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Page Count 20

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CLEARY, WOOD & MASER, P.C.

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April 9, 1996

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



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

Dear Mr. Williams:

Enclosed for filing in the above-captioned proceeding are an original and twenty (20) copies of THE DOW CHEMICAL COMPANY'S OBJECTIONS AND RESPONSES TO APPLICANTS' SECOND SET OF INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS, designated DOW-14. Also enclosed is a diskette formatted in WordPerfect 5.1 with a copy of the Interrogatories.

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



ENCLOSURES
1750-020

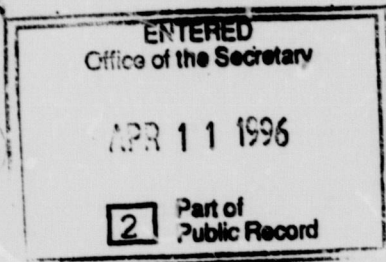
cc: Restricted Service List

Sincerely,

A handwritten signature in dark ink, appearing to read "Nicholas J. DiMichael".

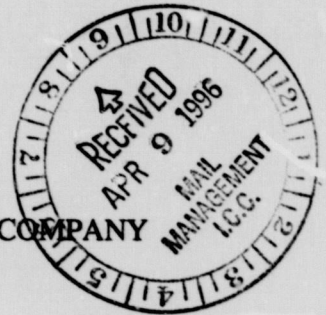
Nicholas J. DiMichael
Jeffrey O. Moreno

ORIGINAL



**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 DOW CHEMICAL COMPANY'S
OBJECTIONS AND RESPONSES TO APPLICANTS'
SECOND SET OF INTERROGATORIES AND
REQUESTS FOR PRODUCTION OF DOCUMENTS**

ORIGINAL

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Attorneys for The Dow Chemical Company

April 9, 1996

BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 32760

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

— CONTROL AND MERGER —

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

THE DOW CHEMICAL COMPANY'S
OBJECTIONS AND RESPONSES TO APPLICANTS'
SECOND SET OF INTERROGATORIES AND
REQUESTS FOR PRODUCTION OF DOCUMENTS

The Dow Chemical Company ("Dow") submits the following objections and responses to the discovery requests of the Applicants which were served upon Dow on April 3, 1996. These objections and responses are made pursuant to the order of Administrative Law Judge Nelson at the discovery conference held on March 8, 1996.

GENERAL OBJECTIONS

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

1. Dow objects to production of documents or information subject to the attorney-client privilege, including documents or information provided to parties or persons having a common interest in the litigation.
2. Dow objects to production of documents or information subject to the work product doctrine, including documents or information otherwise provided to parties or persons having a common interest in the subject litigation.

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

4. Dow objects to production of public documents that are readily available, including but not limited to documents on public file at the Board, the Securities and Exchange Commission, the Federal Energy Regulatory Commission, or from newspapers and other public media.

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

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

7. Dow objects to the extent that the interrogatories and document requests seek highly confidential or sensitive commercial information, including information designated as confidential or highly confidential in prior merger proceedings.

8. Dow objects to the definition of "shipper" and "relating to" and "produce" as unduly vague and/or overbroad.

9. Dow objects to Definitions and Instructions VIII, X, XI, XIII, XIV, XXXI, XXXII to the extent that they seek to impose requirements that exceed those specified in the applicable discovery rules and guidelines.

10. Dow objects to Definitions and Instructions VIII, X, XIII, XIV, XX and XXXII as unduly burdensome.

11. Dow objects to the interrogatories and document requests to the extent that they call for the preparation of special studies not already in existence.

12. Dow objects to the interrogatories and document requests to the extent that they call for speculation.

13. Dow objects to the instruction that responses should be delivered no later than 5:00 p.m. as contrary to the ruling of Judge Nelson.

**RESPONSES AND ADDITIONAL OBJECTIONS TO
SPECIFIC INTERROGATORIES AND DOCUMENT REQUESTS**

In addition to and subject to the General Objections, Dow makes the following objections and responds to the interrogatories and document requests as follows:

INTERROGATORIES

Interrogatory No. 1.

To the extent not done as part of your prior discovery responses or March 29 filings, identify and describe any agreements or understandings that you have with any other party to this proceeding regarding positions or actions to be taken in or otherwise relating to this proceeding, including any "joint defense" or "common interest" agreement, or any confidentiality agreement on which you rely in objecting to discovery requests or invoking an informers privilege or other privilege. [Routine procedural agreements, such as agreements concerning the order of questioning at depositions or the avoidance of duplicative discovery, need not be identified. If Conrail contends that any aspect of such agreement is privileged, state the parties to, date of, and general subject of the agreement.] [All]

Response:

Dow has not entered into any formal agreement or understanding with any other party to this proceeding.

Interrogatory No. 8.

If you contend in your March 29 filing that reduction from 3-to-2 in the number of railroads serving various shippers or markets as a result of the merger is a reason for denying approval, state whether you contend that two Class I railroads would always compete less vigorously than three Class I railroads would in any given market. [All]

Response:

Dow objects to this interrogatory as unduly vague and overbroad. Notwithstanding these objections, Dow refers the Applicants to the Verified Statement of John E. Kwoka, submitted as part of Dow's March 29th filing (DOW-11).

Interrogatory No. 9.

