March 22, 1996

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

Re: Finance Docket No. 32760
Union Pacific Corporation, Union Pacific Railroad Company and Missouri Pacific Railroad Company — Control and Merger -- Southern Pacific Rail Corp., Southern Pacific Transportation Company, St. Louis Southwestern Railway Company, SPCSL Corp. and The Denver and Rio Grande Western Railroad Company

Dear Secretary Williams:

Enclosed for filing with the Board in the above-captioned proceeding are twenty-one copies of the Partial Responses and Objections of Wisconsin Central Ltd. to Applicants' First Set of Interrogatories and Requests for Production of Documents (WC-5), dated March 22, 1996.

The original of these discovery objections has been served on counsel for Applicants. Copies also have been served on the parties shown on the certificate of service.

Please feel free to contact me should any questions arise regarding this filing. Thank you for your assistance on this matter.

Respectfully submitted,

Thomas J. Healey
Attorney for Wisconsin Central Ltd.

Enclosures

cc: Parties on Certificate of Service
PARTIAL RESPONSES AND OBJECTIONS OF WISCONSIN CENTRAL LTD.
TO APPLICANTS' FIRST SET OF INTERROGATORIES
AND REQUESTS FOR PRODUCTION OF DOCUMENTS

Janet H. Gilbert
Assistant General Counsel
Wisconsin Central Ltd.
6250 North River Road, Suite 9000
Rosemont, Illinois 60018
(847) 318-4691

Robert H. Wheeler
Kevin M. Sheys
Thomas J. Healey
Thomas J. Litwiler
Oppenheimer Wolff & Donnelly
Two Prudential Plaza, 45th Floor
180 North Stetson Avenue
Chicago, Illinois 60601
(312) 616-1800

ATTORNEYS FOR
WISCONSIN CENTRAL LTD.

Dated: March 22, 1996
Wisconsin Central Ltd. ("WCL") partially responds and objects as follows to the first set of interrogatories and requests for production of documents of Union Pacific Corporation, Union Pacific Railroad Company, Missouri Pacific Railroad Company, Southern Pacific Rail Corporation, Southern Pacific Transportation Company, St. Louis Southwestern Railway Company, SPCSL Corp., and The Denver and Rio Grande Western Railroad Company (collectively, "Applicants"). These partial responses and objections are provided pursuant to the Discovery Guidelines entered by the Administrative Law Judge in this proceeding on December 5, 1995, the rulings of the Administrative Law Judge of March 8, 1996, and the March 11, 1996 Memorandum of Gerald P. Norton identifying Applicants' so-called "category 1" discovery requests.

These partial discovery responses and objections are provided on March 22, 1996, pursuant to agreement with counsel for Applicants to extend the time for responding by ten days. Counsel for WCL is prepared to discuss and resolve any following objections.
with counsel for Applicants prior to any presentation of these objections to the Administrative Law Judge.

GENERAL OBJECTIONS TO DISCOVERY

WCL objects to Applicants' First Set of Interrogatories and Requests for Production of Documents on each of the following grounds, regardless of whether such objections are specifically referenced in response to a particular discovery request:

1. WCL objects to the production of documents or information subject to the attorney-client privilege.

2. WCL objects to the production of documents or information subject to the attorney work product doctrine.

3. WCL objects to Applicants' discovery requests to the extent that they seek information or documents that are in the public domain or media, have previously been filed by WCL in this or any other proceeding, or are as easily accessible to Applicants as to WCL.

4. WCL objects to Applicants' discovery requests to the extent that they attempt to impose any obligation on WCL beyond those imposed by the General Rules of Practice of the Surface Transportation Board, 49 C.F.R. § 114.21-1114.31, the scheduling orders in place in this proceeding, or any order of the Administrative Law Judge in this proceeding.

5. WCL objects to Applicants' discovery requests to the extent that Applicants define "relating" or "related" to have any meaning beyond "make reference to" or "mention".
6. WCL objects to Applicants' discovery requests to the extent that they call for preparation of special studies not already in existence.

7. WCL objects to Applicants' discovery requests to the extent that they call for the production of draft verified statements and documents related thereto, which have never been deemed relevant to production in merger proceedings.

8. WCL objects to Applicants' discovery requests to the extent that they seek highly confidential, sensitive or proprietary commercial information without a counter-balancing demonstration of the relevance of or need for such information.

9. WCL objects to Applicants' discovery requests as premature, calling for speculation as to what, if anything, WCL will file in comments or a responsive application on March 29, 1996, and inconsistent with Decision Nos. 1 and 6 previously issued by the Interstate Commerce Commission in this proceeding.

PARTIAL OBJECTIONS AND RESPONSES TO REQUESTS FOR PRODUCTION OF DOCUMENTS

Subject to and without waiving its General Objections, WCL provides the following specific objections and responses to Applicants' so-called "category 1" requests for production of documents:

15. Produce all presentations, letters, memoranda, white papers or other documents sent or given to DOJ, DOT, any state Governor's, Attorney General's or Public Utilities Commission's (or similar agency's) office, any Mexican government official, any other government official, any security analyst, any bond rating agency, any consultant, any financial advisor or analyst, any investment banker, any chamber of commerce, or any shipper or trade organization relating to the UP/SP merger.
RESPONSE: WCL objects to Applicants' Request No. 15 as overly broad, unduly burdensome, irrelevant and not reasonably calculated to lead to the discovery of admissible evidence. WCL further objects to this request to the extent that Administrative Law Judge Nelson has ruled that the materials sought in this discovery request are premature, and do not need to be responded to at this time.

Subject to and without waiver of these objections, and responding only as per Judge Nelson's ruling, WCL responds "none."

16. Produce all notes of any meetings with DOJ, DOT, any state Governor's, Attorney General's or Public Utilities Commission's (or similar agency's) office, any Mexican government official, any other government official, any security analyst, any bond rating agency, any consultant, any financial advisor or analyst, any investment banker, any chamber of commerce, or any shipper or trade organization relating to the UP/SP merger.

RESPONSE: WCL objects to Applicants' Request No. 16 as overly broad, unduly burdensome, irrelevant and not reasonably calculated to lead to the discovery of admissible evidence. WCL further objects to this request to the extent that Administrative Law Judge Nelson has ruled that the materials sought in this discovery request are premature, and do not need to be responded to at this time.

Subject to and without waiver of these objections, and responding only as per Judge Nelson's ruling, WCL responds "none."

23. Produce all studies, reports or analyses relating to collusion among competing railroads or the risk thereof.

RESPONSE: WCL objects to Applicants' Request No. 23 as vague, overly broad, susceptible to more than one interpretation,
and not reasonably calculated to lead to the discovery of admissible evidence.

Without waiver of this objection, and responding only as per Administrative Law Judge Nelson's March 8, 1996 rulings, WCL responds "none."

24. Produce all studies, reports or analyses relating to the terms for or effectiveness of trackage rights.

**RESPONSE:** WCL objects to Applicants' Request No. 24 as vague, susceptible to more than one interpretation, and not reasonably calculated to lead to the discovery of admissible evidence. WCL further objects to this request to the extent that Administrative Law Judge Nelson has ruled that the materials sought in this discovery request are premature, and do not need to be responded to at this time.

Subject to and without waiver of these objections, and responding only as per Judge Nelson's ruling, WCL responds "none."

25. Produce all WC business plans or strategic plans.

**RESPONSE:** WCL objects to Applicants' Request No. 25 on the grounds that it seeks the production of information which is neither relevant in this proceeding nor reasonably calculated to lead to discovery of admissible evidence.

26. Produce all computerized 100% WC traffic data for 1994, containing at least the fields listed in Attachment A hereto, a Rule 11 or other rebilling indicator, gross freight revenue, and freight revenue net of allowances, refunds, discounts or other revenue offsets, together with documentation explaining the record layout and the content of the fields. To the extent particular items are unavailable in machine-readable form, (a) provide them in hard-copy form, and (b) provide any similar machine-readable data.
RESPONSE: WCL objects to Applicants' Request No. 26 as overly broad and unduly burdensome, wholly irrelevant to any issue raised or to be raised by WCL in this proceeding and not reasonably calculated to lead to discovery of admissible evidence.

