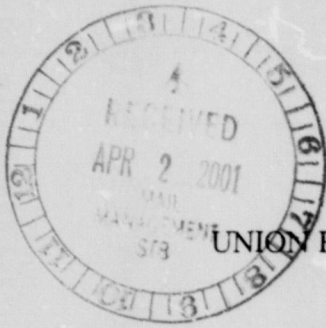
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BEFORE THE  
SURFACE TRANSPORTATION BOARD

Finance Docket No. 32760

UNION PACIFIC CORPORATION, UNION PACIFIC RAILROAD COMPANY  
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-- CONTROL AND MERGER --  
SOUTHERN PACIFIC RAIL CORPORATION, SOUTHERN PACIFIC  
TRANSPORTATION COMPANY, ST. LOUIS SOUTHWESTERN RAILWAY  
COMPANY, SPCSL CORP. AND THE DENVER AND  
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UNION PACIFIC'S FIRST QUARTER 2001 PROGRESS  
REPORT WITH RESPECT TO MERGER CONDITIONS

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Office of the Secretary  
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UNION PACIFIC'S FIRST QUARTER 2001 PROGRESS  
REPORT WITH RESPECT TO MERGER CONDITIONS

UPC and UPRR<sup>1</sup> submit their first quarter 2001 progress report concerning the conditions the Board imposed when it approved the UP/SP merger in Decision No. 44, served August 12, 1996. Paragraph 10 of Decision No. 44 requires this progress report. 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."); Finance Docket No. 32760 (Sub-No. 21), Decision served Nov. 29, 1999, p. 10 ("UP and BNSF shall continue to report quarterly . . .").

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<sup>1</sup> We use the same acronyms as those in Appendix B of Decision No. 44.



As in our prior quarterly reports, we include items only if developments occurred since the prior report. The information in this report is more abbreviated than the more comprehensive presentation we will file in July 2001.

I. BNSF, TEX MEX AND UTAH RAILWAY CONDITIONS

A. BNSF

BNSF Trackage Rights and Haulage. BNSF continues to use its trackage rights to handle substantial volumes of traffic, although the slowing economy is affected traffic on all railroads. As shown in Charts #1, #2, and #3 in Appendix A, BNSF averaged 859 trackage rights trains per month in November through February,<sup>2</sup> compared with 887 in the prior two months.<sup>3</sup> The monthly tonnage handled on those trains averaged about 4.65 million tons in November through February, slightly below the 4.7 million tons in the prior two months. Monthly loaded and empty cars on BNSF through trackage rights trains averaged 58,044 in November through February, compared with 57,879 in the prior two months. BNSF continued to operate at least daily through train service in all major corridors.

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<sup>2</sup> UP experienced a failure in its data collection system for the month of November 2000 and was unable to include data for that month in its fourth quarter 2000 progress report. We include the November data in this report.

<sup>3</sup> In the first quarter of 2000, UP began monitoring both BNSF and Tex Mex trackage rights traffic using information obtained from UP's AEI scanners, as well as information provided by BNSF and Tex Mex. UP previously relied largely on data provided by the trackage rights tenants, but it believes the new data are more accurate. As a result of this change in data collection methodology, the data presented in this report are not directly comparable with the data provided by UP prior to the first quarter of 2000, although UP believes that differences should be minor.



BNSF and UTAH operated 492 local trains in November through February (average of 123 per month), handling 13,963 loaded and empty cars (average of 3,491 per month) and 1,188,153 tons of freight (average of 297,038 per month), compared with the previous totals for the prior two months of 327 (for an average of 164 per month) trains, 7,651 (for an average of 3,826 per month) cars and 611,842 (for an average of 305,921 per month) tons of freight.

UP's expenditures on the lines over which BNSF has trackage rights continue to exceed substantially the fees BNSF pays. We present the latest available data, through December 31, 2000, in Appendix B.

Implementation Steps. The UP-BNSF Joint Service Committee last met on January 30, 2001. The Committee discussed several issues, including train performance over trackage rights segments, the status of various capital projects, and access to facilities. The Committee's next meeting is scheduled for May 3, 2001.

Line Sales. There have been no significant Line Sales during the past quarter.

Connections. UP has completed its work on connections to facilitate BNSF trackage rights operations.

Definition of "2-to-1" Points and Opening 50 Percent of Contract Traffic at "2-to-1" Points to BNSF. UP continues to respond in a timely fashion to BNSF inquiries in accordance with the applicable protocol and continues to be in compliance with the contract reopener condition, as clarified in Decision No. 57, served Nov. 20, 1996.

New Facilities and Transloading Condition. UP continues to comply with this condition. Transwood is relocating its soda ash trainload facility at Ogden, Utah. It expects to complete this relocation around mid-2001.

Build-In/Build-Out Condition. There have been no significant Build-In/Build-Out activities during the past quarter. BNSF petitioned the Board under 49 U.S.C. § 10901 to construct a new rail line between UP's Port Lavaca Branch and a Union Carbide plant at Seadrift, Texas.

I-5 Corridor Condition. Since the last quarterly report, UP and BNSF have agreed on an independent audit firm that will soon begin reviewing implementation of the I-5 Proportional Rate Agreement. The parties anticipate that they will receive the audit report before the annual oversight reports are filed on July 2, 2001, and UP will discuss the results of the audit in that report.

B. Tex Mex

Tex Mex continued to use its trackage rights to handle significant volumes of traffic, as shown in the charts in Appendix A. Charts #4 through #9 show traffic levels reflecting Tex Mex's strong, effective competition.<sup>4</sup> Tex Mex averaged 58 through trains per month in November through February, slightly fewer than the 61 trains in the prior two months. The monthly tonnage on those trains averaged 313,078 tons in November through February, compared with 359,668 tons in the prior two months. Monthly loaded and empty

---

<sup>4</sup> See note 2, above.

cars on Tex Mex through trackage rights trains averaged 3927 in November through February, compared with 4475 in the prior two months.<sup>5</sup>

UP completed the sale of its Victoria-Rosenberg line to Tex Mex on March 12, 2001.

C. Utah Railway

UTAH has moved substantial volumes of local trains as BNSF's agent in the Utah Valley area.

II. ABANDONMENTS

There have been no significant merger-related abandonment activities during the past quarter.

III. LABOR PROTECTIVE CONDITIONS

The United Transportation Union and the Brotherhood of Locomotive Engineers ratified their respective Portland II Agreements. These Agreements take effect on April 16, 2001. In March 2001, UP reached Agreements with the Shop Crafts covering the transfer of work and employees from the Pine Bluff locomotive shop to Houston, Fort Worth, San Antonio, North Little Rock, and Proviso (Chicago). Fifty positions will be transferred from Pine Bluff and fifteen additional positions will be eliminated in connection with these Agreements.

---

<sup>5</sup> UP received incomplete data from Tex Mex on loaded and empty cars during the last quarter. Using the trains and tons information that UP received from Tex Mex, which was more complete, UP calculated the approximate number of loaded and empty cars in each month.



#### IV. ENVIRONMENTAL MITIGATION CONDITIONS

We report below on steps taken, and plans for future steps, in compliance with environmental mitigation conditions. We address them in the order listed in Appendix G to Decision No. 11:

##### A. Systemwide Mitigation

1-9. These conditions have been satisfied, as previously reported.

10. Security Forces. As previously reported, UP extended to SP territory its policy of zero tolerance of vagrancy and trespassing on railroad property. UP is participating in a nationwide initiative by Operation Lifesaver to reduce trespassing on railroad property.

11-13. These conditions have been satisfied, as previously reported.

##### B. Corridor Mitigation

14. EPA Emissions Standards. EPA promulgated national locomotive emissions rules. UP is working with locomotive industry suppliers to develop a compliance plan.

15. Consultations With Air Quality Officials. UP has held detailed discussions with environmental officials in the states of Arizona, Colorado, Illinois, Nevada, Oregon, Texas, Washington and Wyoming. UP and California officials continue to address air quality issues.

16. Noise Impacts. UP implemented a noise comment hotline, re-notified each affected county, and requested comments in the first part of 1999. UP monitors the noise hotline and compiles and analyzes data to determine if a noise abatement plan is

required. In the past quarter, there were three calls to the hotline, two of which were undecipherable. The other was a wrong number.

17. Use of Two-Way-End-of-Train Devices. This condition has been satisfied, as previously reported.

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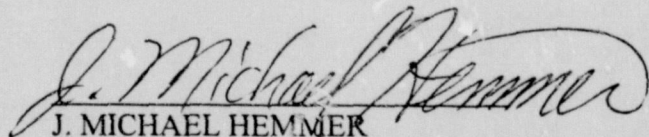