The testimony of Richard Peterson on behalf of Applicants describes, at pages 172-75, the views of a number of shippers with respect to competition between a merged UP/SP and BNSF. State whether you believe that those shippers are correct or incorrect in the expectations they have expressed in their statements filed in this proceeding concerning the effects of a UP/SP merger on competition and explain the reasons for that answer. [All]

Response:

Dow objects to this interrogatory as irrelevant and inapposite to Dow's comments in this proceeding. Furthermore, Dow objects to this request, and the statements to which it refers, as unduly vague and ambiguous. Notwithstanding these objections, Dow expresses no opinion as to whether the expectations expressed by those shippers are correct or incorrect. To the extent that Dow's March 29 filing can be construed to either confirm or contradict those shippers' expectations, the basis for such confirmation or contradiction is explained in that filing.

Interrogatory No. 10.

If you contend that there are significant investments in improvements of its railroad that SP could or should have made, or can and should make, identify them and describe any rates of return, hurdle rates, or like standards you use for determining whether to invest in improvements in your business. [All but Govts, Assns]

Response:

Dow objects to this interrogatory as vague, irrelevant and inapposite to Dow's comments in this proceeding.

Interrogatory No. 12.

Identify all shippers who you claim have expressed support for your position in this proceeding in your March 29 filings who are presently served at a point of origin or destination by both UP and SP directly. [All]

Response:

Dow objects to this interrogatory as vague and irrelevant. Notwithstanding these objections, Dow responds that it has not made any claims of support from particular shippers.

DOCUMENT REQUESTS

Document Request No. 1.

To the extent not done as part of your prior discovery responses or March 29 filings, produce all documents or data relied upon by any person whose verified statement you submitted in your March 29 filings. [All]

Response:

All relevant, non-privileged documents have been or will be produced by Dow in response to prior discovery requests or in Dow's March 29th filing.

Document Request No. 2.

To the extent not done as part of your prior discovery responses or March 29 filings, produce machine-readable versions, if they exist, of documents or data you submitted as part of your March 29 filings, of documents or data included as work papers, or of documents or data relied upon by persons whose verified statement you submitted in your March 29 filings. [All]

Response:

All relevant, non-privileged documents have been or will be produced by Dow in response to prior discovery requests or in Dow's March 29th filing.

Document Request No. 3.

To the extent not done as part of your prior discovery responses or March 29 filings, produce all studies, analyses or reports discussing benefits or efficiencies that may result from the UP/SP merger. [All]

Response:

Dow objects to this request as vague and overbroad. Notwithstanding these objections, Dow responds that all relevant, non-privileged documents, if any, have been produced by Dow in response to prior discovery requests or in Dow's March 29th filing. To the extent that Dow's responses to prior discovery requests or Dow's March 29th filing do not contain documents responsive to this request, Dow does not possess such documents.

Document Request No. 4.

To the extent not done as part of your prior discovery responses or March 29 filings, produce all studies, analyses or reports discussing potential traffic impacts of the UP/SP merger. [All]

Response:

Dow objects to this request as vague and overbroad. Notwithstanding these objections, Dow responds that all relevant, non-privileged documents, if any, have been produced by Dow in response to prior discovery requests or in Dow's March 29th filing. To the extent that Dow's responses to prior discovery requests or Dow's March 29th filing do not contain documents responsive to this request, Dow does not possess such documents.

Document Request No. 5.

To the extent not done as part of your prior discovery responses or March 29 filings, produce all studies, reports or analyses discussing competitive impacts of the UP/SP merger, including but not limited to effects on the following (a) market shares, (b) source or destination competition, (c) transloading options, or (d) build-in or build-out options. [All]

Response:

Dow objects to this request as vague and overbroad. Notwithstanding these objections, Dow responds that all relevant, non-privileged documents, if any, have been produced by Dow in response to prior discovery requests or in Dow's March 29th filing. To the extent that Dow's

responses to prior discovery requests or Dow's March 29th filing do not contain documents responsive to this request, Dow does not possess such documents.

Document Request No. 6.

To the extent not done as part of your prior discovery responses or March 29 filings, produce all documents found in the files of officers at the level of Vice President or above, or other files where such materials would more likely be found, discussing the BN/Santa Fe Settlement Agreement, the IC Settlement Agreement, or the Utah Railway Settlement Agreement. [All]

Response:

Dow responds that all relevant, non-privileged documents, if any, have been produced by Dow in response to prior discovery requests or in Dow's March 29th filing. To the extent that Dow's responses to prior discovery requests or Dow's March 29th filing do not contain documents responsive to this request, Dow does not possess such documents.

Document Request No. 7.

To the extent not done as part of your prior discovery responses or March 29 filings, produce all documents found in the files of officers at the level of Vice President or above, or other files where such materials would more likely be found, discussing conditions that might be imposed on approval of the UP/SP merger. [All]

Response:

All relevant, non-privileged documents have been produced by Dow in response to prior discovery requests or in Dow's March 29th filing.

Document Request No. 8.

To the extent not done as part of your prior discovery responses or March 29 filings, produce all studies, reports or analyses, found in the files of officers at the level of Vice President or above, or other files where such materials would more likely be found, discussing actual or potential competition between UP and SP. [All]

Response:

Dow objects to this request as vague and overbroad. Notwithstanding these objections, Dow responds that all relevant, non-privileged documents have been produced by Dow in response to prior discovery requests or in Dow's March 29th filing.

Document Request No. 9.

To the extent not done as part of your prior discovery responses or March 29 filings, produce all studies, reports or analyses, found in the files of officers at the level of Vice President or above, or other files where such materials would more likely be found, discussing competition between single-line and interline rail transportation. [All]

Response:

Dow objects to this request as vague, overbroad, unduly burdensome and irrelevant.

Document Request No. 10.