27. Produce all documents relating to WC's financial support for, establishment of, participation in, or relationship with the "Coalition for Competitive Rail Transportation."

RESPONSE: WCL objects to Applicants' Request No. 27 as vague, irrelevant and not reasonably calculated to lead to discovery of admissible evidence.

Without waiver of this objection, WCL responds "none."

28. Produce all documents relating to discussions between WC and Applicants in August or September 1995 concerning possible line sales, trackage rights or other agreements in regard to this proceeding. Except to the extent that Applicants may be required to do so, WC need not produce documents depicting the back-and-forth of negotiations.

RESPONSE: WCL objects to Applicants' Request No. 28 as irrelevant and not reasonably calculated to lead to discovery of admissible evidence. WCL further objects to this discovery request to the extent that it seeks documents previously provided to Applicants, within Applicants' own possession or as easily accessible to Applicants as to WCL.

Subject to and without waiver of these objections, WCL responds "none."

31. Produce each current haulage or trackage rights agreement in effect between WC and any other railroad.

RESPONSE: WCL objects to Applicants' Request No. 31 as overly broad, unduly burdensome, irrelevant and not reasonably calculated to lead to discovery of admissible evidence.
Without waiver of these objections, responsive documents are attached. For purposes of this proceeding, said documents are to be considered and treated as "Highly Confidential."

32. Produce all studies, reports or analyses relating to competition in freight transportation services for shipment to or from West Coast ports.

RESPONSE: WCL objects to Applicants' request No. 32 as overly broad and not reasonably calculated to lead to discovery of admissible evidence.

Without waiver of these objections, WCL responds "none."

33. Produce all public statements by WC's President or other top executives relating to the UP/SP merger.

RESPONSE: WCL objects to Applicants' Request No. 33 as overly broad and unduly burdensome. WCL further objects to this discovery request to the extent it seeks information in the public domain and/or media and easily accessible to Applicants.

Without waiver of this objection, and responding only as per Administrative Law Judge Nelson's March 8, 1996 rulings, WCL responds "none."

34. Produce WC's annual reports to stockholders for years 1991 through 1995.

RESPONSE: WCL objects to Applicants' Request No. 34 as seeking publicly available information and not reasonably calculated to lead to the discovery of admissible evidence.

Without waiver of these objections, responsive documents are attached.

35. Produce all documents relating to any possible breakup or bankruptcy of SP.
RESPONSE: WCL objects to Applicants' Request No. 35 as vague, overly broad and irrelevant. WCL further objects to this discovery request as seeking documents within Applicants' own possession or more accessible to Applicants than to WCL.

Without waiver of these objections, WCL responds "none."

Respectfully submitted,

By:

Janet H. Gilbert
Assistant General Counsel
Wisconsin Central Ltd.
6250 North River Road
Suite 9000
Rosemont, Illinois 60018
(847) 318-4691

Robert H. Wheeler
Kevin M. Sheys
Thomas J. Healey
Thomas J. Litwiler
Oppenheimer Wolff & Donnelly
Two Prudential Plaza, 45th Floor
180 North Stetson Avenue
Chicago, Illinois 60601
(312) 616-1800

ATTORNEYS FOR
WISCONSIN CENTRAL LTD.

Dated: March 22, 1996
CERTIFICATE OF SERVICE

I hereby certify that on this 22nd day of March, 1996, a copy of the foregoing Partial Responses and Objections of Wisconsin Central Ltd. to Applicants’ First Set of Interrogatories and Requests for Production of Documents (WC-5) was served by facsimile and overnight delivery upon:

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

by overnight delivery upon:

Paul A. Cunningham
Harkins Cunningham
1300 19th Street, N.W.
Suite 600
Washington, DC 20036

Louise Ann Rinn
Union Pacific Railroad Company
Law Department, Room 830
1416 Dodge Street
Omaha, NE 68179

Carol A. Harris
Southern Pacific Transportation Company
One Market Plaza
San Francisco, CA 94105

Hon. Jerome Nelson
Administrative Law Judge
Federal Energy Regulatory Commission
888 1st Street, N.E.
Washington, DC 20426

and by first class mail, postage prepaid, upon all other parties on the Restricted Service List in this proceeding.

Thomas J. Healey
ADVERTISE OF ALL
PROCEEDINGS

MARCH 27, 1996
Part of
Public Record

ENTERED
Office of the Secretary

MAR 27 1996

No

Mergers,

Please!

Thank—
Bernard Klein

Attached

RE: "Finance Docket 32760"

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WILLIAMS

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I am not in favor of the merger.

Thomas B. Frazier
BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET #32760
UNION PACIFIC CORP., ET. AL.
CONTROL & MERGER
SOUTHERN PACIFIC RAIL CORP., ET. AL.

VERIFIED STATEMENT OF
PATRICK G. WYNN
KIMBERLY-CLARK CORPORATION

PATRICK G. WYNN
DIRECTOR, TRANSPORTATION RATES AND OPERATIONS
520 W. SUMMIT HILL DRIVE
KNOXVILLE, TN 37902
PHONE: (423) 541-7381
FINANCE DOCKET #32760
UNION PACIFIC CORP., ET. AL.
CONTROL & MERGER
SOUTHERN PACIFIC RAIL CORP., ET. AL.

Identity and Qualifications of Testifying Witness

My name is Patrick G. Wynn and I am the Director Transportation Rates & Operations for Kimberly-Clark Corporation ("Kimberly-Clark" or the "Corporation"), whose transportation offices are located in Knoxville, Tennessee. I have been employed by Kimberly-Clark in my present capacity for the past 20 years and am directly responsible for the procurement and maintenance of efficient and reliable for-hire, transportation service. In addition, the management of our Corporation routinely consults with my department concerning all matters involving transportation. For example, my department is involved in the selection of sites for new production and distribution facilities and other management decisions that involve transportation and/or distribution. As a result of these duties and responsibilities, I have come to be thoroughly familiar with my employer’s distribution and transportation requirements and consider myself qualified to issue this statement on its behalf in that regard.

Application Opposed

I have been specifically authorized by Kimberly-Clark Corporation and Kimberly-Clark de Mexico, S.A. de C.V., to prepare this statement for the Surface Transportation Board in opposition to the application of Union Pacific Corp. for control and merger with Southern Pacific Rail Corporation.

General Description of Kimberly-Clark’s (K-C) Business

Kimberly-Clark is principally engaged in the manufacturing and marketing throughout the world of a wide range of products for personal, business and industrial uses. Most of these products are made from natural and synthetic fibers using advanced technologies in absorbency, fiber-forming and related fields. Its 1995 net sales were in excess of $13.7 billion.

The Corporation manufactures and markets a wide range of products (most of which are made from natural and synthetic fibers) for personal care, health care and other uses in the home, business and industry. These products include disposable diapers, facial tissue, household towels, bathroom tissue, feminine pads, tampons, incontinence products, industrial wipers and surgical gowns, packs and wrap. The products are sold worldwide under a variety of brand names such as KLEENEX, HUGGIES, PULL-UPS, KOTEX, DEPENDS POISE, KIMWIPES, SCOTT, SCOTTEX, ANDREX, and WYPALL. The Corporation also produces and markets papers requiring specialized technology in development or application, as well as traditional papers and related products for newspaper publishing and other communication needs.
Kimberly-Clark has manufacturing facilities in 33 countries and our products are available in 150 countries. Approximately 40 of these facilities are located within the continental United States. The facilities pertinent here are located in Mexico.