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April 2, 2001



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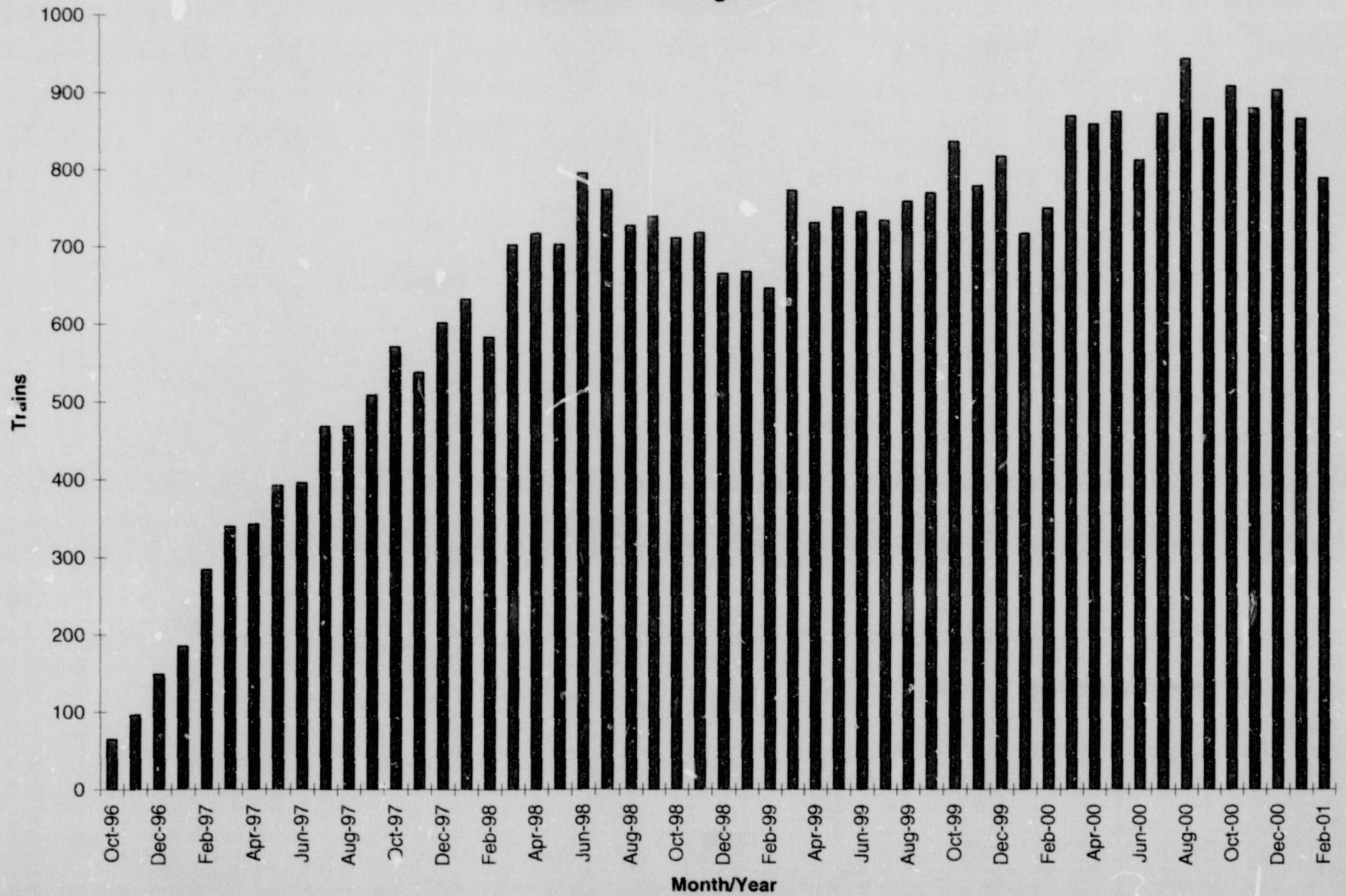




Chart #2  
**BNSF Trackage Rights**  
**Number of Cars (Through Trains)**

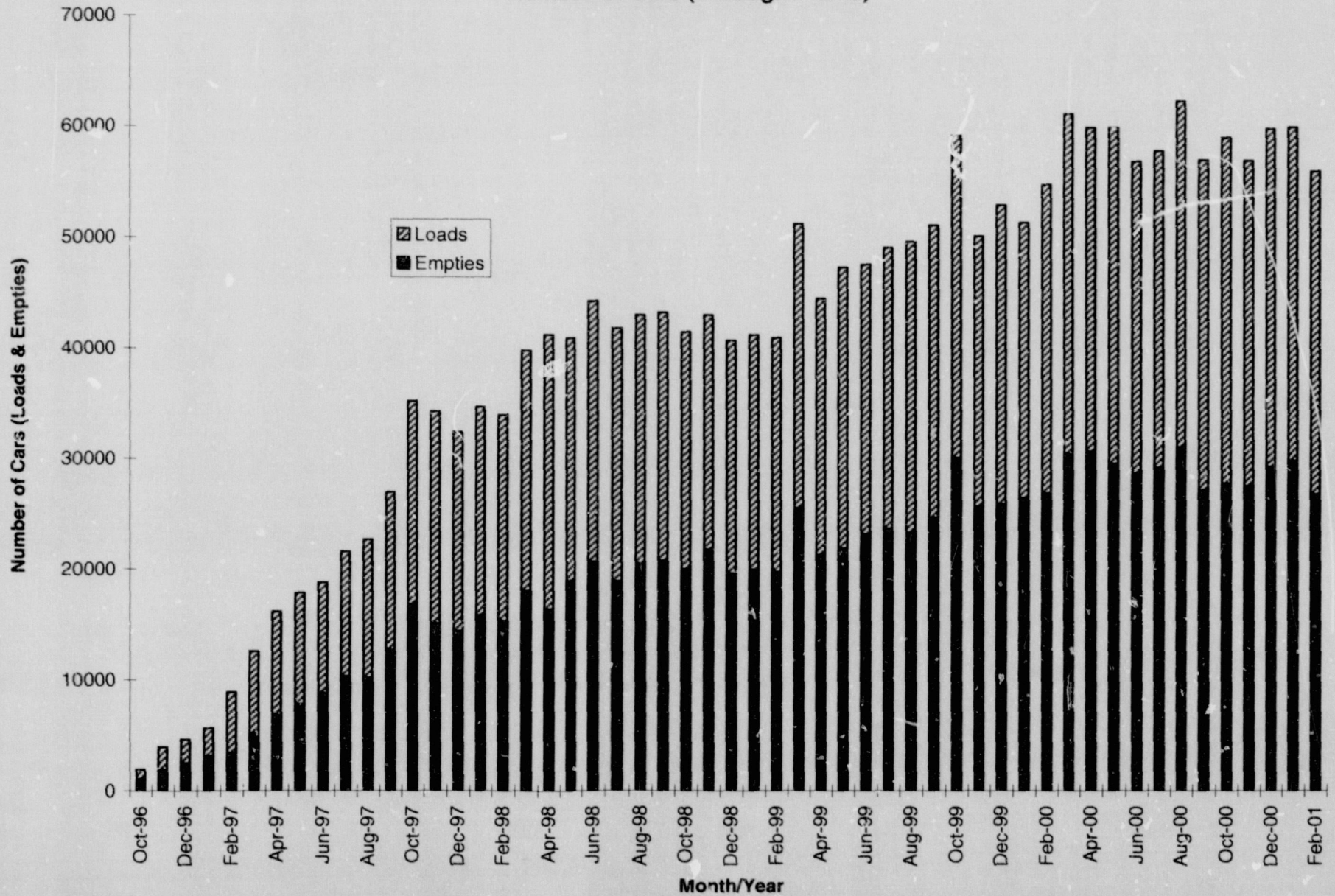




Chart #3  
**BNSF Trackage Rights**  
**Gross Tons (Through Trains)**

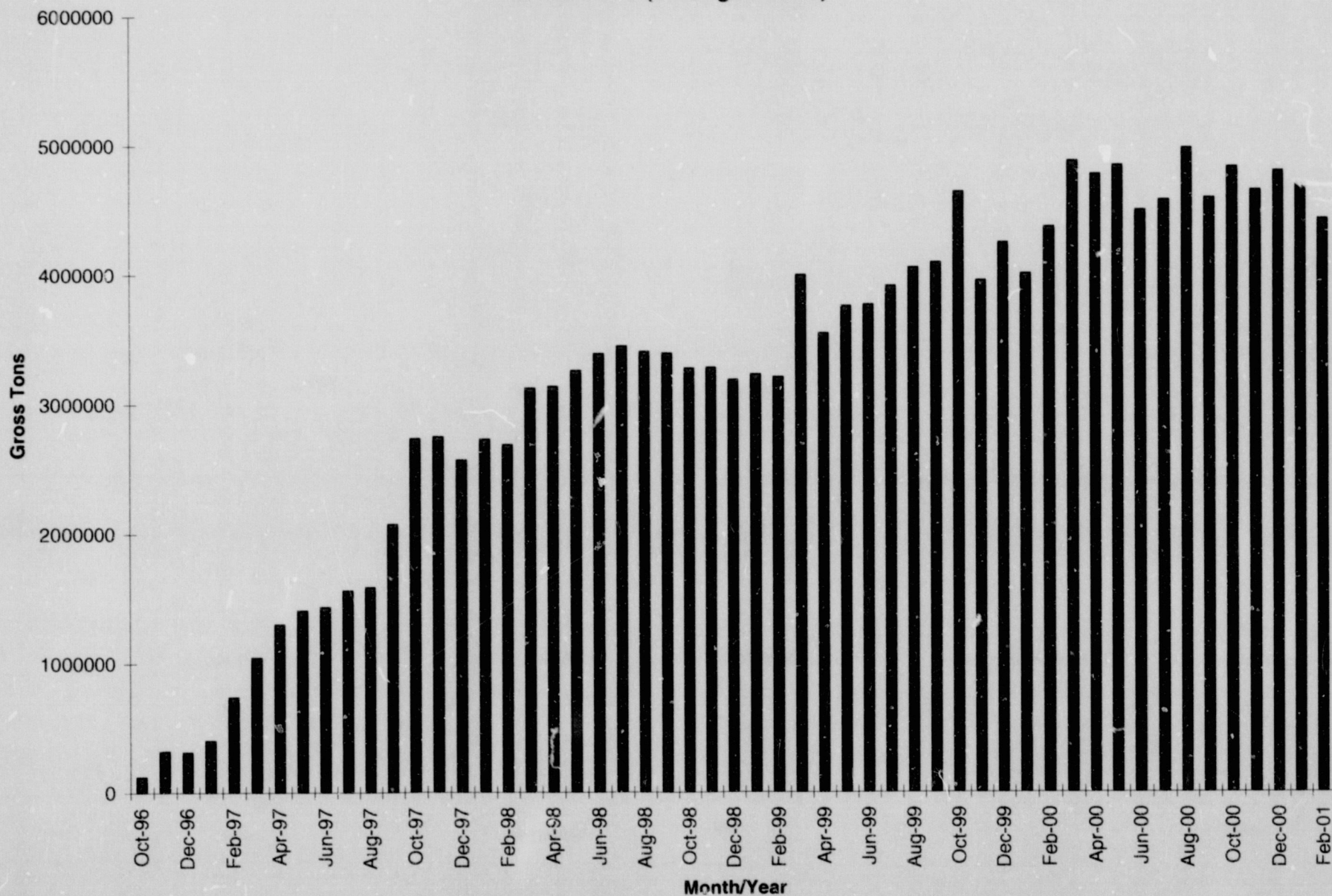


Chart #4  
**Tex Mex Trackage Rights**  
**Number of Through Trains**  
(All Traffic Included)

