



Betsy Berning Monseu Director, Logistics

January 16, 2003

Honorable Vernon A. Williams Office of the Secretary Case Control Unit ATTN: STB Docket No. 32760 (Sub. No. 21) Surface Transportation Board 1925 K Street, N.W. Washington, D.C. 20423-0001

Re: Union Pacific Corporation, et al. – Control and Merger – Southern Pacific Rail Corporation, et al., Finance Docket No. 32760 (Sub. No. 21) (Oversight)

Dear Sir:

This is a Notice of Change of Street Address to advise you and all parties of record in the above-referenced proceeding to address all further correspondence, pleadings, notices and decisions in these proceedings as follows:

Betsy B. Monseu Director Logistics

RAG energy sales, Inc. 391 Inverness Parkway, Suite 333 Englewood, CO 80112-9804

In addition to the original, I am enclosing twenty-five (25) copies and a 3.5 inch diskette with this documentation.

Sincerely,

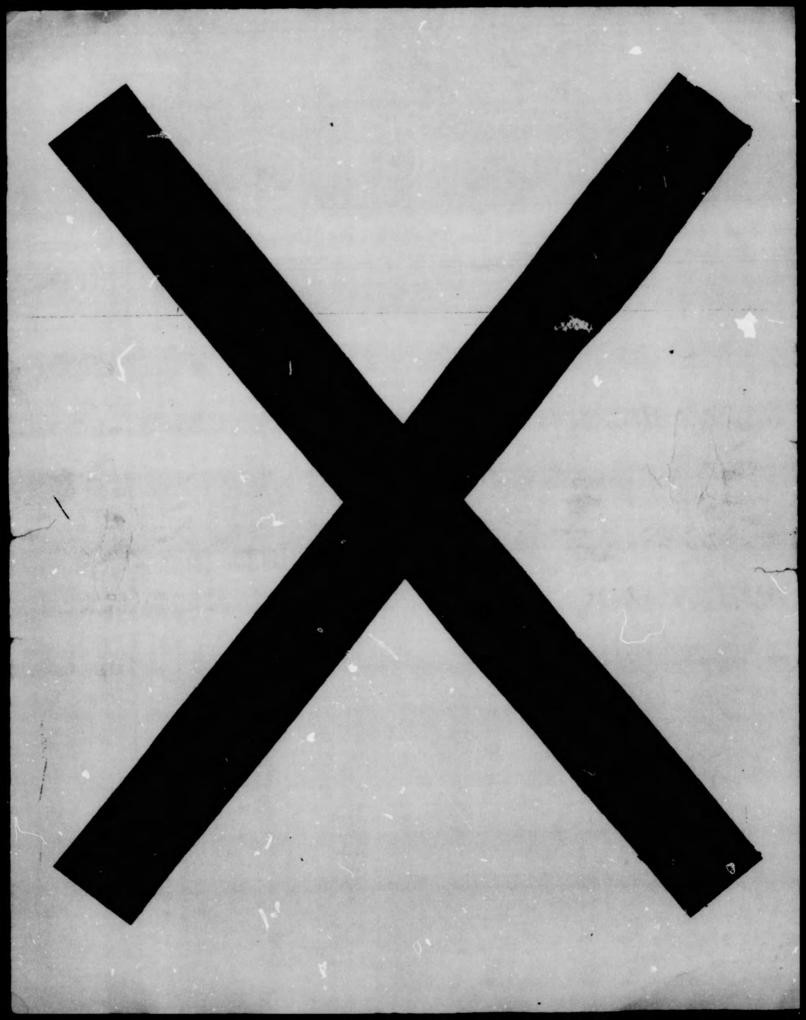
Betsy B. Monsen,

Betsy B. Monseu

Enclosures

cc: Parties of Record







Surface Transportation Board Washington, D.C. 20423-SUDi

Office of the Chairman

FILE IN JOCKET 38-32760 (Sub-No. 21)

September 20, 2001

The Honorable Michael O. Leavitt Governor State of Utah Salt Lake City, UT 84114-0601

Dear Governor Leavitt:

Not long ago, you wrote to me regarding the merger of the Union Pacific Railroad (UP) and the Southern Pacific Railroad (SP), and the effect of that merger on the State of Utah. Specifically, you are concerned about the ability of The Burlington Northern and Santa Fe Railway to compete with the UP system in the Central Corridor, and about the status of certain negotiations currently ongoing between the State of Utah and UP regarding an audit of Utah rates. You also support the continuation of formal oversight by the Surface Transportation Board (Board) of the UP/SP merger.

I am sure that you have now received the response that Mr. Dick Davidson, Chairman of Union Pacific Corporation, has sent to you, which discusses your concerns. As you probably know, as a general matter the Board encourages private-sector resolution of issues between parties. However, the Board takes its oversight responsibilities seriously in this and other matters before the Board, and will always be available to consider disputes that cannot be resolved by the private sector.

Let me assure you that ensuring effective competition in the rail sector is of primary importance to the Board. Please continue to keep me informed about the progress of your negotiations with UP. I appreciate your interest in this matter, and I will have your letter, Mr. Davidson's letter, and my response made a part of the docket in the UP/SP oversight proceeding.

Sincerely,

Linda J. Morgan Linda J. Morgan

### Union Pacific Corporation



DICK DAVIDSON

August 21, 2001

The Honorable Michael O. Leavitt Governor, State of Utah 210 State Capitol Salt Lake City, UT 84114

FILE IN DOCKET υ

Dear Governor Leavitt:

I am writing in response to your letter of August 15, 2001, to the Surface Transportation Board concerning Union Pacific's merger with the Southern Pacific Railroad. I want to reassure you that we are fully committed to all the conditions as spelled out in my letter of June 27, 1996. In that letter, UP agreed to an audit to assure that Utah rail shippers would not be disadvantaged (compared to similarly situated shippers in other states) as a result of rate increases.

The staff of UP's legal and government affairs department has been working with Dave Winder, Utah's Executive Director-Community and Economic Development, to implement our agreement. It is my understanding that a meeting is scheduled for September 5, and I am confident that our representatives will quickly come to agreement on an efficient and cost-effective audit process.

If the audit shows any need for restitution, we will move forward on a shipper-by-shipper basis to provide such a remedy. By virtue of my June 27 letter. Utah shippers are the real beneficiaries of our agreement and would have the right to enforce Union Pacific's commitment in the courts. However, we are prepared to agree to arbitration (under the rules of the American Arbitration Association) to resolve any disagreement between Union Pacific and any Utah shipper as a result of the audit. We believe that this is far more effective "recourse" for Utah shippers than STB oversight. It is also consistent with the Board's policy favoring private party solutions.

With respect to your concerns about the effectiveness of BNSF as a competitor in the Central Corridor, this topic has been the subject of detailed submissions by Union Pacific and BNSF over the past five years. BNSF is providing the vigorous competition that the STB expected it would when the Board approved the merger and imposed the conditions that granted BNSF extensive rights across our network. Further oversight on that issue after five years of examination of the facts related to BNSF competition would be of no value.

We will continue to a gue before the STB that any continuation of the five-year oversight of our merger with SP is unwarranted. Over the past five years we have submitted clear evidence of the benefits associated with the UP/SP merger and proof that the conditions imposed by the Board have worked. The process of developing and submitting this documentation is time consuming and expensive, and given the evidence of record, we believe it is time for the oversight process to end. However, even without the formal oversight process, the State of Utah can petition the Board on issues regarding our merger should it feel a need to do so.

Union Pacific will file this letter with the STB, and there is no question as to our intent to fulfill the agreement made with you in 1996. We value our good relationship and historic partnership with the State of Utah. Please be assured that I will personally monitor our commitment to you and the State.

Sincerely.

1416 DODGE STREET. ROOM 1230. QMAHA.NE 68179 - 402 271-5966

# UNION PACIFIC CORPORATION



CIGR DAVIDSON

June 27, 1996

The Honorable Michael O. Leavitt 210 State Capitol Salt Lake City, Utah 84114

#### Dear Governor Leavitt:

To allay your concerns that Utah shippers will be disadvantaged compared to similarly situated shippers in other states with respect to future rail rates as a result of our proposed merger with the Southern Pacific, Union Pacific is willing to make the following commitment in consideration for your support of our merger:

Union Pacific agrees that for a period of ten years following consummation of our merger with the Southern Pacific, we will not increase our rail rates to shipper's terminating or originating traffic in Utah by a percentage greater than increases for comparable shippers (comparability being determined by the usual factors, i.e., product and geographic market, length of haul, volume, cost and length of contractual commitment) located in other states in our rail system.

Compliance with this commitment will be verified by an audit conducted at the State's request no more than annually by an independent auditor mutually agreeable to Union Pacific and the State of Utah, the cost of which will be divided between us. Should the auditor find that any rates are in noncompliance, taking into account the abovementioned comparability factors, he shall recommend appropriate adjustment in the form of restitution in the amount of the overcharge which shall be paid by Union Pacific to any affected shippers.

Obviously, given the highly-sensitive nature of the rate data to be reviewed by such an auditor, it is imperative that the data and the results of the audit be kept strictly confidential.

. I trust that this will satisfy your concerns and that you and Utah will support our merger.

MARTIN TOWER. EIGHTH AND EATON AVENUES. BETHLEMEN, PA 10018 - 410 461 3351



FILE IN DOCKET

OLENE S. WALKER

LIEUTENANT GOVERNOR

STATE OF UTAH OFFICE OF THE GOVERNOR SALT LAKE CITY 84114-0601

Augu st 15, 2001

The Honorable Linda J. Morgan, Chairman Surface Transportation Board 1925 K Street, NW Washington, DC 20423-0001 2001 AUG 17 P 4: 5

Re: Finance Docket No. 32760 (Sub-No. 21), Union Pacific Corp., et al. – Control and Merger – Southern Pacific Rail Corp., et al. – Oversight

Dear Chairman Morgan:

The State of Utah is very appreciative of the contribution the Union Pacific Railroad ("UP") has made to our economic development and standard of living over the last 132 years, and we look forward to many more years of a mutually beneficial relationship. I am writing to you at this time, however, to express my continued interest in the impact on the State of Utah resulting from the merger of UP and the Southern Pacific Railroad ("SP"), collectively ("UP/SP"). As you will recall, prior to the Surface Transportation Board's ("STB") approval of the UP/SP merger I requested that the STB impose certain conditions on the merger. These conditions included: (1) reducing The Burlington Northern Santa Fe Railway ("BNSF") trackage rights fee: (2) requiring an annual audit, paid for by UP/SP, of Utah rail rates; and (3) and establishing an oversight of at least 15 years.

In the STB's decision approving the UP/SP merger, the STB denied these requested conditions primarily on the basis that the STB believed the requests were not competitively warranted. The STB's decision also stated that the oversight request "envisions an oversight regime lasting far longer than we hope will be necessary." While I agree that it would be better for the State of Utah if no further oversight was necessary, I do not believe that the oversight of the UP/SP merger should be terminated at the end of this five year period. On behalf of the State of Utah, I request that the oversight <sup>1</sup> continued.

During the continued oversight, the STB should continue to monitor the competitive impacts of the merger on the West and Utah in particular. The UP/SP's western service crisis in 1997 and 1998, while over now, made a large portion of time of the five year oversight unavailable for UP to focus on anything but service issues. As a result, parties such as the State

MICHAEL O. LEAVITT

of Utah, are still negotiating an agreement with the UP on ways in which to monitor and fix any competitive problems resulting from the merger. For example, UP and the State of Utah are still negotiating on the implementation of the Utah rail rates audit that the State of Utah requested during the merger. See attachment A to this letter. (Letter between Richard Davidson, Chairman of the Union Pacific Railroad, and me). Thus the oversight should be continued to review the results of the Utah rate audit and to monitor any relief merited by the audit.

In addition, there has not been sufficient oversight of the UP/SP merger to fully assess the ability of the BNSF to be an effective competitor to UP in the Central Corridor (the Central Corridor means the rail line between Denver and Northern California). I continue to be concerned that the BNSF trackage rights fee has not sufficiently permitted BNSF to be an effective competitor in the Central Corridor for most commodities, including Utah coal. I believe that the competitive conditions imposed by the STB in the UP/SP merger should mandate that competition in the Central Corridor and Utah should be vigorous and robust. There has not been sufficient evidence to maintain that there is such competition between UP/SP and BNSF in the Central Corridor or Utah. The Utah rate audit agreement will be one method to determine the existing level of competition between UP/SP and BNSF. As a result, the STB should continue the oversight to evaluate these concerns.

Thank your for your attention to the concerns of the State of Utah. Utah is anxious to work with UP, BNSF and the STB to resolve the competitive issues resulting from the UP/SP merger. Utah looks forward to taking an active role in the review of the Utah rates audit and further assessing the competitive situation in the Central Corridor and Utah. The STB should continue the oversight of the UP/SP merger to facilitate and protect Utah's interests in the competitive climate resulting from the merger.

Michael O. Leavitt, Governor State of Utah 210 State Capitol Salt Lake City, UT 84114 801-538-1000

cc:

Vice Chairman William Clyburn, Jr. Commissioner Wayne O. Burkes

# UNION PACIFIC CORPORATION



DICK DAVIDSON PRESIGENT AND CHIEF OPERATING OFFICER

June 27, 1996

The Honorable Michael O. Leavitt 210 State Capitol Salt Lake City, Utah 84114 U AUG IT P 4: 55

Dear Governor Leavitt:

To allay your concerns that Utah shippers will be disadvantaged compared to similarly situated shippers in other states with respect to future rail rates as a result of our proposed merger with the Southern Pacific, Union Pacific is willing to make the following commitment in consideration for your support of our merger:

Union Pacific agrees that for a period of ten years following consummation of our merger with the Southern Pacific, we will not increase our rail rates to shippers terminating or originating traffic in Utah by a percentage greater than increases for comparable shippers (comparability being determined by the usual factors, i.e., product and geographic market, length of haul, volume, cost and length of contractual commitment) located in other states in our rail system.

Compliance with this commitment will be verified by an audit conducted at the State's request no more than annually by an independent auditor mutually agreeable to Union Pacific and the State of Utah, the cost of which will be divided between us. Should the auditor find that any rates are in noncompliance, taking into account the abovementioned comparability factors, he shall recommend appropriate adjustment in the form of restitution in the amount of the overcharge which shall be paid by Union Pacific to any affected shippers.

Obviously, given the highly-sensitive nature of the rate data to be reviewed by such an auditor, it is imperative that the data and the results of the audit be kept strictly confidential.

I trust that this will satisfy your concerns and that you and Utah will support our merger.

truiy yours.

MARTIN TOWER. EIGHTH AND EATON AVENUES. BETHLEHEM, PA 18018 . 610 861 3391

### BEFORE THE SURFACE TRANSPORTATION BOARD

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

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

### COMMENTS OF THE STATE OF UTAH ON UNION PACIFIC'S FIFTH ANNUAL OVERSIGHT REPORT

The State of Utah hereby provides the following comments in response to the "Union Pacific's Fifth Annual Oversight Report" filed by Union Pacific Corporation, Union Pacific Railroad Company ("UP"), and Southern Pacific Rail Corporation ("SP") (collectively "UP/SP"), UP/SP-384, dated July 2, 2001 (the "Report"). The State of Utah files these comments pursuant to the procedural schedule for the fifth year of oversight of the UP/SP merger established by the Surface Transportation Board ("STB" or "Board") in its December 15, 2000 decision. Union Pac. Corp. et al – Control and Merger – Southern Pac. Rail Corp. et al., Finance Docket. No. 32760 (Sub-No. 21), Decision No. 16 (STB served Dec. 15, 1996) ("General Oversight Dec. No. 16") at 14.

The State of Utah is very appreciative of the contribution the Union Pacific Railroad has made to our economic development and standard of living over the last 132 years, and we look forward to many more years of a mutually beneficial relationship. The State of Utah has a continuing interest, however, in the impact from the UP/SP merger on the state. During the merger proceeding, the State of Utah, through its Governor, Governor Leavitt, requested that the Board impose certain conditions on the approval of the UP/SP merger. The conditions requested by Utah included: (1) reducing The Burlington Northern Santa Fe Railway ("BNSF") trackage rights fee; (2) requiring an annual audit, paid for by UP/SP, of Utah rail rates; and (3) and establishing an oversight of at least 15 years. *See Union Pac. Corp. et al – Control and Merger – Southern Pac. Rail Corp. et al.*, Finance Docket No. 32760, Decision No. 44 (STB served Aug. 12, 1996) ("Decision No. 44") at 84.

In the STB's decision approving the UP/SP merger, the STB denied the conditions requested by the State of Utah primarily on the basis that the STB believed the requests were not competitively warranted. Decision No. 44 at 198. The STB's decision also stated that the oversight request "envisions an oversight regime lasting far longer than we hope will be necessary." *Id.* Utah agrees that it would be better for the State of Utah if no further oversight was necessary. However, the State of Utah believes that the oversight of the UP/SP merger should not be terminated at the end of this five year period. The State of Utah requests that the oversight be continued. In support of the State of Utah's request for the UP/SP merger oversight to continue, Utah submits a letter from Utah Governor Michael O. Leavitt, attached as Exhibit 1, and separate letters from Utah's United States Senators, Senator Orrin G. Hatch and Senator Robert Bennett.

In the Board's General Oversight Dec. No. 16, the STB stated that parties with competitive concerns should "present concrete evidence" of the competitive harm. See

-2-

General Oversight Dec. No. 16 at 10. This is exactly what the State of Utah is trying to complete. Accordingly, the State of Utah requests that the Board extend the oversight for another year and then reevaluate whether the oversight should be continued for another year. This process will not create a huge burden on UP and does not prejudice UP's service or operations. Instead, this process will give parties, such as the State of Utah, time to achieve resolution of outstanding issues regarding the merger.

During the continued oversight, the STB should continue to monitor the c npetitive impacts of the merger on the Central Corridor<sup>1</sup> and Utah in particular. The UP/SP's Western service crisis in 1997 and 1998, while over now, made a huge portion of time of the five year oversight unavailable for UP to focus on anything but service issues. As a result, parties such as the State of Utah, are still negotiating an agreement with the UP on ways in which to monitor and fix any competitive problems resulting from the merger. For example, UP and the State of Utah are still negotiating the implementation of the Utah rail rates audit that the State of Utah requested during the merger. *See* Exhibit 1, attachment A. (Letter between Governor Michael O. Leavitt and Richard Davidson, Chairman of the Union Pacific Railroad). Thus, the oversight shoulo be continued to review the results of the Utah rate audit and to impose any relief as merited by the audit.

In addition, Utah believes that there has not been sufficient oversight of the UP/SP merger to fully assess the ability of the BNSF to be an effective competitor to UP in the Central Corridor. The State of Utah continues to be concerned that the BNSF trackage

<sup>&</sup>lt;sup>1</sup> The Central Corridor means the rail line between Denver, Colorado and Northern California.

rights fee has not sufficiently permitted BNSF to be an effective competitor in the Central Corridor and for shipment of Utah coal. Utah believes that the competitive conditions imposed by the STB in the UP/SP merger should mandate that competition in the Central Corridor and Utah be vigorous and robust. There has not been sufficient evidence to maintain that there is such competition between UP/SP and BNSF in the Central Corridor or Utah. The Utah rate audit will be one method to determine the existing level of competition between UP/SP and BNSF. As a result, the STB should continue the oversight to evaluate these concerns.

### CONCLUSION

The State of Utah is still anxious to work with UP, BNSF and the STB to resolve the competitive issues resulting from the UP/SP merger. Utah respectfully requests that the STB continue the oversight of the UP/SP merger to facilitate and protect Utah's interests in the competitive climate resulting from the UP/SP merger. Respectfully submitted,

٠.

## FOR THE STATE OF UTAH

RAY HINTLE Assistant Attorney General 236 State Capitol Salt Lake City, UT 84114

**EXHIBIT 1** 



STATE OF UTAH OFFICE OF THE GOVERNOR SALT LAKE CITY 84114-0601

OLENE S. WALKER

August 15, 2001

The Honorable Linda J. Morgan, Chairman Surface Transportation Board 1925 K Street, NW Washington, DC 20423-0001

> Re: Finance Docket No. 32760 (Sub-No. 21), Union Pacific Corp., et al. – Control and Merger – Southern Pacific Fail Corp., et al. – Oversight

Dear Chairman Morgan:

The State of Utah is very appreciative of the contribution the Union Pacific Railroad ("UP") has made to our economic development and standard of living over the last 132 years, and we look forward to many more years of a mutually beneficial relationship. I am writing to you at this time, however, to express my continued interest in the impact on the State of Utah resulting from the merger of UP and the Southern Pacific Railroad ("SP"), collectively ("UP/SP"). As you will recall, prior to the Surface Transportation Board's ("STB") approval of the UP/SP merger I requested that the STB impose certain conditions on the merger. These conditions included: (1) reducing The Burlington Northern Santa Fe Railway ("BNSF") trackage rights fee; (2) requiring an annual audit, paid for b; UP/SP, of Utah rail rates; and (3) and establishing an oversight of at least 15 years.

In the STB's decision approving the UP/SP merger, the STB denied these requested conditions primarily on the basis that the STB believed the requests were not competitively warranted. The STB's decision also stated that the oversight request "envisions an oversight regime lasting far longer than we hope will be necessary." While I agree that it would be better for the State of Utah if no further oversight was necessary, I do not believe that the oversight of the UP/SP merger should be terminated at the end of this five year period. On behalf of the State of Utah, I request that the oversight be continued.

During the continued oversight, the STB should continue to monitor the competitive impacts of the merger on the West and Utah in particular. The UP/SP's western service crisis in 1997 and 1998, while over now, made a large portion of time of the five year oversight unavailable for UP to focus on anything but service issues. As a result, parties such as the State

MICHAEL O. LEAVITT

of Utah, are still negotiating an agreement with the UP on ways in which to monitor and fix any competitive problems resulting from the merger. For example, UP and the State of Utah are still negotiating on the implementation of the Utah rail rates audit that the State of Utah requested during the merger. See attachment A to this letter. (Letter between Richard Davidson, Chairman of the Union Pacific Railroad, and me). Thus the oversight should be continued to review the results of the Utah rate audit and to monitor any relief merited by the audit.

In addition, there has not been sufficient oversight of the UP/SP merger to fully assess the ability of the BNSF to be an effective competitor to UP in the Central Corridor (the Central Corridor means the rail line between Denver and Northern California). I continue to be concerned that the BNSF trackage rights fee has not sufficiently permitted BNSF to be an effective competitor in the Central Corridor for most commodities, including Utah coal. I believe that the competitive conditions imposed by the STB in the UP/SP merger should mandate that competition in the Central Corridor and Utah should be vigorous and robust. There has not been sufficient evidence to maintain that there is such competition between UP/SP and BNSF in the Central Corridor or Utah. The Utah rate audit agreement will be one method to determine the existing level of competition between UP/SP and BNSF. As a result, the STB should continue the oversight to evaluate these concerns.