Kimberly-Clark’s Mexican affiliate, in which Kimberly-Clark has an equity position, is Kimberly-Clark de Mexico, S.A. de C.V. “Kimberly-Clark de Mexico”. Kimberly-Clark de Mexico has 6 production facilities in Mexico. There is a large volume of rail traffic moving through the Laredo gateway inbound to Kimberly-Clark de Mexico. Of the 6,200 rail cars shipped from various U.S. origins to Kimberly-Clark de Mexico, 5,000 moved through the Laredo gateway. 46% of the rail shipments through Laredo moved on the Texas Mexican Railway Company "Tex-Mex". The balance moved on the Union Pacific Railroad.

IV

Reason for Opposition to the Application for Control and Merger of Southern Pacific Rail Corporation by Union Pacific Corporation Without Certain Conditions

Kimberly-Clark de Mexico is a major user of rail service from the U.S. into Mexico. As such, the Corporation has a strong interest in competitive rail transportation from the U.S. into Mexico. The Laredo gateway is our primary inbound route to Mexico. This gateway provides the shortest routing between our U.S. suppliers and our Mexican manufacturing facilities.

Our company depends on competition to keep prices down and service up. The Union Pacific and Southern Pacific Railroads have competed for our traffic via Laredo for many years. This healthy competition has resulted in substantial cost savings and a number of service innovations. The Tex-Mex has been Southern Pacific’s partner in reaching Laredo in competition with the Union Pacific, as Southern Pacific does not reach Laredo directly.

A merger of Union Pacific and Southern Pacific will seriously reduce, if not eliminate, our competitive alternatives via the Laredo gateway. Although these railroads have agreed to give certain trackage rights to the new Burlington Northern Santa Fe Railroad “BNSF”, we do not believe the BNSF, as the only other major rail system remaining in the Western United States, will be an effective competitive replacement for an independent Southern Pacific on this important route.

There is an alternative that will preserve effective competition for our traffic. Tex-Mex has indicated a willingness to connect with other carriers via trackage rights to provide effective competitive routes. The granting of trackage rights in a manner designed to allow Tex-Mex to be truly competitive is essential to maintain the competition at Laredo that would otherwise be lost in the merger. We urge the Surface Transportation Board to prevent the loss of competition by imposing conditions on the merger. These conditions should be to grant trackage rights to Tex-Mex or to divest the efficient routes between the Tex-Mex at Corpus Christi, Texas and the connecting railroads participating in the merger.

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

Patrick G. Wynn
VERIFICATION

CITY OF KNOXVILLE

STATE OF TENNESSEE

Patrick G. Wynn, being duly sworn, deposes and says that he is the Director - Transportation Rates & Operations for the Kimberly-Clark Corporation, that he is familiar with the facts asserted in the foregoing Verified Statement and that the same are true and correct to the best of his knowledge and belief.

Sworn to and subscribed before me this 21st day of March, 1996.

Patrick G. Wynn

Notarized Public

My commission expires Dec. 2, 1996
March 22, 1996

Mr. Vernon Williams  
Secretary  
Surface Transportation Board  
12th & Constitution Avenue, NW  
Washington, D.C. 20423

Dear Secretary Williams:

As Governor of the State of Illinois, I want to express my support for the proposed merger of the Union Pacific (UP) and Southern Pacific (SP) railroads. A combined UP and SP system will create numerous transportation efficiencies, such as shorter transit times, more reliable and timely service, and better equipment supply that will benefit the majority of Illinois' rail using public. The proposed merger will also provide the financial strength that the SP needs to remain a financially viable competitor and provider. As you are aware, Illinois has invested over $40 million to ensure the continuation of rail freight and rail passenger service over the SP's Chicago-St. Louis corridor. Our future plans, moreover, for incremental high speed rail service hinge upon the strength of SP and the continued viability of this important rail corridor.

In addition, we strongly recommend that the Surface Transportation Board carefully review and consider the requests for protective conditions that may be submitted by those Illinois industries which will be directly affected by the abandonment of certain segments of the former Chicago and NorthWestern's Nelson-St. Louis rail line. It is important that these industries be given sufficient time and opportunity to address their alternate transportation needs prior to complete rail service cessation.

Thank you for your favorable consideration of the proposed UP/SP merger.

Sincerely,

Jim Edgar  
Governor
Honorable Vernon A. Williams, Secretary
Surface Transportation Board
12th Street & Constitution Avenue
Washington, DC 20423

Dear Sir:

Reference "Finance Docket 32760."

I oppose the merger between the Union Pacific and Southern Pacific as this will have a harmful effect on the economy of many communities.

This merger will result in less and unfair competition.

I am in favor of rail competition, growth, and jobs, and against the Union Pacific/Southern Pacific merger as proposed.

Yours truly,
L. A. Stewart
2833 Canyon Creek Dr.
San Angelo, Texas 76904

Copy: Railroad Commissioner of Texas
P.O. Box 12967
Austin, Texas 78711-2967
Dear Mr. Williams,

First I would like to thank you for taking the time to read this letter.

I have been reading and hearing about a plan merger between Union Pacific and Southern Pacific Railroads (Finance Docket 32760). Please be advised that I personally feel that this merger could have a damaging effect on our economy and the overall economy of the state of Texas.

Throughout the year we have seen the end results of what mergers between large companies will do. These mergers have cost the loss of jobs and the closing of companies. If something is not done to stop the loss of these jobs, I feel we will soon find ourselves living in a third world country.

Please oppose any merger as proposed in Finance Docket 32760.

Competition is what makes this Country grow. If we give in to what big business calls "good business", we may never regain control of our country's economy.
March 21, 1996

THE HONORABLE VERNON A. WILLIAMS, SECRETARY
SURFACE TRANSPORTATION BOARD
12TH STREET & CONSTITUTION AVENUE
WASHINGTON, D.C. 20423

DEAR SIR:

REFERENCE: FINANCE DOCKET 32760

I oppose the merger of the Southern Pacific and the Union Pacific Railroads.

The United States of America is the greatest country in the world and became great with free enterprise and competition.

To me competition is the effort of two or more parties to serve the business of a third party by the offer of the most favorable terms.

Let's keep the competition between the Union Pacific and the Southern Pacific Railroads and we will all benefit and keep America great.

Sincerely,

W. O. CORNISH
3629 Briar Creek Dr.
Beaumont, Texas 77706

CC: Railroad Commission of Texas
P.O. Box 12967
Austin, Texas 78711-2967

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


Dear Mr. Williams:

I am writing this letter in support of the BN/Santa Fe Agreement with the Union Pacific/Southern Pacific Railroad. My interest in this agreement stems from my position as the manager of a Coop elevator located here in North Dakota. This elevator has been in business in this location since 1939 and has been served in one manner or another by the Burlington Northern Railroad.

This facility handles on the average ten million bushels of small grains which are almost exclusively shipped by rail. Due to our location this grain is handled exclusively by the Burlington Northern/Santa Fe railroad. If the agreement between the BN/Santa Fe and the UP/SP is approved it would result in a better access for us to markets in the West and Southwest.

At the present time we are the largest barley market in North Dakota. We would like to expand our sales of malting barley into the Mexican market. With the approval of this agreement this would enhance our trade ventures into that particular market by providing us with a more direct route to Mexico.

In conclusion I would like to express my full support of the proposed agreement between the BN/Santa Fe and the UP/SP railroad.

Sincerely,

Delmar Haberman  
Manager

DH: jkh

I declare under penalty of perjury that the foregoing is true and correct. Executed on this 21st day of March 1996.
Re: Finance Docket No. 32760, Union Pacific Corporation, et. al - Control and Merger - Southern Pacific Rail Corporation, et. al.

DeBruce Grain, Inc. supports the BN/Santa Fe and UP/SP agreement as a condition to the UP/SP merger.

I am Paul DeBruce, CEO of DeBruce Grain, Inc., a $500,000,000 regional grain company based in Kansas City, Missouri. I have been CEO for the life of the company, almost 18 years.

