

FLETCHER & SIPPEL LLC

Two Prudential Plaza, Suite 3125
180 North Stetson Avenue
Chicago, Illinois 60601-6721

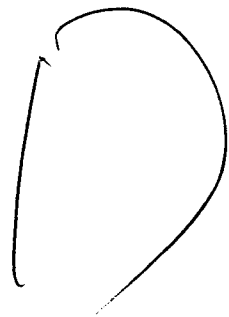
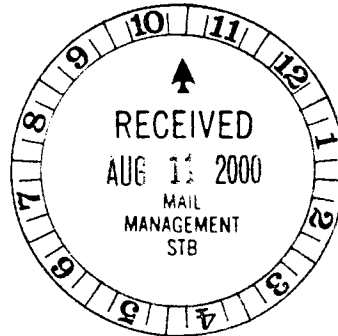
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Phone: (312) 540-0500
Fax: (312) 540-9098
www.fletcher-sippel.com

August 10, 2000

VIA FEDERAL EXPRESS

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



Re: **Docket No. 42052**
Union Pacific Railroad Company -- Petition for Declaratory
Order -- Unilaterally Imposed Interchange Charges

Dear Secretary Williams:

Enclosed for filing in the above-captioned proceeding are an original and ten copies of the **Opening Comments of Indiana Harbor Belt Railroad Company**, dated August 10, 2000. A 3.5-inch computer diskette, containing the text of the Comments and the attached verified statement in WordPerfect 5.1 format, also is enclosed.

One extra copy of this transmittal letter and of the Comments are included as well. I would request that you date-stamp those copies to show receipt of this filing and return them to me in the provided envelope.

If you have any questions regarding this filing, please feel free to contact me. Thank you for your assistance on this matter. Kind regards.

Respectfully submitted,

William C. Sippel
Attorney for Indiana Harbor Belt
Railroad Company

ENTERED
Office of the Secretary

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AUG 11 2000

Enclosures

FILED
August 10, 2000

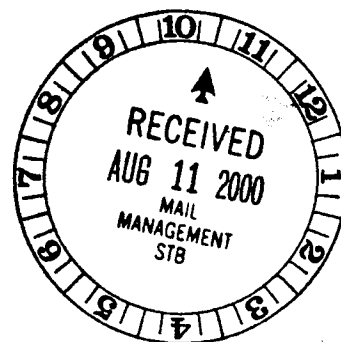
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BEFORE THE
SURFACE TRANSPORTATION BOARD

DOCKET NO. 42052



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Office of the Secretary

AUG 11 2000

Part of
Public Record

UNION PACIFIC RAILROAD COMPANY
PETITION FOR DECLARATORY ORDER --
UNILATERALLY IMPOSED INTERCHANGE CHARGES

OPENING COMMENTS OF
INDIANA HARBOR BELT RAILROAD COMPANY

Roger A. Serpe
General Counsel
Indiana Harbor Belt Railroad Company
111 West Jackson Boulevard
Suite 2215
Chicago, Illinois 60604-3503
(312) 786-9519

William C. Sippel
Thomas J. Litwiler
Fletcher & Sippel LLC
Two Prudential Plaza, Suite 3125
180 North Stetson Avenue
Chicago, Illinois 60601-6721
(312) 540-0500

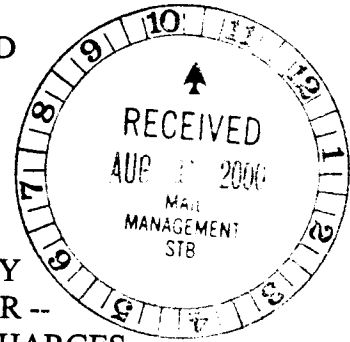
**ATTORNEYS FOR INDIANA HARBOR BELT
RAILROAD COMPANY**

Dated: August 10, 2000

BEFORE THE
SURFACE TRANSPORTATION BOARD

DOCKET NO. 42052

UNION PACIFIC RAILROAD COMPANY
-- PETITION FOR DECLARATORY ORDER --
UNILATERALLY IMPOSED INTERCHANGE CHARGES



OPENING COMMENTS OF
INDIANA HARBOR BELT RAILROAD COMPANY

Indiana Harbor Belt Railroad Company ("IHB") hereby files its opening comments in support of an IHB tariff item covering the refusal of connecting rail carriers to accept traffic in interchange. IHB's tariff item is a legal, reasonable and necessary response to a situation where line-haul carriers essentially park their trains on IHB's tracks and in IHB's yards, burdening IHB with the line-haul carriers' congestion and storage costs and seriously compromising the integrity and efficiency of the entire Chicago rail terminal. The Board should deny the relief requested by the Union Pacific Railroad Company ("UP") and uphold the validity of IHB's tariff.