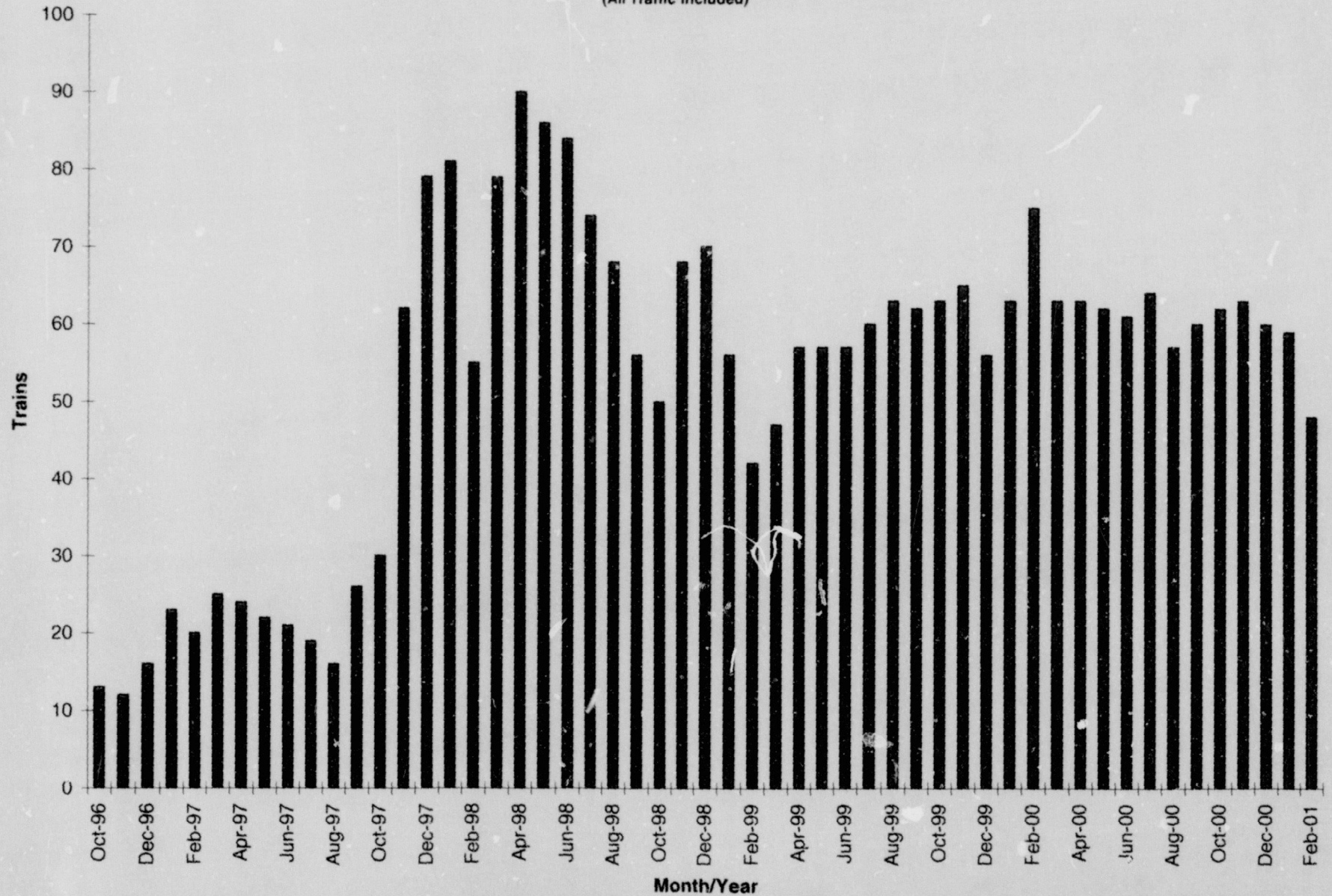




Chart #5  
**Tex Mex Trackage Rights**  
**Number of Cars (Through Trains)**  
 (All Traffic Included)

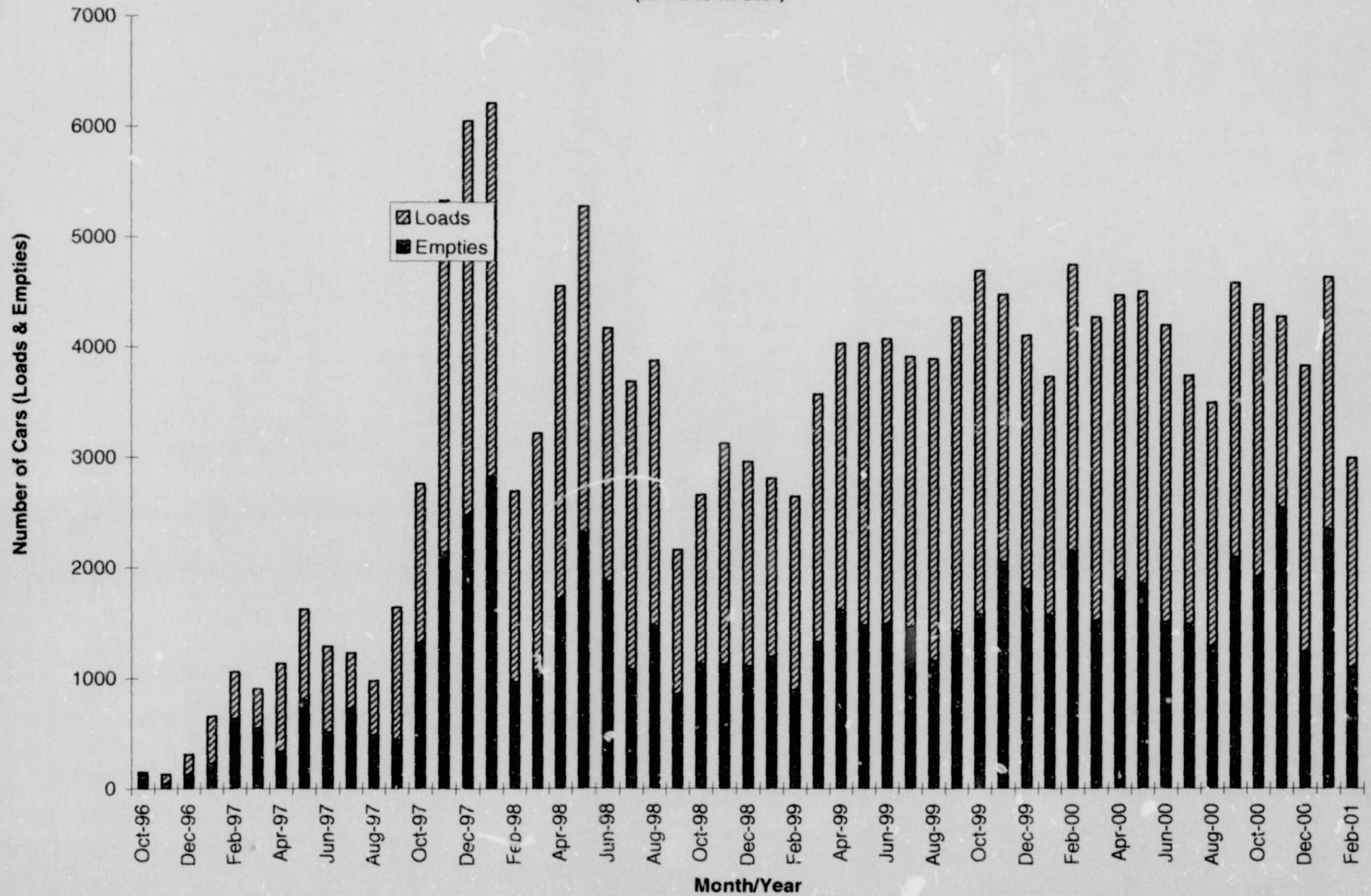




Chart #6  
**Tex Mex Trackage Rights**  
**Gross Tons (Through Trains)**  
 (All Traffic Included)