Thank your for your attention to the concerns of the State of Utah. Utah is anxious to work with UP, BNSF and the STB to resolve the competitive issues resulting from the UP/SP merger. Utah looks forward to taking an active role in the review of the Utah rates audit and further assessing the competitive situation in the Central Corridor and Utah. The STB should continue the oversight of the UP/SP merger to facilitate and protect Utah's interests in the competitive climate resulting from the merger.

Michael O. Leavitt, Governo

Michael O. Leavitt, Governa State of Utah 210 State Capitol Salt Lake City, UT 84114 801-538-1000

cc:

Vice Chairman William Clyburn, Jr. Commissioner Wayne O. Burkes

ATTACHMENT A

## UNION PACIFIC CORPORATION



DICK DAVIDSON

June 27, 1996

The Honorable Michael O. Leavitt 210 State Capitol Salt Lake City, Utah 84114

Dear Governor Leavitt:

To allay your concerns that Utah shippers will be disadvantaged compared to similarly situated shippers in other states with respect to future rail rates as a result of our proposed merger with the Southern Pacific, Union Pacific is willing to make the following commitment in consideration for your support of our merger:

Union Pacific agrees that for a period of ten years following consummation of our merger with the Southern Pacific, we will not increase our rail rates to shippers terminating or originating traffic in Utah by a percentage greater than increases for comparable shippers (comparability being determined by the usual factors, i.e., product and geographic market, length of haul, volume, cost and length of contractual commitment) located in other states in our rail system.

Compliance with this commitment will be verified by an audit conducted at the State's request no more than annually by an independent auditor mutually agreeable to Union Pacific and the State of Utah, the cost of which will be divided between us. Should the auditor find that any rates are in noncompliance, taking into account the abovementioned comparability factors, he shall recommend appropriate adjustment in the form of restitution in the amount of the overcharge which shall be paid by Union Pacific to any affected shippers.

Obviously, given the highly-sensitive nature of the rate data to be reviewed by such an auditor, it is imperative that the data and the results of the audit be kept strictly confidential.

I trust that this will satisfy your concerns and that you and Utah will support our merger.

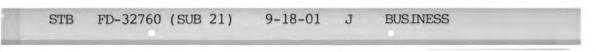
truly-your

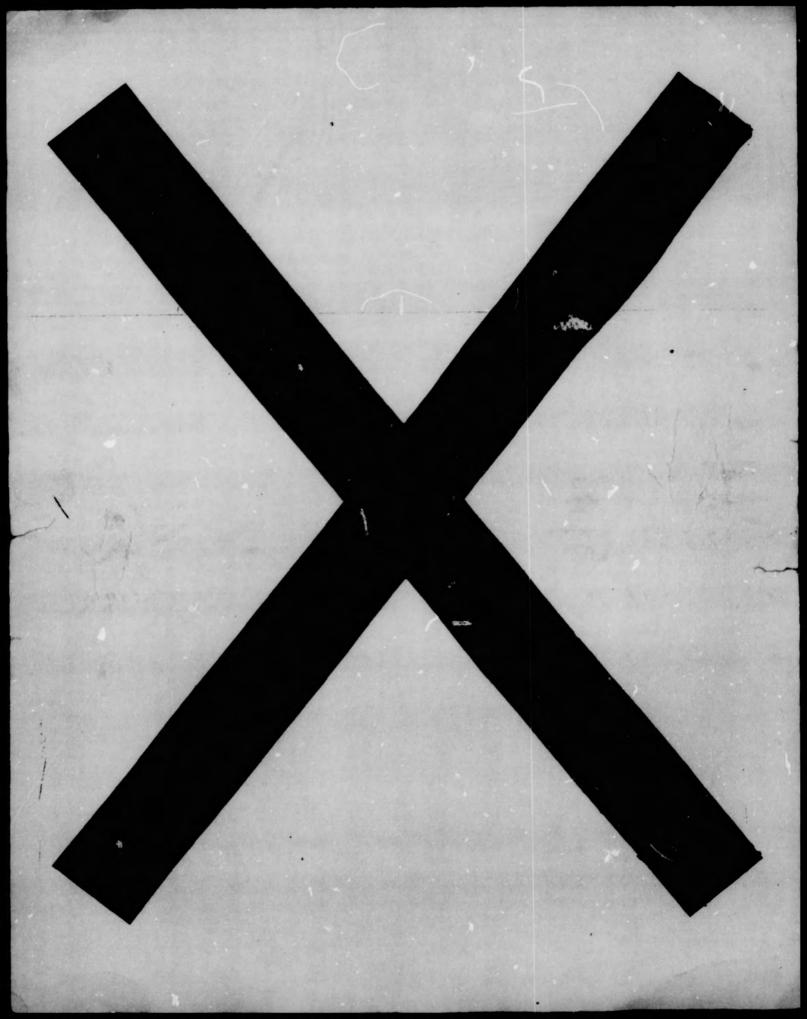
MARTIN TOWER. EIGHTH AND EATON AVENUES, BETHLEHEM, PA 18018 . 610 861 3391

# CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing Comments Of The State of Utah on Union Pacific's Fifth Annual Oversight Report were served this 17<sup>th</sup> day of August, 2001, by first class mail, postage prepaid or hand delivery, on all parties of record before the Surface Transportation Board in STB Finance Docket No. 32760 (Sub-No. 21).

Bridget Fine







## National Rural Electric Cooperative Association

A Touchstone Energy Cooperative

4301 Wilson Boulevard Arlington, Virginia 22203-1860 Telephone: (703) 907-5500 TT-(703) 907-5957 www.nreca.org



September 11, 2001

Surface Transportation Board Office of the Secretary Case Control Unit 1925 K Street N.W., Washington, D.C. 20423

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

The National Rural Electric Cooperative Association (NRECA) is the national service organization representing 930 electric power systems that supply central station electricity to 35 inillion consumer-owners in 46 states. Of these rural electric systems, 60 are generation and transmission cooperatives, which are owned by and serve approximately 685 of the 870 distribution systems. NRECA provides these comments on behalf of its member systems.

Almost seventy-five percent of the electricity generated by the G&T cooperatives for their members is derived from coal-fired power plants. In some instances, coal can be delivered by trucks from local mines, but barge or rail transportation from more distant sources is often required. In the case of coal from the Powder River Basin (PRB) in Wyoming, from which NRECA members consume tens of millions of tons annually, rail transportation is almost always required.

Many of the generating cooperatives have been highly concerned about the effects of mergers of Class I railroads on rail competition. Based on this concern, NRECA Las previously submitted comments to the Board regarding the importance of effective rail competition for our membership.

NRECA is now renewing and extending those comments as they relate to the submission made by the Cowboy Railroad Development Company (CRDC) in this proceeding. CRDC indicates that it is in the process of developing a highly efficient rail route from the PRB to Kansas City, and describes specific areas where the loss of a neutral SP impairs its ability to reach significant markets with competitive new transportation options.

#### SURFACE TRANSPORTATION BOARD SEPTEMBER 7, 2001 PAGE 2

NRECA urges the Board to .ecognize that participation by new entrants, such as CRDC, is a significant part of a competitive marketplace. NRECA believes that it is essential for the Board to ensure that rail mergers are not used to deny rail-served markets the competitive benefits that may result from new entry. It is particularly important when, as in this case, the traffic volume at issue is large, growing and crucial in the context of domestic energy supply.

Therefore, NRECA urges the Board to grant CRDC's request, and extend oversight in this merger with respect to the subject traffic and lines.

We thank you for this opportunity to participate in the oversight of the UP/SP merger.

Sincerely,

John 2001

John Holt Manager, Generation and Fuels



### MAYER, BROWN & PLATT

1909 K STREET, N.W.

WASHINGTON, D.C. 20006-1101

Erika Z. Jones Direct dial: (202) 263-3232 Direct fax: (202) 263-5232 EJONES@MAYERBROWN.COM



MAIN PHONE (202) 263-3000 MAIN FAX (202) 263-3300

July 16, 2001

#### VIA HAND DELIVERY

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

JUL 17 2001

Public Record

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

Dear Secretary Williams:

This is to inform the Board that. pursuant to the Board's Decision No. 16 in the abovereferenced proceeding, The Burlington Northern and Santa Fe Railway Company is making available its 100% traffic tapes for the period of July 1, 2000 through June 30, 2001. These traffic tapes have been designated "Highly Confidential" under the Board's protective order issued in Decision No. 2, UP/SP, Finance Docket No. 32760 (served Sept. 1, 1995).

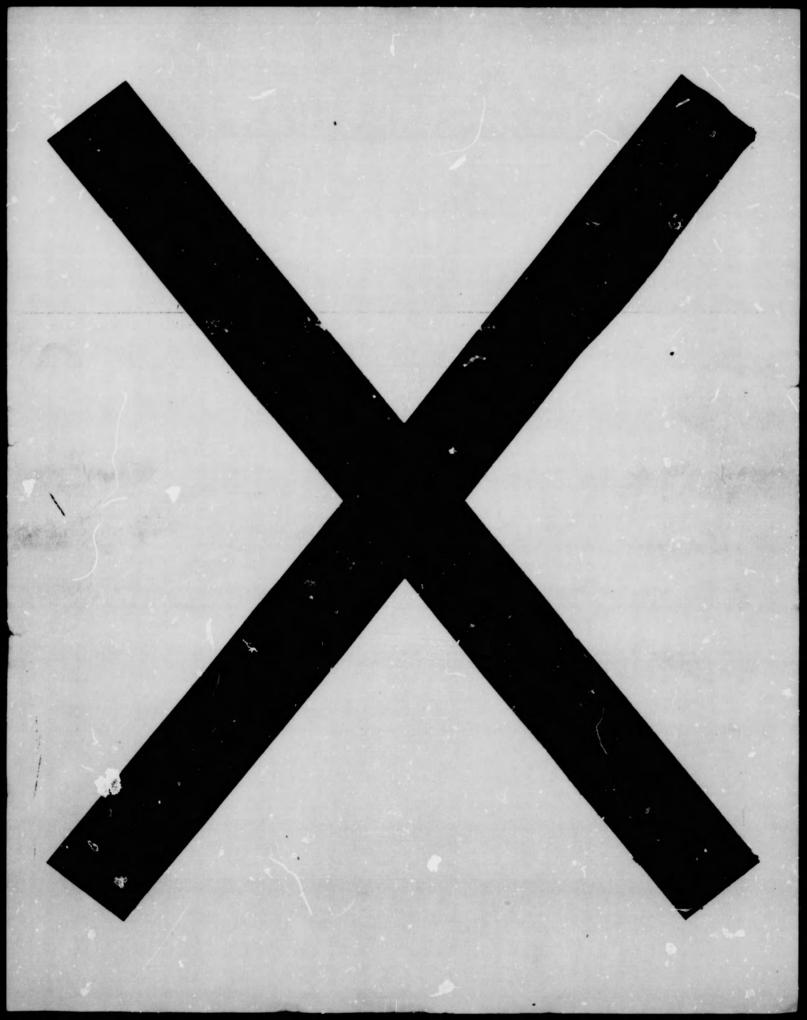
Interested persons may contact Adrian Steel at (202) 263-3237 to make arrangements for obtaining copies of such tapes.

Please date-stamp the enclosed extra copy of this letter and return it to the messenger for our files.

Sincerely,

cc: All Parties of Record

CHARLOTTE CHICAGO COLOGNE FRANKF(:RT HOUSTON LONDON LOS ANGELES NEW YORK PALO ALTO PARIS WASHINGTON INDEPENDENT MEXICO CITY CORRESPONDENT JAUREGUI, NAVARRETE, NADER Y ROJAS





# 201838

# TROUTMAN SANDERS LLP

ATTORNEYSAT LAW

401 9TH STREET, N.W. - SUITE 1000 WASHINGTON, D.C. 20004-2134 www.troutmansanders.com TELEPHONE: 202-274-2950

William A. Mullins william.mullins@troutmansanders.com Direct Dial: 202-274-2953 Fax: 202-654-5621

March 22, 2001

The Honorable Vernon A. Williams Secretary Surf ve Transportation Board 192. K Street, N.W. Room 711 Washington, DC 20423-0001 Office of the Secretary

MAR 22 2001

Part of Public Record



RE: Finance Docket No. 32760 (Sub-No. 21) Union Pac. Corp. et al -- Control and Merger --Southern Pac. Rail Co. et al.

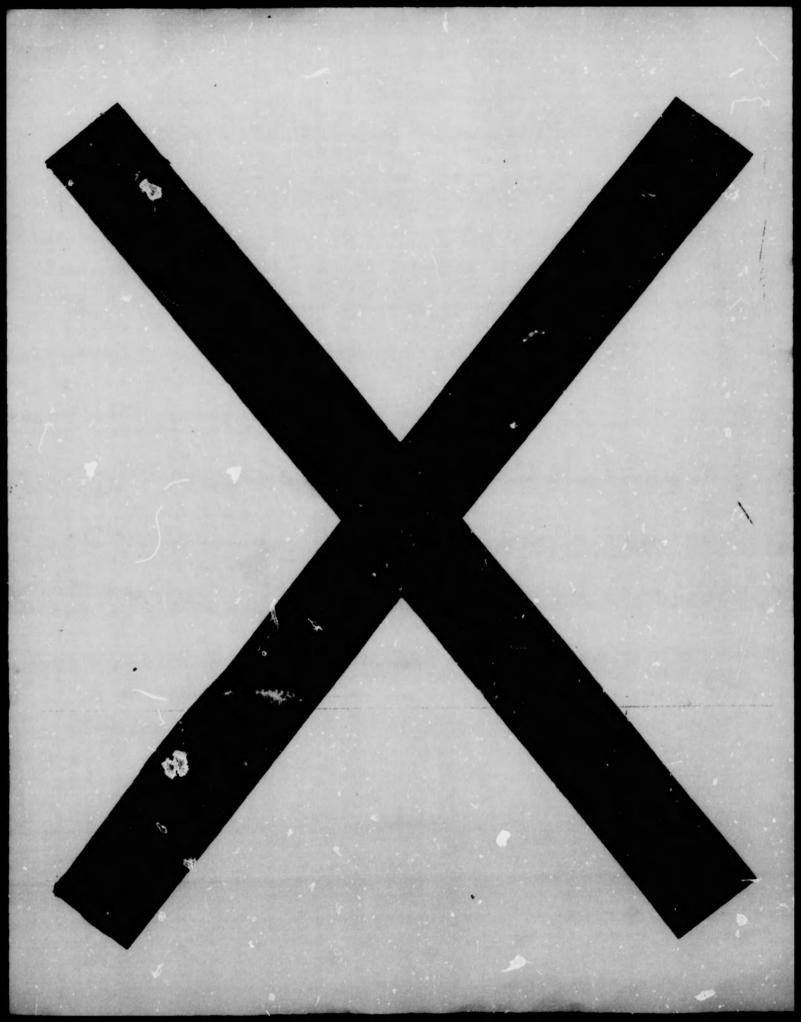
Dear Secretary Williams:

The Kansas City Southern Railway Company ("KCS") has received the joint letter to you, dated March 13, 2001, from Adrian L. Steel, Jr., counsel for The Burlington Northern and Santa Fe Railway Company, and J. Michael Hemmer, counsel for Union Pacific Railroad Company, concerning those parties' efforts to "update" the Settlement Agreement imposed as a condition in the UP/SP merger proceeding, as expanded by the Board in Decision No. 44 and subsequent decisions. Based upon their representation, contained in that letter, that the issues being negotiated by the parties have a nexus to the UP/SP merger and upon their assurance that KCS and other parties will have the opportunity to comment on the revised Agreement after it is filed with the Board, KCS will reserve further comment on the negotiations until the Agreement is made a part of the docket. However, KCS reserves the right to renew its request for an evidentiary proceeding, including discovery, if the revised Agreement warrants such action.

Respectfully submitted,

William A. Multins, Esq. Attorney for The Kansas City Southern Railway Company

cc: The Honorable Linda J. Morgan The Honorable Wayne O. Burkes The Honorable William Clyburn, Jr. All Parties of Record





201792

MAR 1 3 2001

RECEIVED

### HAND DELIVERY

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

> Re: Finance Docket No. 32763 (Sub-No. 21), Union Pacific Corporation, Union Pacific Railroad Company, and Missouri Pacific Railroad Company - Control and Merger - Southern Pacific Rail Company, St. Louis Southwestern Railway Company, SPCSL Corp., and The Denver and Rio Grande Western Railway Company

March 13, 2001

Dear Mr. Williams:

Kansas City Southern's February 23, 2001 letter reflects a profound misunderstanding of joint BNSF-UP efforts to amend and restate the "BNSF Settlement Agreement." Accordingly, the expensive, elaborate proceeding KCS suggests is unnecessary.

BNSF and UP are not "renegotiating the terms of the Settlement Agreement" as KCS asserts. As BNSF and UP have already explained in prior communications to the Board, they propose to update the Agreement to reflect the conditions imposed in Decision No. 44 and subsequent Board decisions that clarify or interpret the Agreement. In addition, they will attempt to resolve several definitional issues that have arisen over the years, issues the Board has never addressed. BNSF and UP are engaging in this project in keeping with the Board's directive to compile a restated agreement reflecting the Board's decisions and prior amendments to the Agreement.

KCS demands an evidentiary proceeding if BNSF and UP negotiate issues that are not "definitely related back to the conditions imposed by the Board in the UP/SP case." All of the issues BNSF and UP will discuss relate back to the UP/SP conditions, to the additional conditions imposed in the Houston/Gulf Oversight proceeding, or to the exchange of ownership interests in the former SP line between Houston and Avondale, Mr. Williams March 13, 2001 Page 2

Louisiana. Accordingly, even under KCS's test, there is no need for an evidentiary proceeding. BNSF and UP do not plan to discuss "new or modified access to shipper facilities also served by KCS or other carriers," which KCS believes would justify additional proceedings. KCS's fears about threats to "the regional railroad's ability to be a viable competitor" and "diminution in the strategic franchise values of regional railroads" are groundless.

In view of KCS's obvious misunderstanding of the BNSF-UP discussions, its proposal for a massive evidentiary proceeding with discovery, comments, and briefing should be rejected. KCS is highly anlikely to have any interest whatsoever in the modifications BNSF and UP will discuss. It nevertheless will have the opportunity to comment as it sees fit after the modified agreement is filed with the Board. KCS incorrectly states that UP plans to file the amended Settlement Agreement in the "next quarterly report." This is incorrect. BNSF and UP are only now beginning discussions.

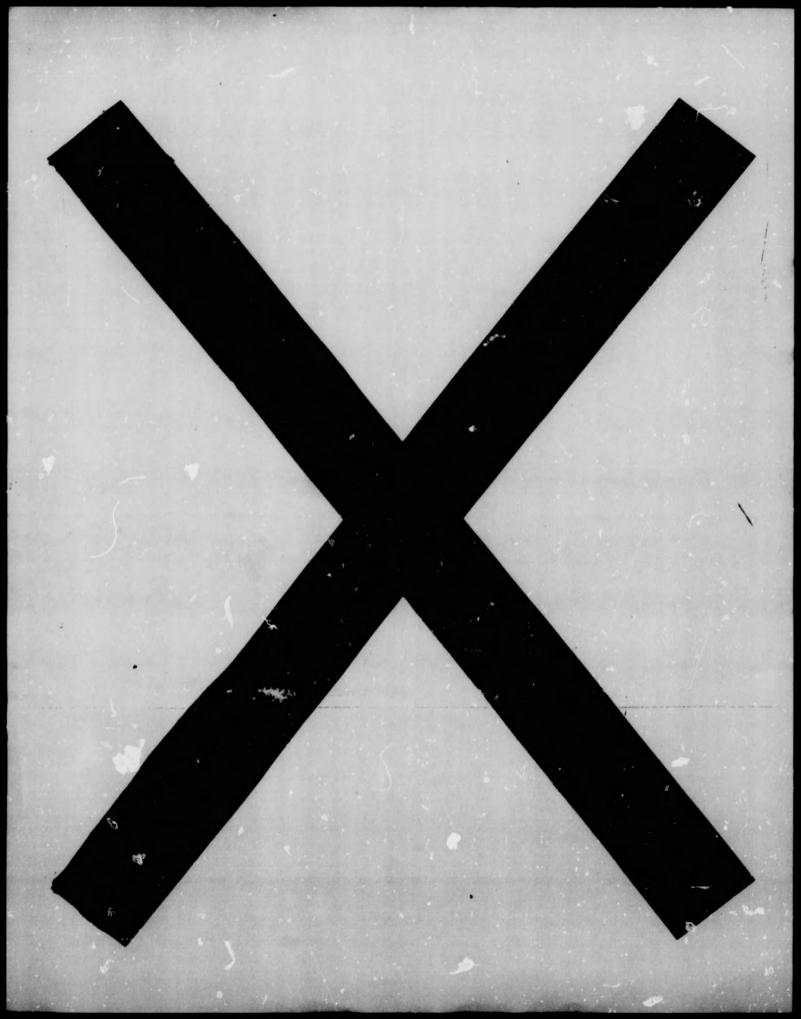
Sincerely,

anno. **1** Michael Hemmer

Adrian L. Steel, Jr. Counsel for The Burlington Northern and Santa Fe Railway Company

Counsel for Union Pacific Railroad Company

cc: The Honorable Linda J. Morgan The Honorable William Clyburn, Jr. The Honorable Wayne O. Burkes Mr. David M. Konschnik All parties of record





Betsy Berning Monseu Director Logistics



September 25, 2000

Honorable Vernon A. Williams Office of the Secretary Case Control Unit ATTN: STB Docket No. 32760 (Sub. No. 21) Surface Transportation Board 1925 K Street, N.W. Washington, D.C. 20423-0001



Re: <u>Union Pacific Corporation, et al. – Control and Merger – Southern Pacific</u> <u>Rail Corporation, et al.</u>, Finance Docket No. 32760 (Sub-No. 21) (Oversight)

Dear Sir:

This is a Notice of Change of Name and Address to advise you and all parties of record in the above-referenced proceeding to address all further correspondence, pleadings, notices and decisions in these proceedings as follows:

Betsy B. Monseu Director Logistics RAG Coal Sales of America, Inc. 94 Inverness Terrace East, Suite 120 Englewood, CO 80112-5300

Please delete the previously named representative and company, Richard J. Elston and Cyprus Amax Coal Sales Corporation, respectively, from the Service List in this proceeding.

In addition to the original, I am enclosing twenty-five (25) copies and a 3.5 inch diskette with this document.

Sincerely,

Betty B. Monsen

Betsy B. Monseu

Enclosures

cc: Parties of Record

94 INVERNESS TERRACE EAST, STE. 120, ENGLEWOOD, CO 80112 303/749-6433 FAX: 303/749-6449

Betsy Berning Monseu Director Logistics RAG Coal Sales of America, Inc.

September 25, 2000

Honorable Vernon A. Williams Office of the Secretary Case Control Unit ATTN: STB Docket No. 33407 Surface Transportation Board 1925 K Street, N.W. Washington, D.C. 20423-0001



Re: Dakota, Minnesota & Eastern Railroad Corporation Construction into the Powder River Basin, STB Finance Docket No. 33407

Dear Sir:

This is a Notice of Change of Name and Address to advise you and all parties of record in the above-referenced proceeding to address all further correspondence, pleadings, notices and decisions in these proceedings as follows:

Betsy B. Monseu Director Logistics RAG Coal Sales of America, Inc. 94 Inverness Terrace East, Suite 120 Englewood, CO 80112-5300

Please amend your records to reflect the change from the previously named company, Cyprus Amax Coal Sales Corporation, to the above, as well as the new address.