DeBruce Grain, Inc. owns and operates ten grain and fertilizer facilities in Missouri, Kansas, Nebraska and Texas. One is on the UP only, four are on the UP and the BNSF, one is on the SP and the BNSF and two are on the BNSF only. The remaining two are truck only. Seven of the facilities are high-speed/high volume grain train loading facilities. Total annual company volume is in the range of 30,000 to 40,000 cars. Shipments are generally from the midwest to Gulf ports for export, Mexico, California, the Pacific Northwest for export and various domestic destinations for both food grains and feed grains.

I have previously written to support the UP/SP merger. In that letter of support, I discussed the fact that the UP, SP and BNSF have entered into an agreement that will give BNSF access to important points in various states, including Texas and California, as well as access to the Mexican gateways of Eagle Pass, Brownsville and Laredo (via interchange with the Texas Mexican Railway at Corpus Christi). These trackage rights will increase our ability to reach customers and ports on a single-line basis from our facilities located on BNSF lines.
In addition, the rights provided for by the agreement will enhance the utilization of transportation assets on the BNSF including our private cars and will enlarge the geography our company can access with our facilities on the BNSF.

We believe the agreement between the UP/SP and the BNSF is an integral and important part of the UP/SP merger. Therefore, the agreement should be imposed as a condition to the merger.

Sincerely,

Paul DeBruce
Chief Exec. Officer

I, Paul DeBruce, declare under penalty of perjury that the foregoing is true and correct. Executed this 21st day of March, 1996.

Paul DeBruce
March 18, 1996

Mr. Vernon A. Williams  
Secretary  
Surface Transportation Board  
12th & Constitution Ave. N.W.  
Washington, D.C. 20423

Re: Finance Docket No. 32760  
UP/SP Merger

Dear Mr. Williams,

This letter is submitted by American Compressed Steel, Inc., to convey to the STB our concerns regarding the proposed merger of the Union Pacific and Southern Pacific Railroads.

Our scrap processing facilities in Missouri are served by the Union Pacific/Missouri Pacific (UP/MP) and the supply of gondolas and availability of power has been diminished since the Union Pacific took over the CNW. I think the same will happen if they merge with the Southern Pacific: Since the latter's equipment is in worse shape than that of the CNW, the UP will again have to stretch to provide service to the additional customers.

At the same time our service is going downhill, the rates are going up. The UP has been increasing rates to us the way I remember chemical prices going up during the oil fiasco of the '70's. We have already had one increase this year and another is set for March 1. This is after the 1995 increases.

ADVISE OF ALL PROCEEDINGS
It is evident that the UP doesn't want to handle short haul business which is common to our industry, yet at the same time they resist allowing short-line carriers to serve us using the same line. As a precondition to the UP/SP merger, as it should have been with the UP/CNW merger, the short-line railroads should be allowed reasonably priced trackage rights in order to serve viable industries, like ours, whose only sin is that they don't fit the "long-haul unit-trains only" corporate vision of the Union Pacific Railroad.

It is reasonable to assume that competition between BN/SF and UP/SP will not be vigorous either. For instance, last month I asked the BN/SF for a rate on scrap from a BN/SF origin in Kansas City to a steel mill in Sapulpa, Oklahoma. I already have a rate from the UP for UP origins in Kansas City. The BN/SF representative quoted me a rate which was 50 percent higher than that of the UP, to cover essentially the same mileage and absorbing the same destination switch. When I expressed surprise at the differential, his response was that the UP rate was just "ridiculous", that he had better uses for his cars and was surprised that they didn't also. End of story.

In this instance, having two dominant railroads serving us amounts to just one.

Sincerely,

AMERICAN COMPRESSED STEEL, INC.

Denis Battrum

I, Denis Battrum, state under penalty of perjury that the foregoing is true and correct. Further I certify that I am qualified and authorized to file this statement on behalf of American Compressed Steel, Inc. Executed on March 13, 1996.
March 21, 1996

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

Control & Merger—Southern Pacific Rail Corporation, et al.

Dear Secretary Williams:

In 1980 when deregulation took hold there were more than 40 class I railroads. Today there are ten counting the Soo Line and Grand Trunk Western which are owned by Canadian railroads. There are twice as many regional railroads and short lines as there were in 1980. The larger railroads pick the best territory and abandon or spin off the rest to smaller railroads. Smaller railroads have less cash to modernize infrastructure and shippers suffer.

If the government allows another merger among the class I's the number of class I's will shrink to 9. With shippers facing an over 75% reduction in competition among class I's they need more competitive access preferably from a railroad that owns track.

In the Southwest water routes are not available to compete with rail, in most cases and the Panama Canal fees make water shipping cost prohibitive for this region.

Truck rates are already under a lot of pressure caused by driver shortages. If shippers receive less service as a result of the SP/UP merger then the rates for trucking will go up along with demand.

As we approach a world economy we can ill afford decreased competition among class I railroads. The resulting increased overland transportation cost, in the face of increased competition from abroad will further encourage offshore investments.

Consider if you will the following five points:

1. Our typical grain or petrochemical shipping clients between San Antonio, Houston and New Orleans currently can choose between UP or SP rail routes. The same is true for grain shippers to and from Houston/St. Louis and the San Francisco area. This gives these shippers some scheduling and service options and price competition on these routes. After the merger, this competition will be gone or severely depleted, causing higher rail rates for those captive shippers on these routes.
2. Our experience with rail transportation leads us to conclude that a trackage rights agreement will lead to delays for the railroad using another carrier's tracks, as well as added costs from user fees.

3. To help ease at least part of the turmoil caused by any merger that is actually allowed, the track on redundant UP and SP rail lines should be sold to a third railroad. This will save at least some price competition on these routes. This will also insure against the track's disuse and abandonment which has historically caused catastrophe to many producers and shippers.

4. To try and substitute trucking for large and long rail hauls is not a cost effective or environmentally effective solution. For many shippers, the length of the haul and/or the volume, bulk and weight of their products and raw materials make the cost of trucking too expensive or logistically impractical. The current trend is in the opposite direction (with truck trailers being increasingly loaded on to flat cars for long hauls). There are also safety and traffic congestion side effects to dramatically increasing trucking loads and numbers.

5. Water transportation is also not fungible with rail transportation. Many points of origin and destination are landlocked with no water routes close enough to be cost effective.

I, George Newman, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this statement on behalf of Butler and Company, Inc. Executed on March 21, 1996.

With deep regard,

Butler and Company, Inc.

George Newman
Vice-President/Operations Manager

GWN/sm
Re: Finance Docket 32760

Dear Secretary Williams:

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

As proposed, the merger would grant UP control over a reported 90% of rail traffic into and out of Mexico, 70% of the petrochemical shipments from the Texas Gulf Coast, and 86% of the plastics storage capacity in the Texas/Louisiana Gulf Region. UP, from what I have heard, acknowledges that the merger would greatly reduce rail competition.

Texas needs another owning railroad, not another merger, to ensure effective rail competition. An owning railroad willing to provide quality service and investment is the best solution for shippers, communities, and the regional economy. An owning railroad also offers the best opportunity to avoid job losses among railroad workers who would otherwise be displaced by the proposed merger.
For all of these reasons, I urge the Board to carefully review the proposed UP/SP merger and recommend an owning railroad to ensure adequate rail competition in Texas.

Cordially yours,

Will Hartnett

xc: Carole Keeton Rylander, Chairman
    Railroad Commission of Texas
    1701 North Congress Avenue
    P. O. Box 12967
    Austin, Texas 78711-2967
March 19, 1996

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

Dear Mr. Williams:

I am writing to you to oppose the merger between the Union Pacific and Southern Pacific Railroads for several reasons. First, to keep free enterprise and competition alive in the rail industry. Secondly, trackage rights agreements in which one railroad owns all the tracks and allows another to rent them is no substitute for all-out competition. According to Gerald Grinstein, retired Chairman of Burlington Northern/Santa Fe Railroad says: "It's service with some disability. You've got track maintenance issues and dispatch issues. It's quite different from owning your own track." Finally, the best opportunity for me and my co-workers at Southern Pacific Railroad is for this merger to be denied by the Surface Transportation Board. Thank you for your time and the attention you have given me.