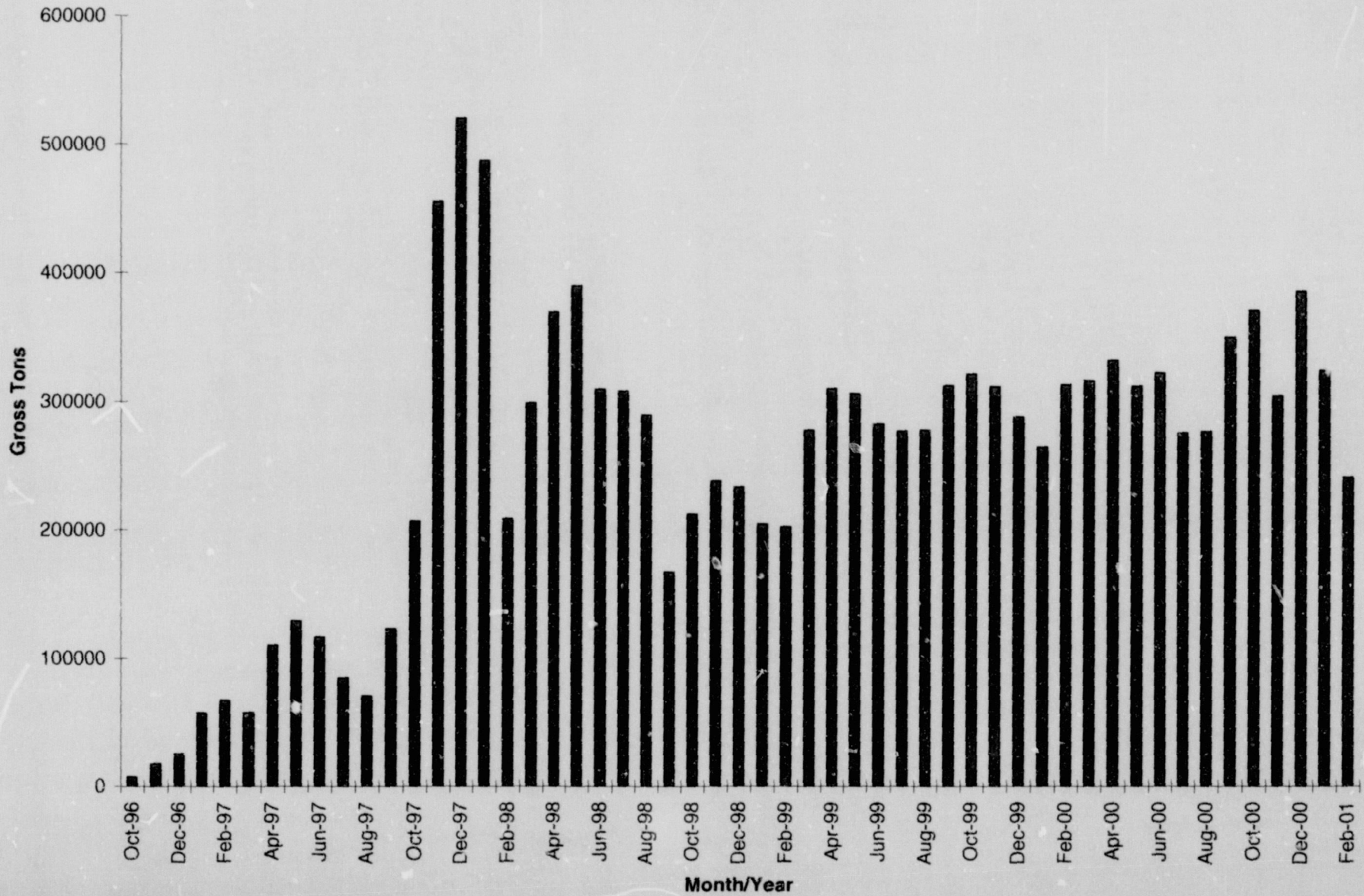


Chart #7

# **Tex Mex Trackage Rights Number of Through Trains**

(Estimated Service-Order-Related Traffic Excluded)