In addition to the original, I am enclosing twenty-five (25) copies and a 3.5 inch diskette with this document.

Sincerciy,

Bitsy B. Monsen

Betsy B. Morseu

Enclosures

cc: Parties of Record



Betsy Berning Monseu Director Logistics

September 25, 2000

Honorable Vernon A. Williams Office of the Secretary Case Control Unit ATTN: STB Docket No. 33388 (Sub No. 91) Surface Transportation Board 1925 K Street, N.W. Washington, D.C. 20423-0001



Re: <u>CSX Corporation and CSX Transportation, Inc. Norfolk Southern</u> <u>Corporation and Norfolk Southern Railway Company – Control and</u> <u>Operating Leases/Agreements – Conrail Inc. and Consolidated Rail</u> <u>Corporation</u>, STB Finance Decket No. 33388 (Sub No. 91) (Oversight)

Dear Sir:

This is a Notice of Change of Name and Address to advise you and all parties of record in the above-referenced proceeding to address all further correspondence, pleadings, notices and decisions in these proceedings as follows:

J. Tulley Jordan Vice President – Sales and Market Development RAG Coal Sales of America, Inc. 999 Corporate Boulevard Linthicum Heights, MD 21090-2227

Please delete from your records any listing of the previously named company, Cyprus Amax Coal Sales Corporation, and its representatives.

In addition to the original, I am enclosing twenty-five (25) copies and a 3.5 inch diskette with this document.

Sincerely,

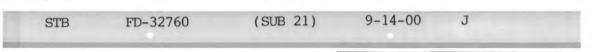
Betsy B. Morsen

Betsy B. Monseu

Enclosures

cc: Parties of Record







Office of the Bice-Chairman

Burface Transportation Board Bashington, B.C. 20423-0001

September 14, 2000

J. Michael Hemmer, Esq. Covington & Burling 1201 Pennsylvania Avenue, N.W. Washington, DC 20004-2401

> Re: STB Finance Docket No. 32760 (Sub-No. 21), Union Pacific Corp., et al – Control and Merger – Southern Pacific Rail Corporation, et al. – Oversight

Dear Mr. Hernmer:

I was very disappointed to receive a copy of your letter dated September 5, 2000 addressed to Vernon A. Williams in the above referenced proceeding (copy attached). Your letter questions the role of my Chief of Staff and advisor, Gerald W. Fauth III, in the Board's decision-making process, or more to the point, my decision-making process. Specifically, your letter includes the following statement:

We note that Gerald R.(sic) Fauth, who serves on the staff of Vice Chairman Burkes, offered testimony in this proceeding in favor of merger opponents and against the UP/SP applicants on the primary issues addressed in this year's oversight proceeding: competition in the Central Corridor and trackage rights compensation. We respectfully suggest that his participation in the proceeding now would raise questions about the objectivity of the Board's decision-making process. We assume that Mr. Fauth has already noted this situation and has taken appropriate steps to address it.

As you know, I am the decision-maker and not Mr. Fauth. As such, I generally read all the pleadings and obtain advice from Mr. Fauth and other members of our experienced staff before I make a decision. I can assure you that neither Mr. Fauth nor I prejudge any proceeding, including this proceeding, other ongoing proceedings or any future proceedings involving your firm or your client. In the end, I am the person that votes on decisions, not Mr. Fauth. I will render votes consistent with my own judgments. My final votes may or may not agree with the views of any of my advisors.

#### J. Michael Hemmer, Esq.

Regarding Mr. Fauth, he is a trusted advisor with an extensive background, which includes over 22 years of experience involving issues and proceedings before the Surface Transportation Board and its predecessor, the Interstate Commerce Commission. I was aware of Mr. Fauth's experience before the Board in the UP/SP Merger proceeding and other proceedings before he was hired and I value that experience. Indeed, I requested that Mr. Fauth be hired primarily because of his knowledge and experience in the railroad and shipping industry.

Contrary to your statement, Mr. Fauth has not offered testimony in the ongoing UP Oversight Proceeding (STB Finance Docket No. 32760 (Sub-No. 21)). Mr. Fauth was involved in the UP/SP Merger proceeding (STB Finance Docket No. 32760). However, he was an expert witness in that proceeding and not an advocate. His expert testimony, which I have reviewed, was submitted as part of the filing submitted by the Western Shippers' Coalition (WSC) on March 29, 1996 in the UP/SP Merger proceeding. His verified statement presented various economic analyses that were primarily based on the STB's Costed Waybill Sample and the STB's Uniform Railroad Costing System data. Mr. Fauth has informed me that his involvement with that group, and any other group or party in the UP/SP Merger proceeding, ended with the submission of his testimony and the issuance of the Board's decision approving the UP/SP merger on August 12, 1996.

As you know, the regulations issued by the Office of Government Ethics, which were adopted by the STB, primarily apply where an employee has a direct "financial interest" in a matter (5 CFR § 2635.502(a)). Mr. Fauth is not a UP stockholder nor does he have any financial interest in any other party involved in the UP/SP Merger or UP Oversight proceedings. His former client, the WSC, is a defunct organization. Neither Mr. Fauth, his former employer G. W. Fauth & Associates, Inc., nor the WSC has had any subsequent involvement in the UP/SP Oversight proceeding. It is therefore clear that Mr. Fauth has no financial interest in this matter.

Moreover, even if Mr. Fauth had been involved with the UP Oversight proceeding while still in private practice, the regulations provide that Mr. Fauth "may" have a potential conflict of interest only if he had performed work for an interested party "within the last year" (5 CFR § 2635.502(b)(iv)). As noted, Mr. Fauth's involvement in the UP/SP Merger proceeding was over 4 years ago.

Therefore, it is clear that under the ethics regulations there is no conflict of interest nor is there even an appearance of a conflict. Consequently, it appears that your objections to Mr. Fauth relate to the fact that his point of view in the matter over 4 years ago may have differed from your client's. The fact that he has extensive knowledge of the situation is of value to this agency and me and does not represent any potential conflict of interest or an appearance of a conflict.

#### J. Michael Hemmer, Esq.

I note that Mr. Fauth was on my staff and advising me when Decision No. 15 was issued on November 30, 1999 in the UP Oversight proceeding. That decision, which also addressed the "Central Corridor" issue, concluded that the UP service crisis was over and that the Board's conditions were effective in alleviating the competitive problems resulting from the merger. At that time, UP was aware of Mr. Fauth's background and experience and his employment on my staff. However, there were no objections from UP concerning Mr. Fauth's involvement in the proceeding nor were there any questions raised by UP with the results of the Board's decision.

From an overabundance of caution and concern for appearances, Mr. Fauth has offered to limit his participation in this proceeding to issues that do not relate to competition in the Central Corridor and trackage rights compensation, e.g. issues relating to UP's problems in the Houston area. I understand your concerns and take them seriously. However, I have not agreed to his offer of limited participation in this proceeding since I feel very strongly that there is no conflict of interest or even an appearance of one based on the ethics regulations and Mr. Fauth's limited involvement as an expert witness in a different procee ling for a now-defunct group over 4 years ago.

Very truly yours

Mayne O. Burkes

Linda J. Morgan William Clyburn Vernon A, Williams (Public Docket) Richard K. Davidson Mary E. McAuliffe

cc:

1201 PLNNSYLVANIA AVENUE NW WASHINGTON, DC WASHINGTON, OC 20004-2401 TEL 202.662.8000 FAX 202. 602.8201 WWW.COV.COM

NEW YORK LONDON BRUSSELS SAN FRANCISCO

J. MICHAEL HEMMER TEL 203.002.5576 FAX 202.778.5678 MHEMMER & COV.COM

September 5, 2000

### HAND DELIVERY

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

SEP - 6 2000

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

Dear Mr. Williams:

Enclosed for filing in the above-captioned proceeding are the original and 25 copies of IP's Reply to Comments (UP/SP-380). Kindly stamp and return the extra copy with our messenger. in

We note that Gerald R. Fauth, who serves on the staff of Vice Chairman Burkes, offered testimony in this proceeding in favor of merger opponents and against the UP/SP applicants on the primary issues addressed in this year's oversight proceeding; competition in the Central Corridor and trackage rights compensation. We respectfully suggest that his participation in the proceeding now would raise questions about the objectivity of the Board's decision-making process. We assume that Mr. Fauth has already noted this situation and has taken appropriate steps to address it.

Sincerely,

nike Hermine

J. Michael Hemmer

Enclosures

CC:

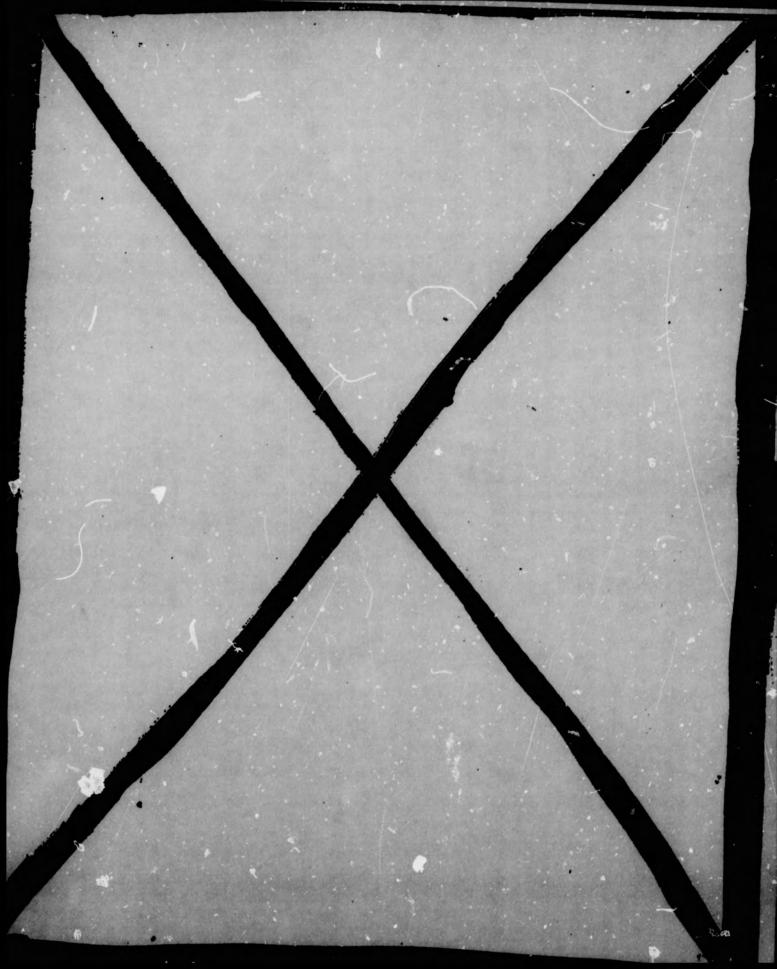
Hon. Linda J. Morgan Hon. Wayne O. Burkes Hon. William Clyburn, Jr. Mr. Gerald R. Fauth

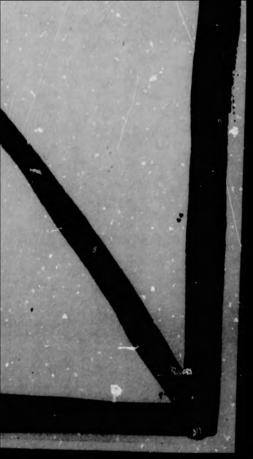
.... ANAGEMENT STB

10

Size :

A ....







1201 PENNSYLVANIA AVENUE NW WASHINGTON, DC WASHINGTON, DC 20004-2401 TEL 202.662.6000 FAX 202.662.6291 WWW.COV.COM

NEW YORK LONDON BRUSSELS SAN FRANCISCO

199724

ENTERED Office of the Secretary

2000 TEL 202.002.058 FAX 202.778.55\*2 Part Of DMEYER CONTINUE RECORD

September 13, 2000

#### **BY HAND**

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



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

Dear Mr. Williams:

The September 5, 2000 comments of the National Industrial Traffic League illustrate two procedural difficulties that we respectfully ask the Board to consider addressing in its UP/SP Oversight decision this yea" The Board's schedule for this Oversight proceeding contemplates that UP and BNSF must file comprehensive progress reports on approximately July 1 of each year. Parties may then file comments on those reports by mid-August each year, and UP and BNSF then have an opportunity to reply to those comments in early September. E.g., Decision No. 15.

The September 5 NITL filing includes allegations that certain coal customers have experienced higher rates, lower service levels, and more onerous contract terms. NITL received UP's progress report in July and could have raised these concerns in August, as contemplated by the Board's order. By withholding its allegations until September, NITL deprived UP and BNSF of the opportunity to respond to the assertions. Accordingly, we urge the Board to ask parties that wish to question the effectiveness of the Board's merger conditions to raise those concerns by the mid-August deadline, allowing UP and BNSF the opportunity to respond.

The NITL comments illustrate another problem, even with comments filed in compliance with the schedule. Like the comments filed by some other parties this year, they contain no specifics, but only generalized assertions. It is very difficult for UP and BNSF to respond to unsupported and vague assertions of competitive harm. The Board should make clear that such allegations will receive little or no weight.

The Honorable Vernon A. Williams September 13, 2000 Page 2

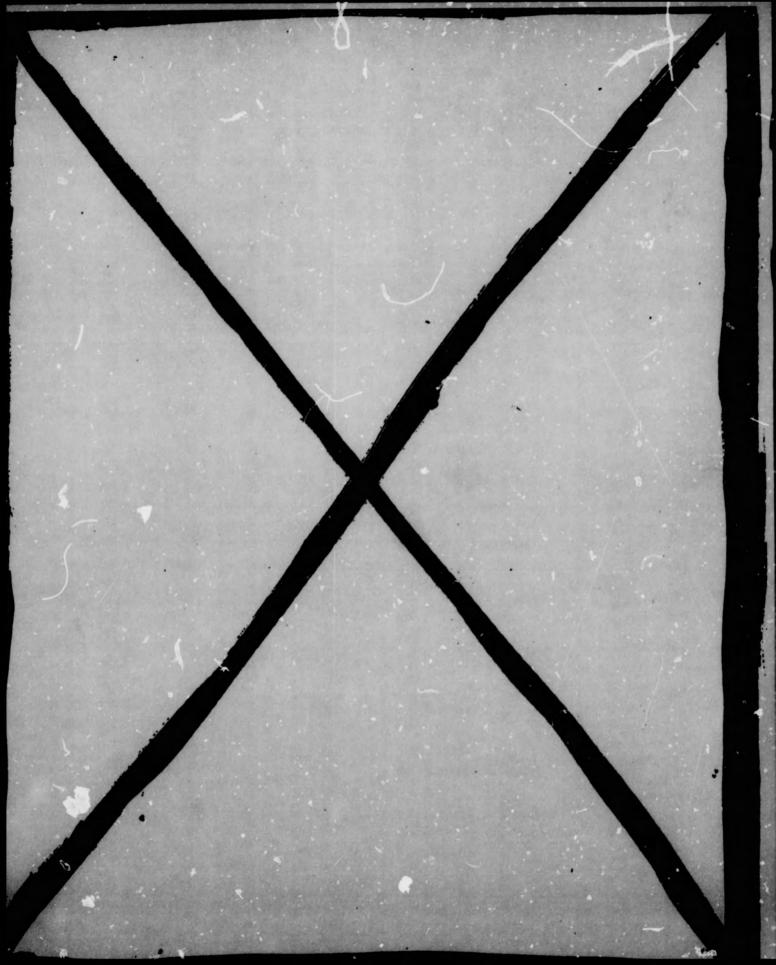
Thank you for your consideration.

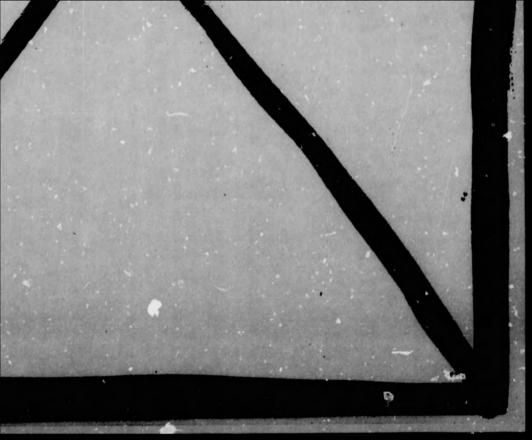
Sincerely,

De Mayer 6 1 J. Michael Hemmer

David L. Meyer

All Parties of Record cc:







LAW OFFICE

# MCLEOD, WATKINSON & MILLER

ONE MASSACHUSETTS AVENUE, N.W. SUITE 800 WASHINGTON, DC 20001-1401 (202) 842-2345 TELECOPY (202) 408-7763 KATHRYN A. KLEIMAN OF COUNSEL (\*Admitted in Virginia only)

ROBERT RANDALL GREEN LAURA L. PHELPS GOVERNMENT RELATIONS

> STEPHEN FRERICHS ECONOMIST

August 29, 2000

Office of the Secretary

AUG 3 0 2000

Part of Public Record

Honorable Vernon A. Williams Office of the Secretary Case Control Unit Attn: STB Docket No. 32760 and 32760 (Sub-No. 21) Surface Transportation Board 1925 K Street, N.W. Washington, D.C. 20423-0001

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

Union Pacific Corporation, et al. - Control and Merger - Southern Pacific Rail Corporation, et al., Finance Docket No. 32760 (Sub-No. 21) (Oversight) -1994 27

Dear Sir:

I am enclosing an original and twenty-five (25) copies of a Notice of Change of Address. I am also enclosing a 3.5 inch diskette with this document.

In addition, I am enclosing one additional copy which I ask that you date-stamp and return to our messenger. Thank you.

Sincerely

Charles A. Spululnik

Enclosure

MICHAEL R. MCLEOD WAYNE R. WATKINSON MARC E. MILLER RICHARD T. ROSSIER CHARLES A. SPITULNIK RICHARD PASCO PAUL D. SMOLINSKY Before the SURFACE TRANSPORTATION BOARD Washington, D.C.

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 SOUTWFSTERN RAILROAD COMPANY, SPCSL CORP. AND THE DENVER AND RIO GRANDE WESTERN RAILROAD COMPANY

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

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

NOTICE OF CHANGE OF ADDRESS

This is to notify this Board and all parties of record in the above-referenced

proceedings of the change of address of undersigned counsel, who is counsel for the

Intermountain Power Agency and the Southern California Regional Rail Authority in this

proceeding. Please address all further correspondence, pleadings, notices and decisions

in these proceedings to counsel at this address.

Dated: August 29, 2000

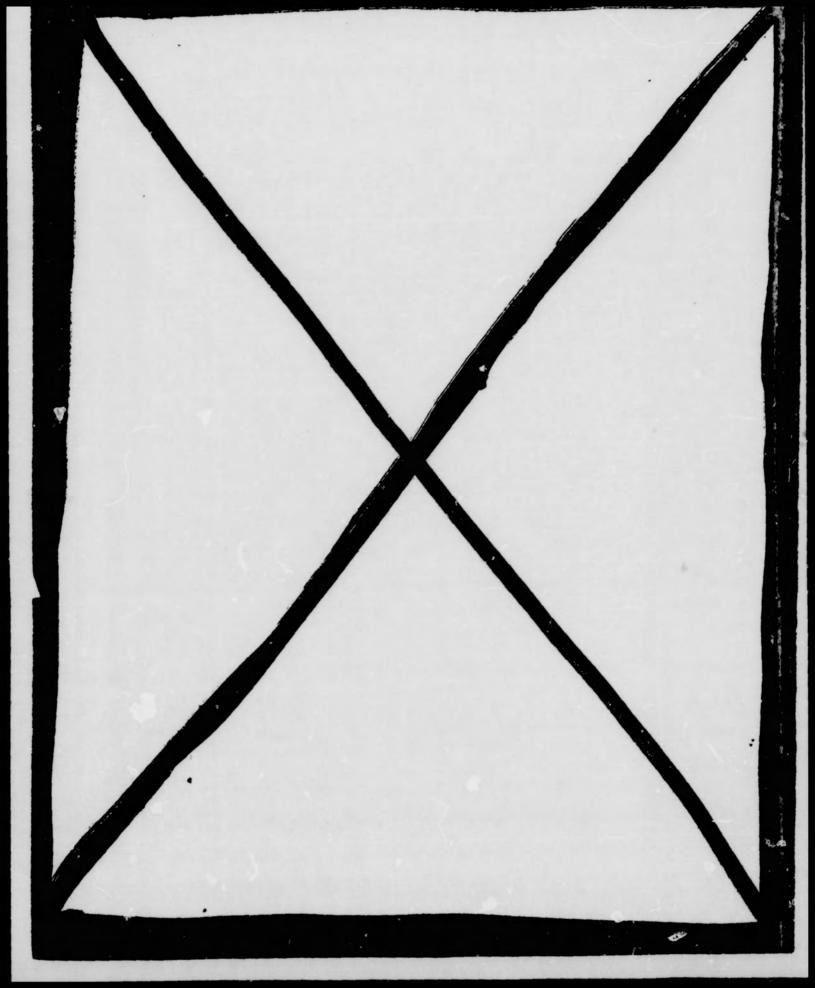
Charles A. Spitulnik () McLeod, Watkinson & Miller One Massachusetts Avenue, N.W. Suite 800 Washington, D.C. 20001 (202) 842-2345

# CERTIFICATE OF SERVICE

I hereby certify that I have this 29th day of August, 2000, caused to be served a copy of the foregoing Notice of Change of Address by first class mail on all parties of record in this proceeding.

have A

Charles A. Spitunik





MAIN TELEPHONE

202-263-3000

MAIN FAX

202-263-3300

# MAYER, BROWN & PLATT

1909 K STREET, N.W.

WASHINGTON, D.C. 20006-1101

ERIKA Z. JONES DIRECT DIAL (202) 263-3232 ejones@mayerbrown.com

July 14, 2000

#### VIA HAND DELIVERY

Honorable Vernon A. Williams Secretai Surface (ransportation Board 1925 K Street, NW Washington, DC 20423 Office of the Secretary JUL 1 4 2000

> Part of Public Record



Re: Finance Docket No. 32709 (Sub-No. 21)

Dear Secretary Williams:

This is to inform the Board that, pursuant to the Board's Decision No. 15 in the above-referenced proceeding, The Burlington Northern and Santa Fe Railway Company is making available its 100% traffic tapes for the period of July 1, 1999 through June 30, 2000. These traffic tapes have been designated "Highly Confidential" under the Board's protective order issued in Decision No. 2, UP/SP, Finance Docket No. 32760 (served Sept. 1, 1995).

Interested persons may contact Kelley Campbell at (202) 263-3206 to make arrangements for obtaining copies of such tapes.

Please date-stamp the enclosed extra copy of this letter and return it to the messenger for our files.