BACKGROUND

IHB is a Class III switching and terminal railroad which operates approximately 320 miles of trackage in and around Chicago and in northwest Indiana. Chicago is by far the nation's largest rail hub and interchange location: over 25% of all domestic rail traffic passes through the Chicago switching district at some point in its journey, and nearly all of that is interchanged between carriers within the terminal. IHB, in turn, is one of two principal intermediate switching carriers (the other is The Belt Railway Company of Chicago ("BRC"))

handling interchange traffic in Chicago. IHB connects with every line-haul carrier in the city, and handles staggering amounts of traffic: approximately 475,000 cars annually in intermediate switching service, and another 170,000 cars annually in local service to and from shippers on IHB's lines.¹ In addition, 565,000 cars are handled annually by other carriers via trackage or haulage rights over IHB's lines. Verified Statement of Charles H. Allen, attached hereto ("Allen V.S."), at 3. IHB is owned by Soo Line Railroad Company, a component of the Canadian Pacific Railway, and Consolidated Rail Corporation,² but is operated and functions as an independent switching carrier. See CSX Corporation and CSX Transportation, Inc., Norfolk Southern Corporation and Norfolk Southern Railway Company -- Control and Operating Leases/Agreements -- Conrail Inc. and Consolidated Rail Corporation, Finance Docket No. 33388, Decision No. 53 (STB served November 10, 1997).

IHB's principal yard facility is Blue Island Yard, located on the far south side of Chicago. Blue Island Yard is a 44-track classification hump yard which handles approximately 1250 cars each day. Blue Island Yard performs most of IHB's classification work, and nearly all of IHB's local industry traffic passes through the yard as well. IHB's Gibson Yard, located east of Blue Island Yard in Indiana, is a flat yard facility which handles primarily automotive traffic. Smaller, industrial support yards are located at Michigan Avenue, Argo, Lakefront and Norpaul. Allen V.S. at 2. IHB builds blocks of traffic and often complete trains at Blue Island Yard for its respective line-haul connections, classifying and combining cars received from various other

¹ Among other things, IHB provides service to four of the nation's five largest steel producers at their facilities in northwest Indiana. Local service to IHB's 150+ on-line customers is a greater component of IHB's business than may be the case for many other terminal switching railroads.

² Conrail is, in turn, beneficially owned by CSX Transportation, Inc. and Norfolk Southern Railway Company.

carriers as well as local traffic originating on IHB's lines. IHB also moves a smaller number of complete trainsets (such as unit trains of grain or coal) between carriers in Chicago.³ In many instances (including UP's), IHB delivers these trains and traffic to connecting carriers' Chicago-area yard facilities; in other instances, the line-haul carriers operate directly out of Blue Island Yard with their own trains. Allen V.S. at 3.

Given its position as the predominant hub of the U.S. rail system, it is critical that interchange traffic is handled efficiently and expeditiously through the Chicago terminal. As the Board is well aware, that is not always the case. Carriers -- IHB included -- have at times experienced traffic congestion and operational delay problems in the terminal, and the recent round of railroad mergers has simply heightened the importance of the issue. As discussed in the attached verified statement of Charles H. Allen, IHB's General Manager for the last fourteen years and one of the most knowledgeable individuals on the subject of Chicago-area rail operations, IHB has been at the forefront of the efforts to address capacity and congestion issues in the Chicago switching district. As rail carriers have increasingly (and commendably) adopted a more collaborative approach to these problems, IHB's role as a coordinator and focal point of these efforts has increased as well. Allen V.S. at 7-8.