To the extent not done as part of your prior discovery responses or March 29 filings, produce all studies, reports or analyses, found in the files of officers at the level of Vice President or above, or other files where such materials would more likely be found, discussing the benefits of any prior Class I rail merger or rail mergers generally. [All]

Response:

Dow objects to this request as overbroad, irrelevant and not likely to lead to the discovery of admissible evidence. Notwithstanding these objections, Dow responds that it does not possess documents responsive to this request.

Document Request No. 11.

To the extent not done as part of your prior discovery responses or March 29 filings, produce all studies, reports or analyses, found in the files of officers at the level of Vice President or above, or other files where such materials would more likely be found, discussing the financial position or prospects of SP, if those filings discussed that subject. [All]

Response:

This request is not applicable to Dow because Dow's March 29 filing did not discuss the financial position or prospects of SP.

Document Request No. 12.

To the extent not done as part of your prior discovery responses or March 29 filings, produce all communications with other parties to this proceeding discussing the UP/SP merger or the BN/Santa Fe Settlement Agreement, and all documents relating to such communications. [All]

Response:

Dow objects to this request as irrelevant and/or calling for the production of documents that are protected by the "joint defense" and "common interest" privileges.

Document Request No. 13.

To the extent not done as part of your prior discovery responses or March 29 filings, produce all presentations, solicitation packages, form verified statements, or other materials used to seek support from public officials, or any shipper or other party in the proceeding, for a position being taken or proposed or considered by you or any other party in this proceeding. [All]

Response:

Dow objects to this request as irrelevant, overbroad, because it creates an improper chilling effect upon constitutionally protected communications, and because it calls for the production of documents that are protected by the "joint defense" and "common interest" privileges. Notwithstanding these objections, Dow responds that it does not possess documents responsive to this request, except for a letter to the Texas Railroad Commission and the Surface Transportation Board which Dow intends to produce.

Document Request No. 14.

To the extent not done as part of your prior discovery responses or March 29 filings, 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 other government official, any consultant, any chamber of commerce, or any shipper or trade organization relating to the UP/SP merger. [Even if not producing them, you should identify documents submitted to law enforcement officers under an explicit assurance of confidentiality.] [All]

Response:

Dow objects to this request as irrelevant, overbroad, because it creates an improper chilling effect upon constitutionally protected communications, and because it calls for the production of documents that are protected by the "joint defense" and "common interest" privileges. Notwithstanding these objections, Dow responds that it does not possess documents responsive to this request, except for a letter to the Texas Railroad Commission and the Surface Transportation Board which Dow intends to produce.

Document Request No. 15.

To the extent not done as part of your prior discovery responses or March 29 filings, produce all notes or memoranda of any meetings with DOJ, DOT, any state Governor's, Attorney General's or Public Utilities Commission's (or similar agency's) office, any other government official, any consultant, any chamber of commerce, or any shipper or trade organization relating to the UP/SP merger. [You should identify but need not produce documents prepared by your counsel.] [All]

Response:

Dow objects to this request as irrelevant, overbroad, because it creates an improper chilling effect upon constitutionally protected communications, and because it calls for the production of documents that are protected by the "joint defense" and "common interest" privileges.

Document Request No. 16.

To the extent not done as part of your prior discovery responses or March 29 filings, produce all studies, analyses or reports discussing or reflecting shipper surveys or interviews

concerning the quality of service or competitiveness of any railroad participating in this proceeding.
[All]

Response:

Dow objects to this request as vague and overbroad. Notwithstanding these objections, Dow responds that all relevant, non-privileged documents, if any, have been produced by Dow in response to prior discovery requests or in Dow's March 29th filing. To the extent that Dow's responses to prior discovery requests or Dow's March 29th filing do not contain documents responsive to this request, Dow does not possess such documents.

Document Request No. 17.

To the extent not done as part of your prior discovery responses or March 29 filings, if those filings discussed such a condition or sale, produce all documents discussing the price to be paid for, or the value of, any UP or SP lines that might be sold pursuant to a condition to approval of, or otherwise in connection with, the UP/SP merger. [All]

Response:

Dow responds that it has no such documents.

Document Request No. 18.

To the extent not done as part of your prior discovery responses or March 29 filings, produce all documents discussing trackage rights compensation for any of the BN/Santa Fe Settlement Agreement Lines, or any other line of UP or SP that you believe should or might be the subject of a proposed trackage rights condition in this proceeding. [All]

Response:

Dow responds that it has no responsive, non-privileged documents.

Document Request No. 19.

To the extent not done as part of your prior discovery responses or March 29 filings, produce all documents relating to actual or estimated maintenance-and-operating costs, taxes and return-to-capital costs with respect to any of the BN/Santa Fe Settlement Agreement Lines, or any

other lines of UP or SP that you believe should or might be the subject of a proposed trackage rights condition in this proceeding. [All]

Response:

Dow responds that it has no responsive, non-privileged documents.

Document Request No. 20.

To the extent not done as part of your prior discovery responses or March 29 filings, produce all documents relating to any agreement or understanding that is responsive to Interrogatory 1. [All]

Response:

See Response to Interrogatory No. 1.

Document Request No. 21.

To the extent not done as part of your prior discovery responses or March 29 filings, produce all presentations to, and minutes of, your board of directors relating to the UP/SP merger or conditions to be sought by any other party in this proceeding. [All but govt's, assns.]

Response:

Dow responds that it has no such documents.

Document Request No. 23.