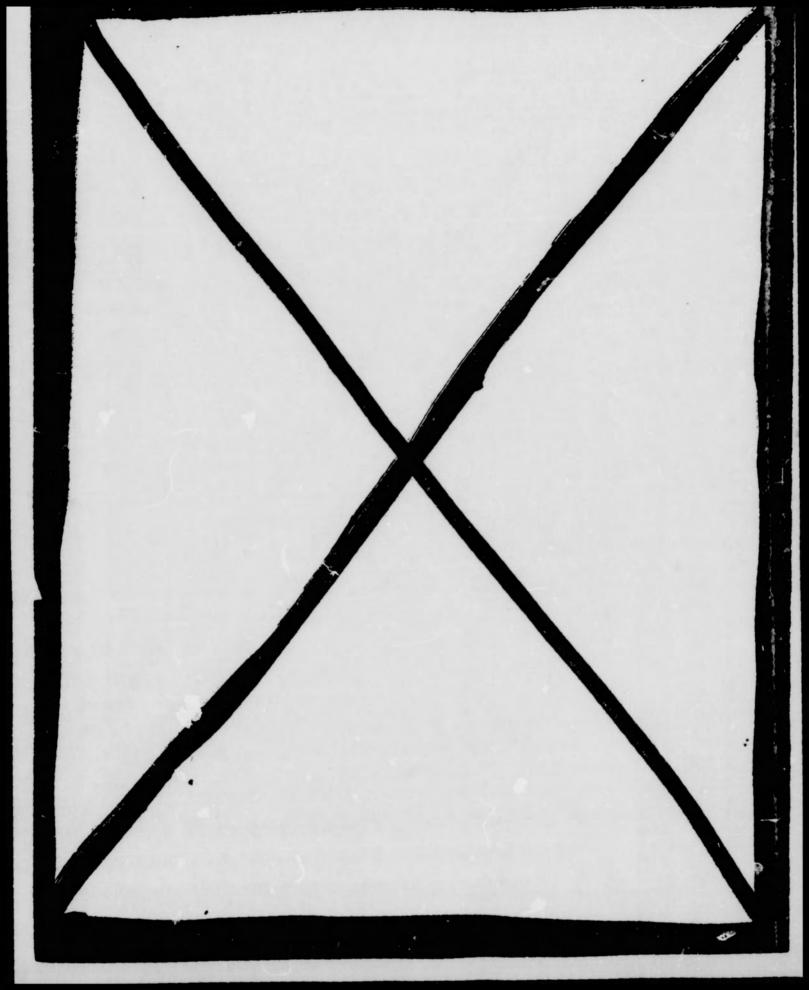
Sincerely,

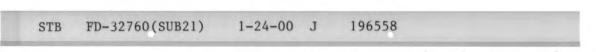
Erka B. Jones EC

Erika Z. Jones

cc: All Parties of Record

CHICAGO BEPLIN CHARLOTTE COLOGNE HOUSTON LONDON LOS ANGELES NEW YORK WASHINGTON INDEPENDENT MEXICO CITY CORRESPONDENT: JAUREGUI, NAVARRETE, NADER Y ROJAS INDEPENDENT PARIS CORRESPONDENT: LAMBERT & LEE





1201 PENNSYLVANIA AVENUE NW WASHINGTON, DC WASHINGTON, DC 20004-2401 TEL 202.662.6000 FAX 202.662.6291 www.cov.com

NEW YORK LONDON BRUSSELS SAN FRANCISCO

Office of the Secretary

J. MICHAEL HEMMER TEL 202.662.5578 FAX 202.778.5578 MHEMMER COV.

January 24, 2000

10/111

RECEIVED

MANAGEMENT

STB

JAN

24 2000

JAN 2.4 2000

Part of Public Record HAND DELIVERY

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

> Finance Docket No. 2760 (Sub-No. 21) Union Pacific Corporation, Re: et al. -- Control and Merger -- Southern Pacific Rail Corporation, et al.

Dear Mr. Williams:

On January 18, 2000 BNSF filed its Quarterly Report in the above-captioned proceeding (BNSF-PR-14). The report includes an 81-page discussion of BNSF's implementation of its own merger. As this material has little or no bearing on the UP/SP proceeding, UP does not intend to address it. Our silence should not be interpreted as embracing BNSF's statements.

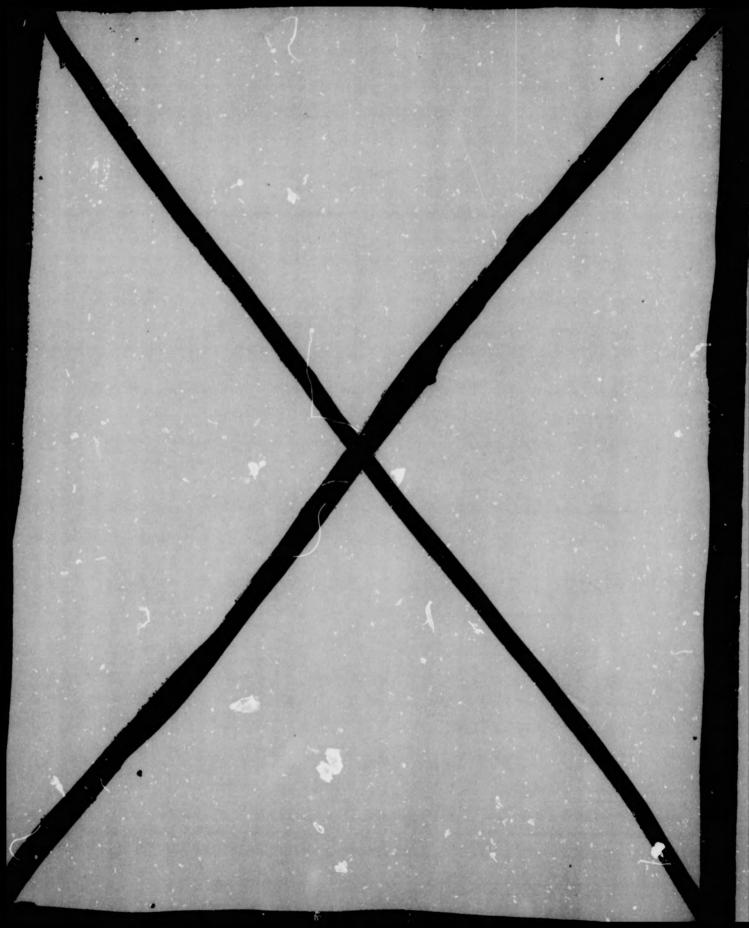
Although there was no apparent reason for BNSF to submit this unprecedented merger report in the UP/SP docket, BNSF's filing is highly pertinent in another proceeding. BNSF may be seeking to influence the Board's views of BNSF's proposed consolidation with CN. BNSF should have served this material on all parties to the BNSF/CN proceeding.

Sincerely

J. Michael Her Michael L. Rosenthal **Counsel for Union Pacific Railroad** Company

cc:

All Parties of Record in Finance Docket 32760 (Sub-No. 21) All Parties of Record in Finance Docket 33842





1201 DENNSYLVANIA AVENUE NW WASHINGTON DC WASHINGTON, DC 20004-2401 TEL 202.682.8000 FAX 205 662 6201 WWW.COV.COM

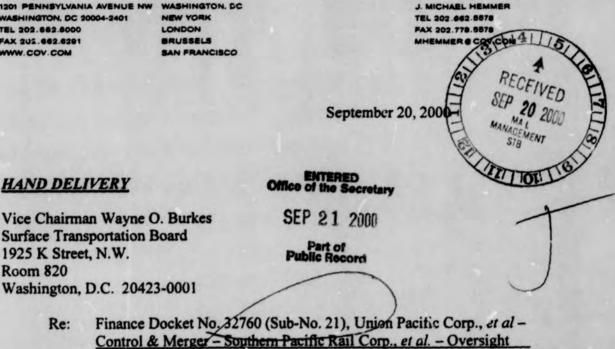
HAND DELIVERY

1925 K Street, N.W.

Re:

Room 820

NEW YORK LONDON BRUSSELS SAN FRANCISCO



Dear Vice Chairman Burkes:

Thank you for taking the time to respond to my letter dated September 5, 2000, which mentioned Union Pacific's concerns about the appearance of possible prejudgment of issues in this proceeding. We also appreciate Mr. Fauth's offer to limit his participation to avoid that appearance.

We never doubted that you would reach your own judgments on all matters that come before you as Board Vice Chairman. As you know, UP never suggested that you should in any manner restrict your involvement in this proceeding, and we never intended to question your decision-making.

Our concern was that you might receive and r ly on advice from Mr. Fauth without being aware that the advice could be infected by his prior conclusions. As your letter confirms, Mr. Fauth's advice is valuable to you, as it should be. It was reasonable for us to assume that you would seek and consider his advice. If not, he would be of little value to you.

Mr. Fauth reached professional conclusions directly adverse to UP on the very issues before you and other Board members today. He swore to those conclusions under oath. UP therefore was concerned not about the positions of a now-defunct organization, but about Mr. Fauth's sworn professional judgments on these issues.

Vice Chairman Wayne O. Burkes September 20, 2000 Page 2

For example, three parties asked the Board on August 18, 2000 to consider whether the trackage rights fees BNSF pays UP are too high. On that question, Mr. Fauta testified on March 29, 1996:

> "It is clear that . . . the rates included in the UP/SP-BNSF agreement are unreasonably high from a rate, cost and market comparison. Consequently, BNSF will not be able to effectively compete for CO/UT/NV traffic and, thus, will not serve as a surrogate for the current competitive alternative, *i.e.*, SP."

Western Shippers Coalition Exhibit 2, March 29, 1996, p. 6. Several parties asked you last month to consider whether BNSF has the incentive to compete for Central Corridor traffic. Mr. Fauth stated under oath that it will not:

"BNSF will have little or no economic incentive to compete for this traffic."

Id. at 29. In short, Mr. Fauth swore in 1996 that he endorses the arguments that several parties presented to the Board last month.

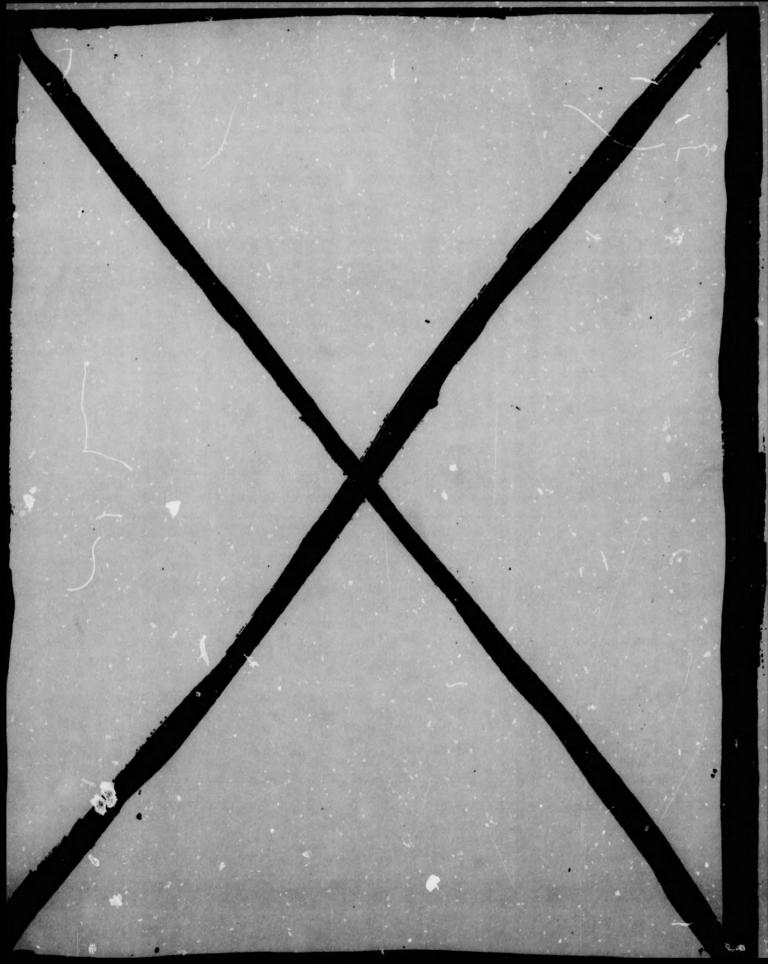
We think you would agree that if your Chief of Staff were a former railroad expert who had testified for UP on issues now before the Board, the transportation press would be in an uproar about the appearance of pre-judgment. Mr. Fauth's offer to limit his role would have avoided this appearance. We must respect your decision about Mr. Fauth's role, however, and we will rely on your assurances that Mr. Fauth's prior conclusions will not affect your independent judgment in resolving this proceeding.

Sincerely, b temma

J. Michael Hemmer

cc:

Chairman Linda J. Morgan Commission William Clyburn, Jr. Mr. Richard K. Davidson Ms. Mary E. McAuliffe







Bashington, D.C. 20423-0001

FILE IN DOCING JA-32760 (Sub-7621)

October 19, 1998

Mr. John B. Commer 1604 W. 31<sup>st</sup> Pine Bluff, AR 71603

Re: Rail Service Provided By UP/SP

Dear Mr. Commer:

Thank you for your recent letter, enclosing an article from the Arkansas Democrat/Gazette regarding the quality of service provided by the Union Pacific Railroad (UP). In your letter, you ask why UP's merger with the Southern Pacific Transportation Company (SP) was thrust upon consumers; you express concern about the quality of UP's service; and you ask why the Board reduced the reporting upon it imposed on UP. I will address each issue in turn.

Surface Transportatio . Brard

Under the law, the Board does not instigate rail mergers. Rather, railroads, which are private companies, decide in the first instance how they can operate most effectively and efficiently. If they decide to merge, they must file an application with the Board. The Board must approve the application if it finds that a merger will be in the long-term public interest.

In the case of the UP/SP merger, the Board found a vallety of long term public benefits that would likely result from the merger. The Board addressed those bendits in detail in its lengthy public decision, and I will not repeat them all here. What I will say here, however, is that, while some have argued that the merger reduced competition, in my view the merger was needed to maintain competition throughout the West. The Burlington Northern and Santa Fe Railway Company (BNSF) had emerged as a large, strong carrier, and it was becoming apparent that the SP system -- an antiquated, cash-strapped system -- was in the process of failing as a going concern. One of the reasons the Board approved UP's application to take over the SP before it failed was to ensure that there would be a railroad in the West that would be strong enough to compete with BNSF. I should note that, in approving the merger. the Board imposed many significant conditions giving other cander, -- most notably BNSF -- access to the UP/SP system to mitigate any competitive concerns about the merger. The Board recognizes that UP has had service problems over the past year, and has taken serious steps to address them. At the formal level, the Board held 2 days of oral hearings and issued an unprecedented emergency service order, which was in effect for the statutory maximum 270-day period, that modified certain UP operations, authorized other railroads to serve certain. UP customers, and required UP to file extensive reports on its performance to facilitate service monitoring, which UP is still filing in accordance with Board directive. At the informal level, our Office of Compliance and Enforcement, which established an open line of communication with senior staff of UP to ensure that complaints filed informally with the Board receive immediate attention, worked throughout the emergency with shipper interests to ensure better service.

. .

The service emergency on the UP system was caused by a variety of factors, most significantly in my view an inadequate infrastructure, including the deteriorating plant and equipment that UP inherited from SP. In recent months, UP has invested aggressively in its plant, equipment, and personnel, and, although some complaints remain, the situation is generally improving. I believe that it will continue to improve as long as significant infrastructure investment continues to be made, but I assure you that we at the Board will remain vigilant and will step in, as appropriate.

One way in which you suggest that the Board could step in would be by increasing the reporting burden on UP, which originally consisted of weekly reporting on several performance measure. The Board seriously considered the appropriate level of reporting. Recognizing that government paperwork requirements divert resources from restoring service, however, it concluded that bi-weekly reporting would be adequate to obtain a clear picture of the quality of UP's service. I have no basis on which to conclude at this time that more burdensome reporting would produce positive benefits; the current level of reporting allows the Board to continue to thoroughly monitor the UP system.

Thank you for letting me know about the issues that concern you. I share your concern over the service provided by UP and the other railroads, and I assure you that we are doing all that we believe is constructive to ensure that it continues to improve. If I can be of further assistance to you in this or any other matter, please do not hesitate to contact me.

Sincerely,

Junda & Morgan

Linda J. Morgan

SURFACE SPORTATION Oct 13 5 24 PM '98 1604 alt 312 Pine Blog. alona CHAIRM ORGAN Surfree Norgentation Boah Narhington. D.C. October 98 Re-Union Pacific Rail Post FILE IN DOCKET Dear Chainon Hevis another Copy of tem from pur corcing the continuing mis operation of the sel Southern Pacific "SP" Cotton Best Railross in thes section of the Contra (USA) Country (4SA). Us type stated - WHY? has this so called neger teen pushed upon the citizens and people of this aren of the crusty? The little Customer ar Consamer are paying huge perditer for i then so deliving on late deliving for rearly all the products harded or moved by This Railferd. Fatty in the Dallan to poper there have been reports of the easing of reports to 5TB about 4P and to operations. The reports need to be required more often and Where other rad rich new operate with ST3 but connot pick up - set out on delive products on account of Koother Service should be invotigated and maybe started to help the little custom that is forging a perdity on fight Bills and Charger for mis morequest by UP Rail. Hend you for your time Mayle the del saying Sugger as Better nuts to be chaged to Bigger mean my way on howay Sin Cerely Jule B. Commer

# Georgia-Pacific has rail plan



**Construction workers** lay steel rods as support for a concrete slab Tuesday at the rail center Georgia-Pacific is building in Crossett. The project will help Arkansas Democrat-Gazette/KAREN E. SEGRAVI

the company move its products more efficiently from southern Arkansas an area plagued by both rail gridlock and inadequate highways.

# Paper goods manufacturer constructing \$4 million ramp to hasten freight loading

BY CHARLENE OLDHAM ARKANSAS DEMOCRAT-GAZETTE

CROSSETT — Georgia-Pacific Corp. on Tuesday announced a rail project here that will help it move its products more efficiently from southern Arkansas — an area plagued by rail gridlock and inadequate highways.

The forest products manufacturer said it will build a 34 million ramp to ease the loading of products onto freight cars aboard Georgia-Pacific's own short-line railroad. Company officials said the project to be completed by November, will help cut transport times by eliminating the need to ship products to other ramps ov truck.

High freight rates and conges-

tion in the nation's rail system have forced companies like Georgia-Pacific to consider new means of moving goods. In the Atlantabased company's case, a \$150 million expansion in tissue-making operations here tied the knot.

"With the new tissue machine, we reached a point where it was critical to supplement the rucks, said Larry Ahlers, who heads Georgia-Pacific's Arkansas Louisiana & Mississippi Railroad Co.

It was also critical that the company do something to speed rail transportation, which has slowed to a crawl in some places and a stop in others since Union Pacific Railroad to a pumpy merger with Southern Pacific Transportation Corp. last year.

Snafus surrounding the \$5.4 billion deal. which was approved by the Federal Surface Transportation Board in 1996. have hit Georgia Pacific hard. Ahlers said.

The dwindling number of major U.S. railroads has accentuated the effect. As recently as 1980, shippers had their thouse of 40 major railroads. Today there are five.

"We went for periods of seven consecutive days where Union Pacific would not pick up any of our loads or send us back empty containers)." said Ahlers, who added Union Pacific normally picks up loads six days a week in See **PAPER**, Page 6C



Danny Amos (left) works with Virgil Smith as they measure sight lines Tuesday at a new rail server being suilt for Georgia-Pacific. The someany

employs 4.500 in southern Ankansas.

# Paper

Continued from Page 1D

Fordyce. There Georgia-Pacific ex-changes freight with the railroad in Arkensas.

Although the situation has improved lately, Georgia-Pacific's problems with the railroad are far from over, Ahlers said.

cantly higher than it was 18 months ago," he said. "It now takes days to get a shipment to Cali-fornia when it used to take 11," ments to the West Coast took as tong as 30 days when the tie-ups were at their worst.

Those delays and the lack of competition' between rail lines have prompted the company to pe-tition the federal Surface Trans-Portation Board to lift restrictions that bar Burlington Northern Santa Fe Corp., which also runs cars through Fordyce, from stopping there to pick up freight. "After this (Crossett) project is

finished and we get approval in

"I would like to emphasize that this will help, but not solve the transportation problems in south Arkansas."

-Ted Sapoznik, general manager of paper operations

Fordyce, we could get finished goods to California as cheaply as anybody, even with the production facility in Arkansas," said Mike Burandt, senior vice president for packaged products.

The ramp, which the company began building earlier this month will, will enable Georgia-Pacific by next year to ship 12,000 loaded containers annually, Burandt said.

That means the company, which employs more than 4,500 at facilities in Crossett, Ashdown, El Dora-do and North Little Rock, will have more transportation options during peak shipping periods like Christmas when trucks are in

short supply, Ahlers said. Company officials said those options are more important after expansion of the tissue-making facility, which was dedicated on Tuesday. The expansion created 120 new jobs here.

120 new jobs here. The expansion, which includes a tissue-making machine and two packaging lines, will increase the plant's production capacity by more than 60,000 tons a year to more than 415,000 tons, said Ted Sapoznik, gen-eral manager of Georgia-Pacific's paper operations in Crossett. But he added that even with the new rail project, the company may still have problems getting the fruits of the expansion to customers because of limited competition be-tween railroads and the lack of

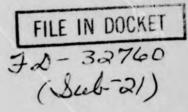
tween railroads and the lack of

four-lane highways in the area. "I would like to emphasize that this will help, but not solve the transportation problems in south Arkansas," he said at the dedica-tion ceremony, which were attend-ed by Gov. Mike Huckabee and Georgia-Pacific, Chairman and Chief Executive Pete Correll





Burface Transportation Board Washington, D.C. 20423-0001



October 19, 1998

The Honorable Dale Bumpers United States Senate Washington, DC 20510-0401

Re: Arkansas, Louisiana & Mississippi Railroad

Dear Senator Bumpers:

Thank you for your letter regarding the request of Arkansas, Louisiana & Mississippi Railroad (AL&M) for an order directing Union Pacific Railroad (UP) to give Burlington Northern and Santa Fe Railway (BNSF) access to traffic on UP's lines. We received your letter, which was originally sent to The Honorable Rodney E. Slater, Secretary, U.S. Department of Transportation, on October 15, 1998. In your letter, you ask the Board to look into the matter and provide some thoughts as to how to improve service in Arkansas and throughout the Nation.

I cannot address in any detail the specific issues raised by AL&M's request, because, as you know, the Board is conducting a formal proceeding, in the context of its oversight of the Union Pacific/Southern Pacific merger, to consider the matter. More generally, the Board recognizes the UP has had service problems over the past year, and has taken serious steps to address them. At the formal level, the Board held 2 days of oral hearings and issued an unprecedented emergency service order, which was in effect for the statutory maximum 270-day period, that modified certain UP operations, authorized other railroads to serve certain UP customers, and required UP to file extensive reports on its performance to facilitate service monitoring, which UP is still filing in accordance with Board directive. At the informal level, our Office of Compliance and Enforcement, which established an open line of communication with senior staff of UP to ensure that complaints filed informally with the Board receive immediate attention, worked throughout the emergency with shipper interests to ensure better service.