Developing effective operating practices to smooth the flow of traffic through Chicago depends in the first instance on an accurate understanding of what actually causes congestion and delays. As Mr. Allen explains, the underlying problem in the Chicago terminal is often not main line capacity, but yard capacity. Indeed, as traffic through the Chicago switching district has continually grown, the capacity of general purpose yard facilities has remained

³ As indicated above, a number of line-haul carriers also have trackage rights over IHB, allowing those carriers to move their own trains to connections with other railroads in the Chicago terminal.

stagnant and in many instances even shrunk. Allen V.S. at 4. Unless interchange and classification yards can be kept fluid, carriers face the inability to get traffic off of their main lines because of congestion in the yard to which a train is destined. Main line capacity in such circumstances is almost immaterial; the issue is that the trains have nowhere to go. Mr. Allen's analogy to an escalator into a closet is apt: the problem is not with the escalator itself, but with the constricted nature of the room at the top of the stairs. Allen V.S. at 5.

In these circumstances, IHB's predominant task is to keep its classification yards -- primarily Blue Island Yard -- fluid. IHB needs to receive cars into the yard, classify them, and get them out of the yard as quickly as possible. IHB has worked hard to meet these challenges, with generally favorable results. The continuing fluidity of the Chicago terminal and indeed rail operations nationwide is dependent on the ability of IHB and other similarly-situated carriers to maintain this trend.

As should be obvious, however, this process cannot and does not work if the receiving line-haul railroad will not accept its traffic when offered in interchange by IHB. IHB has to hold the rejected traffic on its lines or (more frequently) in Blue Island and Gibson Yards, occupying track space, hindering operations and limiting IHB's ability to receive new traffic into the yard for classification and interchange. Unfortunately, this is a problem which IHB confronted frequently in the 1990s. IHB estimates that its resulting inability to deliver cars to line-haul carriers refusing traffic at times reduced the capacity of Blue Island Yard by nearly a third. Allen V.S. at 9.

IHB was not the only intermediate switching carrier experiencing such problems, and it was BRC which first published a tariff imposing a per-car penalty on receiving carriers for traffic not accepted in interchange within a defined period (originally 18 hours, then 12 hours,

now 9 hours) after being tendered. That tariff, published in September, 1994, was not protested or otherwise challenged, and remains in effect today. The original and current versions of the tariff are attached as Exhibits D and H to Mr. Allen's verified statement. BRC's tariff is substantially identical to the IHB tariff under challenge in this proceeding. UP, which is a part owner of BRC, has not challenged the BRC tariff here, and apparently continues to pay the amounts due under it.

BRC's publication of such a tariff compelled IHB to follow suit. Failure to act would likely have inundated IHB with traffic diverted from the now-expensive BRC to the "free" storage available on IHB. Allen V.S. at 6. Originally published in November, 1994, IHB Freight Tariff 9347-B, Item 255 provided:

**TRAIN DELAY DUE TO RECEIVING CARRIER'S FAILURE
TO TAKE DELIVERY OF CARS FROM IHB**

When IHB notifies a connecting line it desires to make a delivery of cars, and the connecting line refuses to accept, or otherwise fails to allow IHB to physically deliver, cars at its receiving yard or other designated interchange location for a period in excess of 12 hours, thus requiring cars to remain on tracks of IHB, cars will be subject to a Train Delay charge of RB [rate base] 130 per car. Thereafter, for every 12 additional hours that a connecting line refuses to accept delivery and cars remain on tracks of IHB, cars will be subject to an additional Train Delay charge of RB 130 per car.

Train Delay charges named in this item accrue solely to IHB and are in addition to all other charges or divisions of revenue which would apply without regard to this item.

A copy of the 1994 tariff is attached as Exhibit E to Mr. Allen's verified statement. IHB's tariff was not protested, suspended or otherwise challenged at what was then the Interstate Commerce Commission, and has remained in effect since. As is discussed further below, in 1999 IHB (and BRC) amended the tariff at the request of Chicago line-haul carriers -- including UP -- to reduce

the grace period for accepting cars from 12 hours to 9 nine hours. Allen V.S. at 7-8. A copy of the revised 1999 tariff is attached to Mr. Allen's statement as Exhibit C.