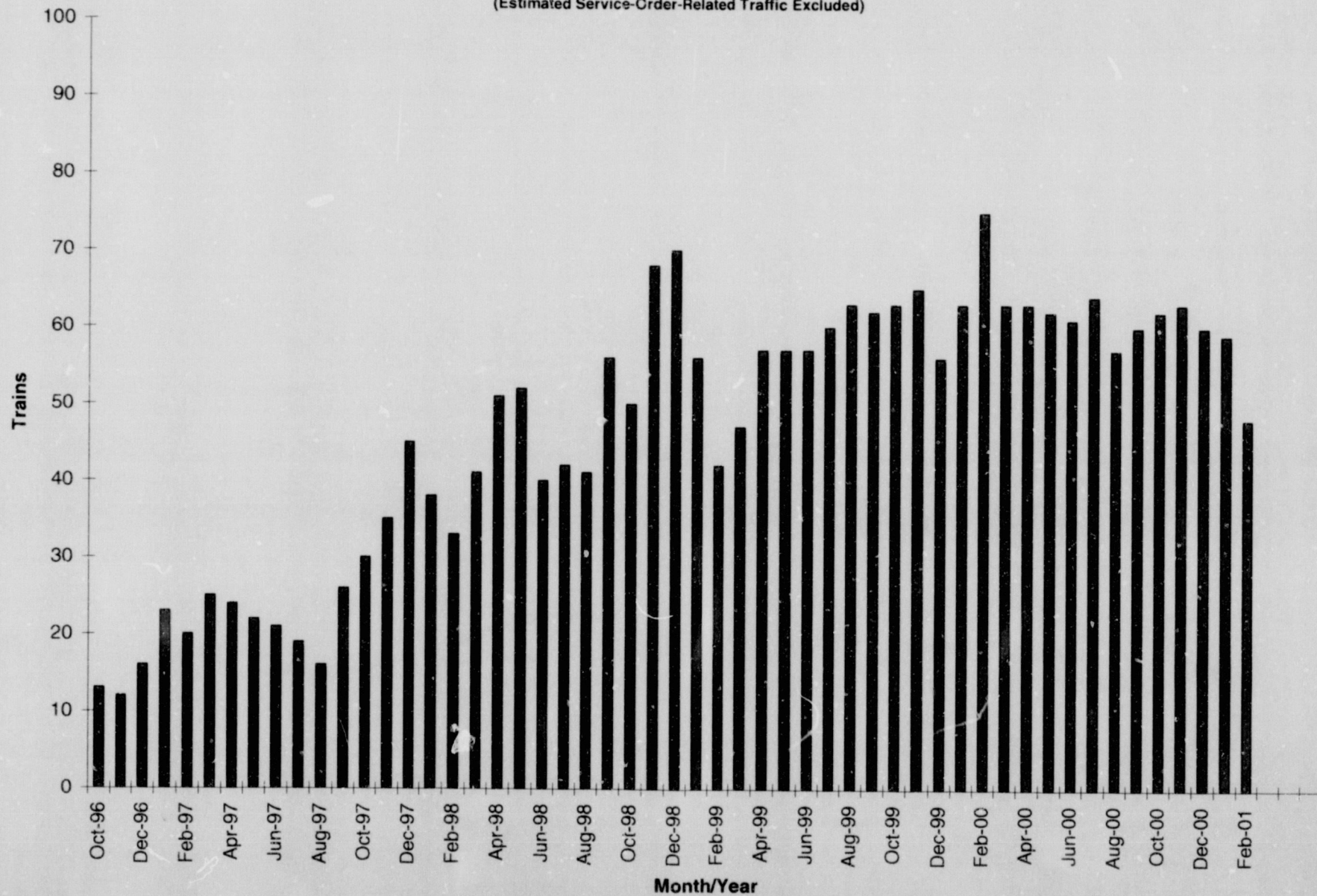


Chart #8

# **Tex Mex Trackage Rights** **Number of Cars (Through Trains)** (Estimated Service-Order-Related Traffic Excluded)

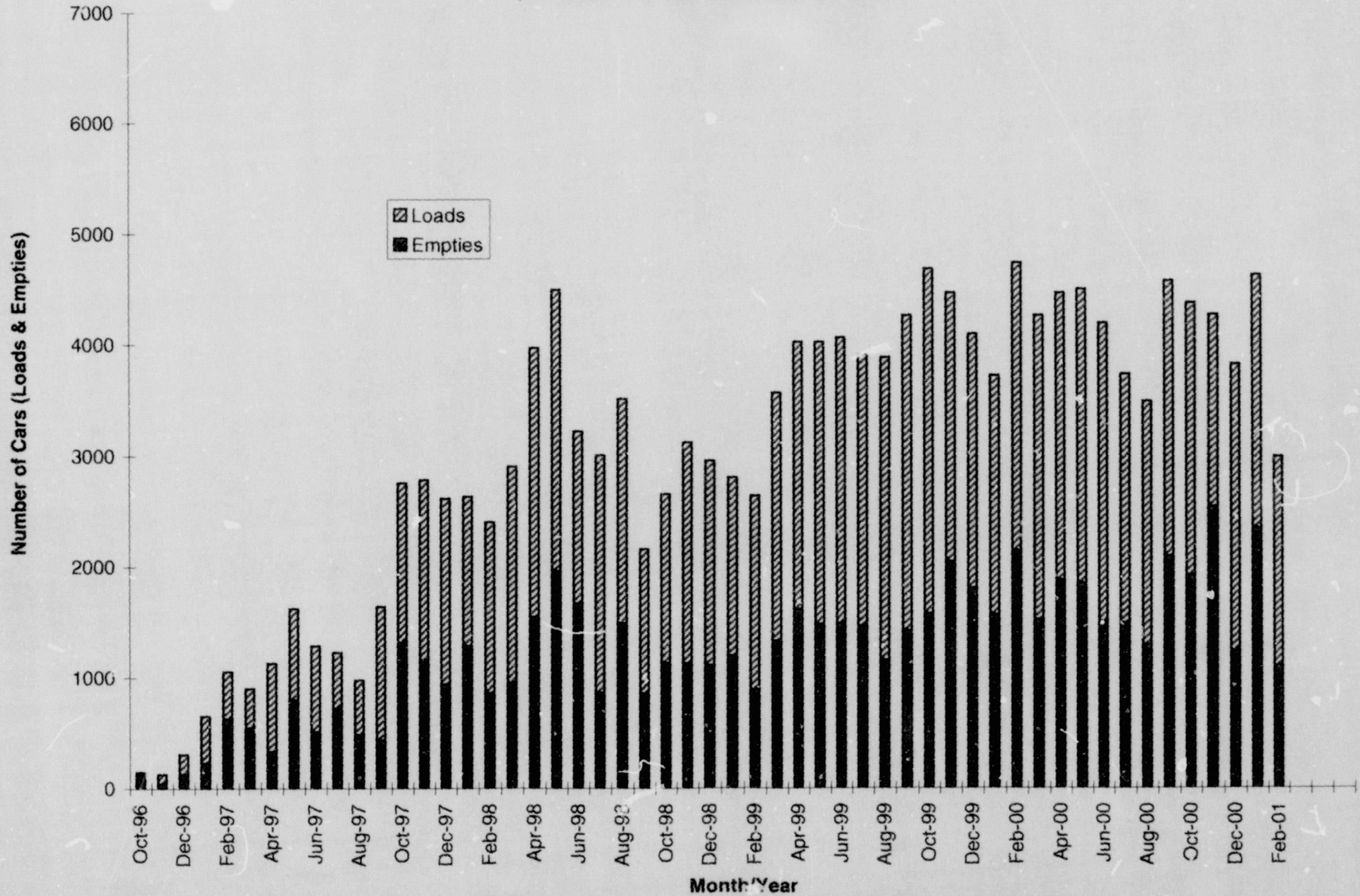




Chart #9

**Tex Mex Trackage Rights**  
**Gross Tons (Through Trains)**  
(Estimated Service-Order-Related Traffic Excluded)

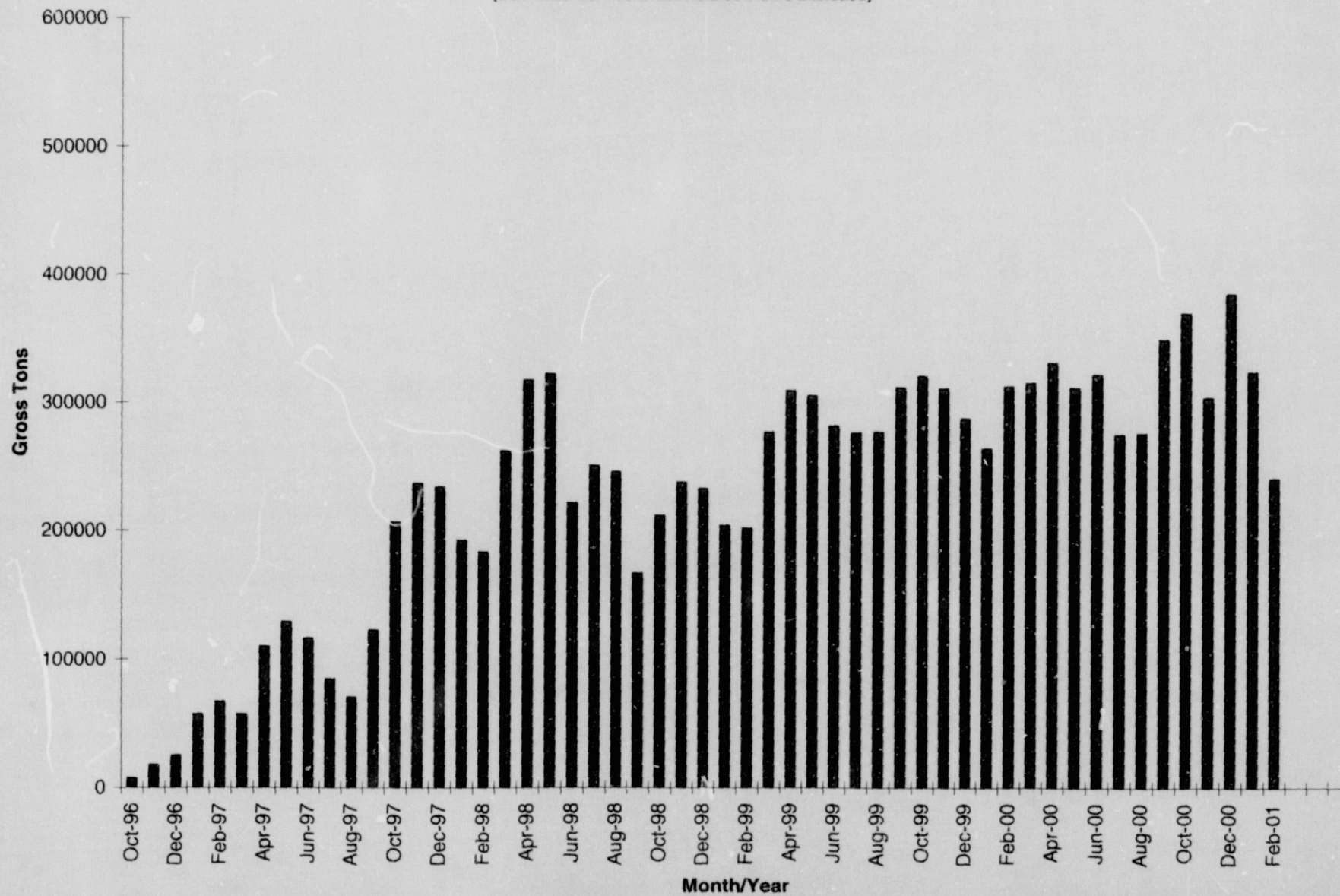


Chart #10  
Tex Mex Laredo Traffic  
(Loaded Cars)

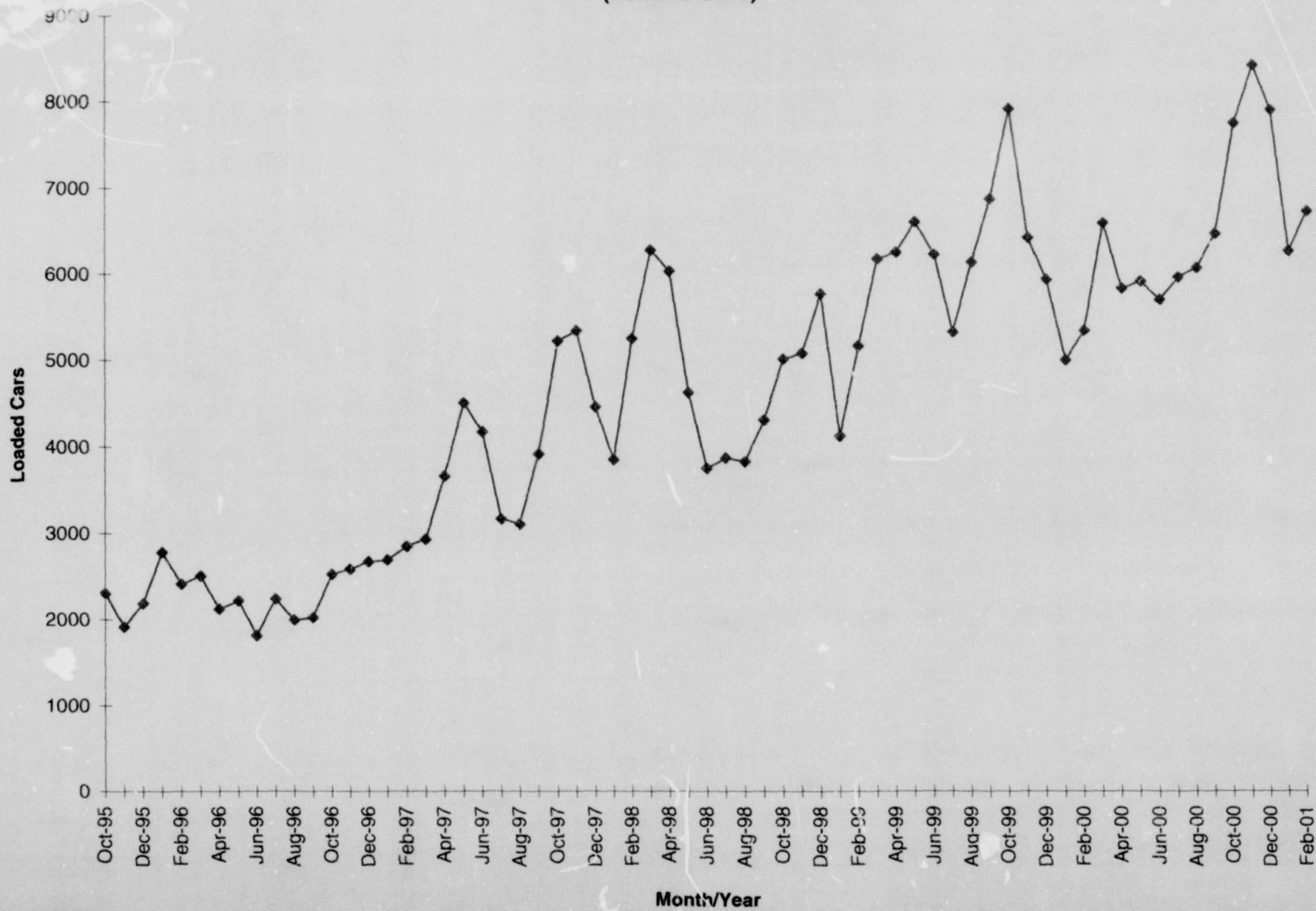
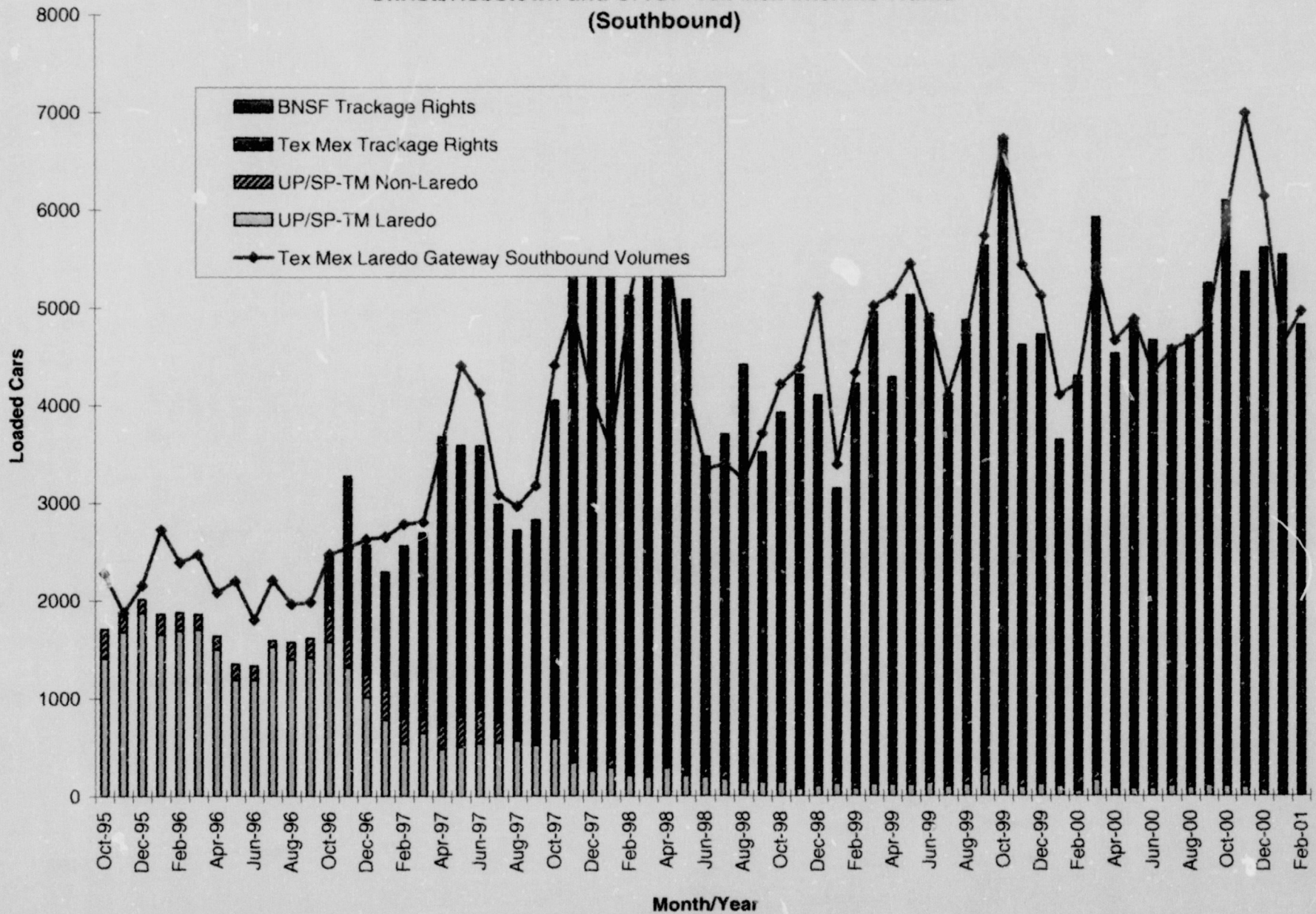