Sincerely,

[Signature]

[Address]

[Postmark: MAR 25 1996]
In connection with Finance Docket 32760, I hope that you will allow the Union Pacific and Southern Pacific to merge. I worked for the Southern Pacific Railroad and I want my SP pension to continue. The SP railroad was my only employer for 41 years except for the time that I served in World War II and the Korean War.

Your cooperation in allowing this merger will be deeply appreciated. Thanks.

Francis A. Cunningham

CC Honorable Chet Edwards
Railroad Commission of Texas
Dear Sir:

I have taken the time to write to you about this important merger being considered between Union Pacific and Southern Pacific. In reference to "Finance Docket 32760", I am opposed to this merger that is being considered. As a constituent and an individual, I am appalled that competition is being looked upon as something evil. Competition was and still is what has made this state great, resourceful and productive. Please try to see or imagine the loss of jobs and revenue such a merger would impact. Not only would people lose jobs, our state coffers would be drained of revenue with which it operates. Please look at this proposal with long term vision of keeping the economy alive. Thank you for reading and listening to my views on such important issue.

Arnoldo Cano
811 West Ebony
San Juan, Texas 78589

Sincerely yours
Dear Mr. Williams:

I, Dave Baumann, am a member of the House of Representatives, representing Ada County in the Idaho legislature.

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

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

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

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

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

Date

[Signature]

Dave Baumann
March 11, 1996

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

Dear Secretary Williams:

The Columbiana County Port Authority is concerned about the competitive aspects on area businesses as a result of the proposed acquisition of the Southern Pacific Lines (SP) by the Union Pacific Railroad (UP). While we are familiar with the proposed agreement between UP and the Burlington Northern-Sante Fe (BNSF), intended to remedy those effects, we are not persuaded that this arrangement will produce effective competition for rail traffic in the Mid-South region of the United States. This is of concern to my organization.

We also have reviewed Conrail’s proposal to acquire a significant portion of the SP’s eastern lines in connection with the merger, especially the lines running from Chicago and St. Louis to Arkansas, Texas, and Louisiana. We find this proposal to be more appropriate and far more effective in addressing the above stated concerns. The Conrail proposal calls for ownership of the lines, whereas the UP-BNSF agreement mainly involves the granting of trackage right. I believe that trackage rights provide only limited benefits and limited guarantees. Further, we believe an owning railroad is in a far better position than a renter to encourage economic development activities on its lines.

Another reason the Columbiana County Port Authority favors Conrail’s proposal is that it would provide efficient service for rail customers in our area for movement of goods and raw materials to and from the Mid-South and Texas Gulf. Conrail’s proposed one-line service to these markets would be the fastest, most direct and involve the fewest car handlings.

For all of the reasons above, the Columbiana County Port Authority is actively opposing the UP-SP merger at the ICC unless it is conditioned upon acceptance of Conrail’s proposal.

Yours truly,

Tracy V. Drake
Executive Director

cc: David M. Levan
    President and Chief Executive Officer
    Conrail
The Honorable Vernon A. Williams, Secretary  
Surface Transportation Board  
12th Street & Constitution Avenue  
Washington, D.C. 20423

Reference Docket 32760

Dear Mr. Williams:

The proposed merger of Union Pacific and Southern Pacific could have devastating effects on southern Texas. Transportation in this part of Texas is a critical issue as noted by the airline industry. Any further mergers will eventually destroy competition in the transportation and cause higher prices for goods transported into the lower portion of Texas.

Also, with the inception of NAFTA, trucking has increased and pollution is a factor that will eventually cause many problems. The trucks coming in from Mexico are not regulated and are not inspected for safety as required by the residents of Texas. Rail transportation should be increased instead of decreased as competition will eventually be good for all concerned; i.e. the rail industry and the people of Texas.

Please don't let this merger take place.

Sincerely,

Georgia Roddy

Copies:  
Railroad Commission of Texas  
P. O. Box 12967  
Austin, Texas 78711-2967

Texans for Competitive Rail  
P. O. Box 12931  
Austin, Texas 78711

ADVISE OF ALL PROCEEDINGS
This letter is with reference to the Union Pacific/Southern merger "Finance Docket 3201.

I worked in the oilfield service field for 29 years. When the oilfield went down, I found out how much competition is. Our company worked hard to stay up, and with companies competing for our services, it made all of us work harder to keep up.

Our country is based on competition and this merger would do away with that in Texas. For these reasons, I am speaking out against the merger.

Thanks for your time and consideration.

Sincerely,

Bill Foster
120 Green Rich Shores
Huntsville TX 77340

cc. Texas Railroad Commission

Advise of all Proceedings

[Stamp: Received Mar 25, 1996]
Dear Sir,

In reference to the Finance Packet 32760, allowing a proposed merger between the Southern Pacific and Union Pacific railroads.

Not very long ago the Union Pacific and Missouri Pacific merged to form one of the largest conglomerates in the rail system. And if they allowed to merge with the Southern Pacific it will have a devastating effect on the railroad industry.

While decreasing competition with eliminating affects. It will also have counter productive affects with the loss of jobs by good productive individuals.

With all due respects sir, let all work together to achieve our goals as Americans. lets oppose this merger for our childrens sake. And make NAFTA an equal and joint venture.

Sincerely Edmond Burke
March 19, 1996

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
12th St & Constitution Ave NW
Washington DC 20423

Re: Finance Docket # 32760, Union Pacific Corporation, et. al.--Control and Merger--Southern Pacific Rail Corporation, et. al.

Dear Honorable Williams,

C & N Corporation supports the settlement agreement reached by BN/Sante Fe and UP/SP to be imposed as a condition of the merger of UP/SP rail systems. It is the complete and sufficient remedy for the loss of competition in the markets that would otherwise lose access to a second rail carrier as a result of the merger.

"I declare under penalty of perjury that the foregoing is true and correct. Executed this 20 day of March, 1996."

Larry Courtney
Vice President
C & N Corporation
March 19, 1996

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

Dear Mr. Williams:

I am writing to you to oppose the merger between the Union Pacific and Southern Pacific Railroads for several reasons. First, to keep free enterprise and competition alive in the rail industry. Secondly, trackage revenue agreements in which one railroad owns all the tracks and allows another to rent them is no substitute for all-out competition. According to Gerald Grinstein, retired Chairman of Burlington Northern/Santa Fe Railroad, says: "It's service with some disability. You've got track maintenance issues and dispatch issues. It's quite different from owning your own track." Finally, the best opportunity for me and my co-workers at Southern Pacific Railroad is for this merger to be denied by the Surface Transportation Board. Thank you for your time and the attention you have given me.

Sincerely,

Martin R. Jistel

Martin R. Jistel
The Honorable Herman C. Williams
Secretary: Surface Transportation
1200 New Hampshire Ave.
Washington, DC 20573

Re: Finance Docket 21760

Dear Sirs:

my husband and I are against the proposed rail merger in Texas between Union Pacific and Southern Pacific due obvious reasons.

Keep Competition
Fair Rates
Better Service

For God's sake—put an end to this. Thank you.

Sincerely,

 betrty J. Norman Bean
The Honorable Vernon A. Williams, Secretary
Surface Transportation Board
12th Street & Constitution Avenue Washington, DC 20423

RE: FINANCE DOCKET 32760

As a Texan, and based on information I am reading regarding the proposed rail merger between Union Pacific and Southern Pacific Railroad, I am asking you to help stop the merger as proposed.

My reasons:
* Not a situation that fosters competition, fair rates and jobs. (Would be one more conglomerate in America)
* When we lose rail competition, we also lose in the competition for industrial and business relocation, for economic development...for jobs, our area needs all existing jobs
* Trackage rights are no substitute for competition...if one company owns all the tracks, no competition- rental rates can be raised so high other railroads would be in jeopardy.
* Jobs are on the line....and Texas certainly does not need any more loss of jobs

Please consider this request OPPOSE THIS MERGER AS PROPOSED.