IHB's tariff has proven an effective means to assure that cars ready for interchange do not unnecessarily clog Blue Island Yard, and more broadly that operations in the Chicago terminal remain fluid. The sound and effective nature of the IHB and BRC tariffs is confirmed by the absence of any prior challenge to those tariffs in the six years since they were adopted. UP now seeks to have the IHB tariff declared void, apparently while seeking to leave the identical BRC tariff in place. IHB forwards approximately 126,000 cars to UP in Chicago annually, and UP is IHB's largest connection for local industry traffic. Allen V.S., Appendix. IHB delivers that traffic from Blue Island Yard and (for automotive traffic) Gibson Yard to two UP locations: Yard Center in Dolton, Illinois (south of Chicago), a former Missouri Pacific facility, and Proviso Yard near Bellwood, Illinois (west of Chicago), a former Chicago & North Western facility. IHB personnel usually contact UP when such trains have been made up in Blue Island or Gibson Yard and are ready for departure. When UP declines to accept delivery, the trains are generally held in the yards pending further instructions from UP. However, some trains destined to Proviso Yard are held when possible on a third main track on IHB's line near Proviso rather than at Blue Island or Gibson Yards. While this arrangement releases track space in the yards, a train sitting on the third main track can seriously disrupt operation of the approximately twelve other trains a day (four IHB trains and eight trains of IHB's trackage rights tenants) that travel to or from Proviso Yard via IHB's line. Allen V.S., Appendix. The third main cannot hold more than two trains; any additional trains rejected by UP for interchange at Proviso Yard are held in Blue Island and Gibson Yards. All delayed traffic for Yard Center is held at Blue Island and Gibson Yards.

UP has not recently incurred significant charges under IHB's delay tariff. During UP's troubled integration of CNW in 1996, however, interchange traffic rejected by UP soared, resulting in serious operational difficulties for IHB and the imposition of large delay bills. UP continues to dispute payment of certain of those bills.

DISCUSSION

I. IHB's Tariff is Lawful

A. The IHB Tariff Can Be Imposed on Other Carriers

In requesting a declaratory order from the Board voiding IHB's delay tariff, UP contends that a rail carrier can only impose tariff charges on shippers, and not on other rail carriers. UP Petition for Declaratory Order, dated February 11, 2000 ("UP Petition"), at 8-9. UP's position is inconsistent both with the law and with broad industry practice -- including its own.

In Cincinnati, N.O. & T.P. Ry. Co. v. Chesapeake & O. Ry. Co., 441 F.2d 483 (4th Cir. 1971), the court considered a carrier tariff that imposed a per-car charge on other carriers for misrouting cars in interchange to the first carrier. As is the case here, the court recognized that the existing practice "effectively shifts the costs of the mistaken delivery away from the company responsible for the error." CNO&TP, 441 F.2d at 484. As UP does here, the erring carriers claimed that the tariffs could not apply to them, that any such charges had to be the subject of private agreement, and that the AAR Code of Car Service Rules preempted the tariff. The court not only held that such misrouting charges could be imposed by tariff, but that in fact they could only be imposed by tariff:

[The Interstate Commerce Act] leaves little doubt that if the storing and switching of misrouted cars is a transportation service, it can only be furnished under tariffs published in accordance with the Act.

CNO&TP, 441 F.2d at 487.⁴

In a decision four years later, the ICC reviewed and explained CNO&TP and other cases establishing when tariffs can apply to rail carriers:

[CNO&TP] found that the complaining railroad could publish a tariff charge for cars switched in error onto its tracks, for the expenses involved in storing and returning such erroneously switched cars to the owning or connecting road.

In all of these cases, however, it was held that, while the services for which the charges were imposed were not performed for the direct benefit of the shipping public, tariff charges were proper means for one carrier to compensate itself for *transportation services* performed for the benefit of another carrier. In each case, the essential element was the performance of a transportation service, for which compensation could be justifiably sought.

Wooden Grain Doors, Burlington Northern Inc., 350 I.C.C. 768, 774 (1975) (*italics in original*).