Chart # 11

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





## **Appendix B**


### 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 from September 1995 through the quarter ending December 31, 2000, the latest date for which the data have been compiled.

	Texas, Louisiana, Arkansas, Missouri and Illinois	California and Central Corridor
<b>REVENUE</b>		
Trackage Rights Fees	\$93,517,770	\$78,454,678
Capacity Improvement Fees	<u>0</u>	<u>0</u>
Total Revenue	<u>\$93,527,770</u>	<u>\$78,454,678</u>
<b>EXPENSES</b>		
Maintenance	\$156,067,421	\$104,415,802
Depreciation	145,236,559	110,055,008
Capital Expenditures	(Not reported)	(Not reported)
Accounting Expenses	<u>95,136</u>	<u>95,136</u>
Total Expenses	<u>\$301,399,166</u>	<u>\$214,565,946</u>

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that on this 2nd day of April, 2001 a copy of the foregoing "Union Pacific's First Quarter 2001 Progress Report With Respect to Merger Conditions" was mailed, postage prepaid, to all parties of record.

  
J. Michael Hemme



STB

FD-32760

5-22-00

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198737

# TROUTMAN SANDERS LLP

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May 22, 2000

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

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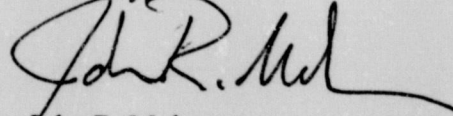
198737  
Re: Finance Docket No. 32760, *Union Pacific Corporation, et al. - Control & Merger -- Southern Pacific Rail Corporation, et al.* Finance Docket No. 32760 (Sub-No. 21), *Union Pacific Corporation, et al. - Control & Merger -- Southern Pacific Rail Corporation, et al.* (Oversight)

Dear Secretary Williams:

198738  
Enclosed for filing in the above-referenced proceeding are an original and twenty-five (25) copies of the Reply of AmerenUE In Support Of BNSF's Petition For Enforcement Of Merger and Oversight Conditions. In accordance with the Board's regulations, we have also enclosed a 3.5-inch diskette containing the pleading in WordPerfect format.

An additional copy of each version of the filing is enclosed. Please date and time stamp these copies and return them to the messenger for our files.

Sincerely,



John R. Molm

Enclosures

cc: Parties of Record

ENTERED  
Office of the Secretary

MAY 22 2000  
Part of  
Public Record

**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)**

**REPLY OF AMERENUE IN SUPPORT OF BNSF'S PETITION FOR  
ENFORCEMENT OF MERGER AND OVERSIGHT CONDITIONS**

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**Attorneys for AmerenUE**

**May 22, 2000**



**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)**

---

**REPLY OF AMERENUE IN SUPPORT OF BNSF'S PETITION FOR  
ENFORCEMENT OF MERGER AND OVERSIGHT CONDITIONS**

On May 2, 2000, The Burlington Northern and Santa Fe Railway Company ("BNSF") filed a Petition For Enforcement of Merger and Oversight Conditions, BNSF-91, ("BN Petition"). BNSF seeks the Surface Transportation Board's ("STB" or "Board") quick resolution of a dispute between BNSF and Union Pacific Railroad Company ("UP") regarding the AmerenUE ("UE") Labadie Plant's applicability under the "2-To-1 Point Identification Protocol" ("2-to-1 Protocol") established by the Board in Decision Nos. 10 and 11 in Finance Docket No.

32760 (Sub-No. 21).<sup>1</sup> UE files this reply in support of the BN Petition and respectfully requests the Board to expeditiously resolve the issues in the BN Petition which are intertwined with the UE Petition for Clarification and Enforcement of Merger Conditions filed January 19, 2000 ("UE Petition") and related filings.<sup>2</sup> Specifically, UE requests the Board to declare that BNSF is entitled to access UE's Labadie Plant under the "omnibus" clause of the BNSF Agreement<sup>3</sup> and the 2-to-1 Protocol.

**1. UE's Labadie Plant Is A "2-To-1" Shipper**

It is undisputed that UE's Labadie Plant was a "2-to-1" shipper at the time of the UP/SP merger. See BNSF-91 at 3; UP/SP-374 at 4; and UE Petition at 5-6. Labadie is a shipper that was served directly by UP and SP, and no other rail carrier, prior to the merger. See UE Petition at 5-6. The Labadie facility was not directly accessible to BNSF via the trackage rights BNSF obtained under the BNSF Agreement. Therefore, Labadie falls under the section 8(i) "omnibus" provision of the BNSF Agreement for "2-to-1" shippers.

**2. UE's Labadie Plant Never Lost Its "2-to-1" Status**

UE has never given up any of its rights as a "2-to-1" shipper. UE did not and would not have agreed to waive any conditions imposed by the Board in the UP/SP merger. See UE Petition, Verified Statement of Udo A. Heinze ("V.S. Heinze") at 2-3. The "Conceptual Framework" signed

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<sup>1</sup> *Union Pac. Corp. et al.—Control and Merger—Southern Pac. Rail Corp., et al.*, F.D. 32760 (Sub-No.21)("UP/SP Oversight"), Decision No. 10, Slip op. (STB served Oct. 27, 1997)("Decision No. 10"); UP/SP Oversight, Decision No. 11, Slip op. (STB served Jan. 23, 1998).

<sup>2</sup> BNSF filed a reply in support of the UE Petition (BNSF-90), UP filed a response in opposition to UE's Petition (UP/SP-374). UE filed a reply on February 23, 2000 ("UE Reply") and UP filed a reply (UP/SP-375) to the UP Petition.

<sup>3</sup> UE refers to the BNSF Agreement as defined by the STB in *Union Pac. Corp. et al.—Control and Merger—Southern Pac. Rail Corp. et al.*, F.D. 32760, Decision No. 44, Slip op. at 12 n.15 (STB served Aug. 12, 1996) ("Decision No. 44").



by UP and UE was not formed as a "settlement," is not enforceable under Missouri law<sup>4</sup> and most importantly, has not resulted in any benefit to UE.<sup>5</sup> Most significantly, the "Conceptual Framework," which was premised on UP's misleading UE to believe that Labadie was not entitled to direct BNSF access, has not preserved any means of rail replacement for SP's service that UE had prior to the merger. UE's lack of an alternative carrier service was most evident during the UP/SP service meltdown in 1998 when UP refused to move any BNSF trains to Labadie. *See* UE Petition at 13.

Furthermore, UP has stated that UP and BNSF agreed to prevent Labadie's access to BNSF under the "2-to-1" shipper rights granted through the omnibus clause by treating UE "uniquely,"<sup>6</sup> however, BNSF has stated that BNSF only agreed to allow UP to sell the former Rock Island line to another carrier to replicate SP's lost service to Labadie. Whichever is correct, the fact remains that Labadie has lost its two carrier service that it had prior to the UP/SP merger. UE's lack of rail service replicating SP's service to UE prior to the merger is in direct contradiction to the Board's strong policy of protecting UE as a "2-to-1" shipper.