The service emergency on the UP system was caused by a variety of factors, most significantly in my view an inadequate infrastructure, including the deteriorating plant and equipment that UP inherited from SP. In recent months, UP has invested aggressively in its plant, equipment, and personnel, and, although some complaints remain, the situation is generally improving. I believe that it will continue to improve as long as significant infrastructure investment continues to be made, but I assure you that we at the Board will remain vigilant and will step in, as appropriate. I also assure you that as it considers proposals for changes affecting the UP service area, and for regulatory changes applicable to the industry in general, the Board will remain cognizant of the need for vigorous competition along with strong competitors in the West and throughout the Nation, and it will remain committed to issuing decisions that are in the interest of railroads, shippers, and the Nation as a whole.

I am having your letter and this response placed in the docket in the general UP/SP oversight proceeding. If I can be of assistance to you in this or any other matter, please do not hesitate to contact me.

Sincerely,

Linda J. Morgan Linda J. Morgan

DAT BUMPLIS

COMMITTEES: APPROPRIATIONS ENERGY AND NATURAL RESOURCES SMALL BUSINESS

FILE IN DOCKET

# United States Senate

WASHINGTON, DC 20510-0401

August 20, 1998

The Honorable Rodney E. Slater Secretary Department of Transportation 400 7th Street, S.W. Room 10200 Washington, D.C. 20590

CHAIRMAN MORGAN SURFACE 5 03 PH

Dear Rodney:

I am writing to express concern about the status of freight rail service in Arkansas. Georgia Pacific and International Paper, two major forest product companies in the state, have contacted my office to complain about the service provided by Union Pacific since the merger of Union Pacific and Southern Pacific in 1997.

Georgia Pacific owns a short line railroad, Arkansas, Louisiana and Mississippi Railroad (AL&M), that operates a 109 mile route between Fordyce, Arkansas, and Monroe, Louisiana. Georgia Pacific and International Paper are AL&M's biggest customers. AL&M and its customers used to be able to choose between Union Pacific, Southern Pacific, and Kansas Cir/ Southern -- a regional railroad. According to Georgia Pacific and International Paper, Lee 1997 Union Pacific-Southern Pacific merger has reduced the efficiency of service and caused substantially increased rates.

I understand that AL&M has filed a petition for alternate access with the Surface Transportation Board. I can not and am not taking a position with regard to that proceeding. However, I wanted to make the Department aware of a problem that may have been caused by the reduction of rail competition in Arkansas and would appreciate it if you could look into the matter and provide some thoughts as to how we can improve service in Arkansas and around the country.

Sincerely,

**Dale Bumpers** 



Office of the Secretary of Transportation

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

OCT 9 1998

The Honorable Linda Morgan Chairman Surface Transportation Board 1925 K Street, N.W. Suite 820 Washington, DC 20423

Dear Madam Morgan:

Enclosed are letters from Senator D'Amato, Senator Bumpers, and Jeff Moser, Democratic Nominee for the U. S. House of Representatives.

We believe their concerns falls within your jurisdiction and we have taken the liberty of forwarding these letters to your office for review.

Thank you for your assistance.

Sincerely. ford

Peggy J. Burford V Information Management Specialist.

Enclosures





Office of the Chairman

Burface Trar sportation Board Washington, D.C. 20423-0001

FILE IN DOCKET 30-32760 (Sul-21)

September 28, 1998

The Honorable Barbara Lee U.S. House of Representatives 1301 Clay Street, Suite 1000N Oakland, CA 94612

Att: Mr. Carlos Plazola

Re: Letter from Mr. Kirk Hundven

Dear Congresswoman Lee:

Thank you for your letter asking the Board to look into the concerns raised by Mr. Kirk J. Hundven, District Chairman, Allied Services Division--TCU, over certain actions taken by the Union Pacific Railroad (UP) with respect to employees that are represented by his union. In his letter to you, Mr. Hundven states that, in the process of implementing its merger with the former Southern Pacific Rail Corporation (SP), UP has harassed, intimidated, and discriminated against employees and has violated employee rights under existing collective bargaining agreements and the merger implementing agreement he refers to as NYD 217.

I received a similar letter directly from Mr. Hundven vhich I forwarded to Richard K. Davidson, UP's Chairman and Chief Executive Officer, for a response. In his response, Mr. Davidson addressed the several issues that Mr. Hundven raised in his letter. Mr. Davidson indicated that certain work has been contracted out, where it became unfeasible to continue performing the operations in-house, but that contracting out is permitted under the collective bargaining agreement into which UP and Mr. Hundven's union entered He stated that certain jobs were eliminated because they were incompatible with UP's TCS computer system, on which clerks in Mr. Hundven's union have been offered training. Finally, Mr. Davidson recognized that there were some delays between the time when a clerk exercised an option regarding his or her position and the time when a position was actually changed, but he stated that, whenever the date on which a position was affected was changed by more than 60 days, the employee would be permitted to change his or her option. The law that the Board administers establishes a negotiation and arbitration process as the proper way to resolve certain important issues relating to employee rights that may be affected by the implementation of a transaction such as the UP/SP merger. First, under the law, a railroad participating in a merger must negotiate implementing agreements with the unions that represent its employees. If the parties are unable to agree upon the terms for implementing the transaction, the matter is resolved through arbitration. Second, employees adversely affected by a merger are entitled to the protections provided in <u>New York Dock Ry.--Control--Brooklyn Eastern Dist.</u>, 360 I.C.C.60 (1979). Again, disputes over whether employees are entitled to <u>New York Dock</u> protections can be resolved through arbitration. Finally, Article I, section 11 of <u>New York Dock</u> provides that disputes arising under Board-imposed labor protection -- involving, for example, claims that railroads are violating implementing agreements entered into under <u>New York Dock</u> -- shall be resolved by arbitration, and it establishes the mechanism for doing so.

1

The Board may become involved in review of decisions of arbitrators acting under the laws administered by the Board. The Board cannot, however, become involved in claims that management has violated a particular collective bargaining agreement (CBA) that has not been modified by an implementing agreement pursuant to a Board-approved transaction. Those sorts of claims must be resolved under the procedures of the Railway Labor Act, with which the Board has no direct involvement.

Mr Hundven indicates that he is not satisfied with the way certain provisions of collective bargaining agreements and the implementing agreement referred to as NYD 217 are being carried out. I have advised him that, to the extent his concerns arise out of the way in which NYD 217 is being carried out, he should continue to work with management, as it appears he is doing; if he is ultimately unable to work things out, his recourse would be to submit the matters to arbitration under Article I, sections 4 or 11 of the <u>New York Dock</u> conditions. To the extent that the disputes do not arise out of the labor conditions the Board imposed on the UP/SP merger or agreements entered into under the <u>New York Dock</u> conditions to implement the merger, his recourse would be to the normal procedures to resolve disputes involving collective bargaining agreements under the Railway Labor Act.

Mr. Hundven also expresses the view that the UP actions that he has identified have adversely affected service. The Board has recognized the rail service problems that have occurred over the past year, which were caused by a variety of factors, and the Board has taken aggressive action to address them. Over the past several months, service has begun to improve throughout the UP system, and the Board permitted its "emergency service order" to expire in early August. In any event, in my view, Mr. Hundven's letter does not provide a basis on which the Board could use the emergency service provisions of the law to intervene, outside of the normal arbitration process, in the types of labor relations disputes that have arisen between some of Mr. Hundven's members and UP management. For your information, I have enclosed a copy of Mr. Davidson's letter to me addressing the concerns that Mr. Hundven has raised. I hope you find this information useful. I emphasize that the Board remains committed to giving full and fair consideration to the interest of rail carrier employees in consolidation proceedings in accordance with the law, as we have done in the UP/SP merger proceeding, and the Board remains available, if necessary, to oversee implementation of the labor conditions we have imposed. I am having your letter and my response made a part of the public docket for this proceeding. If I may be of further assistance, please do not hesitate to contact me.

Sincerely,

Linda J. Morgan

Linda J. Morgan

Enclosure

BARBARA LEE 9TH DISTRICT, CALIFORNIA

2108 RAYBURN BUILDING WASHINGTON, DC 20515-0509 (202) 225-2661

SURFACE TRANSPORTATION

FILE IN DOCKET

# Congress of the United States House of Representatives

Washington, DC 20515-0509

August 25, 1998

Ms. Linda Morgan, Chairwoman Surface Transportation Board 1925 K Street, NW Washington, D.C. 20423-0001

Dear Chairwoman Morgan:

I recently received a letter from the District Chairman of the Allied Services Division of the Transportation and Communication International Union. In his letter, Mr. Kirk Hundven described, in great detail, the difficulties that the clerical members of his district in northern California are experiencing under the new management of the Union Pacific Railroad.

I am very concerned about this situation because Mr. Hundven alleges that his members "are being harassed, intimidated and discriminated against as a body by a tyrannical management that is ignoring standing Collective Bargaining agreements."

I'm sure you know that the Bay Area, in general, and my district, specifically, suffer from severe traffic congestion. Growing problems at Union Pacific threaten to make this problem even worse.

Mr. Hundven is requesting some firm oversight on UP's abuses and at least some directives issued to the UP to abide by its labor agreements and to make honest and legitimate efforts to clean up its problems. The range of problems described in the letter include the contracting out of services, lack of proper training for clerical personnel, and an inconsistency in management's decisions affecting workers.

I would appreciate it if you could investigate and comment on this matter at your earliest opportunity. Please forward your correspondence in care of my Staff Assistant, Carlos Plazola, in my Oakland district office at 1301 Clay Street, Suite 1000N, Oakland, CA 94612.

Thank you for your assistance in this matter.

Sincerely, albara Lee

Barbara Lee Member of Congress

BL:cnp Enclosure

cc: Kirk Hundven, District Chairman, ASD-TCU

CNP



\*KIRK J. HUNDVEN

District Chairman

Transportation - Communications International Union — AFL-CIO, CLC

ROBERT F. DAVIS President August 5, 1998

TED P. STAFFORD General Secretary-Treasurer Vice President

> Honorable Barbara Lee United States House of Representatives 1301 Clay St. Suite 1000-N Oakland, CA. 94602

**Allied Services Division** 

File: UP-SP Merger Problems

Dear Representative Lee:

It was a great pleasure seeing you assume this very important post after Congressman Dellums' well deserved and well earned retirement. I was proud to have been able to support your effort and have admired your past efforts in California's Legislative arena. Of course, we are never without problems so I must impose on your office to assist us in the Oakland Bay Area and California in a major confrontation that we are having with the former SP--now UP--Railroad.

I am requesting your help in making the Union Pacific Railroad live up to its commitments to the United States, the citizens of Oakland and Alameda County, and to its employees. I am the District Chairman of the Allied Services Division of the Transportation Communications Union. I represent clerical members of UP/SP from the Oakland and Bay Area to Sacramento in the north and Bakersfield in the South.

Presently, the members of my district are being harassed, intimidated and discriminated against as a body by a tyrannical management that is ignoring standing Collective Bargaining agreements. As a representative I am taking action via grievances and claims but the fact is that the process under the Railway Labor Act is slow and tedious. In the mear'time, my members are suffering from daily mental and verbal abuse. Just as importantly the U.S. econ attitude to the UP's dictatorial management and its "in your face" attitude to the U.S., the Surface Transportation Board and to the Congress and Senate of the U.S.

Attached is copy of letter which I just sent to Chairwoman L. Morgan of the Surface Transportation Board regarding issues which I feel--and my constituents feel--are adversely impacting not only the lives of the employees of the combined Union Pacific/Southern Pacific Railroads, but which are also adversely impacting the transportation industry throughout this country. As a result, railroad traffic through Texas and the mid-West has been nearly halted,

## U.S. Representative Barbara Lee August

August 5, 1998

#### File: UP-SP Merger Problems

thousands of customers and shippers have lost business, our ports in Southern California have been plugged and the flow of commerce has been stifled.

This is not <u>new</u> news. All of the above failures have been reported in the trade and commerce journals, along with major news reporting which continues to this very minute. However, the problems continue with the UP blaming everyone except themselves. While the items I am focusing on are not the major cause of the UP's failure, they are symptomatic of the larger malaise creating massive problems throughout this Country. Here, I would like to direct your attention to a snapshot picture of this situation as it exists on the West Coast. What I would like to see is some firm oversight on UP's abuses and at least some directives being issued to the UP to abide by its labor agreements and to make honest and legitimate efforts to clean up its problems. The basic premise for a successful railroad is in place but the philosophy or thinking of management does not allow it to a bide success.

The UP entered into an Implementing Agreement with TCU under the auspices of the New York Dock Conditions governing mergers and consolidations. This agreement, NYD #217, allows the UP to centralize its operations into Omaha, St. Louis and elsewhere, provides protective benefits for employees and ostensibly provides for a smooth transition from the former SP to the "new" UP. However, with its ongoing operational problems the UP has repeatedly set back its timetable for moving (i.e., abolishing here and then transferring them elsewhere). Clerks were required to make option forms to give the UP an idea of how many clerks wanted separation, how many wanted to relocate and how many desired to remain on the few jobs to be left in California. NYD #217 specified that these options were irrevocable but it did not anticipate that there would be delays of over 18 months between the choice of options and the actual move. Thus, life situations changed for many clerks and they are not being allowed to change their options except in rare circumstances. People got closer to retirement age, their family situation changed or they simply saw the way the railroad was being run and now desire to change their options. These are not being allowed and people are being forced to take extreme actions to prevent being transferred to distant locales, quitting without benefits in some cases rather than being further humiliated. Or, in many cases continuing on their jobs with attitudes resigned to surviving under adverse conditions.

The UP's commitment under NYD #217 and existing collective Largaining agreements included a proviso that it would not contract out work as the result of the merger. The UP became oblivious to this. In Oakland, good union jobs were contracted out at the former SP's (now UP's) Internodal facility and given to a non-union outside contractor just a few months ago. About 30 SP/UP employees were put on the street. At the same location the UP is bringing in outside people to perform clerical duties protected under the CBA and abolishing more clerical jobs as a result putting more people on the edge of being on the street. They issue notices indicating these moves are being done under the auspices of NYD #217 but none of the abolished jobs are being moved to Omaha or St. Louis. The same situation happened in Roseville with the entire intermodal facility being transferred to a non-union UP facility in Lathrop. Again, our TCU

# U.S. Representative Barbara Lee August 5, 1998

#### File: UP-SP Merger Problems

people have been adversely affected. Claims, of course, are being progressed but in the meantime the damage is done and people's lives are being severely and adversely impacted.

In San Jose, Warm Springs, Newark, East Oakland and elsewhere TCU covered janitorial jobs were abolished and we were advised that these duties would be assigned to other remaining clerks. Such has not been the case. The UP has blatantly and arrogantly contracted out these duties. While here again claims are being filed the damage is once more accomplished and more people suffer. UP's management proceeds as if it was immune from the rest of the world's oversight.

The UP eliminated (i.e., abolished) many clerical jobs in Oakland, San Jose, Fresno, Fairfield and elsewhere which were responsible for physically obtaining inventories of rail equipment in the various yards. When challenged by us that these jobs were needed the UP said no and now further delays occur when trains attempt to search yards for particular rail cars. Again, clerks, train movements and the public all suffer. And, when one train is delayed that creates a domino effect--the next train is delayed etc etc.

At all locations the UP is providing minimal training in a few cases, and no training in most cases, to the clerical personnel who are responsible for keeping track of train movements, inventories of rail equipment and other aspects of insuring a smooth flow of traffic. The SP's computer system known as TOPS was discontinued July 1, 1998 and UP's system known as TCS has taken its place. The two systems are totally different and our clerks are being forced to learn a completely new language with little or no assistance. Former SP clerks have been given almost no training on these various new procedures and UP's managers harass and intimidate our clerks because they don't know the operations. The result of course is that work is not performed timely and clerks, train movements and the public all suffer. When additional clerical jobs are abolished our clerks try to make senio.'ty moves (i.e., displacements) to other positions but are denied training entirely (especially in the Bay Area) or are given very minimal training. As a result, clerks are being disqualified and are treated like second class citizens. For the most part we are talking about people who have worked for the SP-UP for no less than 10 years but in most cases for more than 20 years and their lives revolved around their railroad jobs.

Our clerks are belittled daily by UP managers who bluntly inform us that we are outmoded by technological changes--but, then they assign our work to other crafts or to outside parties. Of course we are unable to do the work if we are not given the training. The sad part is that these remaining clerks have been long time loyal employees who rejected previous buyouts during the attempted ATSF/SP marger and the DRGW/SP merger and hoped to conclude their rail careers in dignity. These employees are being treated like dirt and need help to overcome this unfeeling and uncaring Union Pacific Railroad.

All of these various items impact the movement of rail freight and are in part responsible for the huge backlogs of rail traffic in the U.S. While I have focused on a small portion of the

# U.S. Representative Barbara Lee August 5, 1998

File: UP-SP Merger Problems

UP's callousness in California, in conversation with clerks throughout the system the same problems are being faced everywhere.

We in TCU know how to deal with claims and grievances, arbitration and mediation and with negotiations. What we need, and what I am requesting your assistance in, is forcing the UP to adhere to its contracts, to quit abusing its employees and to provide the superior service it promised during the hearings preceding the merger. This is not a case of discrimination against a particular race, creed, color, religion, age or any other specific individual characteristic. Rather, it is a case of discrimination against a class of employees--clerks--who probably all are in their forties or fifties who have given most of their lives to one company--the railroad. I suspect that part of the reason was our vigorous opposition to the merger when it was first proposed. TCU Clerks led the fight to oppose this merger because we foresaw the problems that would be created. I am attaching a copy of a recent letter which was directed to the Superintendent of the UP. This letter has been ignored as have previous claims and grievances but it goes to the heart of what I am trying to describe.

I would be happy to meet with you at your convenience. I would be very grateful for the assistance and support of your office in this matter.

Sincerely yours,

Kirk J. Hundven, District Chairman

attach 1--Letter to L. Morgan, Chair of STB attach 2--Letter to UP Superintendent C. Bradley

cc Robert A. Scardelletti, International President TCU Robert F. Davis, President Allied Services Division TCU Members of District 802 ASD-TCU



91021

Vice Chairman:

Member

Committee

**Business Affairs and Labor** 

**Resources Committee** 

Legislative Audit Committee

Agriculture, Livestock & Natural



State Representative House District 56 JACK TAYLOR Box 5656 Steamboat Springs, CO 80477 Home: (970) 879-1880 Business: (970) 879-3600 Capitol: (303) 866-2949

COLORADO HOUSE OF REPRESENTATIVES

> STATE CAPITOL DENVER 80203

August 31, 1998

Honorable Vernon A. Williams Secretary Surface Transportation Board 1925 K. Street, NW Washington, D.C. 20423

FO3226- SUBZI Dear Secretary Williams:

SEP 1 0 1998

ublic Record

I understand that the Surface Transportation Board may commence with oversight proceedings to determine if additional federal regulatory conditions are necessary for the Union Pacific Railroad within its Houston and Gulf doast region. I also understand that the Union Pacific has resolved the service and rail traffic crisis it has been experiencing for the last several months. Considering the financial and operational losses experienced by the Union Pacific in its efforts to resolve the problems in its sourthern corridor, I do not believe that additional federal regulatory conditions will be of any benefit to the Union Pacific or its customers.

Reports indicate that Union Pacific train speeds are up on all major corridors emanating from Houston and Memphis, speeds have increased from 8.9 mph to 14.1 mph. On lines from Houston to New Orleans, speeds are up by factors of 50% to almost 100%. Dwell times for Union Pacific trains in major Houston yards have been reduced by as much as 46% at Englewood yard and by 38% at Settegast yard, which are two Union Pacific yards critical to southern train movement. A current report indicates Union Pacific exceeded its loading targets in Colorado coal fields and has improved the cycle times.

Union Pacific has reported large financial losses and has lost large volumes of traffic as a resulf of resolving its service crisis. Total operating losses in the last three quarters were \$230 million and Union Pacific revenues were reported down by 11% and income down by 149%. Additional federal regulatory conditions could further weaken Union Pacific by diverting well over a halfbillion dollars in annual gross revenues, after it has already incurred significant losses in revenue and traffic volumes. Page 2

I urge the Surface Transportation Board not to impose additional conditions upon Union Pacific operations in the Houston and Gulf Coast area. While there have been disappointments with Union Pacific's service over the past year, Union Pacific has improved conditions considerably and needs to continue its progress and prove its ability to perform.

Your attention to this issue is very much appreciated.

Thank you.

Sincerely,

laylor

Jack Taylor State Represent ive



90001



# UNION CARBIDE CORPORATION

39 OLD RIDGEEURY ROAD, DANBURY, CT 06817-0001

ENTERED Office of the Secretary

SEP - 9 1998

Part of Public Record



Mr. Vernon A. Williams, Secretary Surface Transportation Board Suite 700 1925 K Street, N. W. Washington, DC 20006

Dear Secretary Williams:

Finance Docket No. 32760 (Sub. No. 21), Union Pacific Corp., et al. -Control and Merger - Southern Pacific Raii Corp., et al. Oversight Proceeding

I am writing on behalf of Union Carbide Corporation to advise you of our support for neutral switching and neutral dispatching in Houston, as well as additional measures aimed at obtaining efficiency and capacity enhancements in the Houston area.

The rail service crisis in south Texas is monumental. The Surface Transportation Board ("Board") has rightfully recognized UP's inability to solve the problem, at least in the short term, through the Board's implementation of their Emergency Service Orders. In fact, even UP has recently admitted publicly that its service in south Texas is not back to normal and that UP will no longer attempt to predict when normal service will return.

Our company has been and continues to be hurt by UP's problems. We need more than a short term fix. We need a long term solution to the service problems in south Texas. Union Carbide believes that the implementation of neutral switching and neutral dispatching in Houston is essential to a long term solution. In addition, competing railroads must be permitted to increase their infrastructure in the Houston area in order to provide more efficient and competitive rail service for our traffic.

We also understand the importance of ensuring the continued and expanding growth in trade throughout the NAFTA corridor. Importantly, we believe that ensuring the continuation of an effective competitive alternative in south Texas is key to our success and the competitive success of the United States in NAFTA trading. Neutral switching, neutral dispatching and permitting competing railroads to increase their infrastructure will foster these goals.

I, Robert H. Baxter, state 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 Union Carbide Corporation, executed on August 27, 1998.

Very truly yours,

UNION CARBIDE CORPORATION

Robert H. Baxter Manager - Overland/Air Transportation Equipment and Services Purchasing

RHB:peo





Surface Transportation Board Bashington, B.C. 20423-0001

Office of the Chairman

FILE IN DUCKET 70-32760 (Sub-21)

August 21, 1998

The Honorable Paul D. Coverdell United States Senate Washington, DC 20510-1004

Re: Arkansas, Louisiana & Mississippi Railroad

Dear Senator Coverdell:

Thank you for you: letter dated July 28, 1998, regarding the request of Arkansas, Louisiana & Mississippi Railroad (AL&M) for an order directing Union Pacific Railroad (UP) to give Burlington Northern and Santa Fe Railway access to traffic on UP's lines. In your letter, you ask the Board to give fair and appropriate consideration to AL&M's request.