Both the court and the ICC in the passages quoted above recognized that the "storage" of railcars for a carrier was one such service subject to tariff charges. Indeed, car storage has always been recognized as one component of the "transportation" regulated under the Interstate Commerce Act. 49 U.S.C. § 10102(9)(B); Wilson Produce Co. v. Pennsylvania R.R. Co., 14 I.C.C. 170, 173 (1908) ("Track storage charges when associated with an interstate movement appertain directly to interstate commerce. They represent the carrier's compensation for services rendered in connection with the transportation."), aff'd, 16 I.C.C. 116 (1909). IHB's tariff here covers essentially the same situation: IHB is compelled, through no fault of its own, to hold cars on

⁴ See Illinois Term. R. Co. Abandonment, 328 I.C.C. 49, 61 (1965) (intermediate switching services are governed by a switching carrier's published tariff, not by any contract with the line-haul carrier), aff'd 328 I.C.C. 66 (1966). While it is no longer the case that carriers cannot enter into contracts for such transportation services (and, indeed, that would be IHB's preferred solution to the delay/storage charges at issue here), plainly these decisions establish the right of carriers to issue such tariffs.

behalf of, and for the benefit of, another carrier, awaiting instructions from that carrier on when it will accept the cars. Rail carriers charge shippers under tariffs for precisely such a transportation service, Allen V.S. at 10; under the foregoing precedent, such tariff charges are plainly allowed against other carriers as well.

UP tries to support its argument with a 1994 letter from an ICC employee rejecting a UP predecessor's attempt to file car hire charges in tariff form. That letter's distinguishing of CNO&TP is instructive here:

Cincinatti [sic] did not involve car hire charges. Rather, it involved a charge, set out in a tariff that the Commission declined to suspend, to compensate a carrier for erroneous car switches made by connecting carriers.

UP Petition, Tab 5. Each of these points is true here too. IHB's tariff has nothing to do with car hire charges. It was never challenged or suspended when initially filed in 1994. And it simply compensates IHB for the costs and consequences of involuntarily holding cars that UP has declined to accept in interchange. As in CNO&TP, imposition of such tariff charges on UP is wholly appropriate.

It is also wholly consistent with practice throughout the railroad industry. As Mr. Allen explains in his verified statement, numerous carriers have numerous tariff provisions that are applicable to and payable by other carriers. Allen V.S. at 11. A sufficient example for present purposes is UP's own tariff item covering the misrouting of cars in interchange -- the precise matter considered in CNO&TP. UP Tariff 6007, Item 900, effective August 31, 1999, attached as Exhibit J to Mr. Allen's statement. UP imposes this charge only on carriers which impose a similar charge on it, and apparently both pays and collects the resulting charges. UP's actions make no sense if UP believes, as it claims here, that neither carrier has the legal authority to impose such charges.

B. The IHB Tariff is Not an Impermissible Interchange Arrangement

Citing 49 U.S.C. § 11121, UP claims that interchange arrangements between carriers are subjects of private agreement and cannot be unilaterally imposed by one party. UP seems to believe that there is some disagreement between UP and IHB as to their interchange arrangement, but there is not. UP, as it is entitled to do as the receiving carrier,⁵ has designated the locations at which it will accept traffic in interchange from IHB: at Proviso Yard for some traffic, and at Yard Center for other traffic. IHB is to deliver traffic with its own crews to UP at those locations. There is no dispute regarding these arrangements, nor any attempt by IHB to change them. There is simply UP's failure to accept cars in interchange under this agreed-upon arrangement.

Despite UP's self-selected docket name for this proceeding, the tariff charges at issue here are not "unilaterally" imposed on IHB's "interchange" of traffic with UP. Common carriers by rail are required by statute to interchange traffic with each other, 49 U.S.C. § 10742, and the unilateral imposition of a blanket charge as a prerequisite to that event would be unlawful. IHB is well aware of its interchange obligations as a common carrier. IHB is well aware of its interchange arrangements with UP. IHB wants to interchange traffic with UP in accordance with those obligations and arrangements. The charge here applies only when interchange does not take place for an excessive period of time. UP need never incur this charge in connection with its interchange of traffic with IHB. It applies only when UP elects -- for whatever reason -- not to accept interchange traffic from IHB at the location that UP itself designated to receive such traffic.

⁵ E.g., Kansas City S. Ry. Co. v. Louisiana & A. Ry. Co., 213 I.C.C. 351 (1935).