### **3. The Board Should Uphold Its Strong Public Policy Of Protecting All "2-to-1" Shippers**

In conditioning the UP/SP merger, the Board relied upon UP's assertions that every "2-to-1" shipper would be protected by the BNSF Agreement. *See* UE Petition at 19 (selected quotes from UP's Brief, UP/SP-260), BNSF-91 at 10-11, and Decision No. 44 at 16. Yet, UP has admitted that it misled UE to believe that it was not entitled to the benefits of the BNSF Agreement. *See* UE Reply at 3-4 and UP/SP-374, Verified Statement of John H. Rebensdorf ("V.S. Rebensdorf") at 3.

---

<sup>4</sup> *See* UE Reply at 8-9.

<sup>5</sup> *See* UE Reply at 5-8.

<sup>6</sup> UE finds it extremely disturbing to believe that UP and BNSF collectively pre-determined the fate of a shipper to effectively cut that shipper out of the benefits of "2-to-1" status that every other "2-to-1" shipper enjoyed. *See* UE Petition at 7-15 and UE Reply at 3-4. The Board should not condone such carrier action.



Notwithstanding UP's assertions to the Board that all "2-to-1" shippers were protected by the BNSF Agreement, which the Board relied upon in approving the UP/SP merger, UP has denied UE rail service to replicate the lost service of SP that resulted from the merger.

The Board should not allow UE to fall through the crack, created by UP, which will give UP sole access to Labadie after the UP/SP merger, something which UP did not have prior to the merger. UP has stated that UE was treated "uniquely" because BNSF "refused" to purchase the former Rock Island (SP) line. *See* UE Reply at 3, UP/SP-374 at 2, 6; Verified Statement of Jerry P. Klym at 2 and V.S. of Rebensdorf at 1-4. BNSF's decision to not purchase the former Rock Island line which SP used to serve Labadie, cannot negate UE's rights under the BNSF Agreement. *See* BNSF-91 at 4. In any event, the former Rock Island line cannot be used to provide the second carrier access it once did because of restrictions placed in the sale agreement by UP. *See* UE Petition at 15-17. As a result, the Board should declare that BNSF has the right to access Labadie from either St. Louis or Kansas City to replicate SP's service prior to the merger. The Board should assure that BNSF's access is sufficient for BNSF to compete effectively with UP as a replacement for SP. *See* BNSF Agreement Section 8(i) and BNSF-91 at 6.

Granting BNSF's right to serve Labadie will not create a windfall to UE or to BNSF. Granting UE's and BNSF's petitions will only place UE in the same position as every other "2-to-1" shipper and thereby uphold the Board's strong public policy of protecting "2-to-1" shippers. Furthermore, granting the petitions will enable BNSF to fulfill its rights and obligations that it independently obtained under the BNSF Agreement. *See* BNSF-91 at 10 and Verified Statement of Richard E. Weicher at 3. Finally, the Board should particularly be concerned with upholding its policy of protecting "2-to-1" shippers during the ongoing oversight proceeding which was intended

to oversee and ensure that the protective conditions imposed in the merger are being uniformly applied.<sup>7</sup>

#### **4. UP has Wrongfully Denied BNSF Access to Labadie Under the 2-to-1 Protocol**

The "2-To-1 Point Identification Protocol" was established by the Board's direction because the Board was concerned about the "possibility that BNSF may be unable to obtain a prompt determination of whether BNSF is entitled to serve a particular shipper." Decision No. 10 at 7. The 2-to-1 Protocol states that "UP shall approve all such requests where, on the basis of all available information, UP concludes that a particular facility was open to service by both UP and SP, and no other carrier, as of September 25, 1995." See BNSF-91 Attachment D at Section 6. Since there is no dispute that UE's Labadie plant was open to UP and SP service and no other carrier as of September 25, 1995, UP should be estopped from denying BNSF's access to Labadie under the 2-to-1 Protocol. UE agrees with BNSF that UP's reliance on the "Conceptual Framework" is an insufficient explanation to deny BNSF access to the UE Labadie plant. See UP Petition, UE Reply and BNSF-91 at 6. UE also fully supports BNSF's right to a prompt resolution by the Board of UP's denial of BNSF's access under the 2-to-1 Protocol. See BNSF-91 at 6-8.

#### **CONCLUSION**

WHEREFORE, UE respectfully requests that the Board grant BNSF's Petition for Enforcement of Merger and Oversight Conditions (BNSF-91) and declare that BNSF is entitled to access UE's Labadie Plant under the "omnibus" clause of the BNSF Agreement and the 2-to-1 Protocol.

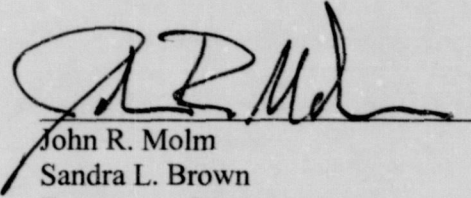
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<sup>7</sup> The STB stated in Decision No. 44 that it would retain jurisdiction over the UP/SP merger in order to implement the conditions imposed as part of the merger and to impose new conditions as necessary. Decision No. 44 at 231. UE is not seeking new conditions but is only seeking the enforcement of the same protections given to every other "2-to-1" shipper.



Respectfully submitted,

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AMEREN SERVICES COMPANY  
1901 Chouteau Avenue  
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St. Louis, MO 63166-6149  
Tel: (314) 554-2098  
Fax: (314) 554-4014

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

John R. Molm  
Sandra L. Brown  
TROUTMAN SANDERS LLP  
1300 I Street, N.W.  
Suite 500 East  
Washington, D.C. 20005-3314  
Tel: (202) 274-2950  
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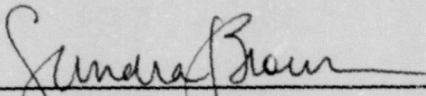
Attorneys for AmerenUE

May 22, 2000



**CERTIFICATE OF SERVICE**

I hereby certify that a true copy of the "REPLY OF AMERENUE IN SUPPORT OF BNSF'S PETITION FOR ENFORCEMENT OF MERGER AND OVERSIGHT CONDITIONS" was served this 22<sup>nd</sup> day of May, 2000, by hand delivery to counsel for Union Pacific Railroad Company, counsel for Burlington Northern and Santa Fe Railway Company and by first class mail upon all other parties of record in this proceeding.

  
\_\_\_\_\_  
Sandra L. Brown  
Attorney for AmerenUE

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(9873.)

# COVINGTON & BURLING

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May 22, 2000

**BY HAND**

Honorable Vernon A. Williams  
Secretary  
Surface Transportation Board  
1925 K Street, N.W.  
Room 715  
Washington, D.C. 20423-0001



Re: Finance Docket 32760, UPSP Control and Merger

Dear Secretary Williams:

Enclosed for filing in the above-captioned matter are the original and twenty (20) copies of UP's Response to BNSF's Petition for Enforcement of Merger and Oversight Conditions. Please date-stamp the enclosed extra copy of the opposition, and return it to the awaiting messenger for our files.

If you have any questions, please do not hesitate to call.

ENTERED  
Office of the Secretary

MAY 22 2000

Part of  
Public Record

Sincerely,

Kimberly K. Egan

Enclosures

cc: Erika Z. Jones (w/enclosures)  
Sandra L. Brown (w/enclosures)



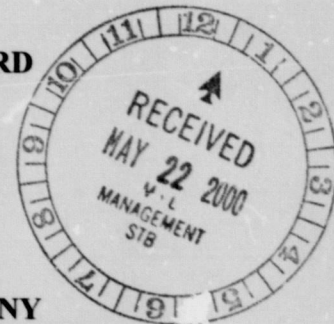
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UP/SP-377

198731

BEFORE THE  
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 32760



UNION PACIFIC CORPORATION,  
UNION PACIFIC RAILROAD COMPANY  
AND MISSOURI PACIFIC RAILROAD COMPANY  
— CONTROL AND MERGER —

ENTERED  
Office of the Secretary

MAY 22 2000

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

REPLY OF UNION PACIFIC RAILROAD COMPANY  
TO BURLINGTON NORTHERN AND SANTA FE RAILWAY COMPANY'S  
PETITION FOR ENFORCEMENT OF MERGER AND OVERSIGHT CONDITIONS

Union Pacific Railroad Company ("UP") offers this response to Burlington Northern and Santa Fe Railway Company's ("BNSF") Petition for Enforcement of Mergers and Oversight Conditions, filed May 2, 2000.

INTRODUCTION

BNSF seeks compelled access to AmerenUE's ("UE") Labadie plant under the BNSF Settlement Agreement in the UP/SP merger. UP fully addressed this issue in UP's Response to UE's Petition for Clarification and Enforcement of Merger Conditions, filed February 8, 2000 ("UP Response") and its Reply to UE's Motion to Leave, filed on March 3, 2000. We will not repeat the factual background or arguments in those papers. Instead we

incorporate them by reference. This response, and the accompanying verified statement of John H. Rebensdorf, UP's Vice President-Network and Service Planning, will address only BNSF's new argument and assertions.

### ARGUMENT

Before the UP/SP merger, both UP and SP served UE's plant at Labadie, Missouri. SP served the plant over a former Rock Island track from St. Louis to Labadie. Map No. 1, attached as Exhibit 3 to the UP Response, depicts the UP and SP routes. When UP and SP decided to merge, they knew they needed to replace the competition at Labadie that the merger would have eliminated.