I cannot address in any detail the issues raised by AL&M's request, because, as you know, the Board is conducting a formal proceeding, in the context of its oversight of the Union Pacific/Southern Pacific merger, to consider the matter. I assure you, however, that the Board will seriously consider all positions that are advanced, and will seek to reach a resolution that is in the interest of the railroads, shippers, and other interested parties.

I am having your letter and this response placed in the formal docket in the UP/SP oversight proceeding. If I can be of assistance to you in this or any other matter, please do not hesitate to contact me.

Sincerely,

Linda J. Morgan Linda J. Morgan

PAUL D. COVERDELL

CONFERENCE SECRETARY

CHAIRMAN WESTERN HEMISPHERE SUBCOMMITTEE FOREIGN RELATIONS COMMITTEE

United States Senate

WASHINGTON, DC 20510-1004

CHAIRMAN MARKETING, INSPEC, ION, AND PRODUCT PROMOTION SUBCOMMITTEE AGRICULTURE COMMITTEE

SMALL OUSINESS COMMITTEE SURFACE FILE IN DOCKET RECEIVED E TRANSPORTATION BOARD (5) RG AN

July 28, 1998

The Honorable Linda J. Morgan Chairwomen Surface Transportation Board Suite 820 1925 K Street, NW Washington, D.C. 20423

Dear Chairwomen Morgan:

Recently, it was brought to my attention that the Arkansas, Louisiana & Mississippi (AL&M) Railroad, a subsidiary of Georgia-Pacific Company, is seeking to obtain access to service by the Burlington Northern Santa Fe Railway at Fordyce, Arkansas. I respectfully request your fair and appropriate consideration of the AL&M's petition.

The AL&M serves several large Georgia-Pacific facili\*ies, as well as International Paper and others. The relief requisted by the AL&M would allow those trains to stop and exchange cars. It is my understanding that a precedent for this type of relief sought by the AL&M was established when the Surface Transportation Board (STB) granted the BN Sante Fe access to shippers in the Lake Charles, Louisiana area.

Thank you for your consideration of this important matter.

Sincerely,

United States Senat

PDC/rdg



COVINGTON & BURLING 1201 PENNSYLVANIA AVENUE, N. W. P.O. BOX 7566 WASHINGTON, D.C. 20044-7566 (202) 662-6000

. . . .

FACSIMILE: 12021 662-6291

ARVID E. ROACH I

AUG 20 isra

August 20, 1998 RECEIVED

AUG 20 1998

MAIL MANAGEMENT STB

BY HAND

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

Re: Finance Docket No. 32760 (Sub-Nos. 21 & 26)

Dear Secretary Williams:

This letter will reply to the Petition of the Western Coal Traffic League for a Modification to the Procedural Schedule, filed yesterday in the Sub-No. 21 docket.

WCTL's petition should be denied. The Board was clearly correct to note that WCTL's proposed condition is unrelated to the Houston/Gulf service issues that are the subject of the Sub-No. 26 proceeding, and to transfer the condition request to the Sub-No. 21 proceeding. For two decades, the unbroken practice of the Board and the Commission has been not to receive a rebuttal round of evidence with regard to conditions not requiring a full responsive application. A separate cycle of three rounds of evidence wis provided for only for requests for such conditions as trackage rights, line sales, or approval of pooling arrangements. WCTL's proposed accounting condition is not of the sort requiring a full responsive application; rather, it is of the same type as hundreds of other condition requests whose proponents submitted a single round of evidence in prior merger proceedings. WCTL thus clearly has no right to rebuttal with regard to its condition.

If WCTL wishes to withdraw its request without prejudice, UP certainly will not oppose that step. However, we would urgently request that the Board resolve this matter immediately, as the Board's action, which had the effect of moving our reply date up by 18 days during a month when key

LECONFIELD HOUSE CURZON STREET LONDON WIY BAS ENGLAND TELEPHONE: 44-171-495-5055 FACSIMILE: 44-171-495-3101

BRUSSELS OFFICE KUNSTLAAN 44 AVENUE CCS / RTS BRUSSELS IO4:0 PELGIL 4 TELEPHONE: 32-2-540-E 130 FACSIMILE: 32-2-502-1598

, i

.

Hon. Vernon A. Williams August 20, 1998 Page 2

personnel are away ca vacation, has posed significant practical difficulties for us in arranging a timely reply.

. . . .

Sincerely,

Awil Z. Road I pour

Arvid E. Roach II

cc: All Parties of Record



1201 PENNSYLVANIA AVENUE, N. W. P.O. BOX 7566 WASHINGTON, D.C. 20044-7566 (202) 662-6000

FACSIMILE (202) 662-6291

ARVID E. RUACH I DIRECT DIAL NUMBER 12021 662-5388 DIRECT FACSIMILE 12021 778-5388

AUG 2.0 1998 August 19, 1998

Part of Public Record

ENTERED

Office of the Secretary

### BY HAND

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

-190603 Finance Docket No. 32760 (Sub-No. 21); Re: Ex Parte No. 573.

190604

Dear Secretary Williams:

Six parties filed comments on August 14 in Finance Docket No. 32760 (Sub-No. 21), the general annual UP/SP merger oversight proceeding: (1) the American Forest & Paper Association, (2) Burlington Northern & Santa Fe Railway ("BNSF"), (3) Cemex USA Management, (4) Colorado, Kansas & Pacific Railway, (5) the National Industrial Transportation League ("NIT League"); and (6) Public Service Company of Colorado. The purpose of this letter is to advise the Board regarding Union Pacific's plans to reply to these submissions. As to one of the filings, that of the NIT League, this letter will constitute our reply.

The Board's Decision No. 10 in Finance Docket No. 32760 (Sub-No. 21), served Oct. 27, 1997, pp. 18-19, provided that UP's reply to comments submitted on August 14, 1998 was due on September 1, 1998. Subsequently, the Board initiated a separate proceeding, Finance Docket No. 32760 (Sub-No. 26), to consider whether UP's service problems in the Houston/Gulf area resulted from any increase in market power caused by the merger, and if so, whether any additional merger conditions were justified. See Finance Docket No. 32760 (Sub-No. 26), Decision No. 1, served May 19, 1998; see also Decision No. 6, served Aug. 4, 1998 (restating that the purpose of the Sub-No. 26 proceeding is to "examine whether there is any relationship between any market power gained by UP/SP through the merger and the failure of service that occurred in the region, and, if so, whether additional remedial conditions would be appropriate, " and accepting condition applications). UP's

LECONFIELD HOUSE CURZON STREET LONDON WIY BAS ENGLAND TELEPHONE: 44-171-405-56 FACSIMILE: 44-171-405-3101

BRUSSELS OFFICE KUNSTLAAN 44 AVENUE DES ARTS BRUSSELS 1040 BELGIUM TELEPHONE: 32-2-549-5230 FACSIMILE: 32-2-502-1598

Hon. Vernon A. Williams August 19, 1998 Page 2

opposition to the condition requests in Finance Docket No. 32760 (Sub-No. 26) is due on September 18, 1998.

In accordance with Decision No. 10 in Finance Docket No. 32760 (Sub-No. 21), we intend to reply on September 1 to all of the comments that were filed on August 14 in Finance Docket No. 32760 (Sub-No. 21), with two exceptions:

1. First, the comments submitted by Cemex seek a condition relating to Houston/Gulf service. We believe it is clear that those comments are properly considered in the Houston/Gulf proceeding, and we intend to reply to them as part of our September 18 filing in that proceeding. We also intend to address on September 18 those portions of BNSF's August 14 filing that cover the same ground as BNSF's condition application in the Houston/Gulf proceeding; we will reply to all other points in BNSF's August 14 filing on September 1. If the Board feels that our plans in this regard are inappropriate, we would appreciate being so advised.

2. The second exception is the NIT League's August 14 filing. While submitted under the caption of Finance Docket No. 32760 (Sub-No. 21), that filing does not in fact address the issues in that case: it says nothing about the competitive impact of the rarger or the effectiveness of the competition-preserving conditions that the Board imposed on the merger. Rather, it seeks an expansion in the ongoing reporting obligations that the Board imposed on UP as part of the Decision that the Board served on July 31, 1998 denying requests in Service Order No. 1518 (Sub-No. 1) for an extension or renewal of the emergency service order that was issued on October 31, 1997 in Service Order No. 1518.

That Decision concluded that, in light of the great improvement in UP service in the Houston/Gulf area, there was no basis for extending or renewing the emergency service order,  $\frac{1}{2}$  but that UP would be required to concinue reporting, on a bi-weekly basis, much of the data on UP service

<sup>&</sup>lt;sup>1/</sup> The correctness of this decision has been confirmed in continuing improvements in both Houston/Gulf and systemwide UP service data. This Monday, we reported record low figures for Texas/Louisiana car inventory (which fell below 93,000 yesterday), train speed in the directional running corridors, and sidings blocked and trains held south of Kansas City. System train speed reached 14.7 mph in the seven days ended yesterday.

Hon. Vernon A. Williams August 19, 1998 Page 3

performance that had been reported on a weekly basis during the pendency of the service order. These reporting obligations were not imposed as merger conditions (and the Board made no finding -- nor could any such finding have been supported -- that UP's service problems had been caused by the merger). Rather, the Board specifically made clear (p. 4) that the reporting requirement was imposed "as part of our ongoing Ex Parte No. 573 proceeding" -- the Board's general investigation of rail service in the West. As UP had noted in its July 28 submission in Service Order No. 1518 (Sub-No. 1), the Board has ample authority to require such reporting under 49 U.S.C. § 11145(a)(1).

UP has now made two bi-weekly reports in compliance with the July 31 order. Those reports include very extensive data, as specified in the Appendix to the July 31 order: online car inventory, broken down among system, foreign and private cars; system car terminal dwell time; system train speed; system coal cycle days; sidings blocked, broken down among system, Kansas City south and Tucson-to-West-Colton; multiple mains blocked; trains held for power; trains held for crew; locomotive fleet size; locomotive productivity (gross ton-miles per horsepower-day); grain cars loaded in each of 11 states; loaded grain car velocity; port terminal condition reports for ICTF, East Los Angeles and Houston; cars received and delivered at Laredo; individual terminal processing reports for 12 terminals (cars on hand, cars switched and dwell time); and Powder River Basin coal cycle days (Northern Tier and Southern Tier). UP has also voluntarily augmented the data specified in the July 31 order in three respects, adding: Texas/Louisiana car inventory; total trains held for power, crew, and staging and congestion; and a breakdown of loaded grain car velocity between Pacific Northwest and Gulf destinations.

All but two items on this long list of data items -the individual terminal processing reports, and the Powder River Basin coal cycle data -- are publicly available to anyone who requests them from the Board. UP also posts them on its website. The two items that are filed under seal are non-public because they have an unusually high degree of competitive sensitivity. The issue of whether these items should be publicly disclosed was litigated in the Ex Parte No. 573/Service Order No. 1518 proceeding, and the Board concluded that the potential for competitive harm from the public disclosure of these data outweighed the value of such disclosure.

Hon. Vernon A. Williams August 19, 1998 Page 4

In its August 14 filing, the NIT League makes two requests:

First, the NIT League argues against the filing of any data under seal. This very argument was rejected by the Board in its Decision served Jan. 14, 1998 in Service Order No. 1518. The NIT League does not counter the prior record proof that UP will be vulnerable to competitive harm if the two items that are filed under seal are made available to its competitors. It makes no showing that the filing of these data under seal over the nine-month period of the emergency service order in any way hampered the ability of shippers or their representatives to monitor UP's service and make their positions clearly known to the Board. Moreover, the NIT League's implicit suggestion that the Board is not competent to evaluate and act upon data that are filed under seal has been disproven by the course of administration of the service order; the Board clearly was able to interpret the data that it received, and to supplement that data with additional field investigations, and the Board acted effectively in tailoring the service order to meet the operating issues that were presented.

The NIT League tries to argue that UF data should not be filed under seal because data regarding "Shared Asset Areas" in connection with implementation of the Conrail acquisition transaction will be publicly reported. But the NIT League fails to mention that, in the Conrail decision, the Board provided for reporting under seal of the very same types of highly competitively sensitive data that UP has been submitting under seal: detailed terminal processing data, and corridor train performance data. Finance Docket No. 33388, CSX Corp. & CSX Transportation, Inc., Norfolk Southern Corp. & Norfolk Southern Ry. -- Control & Operating Leases/Agreements -- Conrail, Inc., & Consolidated Rail Corp., Decision No. 89, served July 23, 1998, pp. 164-65. And the Shared Asset Areas are plainly different from anything involved here: they involve a ground-breaking effort to restructure terminals in connection with the division of a major railroad, and of course, since the Shared Asset Areas will be shared, the reporting called for by definition does not involve revealing sensitive operating data on a single railroad's terminals that would be of great competitive value to that railroad's rivals.

UP has been candid to say that public reporting of even the data that is now publicly disclosed is doing it competitive harm. This is a difficult issue for us, because, even though the data show continued and dramatic service

Hon Vernon A. Williams August 19, 1998 Page 5

improvement, the media tend to highlight isolated negatives, and we are falsely accused of trying to "hide" service problems when we point out that one-sided reporting gives our competitors an unfair competitive advantage. UP is reconciled to the fact that it must continue to bear this handicap for some period, but the Board surely should not compound it by requiring the public disclosure of even-more-sensitive proprietary UP data.

Second, the Nir League argues for the imposition of additional reporting requirements on UP. The NIT League's specific proposals are vague, but it is clear that they would involve hugely expanded reporting on "average weekly terminal volume and dwell at key terminals," "the number of locomotives in various locations," and "transit times from key origin and destination areas along key routes to key gateways" (p. 5). This request should be denied.

UP is already reporting very extensive service data -- a scope and frequency of service data reporting unprecedented in the history of the railroad industry. As the NIT League acknowledges, UP's service, far from worsening, has tremendously improved, and is continuing to improve on virtually a daily basis. See NIT League Comments, p. 5 (referring to "very serious past problems and some current service problems"). The systemwide data that UP reports provide clear insight into that continuing improvement, and the Board has also focused, in defining reporting items, on individual terminals and corridors of importance. The NIT League does not show that there is any specific omission in the Board's list of reporting items that needs to be rectified. Moreover, the thrust of the NIT League's argument -- that there need to be more and more micro-reporting on highly specific locations and flows so that shippers can better understand UP's service -- makes no sense. Shippers ilready understand the quality of such highly-specific services, because they receive those services.

As well as failing to show any need for the expanded reporting it requests, the NIT League completely ignores the burden involved. We cannot stress too much the tremendous time and effort involved in compiling, verifying, and discussing in a periodic transmittal letter the data that the Board <u>already</u> requires. This time is taken from people who <u>are essential to UP's ongoing service improvement efforts.</u> For nine months, key UP operating personnel spent a significant part of every week, including much of every weekend, compiling and analyzing these data. The Board's Hon. Vernon A. Williams August 19, 1998 Page 6

transition to bi-weekly reporting has allowed these personnel to devote more time to vitally important operating projects. To require UP to divert these and other personnel to numerous new dimensions of data reporting would do serious harm to UP's continuing service improvement activities.

Sincerely,

Arvid E. Roach II

cc: All Parties of Record

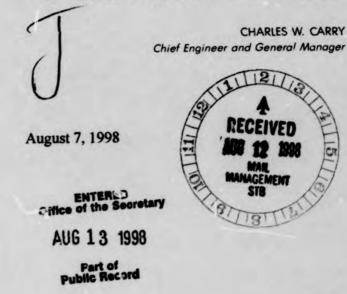


190506



# COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

1955 Workman Mill Road, Whittier, CA 90601-1400 Mailing Address: P.O. Box 4998, Whittier, CA 90607-4998 Telephone: (562) 699-7411, FAX: (562) 699-5422



FD 32760 SUB21

Mr. Vernon A. Williams United States Surface Transportation Board 1925 K Street, NW, Suite 715 Washington, DC 20423

Dear Secretary Williams:

The County Sanitation Districts of Los Angeles County (LACSD) would like to bring to your attention our continuing difficulties in receiving consistent, reliable rail shipments of chlorine to our wastewater treatment facilities, due to the shipping delays caused by the Union Pacific Railroad (UP) merger with Southern Pacific Railroad (SP). Notwithstauding the U.S. Surface Transportation Board's (STB) ruling of July 31, 1998, Union Pacific Railroad has been unable to consistently supply our facilities with chlorine, a key component in disinfecting wastewater. The lack of a dependable chlorine upply could threaten our ability to provide adequate wastewater treatment for our customers in the Los Angeles area.

We previously submitted statements to the STB on December 3, 1997, and on Februarv 12, 1998, describing how shipping problems caused by the UP/SP merger had caused chlorine shipments from our supplier in Henderson, Nevada to our wastewater treatment facilities in Los Angeles County to take up to 19 days. Despite brief interludes when the normal shipping time returned to 5-6 days, delivery time in the past month has increased to as high as 12 days (not incluCing the two cars that have been lost), bringing our facilities dangerously close to running out of chlorine. Because we store our chlorine indoors to protect against a potential release of chlorine gas into the surrounding community, our storage capacity is limited. We are thus dependent on regular, reliable deliveries. I have enclosed a chart which provides greater detail on the recent delivery delays. You will note that since mid-June of 1998, our delivery times have been climbing above the acceptable length.

#### Mr. Vernon A. Williams

We are highly concerned that the rail shipping delays in southern California have not yet been satisfactorily resolved. We urge you to take all appropriate actions to restore normal rail service in this region in order to protect the public health of citizens in the Los Angeles area.

Yours very truly,

Charles W. Carry

CWC:cs enclosure

Senator Barbara Boxer CC: Senator Dianne Feinstein **Congressman Esteban Torres** Congresswoman Lucille Roybal-Allard Congressman George Brown, Jr. **Congressman Julian Dixon** Congressman Henry Waxman Congresswoman Loretta Sanchez **Congresswoman Jane Harman** Congressman Matthew G. Martinez **Congressman David Dreier** Congressman Howard L. Berman Congressman Brad Sherman **Congressman Ken Calvert** Congressman Dana Rohrabacker **Congressman Bob Filner** 

2

#### Railroad Deliveries of Chlorine

## Delivery Times of Chlorine Railcars From Henderson, Nevada to LACSD in Carson, California June 1997 - August 1998

. . . .

.

Ship Date	Arrive Date	Days in Transit	Notes
06/09/97	06/13/97	4	
06/10/97	06/16/97	6	
06/11/97		6	
06/23/97		5	
06/23/97	06/28/97	5	
06/23/97	06/28/97	5	
07/05/97	07/21/97	16	<b>Beginning of Delays</b>
07/05/97		10	
07/05/97	07/15/97	10	
07/17/97	07/24/97	7	
07/19/97	07/30/97	11	
07/18/97	07/24/97	6	
07/24/97	08/01/97	8	
07/23/97	08/01/97	9	
07/23/97	08/01/97	9	
07/31/97	08/13/97	13	
07/31/97	08/08/97	8	
07/31/97	08/08/97	8	
08/12/97	08/18/97	6	
08/12/97	08/18/97	6	
08/12/97	08/18/97	6	
08/22/97	08/30/97	8	
08/22/97	08/30/97	8	
08/23/97	09/06/97	14	
08/30/97	09/06/97	7	
08/30/97	09/06/97	7	
08/30/97	09/06/97	7	
09/09/97	09/19/97	10	
09/10/97		12	
09/11/97	09/22/97	11	
09/17/97		12	
09/17/97		12	
09/17/97		12	
09/25/97		9	
09/25/97		9	
09/25/97		9	
10/06/97			Ran out of Chlorine
10/06/97			10/17-10/20
10/06/97		14	
10/14/97		12	
10/15/97		13	
10/15/97		13	
10/17/97		9	
10/18/97		19	
10/18/97	11/03/97	16	
10/30/97	11/12/97	13	
10/30/97		13	
10/31/97		19	
11/05/97		11	
11/05/97		11	
11/06/97	11/16/97	10	
11/11/97	11/28/97	17	
11/11/97	11/28/97	17	
11/11/97		17	
11/11/9/	11/20/9/		

#### **Railroad Deliveries of Chlorine**

11/15/97	11/28/97	13
11/15/97	11/28/97	13
11/17/97	11/28/97	11
11/24/97	12/05/97	12
11/24/97	12/06/97	12
11/24/97	12/06/97	12
11/28/97	12/04/97	6
11/28/97	12/04/97	6
11/28/97	12/04/97	6
12/10/97	12/19/97	9
12/10/97	12/17/97	7
12/10/97	12/17/97	7
12/31/97	01/07/98	7
12/31/97	01/07/98	7
12/31/97	01/07/98	7
01/12/98	01/23/98	11
01/12/98	01/23/98	11
01/12/98	01/23/98	11
01/19/98 01/19/98	01/29/98 01/29/98	10 10
01/19/98	01/29/98	10
01/27/98	02/09/98	13
01/27/98	02/09/98	13
01/27/98	02/09/98	13
02/02/98	02/13/98	11
02/02/92	02/13/98	11
02/02/98	02/13/98	11
02/10/98	02/17/98	7
02/10/98	02/17/98	7
02/10/98	02/17/98	7
02/24/98	03/06/98	10
02/24/98	03/06/98	10
02/24/98	03/06/98	10
03/13/98	03/19/98	6
03/13/98	03/19/98	6
03/13/98	03/19/98	6
03/27/98	04/01/98	5
03/27/98	04/01/98	5
03/27/98	04/01/98	5
04/13/98	04/19/98	6
04/13/98	04/19/98	6
04/13/98	04/19/98	6
05/08/98	05/16/98	8
05/08/98	05/16/98	8
05/08/98	05/16/98	8
05/20/98	05/29/98	9
05/20/98	05/29/98	9
05/20/98	05/29/98	9
05/29/98	06/04/98	6
05/29/98 05/29/98	06/04/98 06/04/98	6
05/29/98	06/23/98	8
06/15/98	()6/23/98	8
06/15/98	06/23/98	8
06/26/98	07/07/98	11
06/26/98	07/07/98	11
06/26/98	07/07/98	11
07/10/98	07/19/98	9
07/10/98	07/19/98	9
07/10/98	07/19/98	9
		•

. . .

.

.

Railroad Deliveries of Chlorine

. . .

07/21/98	08/02/98	12
07/21/98	08/02/98	12
07/21/98	LOST	
07/31/98	08/05/98	5
07/31/98	LOST	
07/31/98	08/05/98	5 *DIVERTED CAR 48796 FROM TACOMA
07/31/98	08/05/98	5 TO MAKE UP FOR LOST CARS
08/03/98		(WAS NOT ORIGINALLY ORDERED)
08/03/98		
08/03/98		

6

. .