To the extent not done as part of your prior discovery responses or March 29 filings, produce all your business plans or strategic plans, if those filings referred to the possible impact of the merger on your future business. [All but govt's, assns.]

Response:

Dow responds that it has no such documents.

Document Request No. 24.

To the extent not done as part of your prior discovery responses or March 29 filings, if those filings cite, rely upon, endorse or purport to agree with analyses by any of the following

persons, produce all communications with Richard C. Levin, Curtis M. Grimm, James M. MacDonald, Clifford M. Winston, Thomas M. Corsi, Carol A. Evans or Steven Salop concerning econometric analyses of rail pricing, and all documents relating to such communications. [All]

Response:

Dow objects to this request as unduly vague and overbroad. Notwithstanding these objections, Dow responds that it has no such documents.

Document Request No. 25.

To the extent not done as part of your prior discovery responses or March 29 filings, if those filings discuss that subject, produce all studies, reports or analyses, found in the files of officers at the level of Vice President or above, or other files where such materials would more likely be found, discussing competition for traffic to or from Mexico (including but not limited to truck competition) or competition among Mexican gateways. [All]

Response:

This request is not applicable to Dow because Dow's March 29 filing did not discuss competition for traffic to or from Mexico or competition among Mexican gateways.

Document Request No. 26.

To the extent not done as part of your prior discovery responses or March 29 filings, produce all documents sufficient to show your financial support for, establishment of, participation in, or relationship with the "Coalition for Competitive Rail Transportation," which made a March 29 filing denominated CCRT-4. [All]

Response:

Dow objects to this request because it calls for the production of documents that are protected by the "joint defense" and "common interest" privileges. Notwithstanding these objections, Dow will produce all relevant, non-privileged documents.

Document Request No. 29.

To the extent not done as part of your prior discovery responses or March 29 filings, if those filings discussed that subject, produce all studies, reports or analyses, found in the files of officers at the level of Vice President or above, or other files where such materials would more likely be found, discussing competition in freight transportation services for shipments to or from West Coast ports. [All]

Response:

All relevant, non-privileged documents have been produced by Dow in response to prior discovery requests or in Dow's March 29th filing.

Document Request No. 30.

To the extent not done as part of your prior discovery responses or March 29 filings, if those filings discussed those subjects, produce all studies, reports or analyses, found in the files of officers at the level of Vice President or above, or other files where such materials would more likely be found, discussing (a) transport pricing or competition for chemicals or petrochemicals (i.e., any STCC 28 or STCC 29 commodity, or such commodities generally), (b) the handling of such commodities by railroads, (c) the handling of such commodities by other modes, (d) storage-in-transit of such commodities, or (e) source or destination competition, shifting of production or shipments among facilities, modal alternatives or shipper leverage as constraints on rail rates or service for such commodities. [RRs, chems., SPI]

Response:

Dow objects to this request as vague, overbroad, and unduly burdensome. Dow has produced responsive, non-privileged documents in response to Applicants' First Request for Documents No. 26, as modified by stipulation of the parties at the March 20, 1996 discovery conference (Hearing transcript, p. 2264-65). Dow objects to this request to the extent it imposes a greater obligation upon Dow than the stipulation agreed upon between Dow and the Applicants.

Subject to these objections, Dow responds that relevant, non-privileged documents have been produced by Dow in response to prior discovery requests or in Dow's March 29th filing.

Document Request No. 31.

To the extent not done as part of your prior discovery responses or March 29 filings, if those filings disagree in any significant way with the description of SP's financial situation in the Application, produce all documents found in the files of officers at the level of Vice President or above, discussing any possible breakup or bankruptcy of SP. [All]

Response:

Dow responds that it has no such documents.

Document Request No. 32.

To the extent not done as part of your prior discovery responses or March 29 filings, produce all documents found in the files of officers at the level of Vice President or above, discussing your reasons for opposing the UP/SP merger or seeking to acquire any portion of SP in connection with the UP/SP merger. [All]

Response:

Dow objects to this request as irrelevant and not likely to lead to the discovery of admissible evidence. Notwithstanding this objection, Dow responds that it has not opposed the merger but, rather, has sought conditions that will preserve Dow's current competitive rail transportation options and, therefore, this request is not applicable to Dow.

Document Request No. 40.

To the extent not done as part of your prior discovery responses or March 29 filings, produce all documents relating to any proposal you made for possible line sales or trackage rights in your favor or for your benefit as a condition to the UP/SP merger, proposal, including but not limited to (a) documents describing the proposal, (b) any market analysis with respect to the proposal, (c) any operating plan with respect to the proposal, and (d) any pro forma financial statements with respect to the proposal. [All]

Response:

All relevant, non-privileged documents have been or will be produced by Dow in response to prior discovery requests or in Dow's March 29th filing.

Document Request No. 53.

To the extent not done as part of your prior discovery responses or March 29 filings, produce all studies, analyses or reports discussing the possibility of a build-in by one of the applicants (or build-out to one of the applicants) at any of your facilities referred to in your March 29 filings [All]

Response:

All relevant, non-privileged documents have been produced by Dow in response to prior discovery requests or in Dow's March 29th filing.

Document Request No. 55.

To the extent not done as part of your prior discovery responses or March 29 filings, produce all studies, analyses or reports discussing capacity, capacity expansion, or the relocation of capacity for the production of polyethylene or polypropylene. [DOW, UCC, SPI]

Response:

Dow objects to this request as unduly burdensome, irrelevant and not likely to lead to the discovery of admissible evidence.

Document Request No. 56.