Help keep free enterprise and competition alive in this state's rail industry.... and jobs in our area.

Thank you,

Harold and Barbara Gant
8500 F.M. 1003 N.
Kountze, Texas 77625

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

BG/bg

ADVISE OF ALL PROCEEDINGS
March 22, 1996

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

RE: Finance Docket 32760

Dear Secretary Williams:

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

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

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

Texas needs another owning railroad, not another merger, to ensure effective rail competition. An owning railroad willing to provide quality service and investment is the best solution for shippers, communities and economic development officials. An owning railroad also offers the best opportunity to retain employment for railroad workers who would otherwise be displaced by the proposed merger.
For all of these reasons, I urge the Board to carefully review the proposed UP/SP merger and to recommend an owning railroad as the only means to ensure adequate rail competition in Texas.

Sincerely,

Robert Eckels
County Judge

cc: Carole Keeton Rylander, Chairman
Railroad Commission of Texas
1701 North Congress Avenue
PO Box 12967
Austin, Texas 78711-2967
March 20, 1996

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

Re: Finance Docket No. 32760

Dear Mr. Williams:

By way of introduction, I am Murray Edwards, President of two agricultural companies which are shippers and receivers on the The Burlington Northern Santa Fe. The companies are Alderman-Cave Milling & Grain Company, a livestock feed manufacturer and grain elevator, and Abilene Cattle Feeders Company, a 30,000 head commercial cattle feedyard.

We fully support the settlement agreement between Burlington Northern Santa Fe and Union Pacific/Southern Pacific.

Because we operate in highly competitive industries, we must purchase ingredients from all over the country. The expanded geographic coverage which will result from this agreement will allow us to remain competitive with other businesses in our industry. We also believe that this will enhance our opportunities to do more business with Mexico, and will provide us with better service over time.

I declare under penalty of perjury that the foregoing is true and correct. Executed on this 20th day of March, 1996 in Winters, Runnels County, Texas.

Sincerely,

ALDERMAN-CAVE MILLING & GRAIN COMPANY

Murray Edwards  
President

Notary Public  
My Commission Expires September 30, 1996

ANN DEBERRY  
MY COMMISSION EXPIRES  
September 30, 1996
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March 20, 1996

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

Ref: Finance Docket 32760

Honorable Williams:

Please be advise that I do not feel that the merger of the two largest railroads will be in the best interest of our great State of Texas.

Please do not support this action. Thanking you in advance, I am.

Sincerely,

Mrs. M. L. Perry Jr.
Rt 3, Box 601
Jasper, TX. 75951

CC: Railroad Commission of Texas
P.O. Box 12967
Austin, TX. 78711-2967
15 March 1983

Hon. Vernon A Williams, Sec.,
Surface Transportation Board,
12th & Constitutional Ave, N.W.,
Washington D C 5920423

Dear Mr. Williams:

I have received a number of requests to support the proposed merger of the Union Pacific and the Southern Pacific railroads.

I support such a merger as it will benefit shippers through increased routes and markets. The cost savings will likely result in increased investments to an expanding capacity and will further improve services in Montana. It will better be able to meet the competitive challenge of recent merger of BN & Santa Fe system.
The transportation has already helped the BN/Santa Fe merger in coal shipments in the agreement with BN/Santa Fe to use portions of UP/SP tracks.

The Governor and Grain Growers President has also requested that I voice my support for this merger.

Yours very truly

James H Burnett
Senate District #12
Mr. Vernon Williams, Secretary  
Surface Transportation Board  
12th & Constitution, N. W.  
Washington, D. C. 20423

Please enter my comments about the proposed merger of Pacific and Southern Pacific Railroads as it affects the area in which I reside.

The talk is that if this merger takes place, the section of line known as "Tennessee Pass Line", running from Canon City, Colorado to Dotsero, Colorado would be abandoned. This could be very hard on the Arkansas Valley section of Colorado; If mining were to get really started up again, where would abandonment leave us? Where will it leave the present mining operation in the Leadville area? The bad economic effects of this abandonment would, would effect the whole mid-rocky mountain area.

Aside from the bad effects on this area resulting from any abandonment of this line, shouldn't we as a country wake up? After the careful acquiring of railroad right-of-ways, we are letting this very valuable commodity slip out of our hands. Huge trailer trucks beat our highways to pieces and it takes many millions to be constantly repairing them. Shouldn't this country be encouraging more use of the railroads and less trucking use of the highways? Put those big semis on rail cars and take them across country, with the tractor-trucks making the local deliveries from railheads. This makes sense to me. If we abandon our railroad heritage, we will never be able to acquire it again.

Modern thinking seems to be only of nuclear wars and the tremendous expense of keeping up with war material. What better way to move great quantities of men and material than railroads. Has Europe abandoned all its railroad right-of-ways? What if our neighbor to the South should suddenly decide to invade us? Would we not need all our rail power?

All this, has a more far reaching effect than one merger. PLEASE ACT TO PROTECT OUR RAILROAD RIGHT-OF-WAYS. DO NOT LET THEM BE ABANDONED!

Sincerely,

D. Lounell Thayer  
Fine Creek Ranch  
4021 County Rd. 388  
Buena Vista, Co. 81211

ADVISE OF ALL PROCEEDINGS
Mr. Vernon A. Williams  
Secretary, Surface Transportation Board  
Department of Transportation  
1201 Constitution Ave., N.W., Room 4126  
Washington, DC 20423

March 22, 1996

RE: Docket #32760

Dear Secretary Williams:

Procter and Gamble is a major manufacturer of consumer products that are distributed worldwide with sales exceeding $30 Billion annually. Rail is the key mode of transportation for our inbound and interplant material. We make over 26,000 carload shipments annually. Much of that volume originates or is destined for points West of the Mississippi River. We have operations in 21 states including California, Iowa, Kansas, Louisiana, Missouri, Texas, and Mexico City, Mexico. Our major suppliers of raw material also reside in the states listed above as well as Wyoming, Idaho, and Nevada.

Procter and Gamble is concerned about inherent loss of competition the proposed acquisition of the Southern Pacific by the Union Pacific will have on our business over the long term. We continue to be a major proponent of deregulation and the resulting competitive environment which that legislation has enabled. Huge amounts of waste and inefficiency have been eliminated while service and productivity have been rewarded. We believe the merger in question runs contrary to the competitive marketplace which deregulation has brought us.

We do not believe the proposed trackage rights identified as part of the agreement with the BN/SF is sufficient and substantial enough to sustain its intended purpose. In respect to cost and service the broad scope of the haulage agreement will not provide the delivery performance which our current and future business environment demands. We must also question the UP’s capacity to assume the volume and complexity of the Southern Pacific’s traffic evident by their problems in absorbing the CNW.

The overall reduction from 3 to 2 carriers for our Sacramento, CA, Kansas City, KS and St. Louis, MO operations, as well as our numerous raw material supply points in the Texas Gulf region, will escalate cost effecting our competitiveness. Our experience has shown the Southern Pacific presence in these traffic lanes has helped maintain a competitive price structure. Industries served today by a single carrier, have the opportunity to load truck and transload to rail at nearby SP stations. This is a competitive alternative we have used which will be eliminated by the merger.

The Mexico market provides great potential for the expansion of Procter and Gamble’s products. Again, the reduction in available carriers into and out of Mexico does not fit with this emerging opportunity. We therefore recommend the Surface Transportation Board reject the Union Pacific’s acquisition request stated in Docket #32760.

In the event the Surface Transportation Board finds it appropriate to grant the Union Pacific’s proposal, we would strongly recommend to include in your ruling a divestiture for lines currently in operation from Chicago to Houston, Laredo, and along the Texas Gulf Coast. While not the total answer, this action would substantially reestablish a true competitive environment in the Texas Gulf region and into Mexico. Establishing an ownership position versus trackage rights provides a long term competitive option in this vital and expanding business area.