3333 Glendale Boulevard, # 7 Los Angeles, California 90039 July 22, 1998

Surface Transportation Board 1925 K. Street, N. W. Washing ton, DC 20423-0001



Dear Sirs:

Enclosed please find copy of letter generated to Mr. Charles L. Little, International President, United Transportation Union, Cleveland, Ohio, regarding unsafe training of new employees on the Union Pacific Railroad. This letter was generated on behalf of those dedicated employees whom strive to better their working environment through safer working conditions.

It is the sincere hope of this office that through the efforts of all involved, problems as stated may be successfully addressed to provide a safe and prosperous railroad.

----

Very True Yours, Par

John C. Pace Acting Local Chairperson Local # 240, Conductors & Trainmen 3333 Glendale Blvd. Los Angeles, CA 90039

JCP/jp

encl:



# united transportation union

3333 Glendale Boulevard, #7 Los Angeles, California 90039 Juiy 22, 1998

RECEIVED JUL 28 1998 MAIL MANAGEMENT STR

Mr. Charles L. Little International President United Transportation Union 14600 Detroit Avenue Cleveland, Ohio 44107-4250

Dear Sir:

I am writing to you asking for assistance in a most serious matter existing on the Union Pacific Railroad (ex-SP Western Lines).

Current management training practice allows trainmen/switchmen to mark-up and work with insufficient and inadequate training. "New hires" initial training, produces employees barely able to get on and off moving equipment, unable to give proper signals and without adequate understanding of *practical* operating techniques. Brakemen/ witchmen, regardless of training, knowledge and hands-on experience, now receive as little as two (2) or three (3) weeks training before being required to perform service as a full-fledged Conductor.

On rare occasion, new hires receive NO training whatsoever before being promoted to conductor. One recent instance provided for a Manager of Terminal Operations (Trainmaster) with the help of Crew Management Services, Omaha, to 'field promote' a brakeman to conductor right in the Yard Office! This 'field promoted' conductor has a hire date of January 05, 1998! Brakeman called to fill vacancy left by newly promoted conductor, had a seniority date of March 30, 1998! LESS THAN ONE YEAR TOTAL EXPERIENCE BETWEEN BOTH CREW MEMBERS! MTO then provided crew with words of wisdom, "Just be careful and don't get hurt!" Words cannot express the extreme jeopardy this places on the lives of these individual crew members as well as other crew members working in the vicinity! These employees simply do not have enough experience to conduct themselves safely without the supervision of experienced operating personnel. The need for service cannot possibly justify this absolute total and willful disregard for safety!

In the past, trainmen were required to complete 160 'Mainline Days' (trips) or two (2) years' service to be considered sufficiently experienced to qualify for conductor Promotion Training.

----

Training Program consisted of up to seven (7) days of intensive in class training, a 435 question written examination and an oral examination with a training officer which could last upwards of eight hours.

This intensive training program was for employees with the above referenced ground experience. Working Train Crews had brakemen/switchmen with which to assist the new employee. Experienced conductors would ascertain the knowledge and experience level of those employees assigned to their crews. If any crew member was found to be deficient in understanding, they would be instructed to stay by the side of the experienced brakemen or the conductor would keep a watchful eve over the 'new kid.'

This is no longer an option in today's progressive railroad! Almost ALL mainline crews are "Conductor Only." Local or Road Switcher crews, consists of one (1) conductor and one (1) brakeman. This frequently places the new employee alone in dangerous situations. At times, they must seek advice from the engineer, distracting him/her from their important duties. This does not allow for the new employee to gain practical hands-on experience needed safely to learn operating ideas and procedure while supervised by experienced crew members. NO RULE BOOK CAN TEACH ALL THESE IDEAS WITHOUT PRACTICAL APPLICATION! They cannot learn practical application in strictly a classroom setting. Ten days of "Student Trips" does not a conductor/brakeman make!

Union Pacific Railroad has in fact had more than adequate time to hire sufficient people AND to establish a proper and efficient training programs. Instead they have chosen to focus blame for accidents, deaths, unsafe practice, poor performance, traffic congestion, crew fatigue and crew shortages on operating employees. All the while expounding their sterling recovery virtues (albeit inaccurate) to the Surface Transportation Board, Federal Railroad Administration, Stockholders, other Governmental Regulatory Agencies and Shipper Organizations. The carrier approaches safety with great pomp and ceremony in *theory*. However, "Safety" in the *reality of practice*, provides only to promote an archaic discipline process and limit carrier responsibility in the event litigation should arise. The carrier needs to refocus on safe railroading, not just enhancing its stock price!

The time has come for this issue to be dealt with in the strictest of terms. Those of us in the trenches of operating labor, are tired of the empty hype and rhetoric and demand that a comprehensive approach be undertaken immediately to resolve this serious safety deficit. Your office expounds the member benefits of a merger with the BLE, a position that these Local shares. However, it is time to realize the deeper and more immediate benefit of a safe working environment!

Responsible regulatory agencies, railroads and the respective unions, must come together to create a standardized training regimen and subsequent qualifications. A program that encompasses safe and practical techniques, application of the rules and more important, assignment of new employes to experienced crew members for a sufficient period of time to allow the development of a knowledgeable, efficient railroader! An employee that can understand the requirements of handling Hazardous Materials, safe train make-up and proper emergency response information when required.

Membership of Local #240 formally request you assign a Vice President to assist our cause and commence an immediate investigation into the training programs of the Union Pacific Railroad. We further ask that time be provided and set aside for this issue to be addressed at the Region Meeting to be held in Reno, Nevada. Many concerned UPRR employees will attend this meeting and we all look forward to your findings.

We have suffered the loss of many members throughout the UPRR System. More unnecessary suffering is imminent without a comprehensive revamping of the current system. Please help prevent the further loss of life, limb and property by preventing unsafe practice to continue as the standard with which we must endure.

Your time, dedication and immediate response to this most serious issue is appreciated.

Thank You.

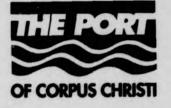
Fraternally Yours, Pace

John C. Pace Acting Local Chairperson Local #240, Conductors & Trainmen

cc: B. A. Boyd, Jr J. M. Brunkenhoefer D. E. Johnson J. Molitoris, FRA J. Davis, UPRR J. P. Jones J. K. Klein D. Stynchfield G. Davidson Surface Transportation Board Public Utilities Commission

JCP/jp





89915-

July 1, 1998

John P. LaRue EXECUTIVE DIRECTOR

ENTERED Office of the Secretary

Mr. Vernon Williams Secretary JUL 1 7 1998 Surface Transportation Board 1925 K Street, NW Public Record Washington, DC 20423

16 199 MANAGEMENT STB

Dear Secretary Williams:

This statement is submitted for consideration in the Union Pacific/Southern Pacific Merger Oversight Proceeding, STB Docket 32760 (Sub. 21). The Port of Corpus Christi of Nueces County, Texas (also referred to herein as "Port of Corpus Christi" or "Port"), has previously submitted statements supporting the UP/SP merger including conditions imposed in the Board's approval of the merger. The Port of Corpus Christi continues its support of the merger including the competitive conditions.

As a result of the merger, the Port has experienced an increase of competitive rail service, particularly between Union Pacific and Burlington Northern Santa Fe, and with Tex Mex/KCS as well. The benefits include additional competitive choices for our customers, and a positive direct and indirect economic impact in terms of jobs and increased tonnage through the Port.

Service levels remain an issue for consideration, particularly for local petroleum and chemical processors, and some Port related rail business. While service levels are improving, the railroads must focus on continuing improvement to meet customers' expectations. Notwithstanding these well-publicized rail services problems, the Port has already seen benefits resulting from the UP/SP merger, and we believe there will continue to be additional benefits in the future.

Issues of concern to the Port in the current oversight proceeding are summarized as follows:

- The Port of Corpus Christi continues to support the UP/SP merger and the competitive conditions imposed in approving the merger.
- Union Pacific's "Recovery Plan" has shown signs of service improvement, however, more improvement is needed. UP should be afforded every reasonable opportunity to achieve success under its Recovery Plan.
- Additional conditions which might impede or retard effective competition should not be imposed.

Respectively submitted

John P. LaRue Executive Director

AFB/slt



189848

## MAYER, BROWN & PLATT

2000 PENNSYLVANIA AVENUE, N.W.

Office of the Sentary

WASHINGTON, D.C. 2000 3-1882

KATHRYN A. KUSSKEUL 16 1998 DIRECT DIAL (202) 778-0626 kkusske@mayerbrown.com A MAIN TELEPHONE RECEIVED JUL 15 1998 JUL 15 1998 CO2-BGI-0473 MANAGEMENT MANAGEMENT STB

July 15, 1998

VIA HAND DELIVERY

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

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

Dear Secretary Williams:

Pursuant to the Board's Decision No. 10 in the above-referenced proceeding, this is to inform the Board that The Burlington Northern and Santa Fe Railway Company is making available its 100% traffic tapes for the period of July 1, 1997 through June 30, 1998. These traffic tapes have been designated "Highly Confidential" under the Board's protective order granted in Decision No. 2, UP/SP, Finance Docket No. 32760 (served Sept. 1, 1995).

Interested persons may contact Kathryn Kusske at (202)778-0626 to make arrangements for obtaining copies of such tapes. When placing an order for the tapes, interested persons should indicate what type of format they would like to have the tapes produced in.

An original and twenty-five (25) copies of this letter are enclosing for filing. Also enclosed is a 3.5 inch disk of this letter in WordPerfect 6.1 format.

CHICAGO BERLIN COLOGNE HOUSTON LONDON LOS ANGELES NEW YORK WASHINGTON INDEPENDENT MEXICO CITY CORRESPONDENT: JAUREGUI, NAVARRETE, NADER Y ROJAS INDEPENDENT PARIS CORRESPONDENT: LAMBERT ARMENIADES & LEE

### MAYER, BROWN & PLATT

Honorable Vernon A. Williams July 15, 1998 Page 2

Please date-stamp the enclosed extra copy of this letter and return it to the messenger for our files.

Sincerely,

Karlun Kusske Kathryn Kusske

.. .

Enclosures

All parties of record cc:





Surface Transportation Board Bashington, D.C. 20423-0001

Office of the Chairman

FILE IN DOCKET 70-32760 July 14, 1998 (Jub-21)

The Honorable Nick Lampson United States House of Representatives Washington, D.C. 20515-4309

> Freight Rail Summit in Baytown, Texas Re:

Dear Congressman Lampson:

Thank you for your letter bringing me up to date on the events at the Freight Rail Summit that you initiated in Baytown, Texas on Tuesday, May 26, 1998. In your letter, you ask the Board to respond to the suggestions of some of the participants at the summit that the competitive options available to shippers should be expanded through trackage rights, "neutral switching," and authority for new construction.

As I know you are aware, the Board is conducting a formal proceeding, as part of our oversight of the UP/SP merger, in which we are entertaining proposals for restructuring the railroad configuration in the Houston/Gulf Coast area. Last week, we received several such proposals, and, consistent with the time frames suggested by the parties, we will be receiving public con., nents and responses on the proposals through the middle of October. We will issue a decision in the matter shortly after all of the relevant information has been received and reviewed.

I am aware of the importance of good rail service to our national economy, and I assure you that any decision we reach will be designed to produce the best rail system possible for businesses in Texas and throughout the United States. As our proceeding is a formal, on-therecord adjudication, and I will be serving as an adjudicator, however, it would not be appropriate for me to comment further on the issues that you have raised in your letter. I am placing your letter and this reply in the public docket in the Houston oversight proceeding.

I enjoyed meeting personally with you and the other members of the Texas delegation last month, and I appreciate your support for the Board and its efforts. I am enclosing for your information copies of UP's weekly service reports filed with the Board since June 15, 1998. Please do not hesitate to contact me if I can be of assistance in the future.

Sincerely.

Linda J. Morgan

Enclosures

### Congress of the United States

House of Representatives Washington, DC 20515-4309

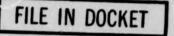
COMMITTEE ON TRANSPORTATION

COMMITTEE ON SCIENCE

June 11, 1998

NICK LAMPSON

9TH DISTRICT, TEXAS



The Honorable Linda J. Morgan Chairman Surface Transportation Board 5 K Street N.W. Washington, D.C. 20423-0001

Dear Chairman Morgan:

As I speak to industry leaders, I continually hear stories of the impact the intolerable Union Pacific rail crisis is having on their businesses. I opposed the \$5.4 billion merger between Union Pacific and Southern Pacific in 1996. I'm afraid my initial fears of this merger have been realized. Congestion problems originating in the Houston-Gulf Coast area have had statewide, national and international ramifications.

A recent study has put the cost of the rail crisis to Texas businesses alone at \$1.5 billion. The greatest impact has been seen by chemical, paper, agriculture and building material shippers. These industries have suffered greatly as a result of these continuous service discussions.

I wanted to bring government and industry representatives together, to discuss the grave freight rail problems we have been experiencing in the area. On May 26, 1998, I held a Freight Rail Summit in Baytown, Texas. The purpose of the Summit was to allow affected groups an opportunity to express their opinions and concerns before a panel of government representatives.

Joining me on the panel was Congressman Jim Oberstar, Ranking Member of the House Transportation and Infrastructure Committee, Congressman Ken Bentsen, Texas Railroad Commissioner Carole Keeton Rylander, James Randall of the Texas Department of Transportation, Charles White of the Federal Rail Administration and Baytown Mayor Pete Alfaro.

Panelists heard testimony from a wide range of witnesses, representing various interests. Union Pacific and Texas-Mexican Railroad testified, as did the Greater Houston Partnership, Port of Houston, Texas Chemical Council, U.S. Rice Producers, C.L. Sherman & Sons Lumber, United Transportation Union, Huntsman Corporation and the University of North Texas Center for Economic Development & Research.

WASHINGTON OFFICE: 417 CANNON HOUSE OFFICE BUILDING, WASHINGTON, DC 20515–4309 (202) 225–6565 HOME OFFICES: 300 WILLOW, SUITE B104, BEAUMONT, TX 77701 (409) 838–0061 601 ROSENBERG, SUITE 216, GALVESTON, TX 77550 (409) 762–5877 TOLL FREE 698–838–0061

THIS STATIONERY PRINTED ON PAPER MADE OF RECYCLED FIBERS

I wanted to take this opportunity to convey several opinions expressed during the Summit. Although there was no consensus as to the best course of action, there was a consensus that the status quo is not acceptable. I am anxious to hear a response from the Surface Transportation Board to a number of the recommendations we heard during the Summit:

. .

- Mandate viable competition by opening rail lines to give shippers more choice
- Implement neutral switching and dispatching through the Houston area
- Grant additional trackage rights to smaller railroads
- Explore the potential for constructing new rail lines and infrastructure improvements
- A role for increased Congressional oversight

While the Surface Transportation Board has recently instituted some positive steps toward finding a solution, we have seen only incremental improvements. Union Pacific reports train speeds of 14.5 miles per hour system wide. Although this is an improvement from the fall of 1997, it still remains far below the 19-mph benchmark.

The economic impact this crisis is having on Texas business requires swift action. There is too much at stake to avoid considering these potential solutions. I would like to work with the Surface Transportation Board to find solutions to the rail crisis.

Sincerely,

Jethampson

NICK LAMPSON Member of Congress





Office of the Chairman

Surface Transportation Soard Washington, D.C. 20423-0001

FILE IN DOCKET 30-32760 (Sub-21)

July 13, 1998

Mr. Daniel R. McClendon General Manager Delta-Montrose Electric Association P.O. Box 910 Montrose, CO 81402-0910

Dear Mr. McClendon:

Thank you for your letter expressing your concern over rail service problems following the merger of the Union Pacific (UP) and Southern Pacific (SP) railroad systems. Specifically, you ask that the Surface Transportation Board (Board) reopen the merger to reexamine the availability of rail service to businesses and communities that have become dependent on reliable rail service, citing problems with the shipment of coal from mines in western Colorado.

As you may know, as part of our monitoring of the service emergency in the West under the Board's service orders, UP must file weekly reports that include extensive data on the movement of coal. Additionally, as part of our 5-year general oversight of the UP/SP merger, we ordered both UP and the Burlington Northern and Santa Fe Kailway (BNSF) to file comprehensive progress reports on July 1, 1998, and provided that interested parties may file comments on general oversight issues by August 14, 1998. The general oversight proceedin.g is docketed before the Board as STB Finance Docket No. 32760 (Sub-No. 21). Because this matter remains pending before the Board, it would be inappropriate for me to comment further on the merits of the case.

I appreciate your interest in this matter. I will have your letter and my response placed in the public docket for the general oversight proceeding. If I may be of further assistance, please do not hesitate to contact me.

Sincerely,

Linda J. Morgan



WE PUT SERVICE ON THE LINE.

FILE IN DOCKET

CHAIRMAN HORGAN

SURFACE TRANSPORTATION

March 24, 1998

Chai. An Linda J. Morgan Surface Transportation Board 1925 K Street, NW Washington, DC 20423-0001

RE: Union Pacific/Southern Pacific Railroad Merger

Dear Chairman Morgan:

Delta-Montrose Electric Association (DMEA) is a non-profit rural electric cooperative serving approximately 25,000 consumers in Western Colorado. Some of our most valued customers are coal companies located in the North Fork valley of Delta County. The production and shipment of coal from these mines is vital to the economic health of Western Colorado, specifically the counties of Delta, Montrose and Gunnison. Shipment of coal is dependent upon continued rail service to Western Colorado. A substantial tax base is provided from the operation of the mines as well as the high paying jobs that in turn support many other businesses and employees.

We have been watching the effect of the merger between Union Pacific and the Southern Pacific Railroad with great interest. It was understandable when some congestion was experienced last fall as the line over Tennessee Pass was abandoned and trains were being routed solely through Denver. This backlog of rail shipments resulted in coal being stockpiled in this narrow mountain valley. It wasn't long before the mines ran out of room to store the coal, which forced reduced production or curtailments at some of the mines. This lead to layoffs affecting a number of employees right at Christmas time. Lack of reliable rail services has also resulted in delayed deliveries of crude oil to refineries in Grand Junction, CO. This has left us with some of the highest prices per gallon of gas, in the nation. Unleaded gasoline is priced at \$1.25 per gallon at a time when the national average is \$1.09. This alone has already had a detrimental affect on our area's economic health.



Page 2 March 24, 1998

The concern we have is that the merger may have created an advantage for a handful of carriers that control crucial freight shipments. It is our understanding that 90% of rail customers are captive to a single railroad, rates are higher and on-time performance has declined dramatically since the merger. Again, rail service in and out of the North Fork Valley is critical to this area's financial stability.

Delta-Montrose Electric Association is urging the Surface Transportation Board to reopen the Union Pacific merger in order to reexamine the availability of rail service to businesses and communities that have come to depend heavily on reliable rail service. If the reliability of rail transportation provided by Union Pacific continues to degrade, our only recourse to keep the mines open would be to persuade the State of Colorado to buy the rail line and then search for an operator. This avenue seems contrary to the history and purpose of this nation's railroads and the oversight of the Surface Transportation Board.

Your consideration of our comments in this matter is greatly appreciated.

Very truly yours,

Tem Annelench

Daniel R. McClendon General Manager

Cc: Terry O'Connor, VP, ARCO Gene DeClaudio, Manager ARCO Donna Ferganchick, Chair, Delta County Commissioners Senator Wayne Allard Senator Ben Nighthorse Campbell Representative Scott McInnis State Senator Ben Alexander State Senator Ben Alexander State Representative Kay Alexander State Representative Matt Smith Ray Clifton, Executive Director, Colorado Rural Electric Association Fred Field, Chair, Gunnison County Commissioners Wade Hall. Delta County Assessor



189521

LECONFIELD HOUSE

CURZON STREET

ENGLAND TELEPHONE: 44-171-495-5655

FACSIMILE: 44-171-495-3101

BRUSSELS OFFICE

KUNSTLAAN 44 AVENUE DES ARTS

BRUSSELS 1040 BELGIUM

TELEPHONE: 32-2-549-5230 FACEIMILE: 32-2-502-1598

COVINGTON & BURLING

. .. .

1201 PENNSYLVANIA AVENUE, N. W. P.O. BOX 7566 WASHINGTON, D.C. 20044-7566 (202) 662-6000

FACSIMILE: (202) 662-6291

ARVID E. ROACH I DIRECT DIAL NUMBER (202) 662-5380 DIRECT FACSIMILE (202) 778-5388

July 9, 1998

BY HAND

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



Re: Finance Docket No. 32760 (Sub-No. 21), Union. Pacific Corp., <u>et al</u>. -- Control & Merger --Southern Pacific Rail Corp., et al. -- Oversight

Dear Secretary Williams:

This letter is to inform you that we intend to respond to the Supplement to Petition of the Arkansas, Louisiana and Mississippi Railroad Company for an Additional Remedial Condition, dated June 26, 1998, on or before July 16, 1998.

Sincerely loachin

Arvid E. Roach II

cc: Parties of Record

Office of the Secretary

JUL 1 0 1998

Part of Public Record





Surface Transportation Board Mashington, B.C. 20423-0001

> FILE IN DOCKET JD- 32760 (Sub-21)

July 7, 1998

The Honorable Bill Barrett United States House of Representatives Washington, DC 20515-2703

Re: Rail Service Provided By UP/SP

Dear Congressman Barrett:

Thank you for your letter, attaching a letter to you from your constituent John E. Britton of Diamond Plastics Corporation, regarding the quality of service provided by the Union Pacific/Southern Pacific Railroad (UP/SP). In his letter, Mr. Britton states that UP/SP's service deficiencies have hurt his company, which has been unable to obtain raw materials from suppliers in Texas. He asks you to urge the Board to act so as to relieve the situation.

As I know you are aware, over the past several months, the Board has taken several steps to address both the immediate service emergency and the longer-term questions about how best to ensure quality service at reasonable rates in the western United States principally by focusing on Houston and the surrounding areas, which were the original source of the service problems. Our orders in the emergency service proceeding have sought to provide additional service options for the area, but in a way that would enhance carrier cooperation in order to relieve congestion without interfering with UP/SP's own service recovery efforts, and also in a way that would not harm service to shippers in other areas of the country already being provided by carriers enlisted to assist with the emergency. Looking to the longer term, our most recent decision in the service order proceeding directed UP/SP and other parties to meet to address infrastructure concerns, and to report back to the Board during May and June of this year. Finally with respect to service involving Texas, on April 1, 1998, the Board initiated a proceeding to consider proposals, including the proposal suggested by the Texas Mexican Railway (Tex Mex), for permanently altering the rail landscape in the Houston/Gulf Coast area.

As you also know, more broadly, on April 3 and 4 of this year, at the request of Senators John McCain and Kay Bailey Hutchison, the Board held extensive informational hearings on the general issues of competition and access in the railroad industry. In that proceeding, the Board heard from a variety of interests about their concerns with the railroad industry today, and their vision of how it ought to be, and since that time, the Board has pursued several proposals intended to facilitate better service, better access to the regulatory system, and better communications between railroads and their shippers. These hearings represented an important step in advancing the dialogue about the types of concerns that Mr. Britton raises in his letter, and I feel certain that they will produce positive changes in the way in which railroads and their shippers interact.