To the extent not done as part of your prior discovery responses or March 29 filings, produce all studies, analyses or reports discussing to [sic] the transload of polyethylene or polypropylene from truck to rail at the rail origin, or from rail to truck at the rail destination. [DOW, UCC, SPI]

Response:

Dow has produced responsive, non-privileged documents in response to Applicants' First Request for Documents No. 26, as modified by stipulation of the parties at the March 20, 1996

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Item No. _____

LAW OFFICES

Page Count 18

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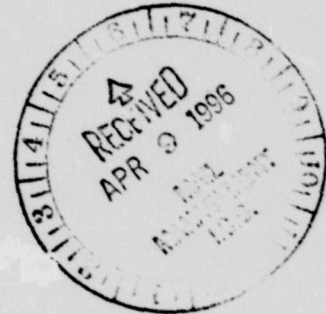
(202) 342-1316

Office of the Secretary

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Public Record

April 9, 1996



VIA HAND DELIVERY

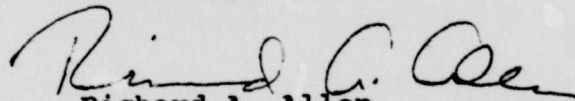
Vernon A. Williams
Secretary
Surface Transportation Board
Room 2215
12th Street & Constitution Avenue, N.W.
Washington, D.C. 20423

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

Dear Secretary Williams:

Enclosed are an original and twenty copies of SPP-11,
Responses of Sierra Pacific Power Company and Idaho Power Company
to Applicants' Second Set of Interrogatories and Request for
Production of Documents. Also enclosed is a 3.5" floppy computer
disc containing a copy of the filing in Wordperfect 5.1 format.

Sincerely,


Richard A. Allen
Jennifer P. Oakley

Enclosures

cc: Honorable Jerome Nelson
Restricted Service List

ENTERED
Office of the Secretary

APR 11 1996

2 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

SIERRA PACIFIC'S RESPONSES TO APPLICANTS'
SECOND SET OF INTERROGATORIES AND
REQUEST FOR PRODUCTION OF DOCUMENTS

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Attorneys for Sierra Pacific Power
Company and Idaho Power Company

April 9, 1996

BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 32760

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

-- CONTROL AND MERGER --

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

SIERRA PACIFIC'S RESPONSES TO APPLICANTS'
SECOND SET OF INTERROGATORIES AND
REQUEST FOR PRODUCTION OF DOCUMENTS

Sierra Pacific Power Company and Idaho Power Company
(collectively, "Sierra Pacific"), hereby respond to the
Applicants' Second Set of Interrogatories and Request for
Production of Documents to Sierra Pacific served by 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 Corporation, and the Denver and Rio Grande Western
Railroad Company (collectively, "Applicants") on April 3.^{1/}

^{1/} On April 8, 1996 Applicants advised that Sierra Pacific was
not a party required to respond to Applicants Third Set of
Interrogatories and Request for Production of Documents served on
April 5, 1996.

GENERAL RESPONSES

Sierra Pacific incorporates by reference the general responses it made in response to Applicants' First Set of Interrogatories and Request for Production of Documents to Sierra Pacific.

GENERAL OBJECTIONS

The following general objections are made with respect to all of the interrogatories and document requests. Any additional specific objections are stated at the beginning of the response to each interrogatory document request.

1. Sierra Pacific objects to production of documents or information subject to the attorney-client privilege or any other applicable privilege.

2. Sierra Pacific objects to production of documents or information subject to the work product doctrine, including but not limited to documents or information subject to the common interest or joint defense work product doctrine.

3. Sierra Pacific objects to production of public documents that are readily available, including but not limited to documents on public file at the Surface Transportation Board or state agencies or clippings from newspapers or other public media.

4. Sierra Pacific objects to the production of draft verified statements and documents related thereto.

5. Sierra Pacific objects to the extent that the interrogatories and requests seek highly confidential or

sensitive commercial information (including, inter alia, contracts containing confidentiality clauses prohibiting disclosure of their terms) that is of insufficient relevance to warrant production even under a protective order.

6. Sierra Pacific objects to the interrogatories and requests to the extent that they call for the preparation of special studies not already in existence.

7. Sierra Pacific objects to the definition of "relating to," as defined in Definitions and Instructions No. 13, as unduly vague.

8. Sierra Pacific objects to the definition of "document," as defined in Definitions and Instructions No. 8, as unduly vague and not susceptible of meaningful application.

RESPONSES TO APPLICANTS' SECOND SET OF INTERROGATORIES

Interrogatory No. 1

"To the extent not done as part of your prior discovery responses or March 29 filings, identify and describe any agreements or understandings that you have with any other party to this proceeding regarding positions or actions to be taken in or otherwise relating to this proceeding, including any "joint defense" or "common interest" agreement, or any confidentiality agreement on which you rely in objecting to discovery requests or invoking an informers privilege or other privilege. [Routine procedural agreements, such as agreements concerning the order of questioning at depositions or the avoidance of duplicative discovery, need not be identified. If Conrail contends that any aspect of such agreement is privileged, state the parties to, date of, and general subject of the agreement.] [All]"

Response

Sierra Pacific has an oral understanding with the Western Shippers Coalition, of whom Sierra Pacific is a member, that we will consult with one another regarding the positions that we

take. There is, however, no agreement committing any party to take a particular position.