STATEMENT

I, Charles R. Feldman, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified to file this statement on behalf of Procter and Gamble. Executed on March 20, 1996.

Charles R. Feldman

Entered
Office of the Secretary

Charles R. Feldman

MAR 26 1996

Part of Public Record
Secretary Vernon A. Williams
Surface Transportation Board
1201 Constitution Avenue, NW
Washington, D.C. 20423

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

Dear Secretary Williams:

Enclosed please find the original and 20 copies of our comments and request for conditions on the above proceeding.

Sincerely,

ELIZABETH ESTILL
Regional Forester

The Rocky Mountain Region of the U.S.D.A. Forest Service and the Colorado State Office of the U.S.D.I. Bureau of Land Management ("Agencies") have no formal position regarding the merits of the proposed merger and abandonment. Our purpose in commenting and requesting conditions is to protect the Federal lands we manage along the railroad corridors, and the people we manage those lands for, from unnecessary harm, liability and cost resulting from any action taken in this proceeding. Our interest is in the three corridors proposed for abandonment in Colorado: Towner to NA Junction; Malta to Canon City; and Sage to Leadville.
FULL ABANDONMENT AND REVERSION

Should the process run to full conclusion and a certificate permitting the abandonment of the rights-of-way be ordered, Southern Pacific Transportation Company ("Railroad") estimates that 75% of the right-of-way will return to the possession of the United States and management by our respective Agencies. This reversion is non-discretionary and automatic under 16 U.S.C. 1248(c).

Under a typical land acquisition by our Agencies, we would require that land title be cleared of all other claims; that the lands be free of hazardous materials and toxic waste; that other uses of the land be identified and, if appropriate, authorized by the agency; and that the land be cleared of safety hazards and trash. Although we recognize that the circumstances are different in a railroad abandonment, we expect the Board to protect the United States from unnecessary cost related to correcting the above matters. Therefore, we request that the certificate permitting abandonment of the subject rights-of-way include the following requirements:

1. Resolve title encumbrances unacceptable to the United States.

An example of a situation that may unacceptably cloud title is where the Railroad apparently has traded portions of original public lands easement for realignment across private property. This portion of the original easement now would return to the United States with a "clouded" title because of the Railroad's actions. It is likely that the United States would have to pursue litigation to get such title claims cleared, unless cleared by the Railroad prior to abandonment.

Caring for the Land and Serving People
2. **Inventory all utilities, optic fiber cables, and other linear uses within the right-of-way to be abandoned.**

The inventory should include, at a minimum, the types of uses, the owner or manager of each use with current address, and map(s) showing where each use occurs. The Railroad should notify the owners/managers of these uses that for any portion of right-of-way crossing National Forest System lands or Public Lands, they will be expected to apply for authorization from the respective agency for continued use of the right-of-way.

3. **Assess and remediate hazardous materials and toxic spills along all three corridors, as necessary.** We support the requirements given by the EPA Region VIII in their Notice of Intent to Participate in Consolidation and Abandonment Proceedings. For the Board's convenience, those requirements are:

   a. That the Board require Southern Pacific Transportation Company to undertake and complete a remedial investigation of the nature and extent of contamination of the rail lines to be abandoned within the Eagle Mine and California Gulch Superfund Sites; and

   b. That such remedial investigations be completed and any appropriate mitigation plan be developed to EPA Region VIII's satisfaction prior to any final review and determination of the above-referenced abandonment applications.
Additionally, we request that the Commission require Southern Pacific Transportation Company to undertake and complete a preliminary assessment of the nature and extent of contamination of all "spill" sites and sidings on or adjacent to National Forest System lands or Public Lands. This assessment should include all diesel, hydraulic fluids, etc., as well as large chemical spills, such as the one on February 22, 1996, near Tennessee Pass. The Southern Pacific Transportation Company should conduct any related and necessary response activities to the Agencies' satisfaction.

4. **Clear the rights-of-way of any trash and discarded or abandoned equipment, including railroad ties, lights, and switches.**

5. **Inventory and classify, in consultation with the Agencies, all bridges, crossings and culverts for retention for public use or removal by Railroad.** This would give the Agencies adequate information to evaluate which structures should be retained for land management reasons or which structures represent significant safety hazards.

6. **Include a statement in any deed or transfer of property to a salvage operator or entity, that the transfer does not include any lands or interest in lands owned by the United States.** We request this clause to correct a common misconception that private individuals can acquire federal land for non-railroad purposes through a railroad grant. If the certificate of abandonment is not issued, this provision would not affect a transfer to another railroad, railbanking, or a public right-of-way.
Thank you for this opportunity to comment and submit conditions.

Dated this 21st day of March, 1996.

Respectfully submitted,

UNITED STATES DEPARTMENT OF AGRICULTURE
FOREST SERVICE
ROCKY MOUNTAIN REGION

By: ELIZABETH ESTILL
Regional Forester

UNITED STATES DEPARTMENT OF INTERIOR
BUREAU OF LAND MANAGEMENT
COLORADO STATE OFFICE

By: DONALD R. GLASER
State Director

CERTIFICATE OF SERVICE

I certify that I have this day served copies of this document upon all
parities of record in this proceeding, by first-class, postage paid mail.

Susan M. Ballenski
Realty Specialist

Date 3/22/96

Caring for the Land and Serving People

Printed on Recycled Paper
FS-6200-28b (12/93)
Office of the Secretary  
Case Control Branch  
Attn: Finance Docket No. 32760  
Surface Transportation Board  
1201 Constitution Avenue N.W.  
Washington, DC 20423

March 20, 1996

Re: Finance Docket No. 32760 -- Comments and Request for Conditions of Viacom International Inc. -- Docket Nos. AB-8 (Sub-No. 36X) and AB-12 (Sub-No. 189X)

Dear Sir/Madam:

Viacom International Inc. ("Viacom") is performing an environmental cleanup in accordance with the terms of two consent decrees, which constitute orders of the U.S. District Court for the District of Colorado. This cleanup is taking place at the Eagle Mine site, located along the Eagle River between Minturn and Redcliff, Colorado. Several portions of the site are adjacent to a rail line between Sage and Leadville, Colorado (MP 335.00 to MP 276.1 -- sometimes referred to herein as "rail line") belonging to The Denver and Rio Grande Western Railroad ("D&RGW") and Southern Pacific Transportation Company ("SPTC"). In addition, Viacom leases several small tracts of land in the Belden area from D&RGW/SPTC, has a license for use of an access road on property belonging to D&RGW/SPTC, and has another license allowing use of D&RGW/SPTC property for certain monitoring facilities and sampling activities.

Union Pacific Corporation ("UPC") and SPTC have indicated that if the proposed merger of SPTC into UPC is accomplished, rail service on the Sage-Leadville line will be discontinued and the line abandoned. Because of the proximity of the rail line to the Eagle Mine site, and Viacom's need to use and/or cross D&RGW/SPTC property in order to access the site, Viacom makes the following comments in connection with the proposed discontinuance/abandonment of the rail line, and requests that certain conditions be imposed if the discontinuance/abandonment is approved.

Access to Eagle Mine Site. The terms of both consent decrees to which Viacom is a party require Viacom to perform certain actions in various locations near and along the rail line from Belden north to a point near the confluence of Cross Creek with the Eagle River. It is critically important that Viacom retain its current rights to use property

SLC1-21050.1  21920.80 10
belonging to D&RGW/SPTC for access to the Eagle Mine site and for certain sampling and monitoring activities on the D&RGW/SPTC property itself.

Any abandonment of the rail line, and any reversion or other disposition of railroad property coincident with such abandonment, must be conditioned so that Viacom's access to all portions of the Eagle Mine site is maintained, and so that Viacom's ability to perform required sampling and monitoring on the railroad property is preserved. Because the final disposition of railroad property in the vicinity of the Eagle Mine site is not yet determined, Viacom requests the opportunity to participate in any and all future discussions and/or negotiations concerning the final disposition and control of the railroad property in the area of the Eagle Mine site in order to protect its access and use rights.