Mr. Britton complains that the current rail crisis is the result of the UP/SP merger. Although merger implementation issues were one factor in the service emergency, there were many others, not the least of which is the surge that we have seen in rail traffic over an inade... te infrastructure. Furthermore, the SP system was an antiquated, cash-strapped system that would likely have failed in the very near future had UP not taken it over, which is why certain labor, shipper, and state representatives supported the merger. An SP failure very well may have produced service deficiencies equal to or worse than those that we are presently experiencing.

I share Mr. Britton's concern over the service provided in the West, and I assure you that we are doing all that we can to improve it. For your information, I have enclosed copies of the press releases describing the decisions I have discussed. I will have a copy of your letter and my response placed in the formal docket of the service order proceeding. If I can be of further assistance to you in this or any other matter, please do not hesitate to contact me.

Sincerely,

Lurida J. Magan

Linda J. Morgan

Enclosures

WASHINGTUN, DC 20616 (202) 226-6436

DISTRICT OFFICES: BRAND ISLAND OFFICE 312 WEST THIRD STREET GRAND ISLAND, NE 66001 (200) 201 655

SCOTTSBLUFF OFFICE 1811 AVENUE A SCOTTSBLUFF, NE 69361 (308) 632-3333

# Congress of the United States House of Representatives Mashington, DC 20515–2703

BILL BARRETT 30 DIST. NESRASKA

GENERAL FARM COMMODITIES CHAIRMAN

FORESTRY, RESOURCE CONSERVATION AND RESEARCH

AND THE WORKFORCE

WCRIKFORCE PROTECTIONS POSTSECONDARY EDUCATION, TRAINING AND LIFE-LONG LEARNING

APR

6 06 PM

HAIRMAN MURGA

SURFACE TEAN CORTATION

April 10, 1998

FILE IN DOCKET

Chairman Linda Morgan Surface Transportation Board 1925 K St NW Washington, DC 20423-0001

Dear Linda:

I'm writing to forward the concerns of a constituent regarding the impact of the rail itransportation crisis on the plastics industry.

I appreciate your thorough attention to this rail transportation problem. Please feel free to contact me if I can assist you in any way.

Thank you for your attention to this matter.

Sincerely

BILL BARRETT Member of Congress

BB\eb Enclosure 

1212 Johnstown Road P.O. Box 1608 Grand Island, Nebr. ska 68802

March 13, 1998

The Honorable Bill Barrett 2458 Rayburn House Office Bldg Washington, D.C. 20515-2703

Dear Congressman Barrett:

I certainly hope you are aware the Union Pacific and Southern Pacific merger has turned into an incredible debacle. Companies all over the United States such as ours have been impacted with literally millions of dollars of losses due to the ineptitude demonstrated by Union Pacific in their federally approved merger with Southern Pacific.

Our company has six manufacturing facilities in five states, one of them being in Grand Island, Nebraska. Almost without exception, we continue to have to shut these facilities down for days or weeks at a time because of the lack of raw material. Our vendors in the Texas gulf coast region are forced to ship via Union Pacific Railroad because of the monopoly granted by the federal government. They have successfully taken two railroads that worked and combined them into one that doesn't. These shutdowns are costing our company and its employees hundreds of thousands of dollars and if this continues, raises the potential for lost jobs among your constituents.

I have asked our employees to contact your office to express their concerns and urge you personally to use your influence with the Surface Transportation Board to take immediate action to help relieve this ridiculous situation.

Thank you for your support in this effort.

Respectfully,

DIAMOND PLASTICS CORPORATION

John E. Britton President/CEO

JB:cmk

Manufacturing Plants:

1212 Johnstown Road Grand Island, Nebraska 68803 Telephone: (308) 384-4400 2323 Marshall Street Lubbock. Texas 79415 Telephone: (806) 763-8021

7614 Industrial Highway Macon, Georgia 31206 Telephone: (912) 738-3300

1000 Eden Valley Road Golconda, Nevada 89414 Telephone: (702) 623-4666

Muncie, IN 47302 Telephone (765) 287-9234



Office of the Chairman

Surface Transportation Board Mashington, B.C. 20423-0001

FILE IN COCKET 1 JD-32760 (Sub-21)

July 7, 1998

The Honorable Jo Ann Emerson United States House of Representatives Washington, DC 20515-2508

#### Re: Rail Service Provided By UP/SP

Dear Congresswoman Emerson:

Thank you for your letter, attaching a letter to you from your constituent R. Linn Crocker of the Golden Cat Division of Ralston Purina, regarding the quality of service provided by the Union Pacific/Southern Pacific Railroad (UP/SP). In his letter, Mr Crocker states that UP/SP's service deficiencies have hurt his company, which has been forced to use more costly trucking services, and tc curtail production when materials have become short. Mr. Crocker notes that UP/SP has worked hard to improve its service, but thus far has not corrected all of its problems.

As you are well aware, over the past eight months, the Board has taken several steps to address both the immediate service emergency and the longer-term questions about how best to ensure quality service at reasonable rates in the western United States. In reviewing UP/SP's service, the Board has focused largely on Houston and the surrounding areas, which were the original source of the service problems. Our orders in the emergency service proceeding have sought to provide additional service options for the Houston area, but in a way that would enhance carrier cooperation in order to relieve congestion without interfering with UP/SP's own service recovery efforts, and also in a way that would not harm service to shippers in other areas of the country already being provided by carriers enlisted to assist with the emergency. Looking to the longer term, our most recent decision in the service order proceeding directed UP/SP and other parties to meet to address infrastructure concerns, and to report back to the Board during May and June of this year. Finally with respect to service involving Texas, on April 1, 1998, the Board initiated a proceeding to consider proposals, including the proposal suggested by the Texas Mexican Railway (Tex Mex), for permanently altering the rail landscape in the Houston/Gulf Coast area.

As you also may know, more broadly, on April 3 and 4 of this year, at the request of Senators John McCain and Kay Bailey Hutchison, the Board held extensive informational hearings on the general issues of competition and access in the railroad industry. In that proceeding, the Board heard from a variety of interests about their concerns with the railroad industry today, and their vision of how it ought to be, and since that time, the Board has taken a number of steps intended to facilitate better service, less burdensome access to the regulatory system, and improved communications between railroads and their shippers. This proceeding represented an important step in advancing the dialogue about the types of concerns that Mr. Crocker raises in his letter, and I feel certain that they will produce positive changes in the way in which railroads and their shippers interact.

Mr. Crocker expresses concern that, as UP/SP remedies one problem, another seems to appear. That has been our experience as well, as UP/SP, like all of the other railroads in the Nation, seek to respond with an inadequate infrastructure to the surge in rail traffic produced by a booming economy. Thus, although UP/SP service in the Houston area appears to have begun to show steady improvement, problems are continuing to appear elsewhere on the UP/SP system, such as the rail corridor crossing the central United States, over which the carrier is now performing much-needed infrastructure improvements. Although the slowdowns on the Central Corridor create difficulties for businesses relying on UP/SP, the maintenance work and track improvements being performed there and throughout the UP/SP infrastructure are vital to ensure good service over the long term.

I cannot give you an easy answer as to how to assure that the recent improvements in UP/SP's service will continue, and that problems will not simply be "exported" to other parts of the system. I can tell you, however, that one of the keys to improving service throughout the West is an improved infrastructure, which will require capital and investment. We at the Board hope that, as UP/SP makes its infrastructure improvements, it will be in a better position to provide sustained good service. In any event, let me assure you that the Board is acutely aware of the quality of service provided by UP/SP, and is doing and will continue to do all that it can to facilitate better service for now and for the future.

For your information. I have enclosed copies of the press releases describing the decisions I have discussed. If I can be of assistance to you in this or any other matter, please do not hesitate to contact me.

Sincerely,

Linda J. Morgan Linda J. Morgan

Enclosures

JO ANN EMERSON MEMBER OF CONGRESS 8TH DISTRICT, MISSOURI

.

HOUSE COMMITTEE ON AGRICULTURE HOUSE COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE HOUSE COMMITTEE ON SMALL BUSINESS

E-mail joann.emerson@mail.house.gov Web Page: http://www.house.gov/emerson/

# Congress of the United States

House of Representatives

.

Washington, DC 20515-2508

April 10, 1998

...

Ms. Linda J. Morgan Chairman Surface Transportation Board 1925 K Street, NW Washington, DC 20423-0001

Dear Ms. Morgan:

Enclosed for your reference is a copy of a letter I recently received from my constituent, R. Linn Crocker, Transportation Manager of Golden Cat Division of Ralston Purina, regarding failure in service the company has been experiencing with Union Pacific Railroad. Mr. Crocker has asked that I share his concerns with the Board. Any comments that you may have on this situation would be greatly appreciated.

Thank you, Mr. Chairman, for your attention to this matter.

Sincerely,

FILE IN DOCKET

Journn Emerson MEMBER OF CONGRESS

JAE/klk

OFFICES: SUITE 132 CANNON BUILDING W.15HINGTON, DC 20515 202/225-4404

THE FEDERAL BUILDING 339 BROADWAY CAPE GIRARDEAU, MO 63701 573/335-0101

> 612 PINE ROLLA, MO 65401 573:364-2455

22 EAST COLUMBIA FARMINGTON, MO 63640 573/756-9755

-

60

=

CHAIRMAN MORGAN

SURFACE TE CREATION

LDE **Division of Ralston Purina** 

KItrons

MAR 03 1998

February 24, 1998

U.S. Representative JoAnn Emerson 2454 Rayburn Building Washington, D.C. 20515

Dear Representative Emerson:

Please accept my thanks for sharing your thoughts with the Men's Club of Centenary United Methodist Church on Tuesday evening February 17, 1998, and with the Grocery Manufacturers of America on the morning of Wednesday February 18, 1998. I know your time in the district is valuable, and we appreciate your sharing some of it with us.

In my position as Transportation Manager at Golden Cat Div. of Reliston Purina, I have to contend with the ongoing service failures of the Union Pacific Railroad. Golden Cat has a plant located 10 miles northeast of Bloomfield, MO on Highway Y in Stoddard County. The only railroad service provided to this plant is by the Union Pacific Railroad. Since July 1, 1997, the service provided by the Union Pacific to Golden Cat has been very poor, both in local switching and line haw service. Golden Cat has incurred added costs in excess of \$500,000 and still climbing. These costs have been in the form of premium transportation when truck transportation has to be substituted for rail transportation, and lost time at the plant when production is curtailed due to material shortages. Our production associates have also incurred losses due to production curtailments caused by material shortages when Union Pacific service failures occurred. At this writing I do not see an end to the situation. The Union Pacific has made gallant efforts in correcting the situation, but each attempt at a fix seems to have caused the situation to worsen. Service to Texas and Colorado are the worst service areas followed by Wyoming to Noomfield.

Will you please voice our concerns in the House Transportation Committee and to the Su face Transportation Board.

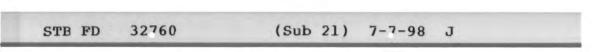
Respectfully submitted,

GOLDEN CAT DIVISION OF RALSTON PURINA

R. Linn Crocker Transportation Manager

RLC:djg

- cc
- D. Colo L. Holmes M. Tendler C. Alexander



PETE WILSON, Governor

#### DEPARTMENT OF TRANSPORTATION RAIL PROGRAM 1120 N STREET, ROOM 3400 P.O. BOX 942874 M.S. 74 SACRAMENTO, CA 94274-0001 PHONE (916) 654-6664 FAX (916) 653-4565

June 24, 1998



Mr. Vernon A. Williams, Secretary Surface Transportation Board Mercury Building, Suite 700 1725 EStreet, N.W. Washington, DC 20423-0001

Dear Mr. Williams:

The purpose of this letter is to provide our input concerning the merger of the Union Pacific (UP) and Southern Pacific (SP) railroads. Our overall experience has been positive for the post-merger benefits which have accrued for intercity rail passenger service in California.

The California Department of Transportation (Caltrans) provides operating assistance for three intercity passenger routes including, the *Capitols*, the *San Diegans* and the *San Joaquins*. A portion of all three routes utilize UP tracks. Caltrans also provides considerable capital funding for track, signal and station improvement projects. We have established a good working relationship with UP management and have found them to be very cooperative concerning the implementation of state-funded capital projects. We have found UP management to be much more responsive to Caltrans concerns than SP management before the merger.

Since the merger we have received UP assistance in expediting track and signal upgrades on the Coast Route where the *San Diegan* trains are operated by Amtrak. This line had experienced slower operating speeds due to years of deferred maintenance under SP. Recently, UP has completed the design work for the first phase of this \$34 million project and we anticipate that construction of the track and signal work will begin shortly. This past winter, the Coast Route was hit by severe storms causing mud slides, track washouts and the loss of a bridge in two different counties. Using its own resources and by working seven days per week and overtime, UP was able to restore the *San Diegan* trains much sooner than expected. Recently, we have also seen an improvement in on-time performance of the passenger trains on this route.

Concerning station projects, UP has been very cooperative in facilitating completion of track work associated with two new passenger stations and a train layover facility in Santa Barbara County. We are pleased with the response UP has provided since we project that each of the new stations will generate significant revenue and ridership for the state-supported San Diegans. UP has also facilitated the start of passenger service to new rail stations in Placer County, and the extension of the Capitols from Roseville to Colfax.

Mr. Vernon A. Williams June 24, 1998 Page 2

Also since the merger, UP has completed the \$57 million upgrade to the line served by the *Capitols*. The track and signal system improvements between Sacramento and Oakland have allowed the running times to be reduced by an average of 20 minutes. This will make rail passenger service more competitive with auto travel on the congested I-80 route which parallels the UP-owned tracks. Additionally, UP contributed approximately \$13 million for the completion of this project.

Overall, we believe the merger has benefited passenger rail service in California, and many of the UP-Caltrans cool rative projects will result in continued public benefits such as faster trains, increased frequencies and improved schedule reliability.

Sincerely,

auer Wel

WARREN WEBER Rail Program Manager



## **Surface Transportation Board**

### **Disclosure Statement**

Signed:

prenerpo Richard & associate Jene 29, 1998

Date:

Title:



89262



June 29, 1998

OFFICE OF THE CITY MANAGER

Mr. Vernon A. Williams, Secretary Surface Transportation Board Mercury Building, Suite 700 1725 K Street, N.W. Washington, D.C. 20423-0001

**City of Phoenix** 15 RECEIVED

Winner of the Carl Bertelsmann Prize



Finance Docket No. 32760 (Sub. No. 21) Re:

Dear Mr. Williams:

I am the Deputy City Manager of Phoenix, Arizona, and I am writing to explain how Phoenix and the surrounding area have benefitted from the UP/SP merger.

Phoenix, Tempe, Mesa, Glendale, and the Regional Public Transportation Authority (RPTA) are completing two Major Investment Studies (MIS) sponsored by the Federal Trangit Administration (FTA). These studies have recommended that in the Central Phoenix/East Valley (CP/EV) area. a light rail transit (LRT) alternative be established on alignment options including the Union Pacific Railroad right-of-way. In the city of Tempe, the abandoned UP Creamery Branch is the primary LRT alignment option. This would connect downtown Tempe, Arizona State University, and Tempe residential neighborhoods. All of the aforementioned rail line was formerly owned by SP. We are thankful that this route was acquired by UP through the merger, because UP has been extremely supportive of our endeavor.

The UP has been involved in the MIS study since its inception, and UP representatives have been cooperative with all requests. Whenever we have asked, UP representatives have attended meetings and arranged tours of the UP right-of-way. UP staff has also provided invaluable special event support for events that we have sponsored through partnerships with the local business community, local cities, local chambers of commerce, and Amtrak. These events have demonstrated to the community the benefits of transit. Without the UP's support, these events would not have been successful.

As we advance from planning to implementation, we look forward to working with UP, because UP has shown such a commitment to serving the communities in which it operates. We are grateful that the merger has enabled us to work with a railroad that is so responsive to our needs.

Sincerely.

Jack Perlin

**Jack Tevlin Deputy City Manager** 

C: Leslie Rogers, FTA Mary O'Connor, City of Tempe **Timothy Hester, Covington & Burling** 

ENTERED Office of the Secretary

200 West Washington Street, Phoenix, Arizona 85003 602-262-6941 FAX: 602-261-8327



189240



WESTSIDE LIGHT RAIL PROJECT 710 N.E. HOLLADAY STREET PORTLAND, OREGON 97232 (503) 239-2100 FAX (503) 239-2280



Mr. Vernon Williams, Secretary

June 23, 1998

Surface Transportation Board 1925 "K" St., N.W., Room 700 Washington, D.C. 20323-0001

Finance Docket No. 32760 (Sub. No. #21) RE:

Dear Mr. Williams:

Tri-Met, the Portland areas Transit Agency, has built and is expanding a light rail network throughout the region.

Beginning in the early 1980's and again in 1994, Union Pacific management was instrumental in overcoming right of way impediments by facilitating shared corridor solutions. With the Banfield line (15 miles) in operation since 1986, and the Westside extension (18 miles) scheduled to open this September, the Agency has now focused on a South/No. h project expected to eventually reach a length of 35 miles.

The ongoing cooperation from Union Pacific management both here and in Omaha has factored into Tri-Met's alignment decisions that anticipate further use of shared transportation corridors. The consolidation of Union Pacific and Southern Pacific has resulted in improved responsiveness from the railroad as Tri-Met seeks to plan service extensions that benefit the citizens of the region. These improvements have then welcomed.

We have every confidence that the "partnership approach" of Union Pacific and Tri-Met to transportation solutions, will be of benefit to the railroad and transit riders.

Please advise if we can be of further assistance.

Cordially.

**Tack Wilson Executive Director** 

ENTERED Office of the Secretary

TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON

AA

STB FD 32769 (Sub 21) 7-1-98 J 189211

89211



**Ilinois Department of Transportation** 

Office of Planning and Programming 2300 South Dirksen Parkway / Springfield, Illinc's / 62764

June 19, 1998

Vernon Williams

1925 K Street, NW

Surface Transportation Board

Washington, DC 20423-0001

Secretary

RECEIVED JUL 1 1998 MAIL MANAGEMENT STB

Re: Finance Docket 32760 (Sub. No. 21) - Oversight Proceeding

Dear Mr. Williams:

I am writing to comment on progress made in implementation of the Union Pacific/Southern Pacific merger, for the Board to take into account as it continues its Oversight role. As you may recall, Illinois supported the merger, primarily due to concerns over the future of Southern Pacific if it tried to continue on its own. That railroad was tottering on the edge of the abyss.

We are happy to report that things have gone well in Illinois with regard to merger implementation. The Union Pacific has been excellent to work with, and has provided our state with good overail rail freight service. The cooperative attitude of UP personnel and management in developing joint projects - from grade crossing improvements to greatly expanded grain siding capacity projects to Positive Train Control - has been a delight for us.

That last topic bears greater explanation. Since 1994, Illinois DOT has had funds available to develop and demonstrate a system of Positive Train Control on the Chicago to St. Louis corridor owned first by Southern Pacific, then Union Pacific. This corridor is our main rail passenger route now, and represents Illinois' intended high speed rail corridor. It was recognized as such by the US DOT through designation as a prospective high speed rail corridor under Section 1010 of the Intermodal Surface Transportation Efficiency Act. Unfortunately, we could not gain the active cooperation of Southern Pacific in the project, despite the obvious benefits to both freight and passenger transportation.

> ENTERED Office of the Secretary

> > JUL - 7 1998

Part of Public Record Now that Union Pacific has taken over, however, we have made excellent progress. At the suggestion of Union Pacific, the Association of American Railroads has now become a participant - pledging \$20 million of member road funds - in the project, with Union Pacific allowing use of this corridor as a national testbed for this new technology to prevent train-train collisions and overspeed derailments, and to protect roadway workers on track.

Similarly, Union Pacific has been enthusiastically cooperating in our efforts to provide a series of major grain load-out facilities up this corridor (in Elkhart, Bloomington, and Pontiac to start). Each will be able to load out 75-car shuttle trains in 15 hours from receipt of the empty cars. These projects, funded State loans and with UP technical cooperation, in-kind donations and provision of the mainline switches, will earn our farmers up to 10 cents per bushel more for their grain (more than double their profit margin) while allowing UP to better handle car supply and the flow of grain. Such cooperation was not available from the Southern Pacific.

We are well aware of the service problems Union Pacific has encountered elsewhere, and have experienced some temporary service problems of our own on occasion. In no case have we seen anything at all to compare with what we fully expected to occur had the Southern Pacific continued unmerged, however. Things could have been even worse, and at least now they are improving, and we have confidence in the willing and capable people at Union Pacific in their efforts to implement the merger and move on. Thank you for this opportunity to comment on the merger implementation.

2.

Merrill L. Travis Chief, Bureau of Railroads



## MAYER, BROWN & PLATA

1909 K STREET, N.W.

WASHINGTON, D.C. 20006-1101



MAIN TELEPHONE 202-263-3000 MAIN FAX 202-263-3300

WRITER'S DIRECT DIAL: (202) 263-3232

April 12, 1999

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

### RE: Finance Docket No. 32760 (Sub-No. 21), Union Pacific Corporation, et al.--Control and Merger--Southern Pacific Rail Corporation, et al. [General Oversight]

Dear Mr. Williams:

This is to notify you and all parties of record in the above-captioned proceeding that the address of the undersigned counsel for The Burlington Northern and Santa Fe Railway Company has changed to:

1909 K Street NW Washington, DC 20006-1101

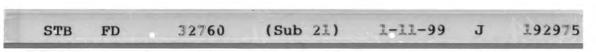
Please revise your records accordingly.

Sincerely,

ila 2 mer

cc: All Parties of Record

CHICAGO BERLIN CHARLOTTE COLOGNE HOUSTON LONDON LOS ANGELES NEW YORK WASHINGTON INDEPENDENT MEXICO CITY CORRESPONDENT: JAUREGUI, NAVARRETE, NADER Y ROJAS INDEPENDENT PARIS CORRESPONDENT: LAMBERT ARMENIADES & LEE



2550 M Street, NW PATTON BOGGS LLP 4 Washington, DC 20037 - 1350 NEVS AT LAW ENTERED Office c! the Secretary 202-457-6000 RECEIVED Facsimile 202-457-6315 JAN 12 1999 192975 Scott N. Stone 202 457 6335 Part of Public Record sstone@pattonboggs.com January 11, The Honorable Vernon A. Williams, Secretary Surface Transportation Board 1925 K Street, NW Suite 700 Washington, DC 20423-0001

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

Dear Secretary Williams:

On behalf of the Arkansas, Louisiana and Mississippi Railroad ("the AL&M"), I write to advise the Board that the AL&M is not seeking reconsideration of the Board's decision served in this docket December 21, 1998, which denied the AL&M's petition for BNSF access to the AL&M at Fordyce, Arkansas.

Mindful of the fact that this oversight proceeding will continue for two more years, however, the AL&M reserves its right to seek redress in the future should circumstances warrant. AL&M will continue, as it has in the past, to work with the Union Pacific system to address service and rate sues as they arise.

Sincerely,

Scott N. Stone

cc: Arvid E. Roach II William A. Mullins parties of record