Interrogatory No. 8

"If you contend in your March 29 filing that reduction from 3-to-2 in the number of railroads serving various shippers or markets as a result of the merger is a reason for denying approval, state whether you contend that two Class I railroads would always compete less vigorously than three Class I railroads would in any given market. [All]"

Response

Not applicable

Interrogatory No. 9

"The testimony of Richard Peterson on behalf of Applicants describes, at pages 172-75, the views of a number of shippers with respect to competition between a merged UP/SP and BNSF. State whether you believe that those shippers are correct or incorrect in the expectations they have expressed in their statements filed in this proceeding concerning the effects of a UP/SP merger on competition and explain the reasons for that answer. [All]"

Response

Sierra Pacific believes that those shippers are incorrect, at least insofar as competition in the Central Corridor relative to Sierra Pacific is concerned. The reasons for this answer are set forth fully in the Request for Conditions and Comments filed by Sierra Pacific on March 29, 1996 ("SPP-10").

Interrogatory No. 10

"If you contend that there are significant investments in improvements of its railroad that SP could or should have made, or can and should make, identify them and describe any rates of return, hurdle rates, or like standards you use for determining whether to invest in improvements in your business. [All but Govts, Assns]"

Response

Not applicable

Interrogatory No. 12

"Identify all shippers who you claim have expressed support for your position in this proceeding in your March 29 filings who are presently served at a point of origin or destination by both UP and SP directly. [All]"

Response

Not Applicable

Interrogatory No. 18

"To the extent not done as part of your prior discovery responses or March 29 filings, as to each power plant that your March 29 filings specifically indicate may be affected by the UP/SP merger, or that is referred to in those filings as recent situations where both SPRB and Colorado/Utah coal have been or are being used successfully in the same power plant, and as to each mine used as a source of coal used at such plant, state the tonnage, average minehead price, average delivered price, BTU content, and percentage sulphur content of the coal used by that plant. [Kennecott, AEP, WCTL, Ill. P., Wis. Elec., SPP]"

Response

See SPP-10 and Sierra Pacific's response to Applicants'

First Set of Interrogatories and Document Requests.

RESPONSES TO APPLICANTS' SECOND SET OF DOCUMENT REQUESTS

Document Request No. 1

"To the extent not done as part of your prior discovery responses or March 29 filings, produce all documents or data relied upon by any person whose verified statement you submitted in your March 29 filings. [All]"

Response

Sierra Pacific has and will continue to produce workpapers and other responsive documents that are not otherwise protected from production by a relevant privilege.

Document Request No. 2

"To the extent not done as part of your prior discovery responses or March 29 filings, produce machine-readable versions, if they exist, of documents or data you submitted as part of your

March 29 filings, of documents or data included as work papers, or of documents or data relied upon by persons whose verified statement you submitted in your March 29 filings. [All]"

Response

Sierra Pacific has and will continue to produce machine-readable versions of work papers and documents responsive to this request that are not otherwise protected from production by a relevant privilege.

Document Request No. 3

"To the extent not done as part of your prior discovery responses or March 29 filings, produce all studies, analyses or reports discussing benefits or efficiencies that may result from the UP\SP merger. [All]"

Response

Sierra Pacific has no documents responsive to this request.

Document Request No. 4

"To the extent not done as part of your prior discovery responses or March 29 filings, produce all studies, analyses or reports discussing potential traffic impacts of the UP/SP merger. [All]"

Response

The impact of the UP/SP merger, the BN/Santa Fe Settlement Agreement and other conditions on Sierra Pacific is analyzed fully in SPP-10 and in the supporting workpapers. Sierra Pacific has no other non-privileged documents responsive to this request.

Document Request No. 5

"To the extent not done as part of your prior discovery responses or March 29 filings, produce all studies, reports or analyses discussing competitive impacts of the UP/SP merger, including but not limited to effects on the following (a) market shares, (b) source or destination competition, (c) transloading options, or (d) build-in or build-out options. [All]"

Response

See response to Document Request No. 4.

Document Request No. 6

"To the extent not done as part of your prior discovery responses or March 29 filings, produce all documents found in the files of officers at the level of Vice President or above, or other files where such materials would more likely be found, discussing the BN/Santa Fe Settlement Agreement, the IC Settlement Agreement, or the Utah Railway Settlement Agreement. [All]"

Response

See response to Document Request No. 4.

Document Request No. 7

"To the extent not done as part of your prior discovery responses or March 29 filings, produce all documents found in the files of officers at the level of Vice President or above, or other files where such materials would more likely be found, discussing conditions that might be imposed on approval of the UP/SP merger. [All]"

Response

See response to Document Request No. 4.

Document Request No. 8

"To the extent not done as part of your prior discovery responses or March 29 filings, produce all studies, reports or analyses, found in the files of officers at the level of Vice President or above, or other files where such materials would more likely be found, discussing actual or potential competition between UP and SP."

Response

See response to Document Request No. 4.

Document Request No. 9

"To the extent not done as part of your prior discovery responses or March 29 filings, produce all studies, reports or analyses, found in the files of officers at the level of Vice President or above, or other files where such materials would more likely be found, discussing competition between single-line and interline rail transportation. [All]"

Response

See response to Document Request No. 4.

Document Request No. 10

"To the extent not done as part of your prior discovery responses or March 29 filings, produce all studies, reports or analyses, found in the files of officers at the level of Vice President or above, or other files where such materials would more likely be found, discussing the benefits of any prior Class I rail merger or rail mergers generally. [All]"

Response

Sierra Pacific has no responsive documents.