**Protection of the Remedial Actions at the Eagle Mine Site.** In their exemption petition concerning the Sage-Leadville line, SPTC and D&RGW state that "the property proposed for abandonment is suitable for public purposes, particularly trail use. Petitioners are agreeable to negotiating a trail use agreement for all or part of the property." (Petition for Exemption, Docket Nos. AB-8 [Sub-No. 36X] and AB-12 [Sub-No. 189X], p. 293.)

Viacom believes that any such trail use, and trail use agreement, must be carefully limited and conditioned so that the operation and integrity of the remedial actions that have been accomplished at the Eagle Mine site are fully protected from interference by the public. Whether or not any trail use ever occurs in the right-of-way corridor adjacent to the Eagle Mine site, it will be important to condition the use of the corridor by any reversionary or other owner, including the United States, in a manner that will protect the remedial actions.

For example, there are numerous pipelines, pumps, culverts, bulkheads, and other water management facilities located in the Eagle River canyon in and near Belden and in the canyon of Rock Creek, a tributary of the Eagle River. It is critically important that these facilities not be disturbed or interfered with by curious hikers. The most practical solution would be to avoid placing a public-access trail along the right-of-way in the canyon through Belden, as such a trail would be virtually impossible to police.

Viacom does not own any portion of the Eagle Mine site. It is responsible for the ongoing environmental cleanup as a successor to one of the former owners, and its actions at the site are limited to those required by the two consent decrees to which it is a party. As a result of its general familiarity with the site, however, Viacom has observed that in the Belden and Rock Creek areas there are numerous uncontrolled mine openings, decrepit structures, and other hazards to persons that could make a trail through the area dangerous to the public.
Acquisition of Rail Line By Other Railroads. Viacom understands that several companies have entered these merger application proceedings, indicating an interest in acquiring the Sage-Leadville line, among others. In the event that the line is not approved for discontinuance of service/abandonment, but rather is acquired by a new owner, Viacom's concerns and interests remain the same as expressed above. Any such acquisition may be approved only with sufficient limitations and conditions to protect Viacom's access and the security and integrity of the remedies in place.

Viacom reserves the right to make additional comments and/or request additional conditions as these proceedings progress.

Sincerely,

Jeffrey B. Groy

cc: Arvid E. Roach II, Esq.
    Paul A. Cunningham, Esq.
    Elisa M. Rivlin, Esq.
    Felicity Hannay, Esq.
    Mr. Robert J. Neukirchner, P.E.
CERTIFICATE OF SERVICE

I certify that on this 20th day of March 1996, I served a copy of Viacom International Inc.'s Comments and Requests for Conditions to all parties of record by causing it to be mailed via U.S. Mail, postage prepaid.

Jeffrey B. Groy
VIA HAND DELIVERY
Honorable Vernon A. Williams, Secretary
Surface Transportation Board
Department of Transportation
Room 1324
12th Street & Constitution Avenue, NW
Washington, DC 20423

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

Dear Secretary Williams:

Enclosed for filing are an original and twenty (20) copies of a letter from The Dow Chemical Company to Ms. Linda J. Morgan at the Surface Transportation Board regarding the above-referenced proceeding, designated DOW-10.

Respectfully submitted,

Nicholas J. DiMichael
Jeffrey O. Moreno
Attorneys for The Dow Chemical Company
Dear Ms. Morgan:

The Dow Chemical Company wishes to make a statement concerning the proposed acquisition of the Southern Pacific Corporation (SP) by the Union Pacific Corporation (UP).

The Dow Chemical Company is a major rail shipper of chemicals and plastics, spending more than $180 million on railroad freight with U.S. railroads in 1995 of which $135 million was from production plants located in Texas and Louisiana. Dow also ships rail cars from plant sites in several other states.

Dow has serious concerns about the anti-competitive aspects of the proposed acquisition. Dow and the chemical industry rely on rail transportation to safely and economically transport their products. The largest railroads have sought to improve their efficiency, reduce costs, and improve service through mergers over the last two decades. These mergers have reduced the number of Class I railroads from 40 in 1980 to 11 today. Of those 11, there are 6 major railroads that handle 90 percent of rail traffic transported in the continental United States.

The chemical industry is a significant contributor of profits to the railroads due in part to the fact that it generates 14 percent of their total revenue, while producing 9 percent of the volume of freight transported. Rail is the most common mode of transportation for commodity chemicals such as chlorine, plastics, bulk petrochemicals, alkalis, and industrial inorganic chemicals.

The announced UP/SP merger is expected to result in the establishment of one rail carrier that will transport 35 percent of all U.S. chemical rail tonnage and about 50 percent of chemical rail tonnage originating in the Texas/Louisiana region. In the case of large volume plastics products such as polyethylene and polypropylene, combined Texas/Louisiana UP/SP origins account for about three-quarters of the Texas/Louisiana production of these plastics and about 40 percent of this production will be "captive" to the UP/SP after the proposed merger. The merger is expected to have a direct significant economic impact on Texas and Louisiana, key areas of operation for Dow and other chemical and plastics producers.

 Whereas the Burlington Northern/Santa Fe (BNSF) merger largely was an end-to-end merger with some pockets of parallel service, a merger of the UP and SP will involve
The principal area of parallel service is the Gulf Coast petrochemical belt which is the heart of U.S. plastics and chemical production, with overlapping routes running from the production centers in the Gulf Coast to western markets and through the New Orleans, St. Louis, Memphis, and Chicago gateways to the southern, midwest, and eastern markets.

The UP, recognizing that its proposed merger with SP generates serious competitive problems, has proposed a solution in the form of an agreement with BNSF to provide BNSF with extensive trackage rights over the combined UP/SP system. Dow is concerned that this solution will not provide effective competition for chemical and plastics shippers faced with the elimination of existing or potential dual service (UP and SP) or a general shrinkage of viable rail alternatives along its traffic lanes.

The UP/SP/BNSF agreement has the effect of creating a duopoly of western railroads that together will control over three-quarters of all western rail tonnage. While, on the surface, the UP/SP/BNSF agreement provides competition in situations where shippers would be directly reduced from two serving carriers to one, the general reduction in the number of carriers will have the effect of reducing overall rail competition. Further, if the UP/SP merger and the UP/SP/BNSF agreement are approved as proposed, the merged railroads will enjoy general anti-trust immunity, unlike other traditional industries.

Trackage rights alone are not an adequate substitute for two independent competing rail carriers, where each carrier has its own route structure and is not dependent on the other carrier to provide the infrastructure and control the access to its system. The UP's control of BNSF's cost of access and its operations on the UP system would bring into question the ability of BNSF to provide effective infrastructure, service, or competition. Dow believes that a more effective solution to ensuring the maintenance of rail competition for the Gulf Coast chemical industry is for the Surface Transportation Board to require UP/SP to divest itself of parallel rail lines in the region of Texas and Louisiana, and eastern SP lines into the midwest. Having these lines purchased by a viable, independent third carrier, such as Conrail amongst others, will offer better assurance that a reasonable level of competition can be realized.
I, William L. Gebo, declare under penalty of perjury that the
foregoing is true and correct. Further I certify that I am qualified and authorized to file this verified statement, executed on March 15, 1996.

William L. Gebo
Name
Manager, Rail Services Purchasing
Title
The Dow Chemical Company
Company
2020 Dow Center
Company
Midland, Michigan 48674
Address

Sincerely,

W. L. Gebo
Manager, Rail Services Purchasing

gmh

STATE OF MICHIGAN
) )
COUNTY OF MIDLAND ) )

On March 15, 1996, William L. Gebo personally appeared before me, who is personally known to me to be the signer of the above document, and he acknowledge that he signed it.

Jolene S. Kaufman, Notary Public

Jolene S. Kaufman, Notary Public
Notary Public, Midland County, Michigan
My Commission Expires October 16, 1997