As explained in the UE Response, UP tried to do this by offering to sell the Rock Island line to BNSF and then to UE. UP Response at 5. First BNSF and then UE refused to buy it. See id., see also Rebensdorf V.S., p. 2. UE also vetoed UP's proposals to sell the line to other railroads such as IC. UP Response at 8. After protracted negotiations, UE and UP agreed to replace pre-merger competition by using a proportional rate agreement instead of using the Rock Island line. See Rebensdorf V.S., p. 2.<sup>1</sup> In a sworn statement, UE told the Board:

UE and UP have reached an agreement that will insure on-going competition for rail service to the Labadie plant after the merger.

Verified Statement of Udo A. Heinze, Manager, Fossil Fuel, Union Electric Company (attached as Exhibit 10 to UE's Jan. 19, 2000, Petition).

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<sup>1</sup> The settlement agreement between UP and UE requires UP to provide agreed proportional rates for transportation from Kansas City and St. Louis to the Labadie plant. See Rebensdorf V.S., p. 2. UE can combine those proportional rates with BNSF rates from the Powder River Basin to Kansas City or with the rates of BNSF or any other carrier to St. Louis. See id. UP attached the text of the agreement as Exhibit 8 to its UP Response.



BNSF understood and acknowledged in 1995 that the Labadie plant would be treated uniquely in connection with the BNSF Settlement Agreement. It agreed that UP would work directly with UE to replace competition at Labadie, instead of giving BNSF direct access to the plant. See *Rebensdorf V.S.*, p. 2. BNSF now argues that UP was permitted to replace that competition only by selling the former Rock Island line to another carrier. See BNSF Petition at 9. UP has never before heard of such a requirement. BNSF is trying to re-write history, and its assertions today are inconsistent with its discussions with UP and with its conduct for more than three years.

UP and BNSF never agreed that UP was obligated to sell the Rock Island line in order to provide competition at Labadie. *Rebensdorf V.S.*, pp. 2-3. They never agreed to any restriction on UP's negotiations with UE. While UP tried to sell the Rock Island line, an effort UE blocked, UP never committed to use that specific competitive alternative, and BNSF never demanded it. BNSF and UP did not reach any agreement requiring UP to sell the Rock Island line at all. Id.<sup>2</sup>

For more than three years, until early this year, BNSF recognized that UE and UP had reached a satisfactory agreement to provide competition at the Labadie plant, and BNSF acted consistently with that understanding. BNSF never challenged the UP/UE agreement as inadequate or claimed a right to serve the Labadie plant under the BNSF Settlement Agreement. It remained silent even though UP and UE placed it on notice of the UE settlement agreement in 1996, and even though UE swore that it had a satisfactory competitive solution. BNSF knew that

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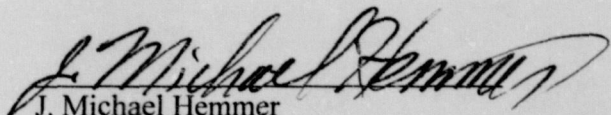
<sup>2</sup> UP's later sale of the Rock Island line without the right to serve the Labadie plant has no bearing on BNSF's rights. UP offered the Rock Island line to the Missouri Central Railroad only (continued...)



it had not gained direct access to the plant under that settlement, but it did not object. It also knew that no other carrier had obtained the Rock Island line, because no carrier sought Board authority to acquire the line. Again BNSF did not object. BNSF's silence for over three years underscores its agreement that UP would work directly with UE to provide competition for the Labadie plant and its recognition that UP had never committed to sell the Rock Island line as the only possible competitive solution for the Labadie plant. BNSF's recent recovery of its suppressed memory to the contrary should be given no weight.

Respectfully submitted,

James V. Dolan  
Lawrence E. Wzorek  
Beverly S. Greer  
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(202) 662-6000

*Attorneys for Union Pacific  
Railroad Company*

May 22, 2000

---

after UP had resolved UE's competitive situation. UP and UE had already provided competition for UE.

## **Verified Statement**

**of**

**John H. Rebensdorf**

My name is John H. Rebensdorf. I am Vice President-Network and Service Planning for Union Pacific Railroad Company ("UP"). I hold a Bachelor's Degree in Civil Engineering from the University of Nebraska and a Master's Degree in Business Administration from Harvard University. Before coming to UP, I was a management consultant at Temple, Barker and Sloane. I began my railroad career in 1961 in the Mechanical Department of the Chicago, Burlington & Quincy Railroad Company, and between 1962 and 1967 I was employed in the Operating and Engineering Departments of the Chicago, Rock Island and Pacific Railroad Company ("Rock Island"). I joined Union Pacific Corporation in 1968. In 1971 I came to Union Pacific Railroad as Manager of Budget Research, becoming Assistant Controller in 1976, Assistant Vice President-Planning & Analysis in 1980, Assistant Vice President-Finance in 1984 and Vice President-Strategic Planning in 1987. I was appointed to my present position in 1998.

I was the principal negotiator for UP of the 1995 agreement among Burlington Northern Santa Fe Railroad Company ("BNSF"), UP and Southern Pacific Transportation Company ("SP") (hereinafter, the BNSF Settlement Agreement) which preserved competition that otherwise would have been lost in the UP/SP merger. On February 8, 2000 I filed an extensive statement in response to AmerenUE's petition in this proceeding. That statement discussed the BNSF Settlement Agreement negotiations and other related negotiations that grew out of the UP/SP merger. I will not repeat that statement here. I will instead respond to BNSF's new claim that, under the BNSF Settlement Agreement, UP's sale of the former Rock Island line without access to the Labadie plant entitles BNSF to serve AmerenUE's Labadie plant.



During the BNSF settlement negotiations, UP initially offered to sell part of the former Rock Island line so that BNSF could use that line to provide competition at the Labadie plant. BNSF refused to buy it. After BNSF's refusal, the UP and BNSF specifically agreed that we would give the Labadie plant unique treatment. BNSF understood and acknowledged that UP would work directly with AmerenUE to find an alternative solution to AmerenUE's competitive issues. This meant the Labadie plant was no longer subject to Section 8(i) of the BNSF Settlement Agreement, the section that addresses BNSF's rights to serve "2-to-1 shippers," unless UP failed to reach agreement with AmerenUE on a competitive alternative for the Labadie plant.

BNSF understood and accepted that UP would preserve competition at Labadie. That alternative might have consisted of UP selling the former Rock Island line to a third carrier, but we never committed to that specific competitive alternative, and BNSF never demanded that specific alternative. BNSF and UP did not reach any agreement requiring UP to sell the Rock Island line to anyone. We agreed only to preserve AmerenUE's ability to enjoy competition.

UP did exactly that. We pursued several options during discussions with AmerenUE and eventually entered into an agreement with AmerenUE whereby UP would provide proportional rates for transportation from Kansas City and St. Louis to the Labadie plant. AmerenUE could combine the proportional rates with BNSF rates from the Powder River Basin in Wyoming to Kansas City, or with the rates of BNSF or any other carrier to St. Louis. That agreement provided a competitive alternative for AmerenUE, satisfying UP's understanding with BNSF.

UP would never have agreed to give AmerenUE proportional rates if UP believed it had a separate but unwritten obligation to sell the Rock Island line to another carrier. BNSF



has never before claimed that UP has such an obligation. Its silence until this month confirms that UP and BNSF previously understood that UP had fulfilled its understanding with BNSF.

Only after securing this competitive alternative for AmerenUE, UP offered the former Rock Island line -- which BNSF had refused to buy -- to a newly-created shortline called the Missouri Central Railroad ("MCRR"), under the condition that it not provide service to the Labadie plant. UP did this because it had already fulfilled its obligation to maintain competition at the Labadie plant, which the proportional rate agreement secured. UP was not required to enhance competition by providing a third competitive option over the Rock Island line.

The sale to the MCRR had no impact on UP's prior agreement with AmerenUE, and, indeed, that agreement remains in effect today. UP's subsequent sale of that line is irrelevant under the BNSF Settlement Agreement because UP's agreement with AmerenUE satisfied UP's understanding with BNSF. As a result, BNSF has no right to serve the Labadie plant directly. It can compete with UP by using the proportional rates AmerenUE negotiated.

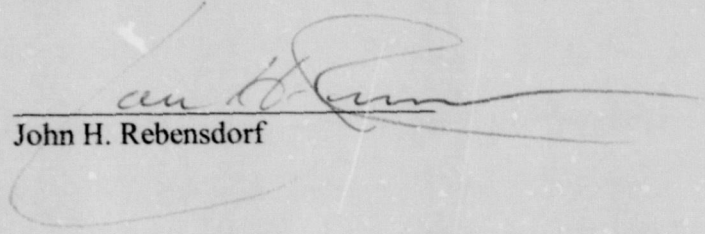
#### CONCLUSION

As agreed with BNSF, UP entered into an alternative arrangement with AmerenUE in order to provide effective competition for Labadie plant. UP's alternative arrangement with AmerenUE is still in effect. BNSF has no further right under the BNSF Settlement Agreement to serve the Labadie plant.

**AFFIRMATION**

I, JOHN H. REBENS DORF, declare under penalty of perjury that the foregoing statement is true and correct. Further, I certify that I am authorized to file this statement.

Executed on May 11, 2000.

  
John H. Rebensdorf

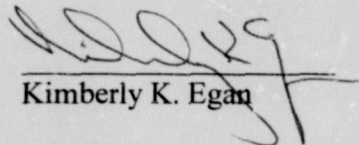
**CERTIFICATE OF SERVICE**

I, Kimberly K. Egan, hereby certify that on this 22nd day of May, 2000, I caused a copy of UP's Reply to Burlington Northern Santa Fe Railway Company's Petition for Enforcement of Mreger and Oversight Conditions to be served, by hand, on:

John R. Molm  
Sandra L. Brown  
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Erika Z. Jones  
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and delivered by regular mail, postage prepaid, to all other parties of record in this proceeding.

  
Kimberly K. Egan