Document Request No. 11

"To the extent not done as part of your prior discovery responses or March 29 filings, produce all studies, reports or analyses, found in the files of officers at the level of Vice President or above, or other files where such materials would more likely be found, discussing the financial position or prospects of SP, if those filings discussed that subject. [All]"

Response

Not applicable

Document Request No. 12

"To the extent not done as part of your prior discovery responses or March 29 filings, produce all communications with other parties to this proceeding discussing the UP/SP merger or the BN/Santa Fe Settlement Agreement, and all documents relating to such communications. [All]"

Response

Sierra Pacific objects to this document request on the grounds that it is unduly vague with respect to the meaning of "communications" and unduly burdensome to the extent it requires Sierra Pacific to identify all conversations, however casual or irrelevant to any issue, with other parties to this proceeding. Sierra Pacific also objects to this document request on the

grounds that it requires the production of documents protected by the attorney-client privilege and the attorney work-product privilege, and the common interest doctrine thereunder, and to the extent it requires production of documents protected by Sierra Pacific's First and Fourteenth Amendment right to petition the government for redress of grievances.

Document Request No. 13

"To the extent not done as part of your prior discovery responses or March 29 filings, produce all presentations, solicitation packages, form verified statements, or other materials used to seek support from public officials, or any shipper or other party in this proceeding, for a position being taken or proposed or considered by you or any other party in this proceeding. [All]"

Response

Sierra Pacific objects to this document request on the grounds that it is unduly vague with respect to the meaning of "presentations." Sierra Pacific also objects to this document request on the grounds that it requires the production of documents protected by the attorney-client privilege and the attorney work-product privilege, and the common interest doctrine thereunder, and to the extent it requires production of documents protected by Sierra Pacific's First and Fourteenth Amendment right to petition the government for redress of grievances. Without waiving these objections, Sierra Pacific has no documents responsive to this request.

Document Request No. 14

"To the extent not done as part of your prior discovery responses or March 29 filings, 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 other government official, any consultant, any chamber of commerce, or any shipper or trade organization relating to the UP/SP merger. [Even if not producing them, you should identify documents submitted to law enforcement officers under an explicit assurance of confidentiality.] [All]"

Response

Sierra Pacific objects to this document request on the grounds that it is unduly vague with respect to the meaning of "presentations." Sierra Pacific also objects to this document request on the grounds that it requires the production of documents protected by the attorney-client privilege and the attorney work-product privilege, and the common interest doctrine thereunder, and to the extent it requires production of documents protected by Sierra Pacific's First and Fourteenth Amendment right to petition the government for redress of grievances.

Document Request No. 15

"To the extent not done as part of your prior discovery responses or March 29 filings, produce all notes or memoranda of any meetings with DOJ, DOT, any state Governor's, Attorney General's or Public Utilities Commission's (or similar agency's) office, any other government official, any consultant, any chamber of commerce, or any shipper or trade organization relating to the UP/SP merger. [You should identify but need not produce documents prepared by your counsel.] [All]"

Response

See response to Document Request No. 13.

Document Request No. 16

"To the extent not done as part of your prior discovery responses or March 29 filings, produce all studies, analyses or reports discussing or reflecting shipper surveys or interviews concerning the quality of service or competitiveness of any railroad participating in this proceeding. [All]"

Utilities Commission's (or similar agency's) office, any other government official, any consultant, any chamber of commerce, or any shipper or trade organization relating to the UP/SP merger. [Even if not producing them, you should identify documents submitted to law enforcement officers under an explicit assurance of confidentiality.] [All]"

Response

Sierra Pacific objects to this document request on the grounds that it is unduly vague with respect to the meaning of "presentations." Sierra Pacific also objects to this document request on the grounds that it requires the production of documents protected by the attorney-client privilege and the attorney work-product privilege, and the common interest doctrine thereunder, and to the extent it requires production of documents protected by Sierra Pacific's First and Fourteenth Amendment right to petition the government for redress of grievances.

Document Request No. 15

"To the extent not done as part of your prior discovery responses or March 29 filings, produce all notes or memoranda of any meetings with DOJ, DOT, any state Governor's, Attorney General's or Public Utilities Commission's (or similar agency's) office, any other government official, any consultant, any chamber of commerce, or any shipper or trade organization relating to the UP/SP merger. [You should identify but need not produce documents prepared by your counsel.] [All]"

Response

See response to Document Request No. 13.

Document Request No. 16

"To the extent not done as part of your prior discovery responses or March 29 filings, produce all studies, analyses or reports discussing or reflecting shipper surveys or interviews concerning the quality of service or competitiveness of any railroad participating in this proceeding. [All]"

Response

Sierra Pacific has no documents responsive to this request.

Document Request No. 17

"To the extent not done as part of your prior discovery responses or March 29 filings, if those filings discussed such a condition or sale, or the value of, any UP or SP lines that might be sold pursuant to a condition to approval of, or otherwise in connection with, the UP/SP merger. [All]"

Response

Not applicable

Document Request No. 18

"To the extent not done as part of your prior discovery responses or March 29 filings, produce all documents discussing trackage rights compensation for any of the BN/Santa Fe Settlement Agreement Lines, or any other line of UP or SP that you believe should or might be the subject of a proposed trackage rights condition in this proceeding. [All]"

Response

Sierra Pacific discusses trackage rights compensation in SPP-10 and has and will continue to produce all documents and workpapers responsive to this request.

Document Request No. 19

"To the extent not done as part of your prior discovery responses or March 29 filings, produce all documents relating to actual or estimated maintenance-and-operating costs, taxes and return-to-capital costs with respect to any of the BN/Santa Fe Settlement Agreement Lines, or any other line of UP or SP that you believe should or might be the subject of a proposed trackage rights condition in this proceeding. [All]"

Response

Sierra Pacific discusses the above issues in SPP-10 and has and will continue to produce all documents and workpapers responsive to this request.

Document Request No. 20

"To the extent not done as part of your prior discovery responses or March 29 filings, produce all documents related to any agreement or understanding that is responsive to Interrogatory 1. [All]"

Response

Sierra Pacific has no documents responsive to this request.

Document Request No. 21

"To the extent not done as part of your prior discovery responses or March 29 filings, produce all presentations to, and minutes of, your board of directors relating to the UP/SP merger or conditions to be sought by any other party in this proceeding. [All but govt's, assns.]"

Response

Sierra Pacific has no documents responsive to this request.

Document Request No. 23

"To the extent not done as part of your prior discovery responses or March 29 filings, produce all your business loans or strategic plans, if those filings referred to the possible impact of the merger on your future business. [All but govt's, assns.]"

Response

Sierra Pacific will produce any strategic plans responsive to this document request. To the extent the document request seeks business loans, Sierra Pacific objects that the information is neither relevant nor reasonably calculated to lead to the discovery of evidence relevant to this proceeding.

Document Request No. 24

"To the extent not done as part of your prior discovery responses or March 29 filings, if those filings cite, rely upon, endorse or purport to agree with analyses by any of the following persons, produce all communications with Richard C. Levin, Curtis M. Grimm, James M. MacDonald, Clifford M. Winston, Thomas M. Corsi, Carol A. Evans or Steven Salop concerning econometric analyses of rail pricing, and all documents relating to such communications. [All]"

Response

Not applicable

Document Request No. 25

"To the extent not done as part of your prior discovery responses or March 29 filings, if those filings discuss that subject, produce all studies, reports or analyses, found in the files of officers at the level of Vice President or above, or other files where such materials would more likely be found, discussing competition for traffic to or from Mexico (including but not limited to truck competition) or competition among Mexican gateways. [All]"

Response

Not applicable

Document Request No. 26

"To the extent not done as part of your prior discovery responses or March 29 filings, produce all documents sufficient to show your financial support for, establishment of, participation in, or relationship with the "Coalition for Competitive Rail Transportation," which made a March 29 filing denominated CCRT-4. [All]"

Response

Not applicable

Document Request No. 29

"To the extent not done as part of your prior discovery responses or March 29 filings, if those filings discussed that subject, produce all studies, reports or analyses, found in the files of officers at the level of Vice President or above, or other files where such materials would more likely be found, discussing competition in freight transportation services for shipments to or from West Coast ports. [All]"

Response

Not applicable

Document Request No. 31

"To the extent not done as part of your prior discovery responses or March 29 filings, if those filings disagree in any significant way with the description of SP's financial situation in the Application, produce all documents found in the files of

officers at the level of Vice President or above, discussing any possible breakup or bankruptcy of SP. [All]"

Response

Sierra Pacific has no documents responsive to this request.

Document Request No. 32

"To the extent not done as part of your prior discovery responses or March 29 filings, produce all documents found in the files of officers at the level of Vice President or above, discussing your reasons for opposing the UP/SP merger or seeking to acquire any portion of SP in connection with the UP/SP merger. [All]"

Response

See response to Document Request No. 4.

Document Request No. 40

"To the extent not done as part of your prior discovery responses or March 29 filings, produce all documents relating to any proposal you made for possible line sales or trackage rights in your favor or for your benefit as a condition to the UP/SP merger, proposal, including but not limited to (a) documents describing the proposal, (b) any market analysis with respect to the proposal, (c) any operating plan with respect to the proposal, and (d) any pro forma financial statements with respect to the proposal. [All]"

Response

Not applicable

Document Request No. 42

"To the extent not done as part of your prior discovery responses or March 29 filings, produce studies, analyses, and reports concerning the blending of coals from different areas by generating plants. [coal]"

Response

Sierra Pacific discusses the blending of coals in SPP-10 and has and will continue to produce all documents and workpapers responsive to this request.

Document Request No. 52

"Produce bids for alternative sources of supply of coal for the North Valmy Station, including bids from BNSF for the transport of Raton Basin or San Juan Basin coal. [SPP]"

Response

Sierra Pacific has no responsive documents.

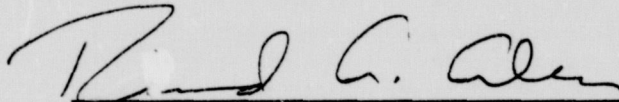
Document Request No. 53

"To the extent not done as part of your prior discovery responses or March 29 filings, produce all studies, analyses or reports discussing the possibility of a build-in by one of the applicants (or build-out to one of the applicants) at any of your facilities referred to in your March 29 filings. [All]"

Response

Not applicable

Respectfully submitted,



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Counsel for Sierra Pacific Power Company
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April 9, 1996

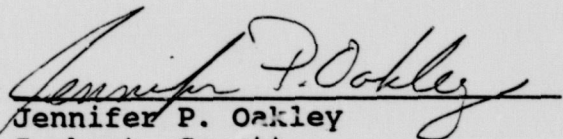
CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing SPP-11, Responses of Sierra Pacific Power Company and Idaho Power Company to the Applicants' Second and Third Sets of Interrogatories and Request for Production of Documents, by hand delivery upon the following persons:

Arvid E. Roach II
J. Michael Hemmer
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Paul A. Cunningham
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I have also served by first-class mail, postage pre-paid, the Honorable Judge Nelson and all persons on the restricted service list.


Jennifer P. Oakley
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Dated: April 9, 1996