Ultimately, IHB's tariff charge is not related to the act of interchange, but to IHB's involuntary storage of UP's cars for UP's benefit until UP decides it is convenient to take them. UP could, of course, accept the cars in interchange and then hold them on its own property and at its own expense, and would never incur a charge under IHB's tariff. But UP would rather have IHB bear its storage costs. So UP rejects the cars in interchange, forces IHB to hold them, and decries any resulting charge as an impermissible burden on the interchange that didn't happen. Such circular reasoning is absent from the statute and no basis for UP's position here.

C. The IHB Tariff is Not Precluded by the AAR Car Hire Rules

UP's final legal claim is that IHB's tariff cannot be enforced because: 1) the Code of Car Hire Rules of the Association of American Railroads provides for the transfer of car hire responsibility to the receiving carrier upon a delay in interchange; and 2) as a signatory to the Code of Car Hire Rules IHB must arbitrate any dispute with UP under those rules. UP Petition at 10-11 (citing Car Hire Rules 15 and 25). As with its misplaced reliance on the 1994 letter discussed above, however, UP once again proceeds under the mistaken assumption that IHB's tariff has something to do with car hire rates and charges. It does not. Just as storage tariff charges imposed on shippers encompass more than the car hire or demurrage expense associated with the stored car, IHB's tariff here covers the other expenses in many forms that IHB incurs when it involuntarily holds cars for UP's benefit: the occupancy of IHB's land, the diminishment of its yard capacity, the interference with its switching operations, the increased crew and locomotive costs, the resulting delays to other trains and traffic. The AAR's Code of Car Hire Rules does not even purport to address or include such expenses.

UP's apparent fall-back argument is that, because AAR Car Service Rule 7 addresses the interchange of traffic and provides that "the provisions of Car Hire Rule 15 apply" when interchanged is delayed, that rule precludes charges for any expenses other than car hire. This again is a tortured view of the AAR rules. Car Service Rule 7(B) addresses IHB's interchange obligations as the delivering carrier, and releases IHB from those obligations (and shifts car hire responsibility to UP) if UP notifies IHB that it will not accept the cars. UP's only obligation under Car Service Rule 7 is to provide such notice. Once it has done so, UP's apparent position is that it can continue to refuse the cars in interchange with impunity, subject only to picking up the car hire expenses on the refused cars. To the extent the cars IHB is tendering in interchange are UP's own cars -- for which UP would not owe car hire in any event -- UP apparently believes it can force IHB to hold those cars indefinitely at no expense to UP. Arbitration under the AAR rules is not required to establish the baselessness of such a contention. Nor could it be even remotely consistent with a carrier's reasonable interchange obligations under 49 U.S.C. § 10742 and the reasonable car service requirements of 49 U.S.C. § 11121.

The AAR rules do not and cannot affect the legality and validity of IHB's tariff item.

II. IHB's Tariff is Reasonable

UP contends that its petition for declaratory order asks the Board only to "decide whether [IHB has] the right to unilaterally impose these charges on UP," Petition at 14 (emphasis in original), and does not require any factual determinations regarding the amount of the charges or other reasonableness factors. As discussed above, IHB possesses the legal ability to publish and enforce a tariff against other carriers for transportation-related charges. Contrary to its

contention, however, UP plainly has placed the reasonableness of IHB's tariff in issue, particularly in the "doomsday" portion of its petition outlining the dire consequences that UP foresees if IHB's tariff is upheld. UP Petition at 12-14. That section directly addresses the permissible scope of such tariffs, whether there is a "principled limit to the types of charges that may be imposed," and the "level of charges" contained in the tariffs. There very well could be otherwise legal tariff items directed at rail carriers that are impermissibly broad, exceed any principled and legitimate purpose, or contain excessive charges. IHB's tariff is not one of them, and the Board should so find in this proceeding.

It is critically important that the Board understand the fundamental reasons for, and the results of, IHB's interchange delay tariff. Because the problem that it addresses is so serious, because it mitigates that problem effectively and efficiently, and because no other feasible solutions to the problem exist, IHB's tariff item is not only reasonable but absolutely necessary.

A. The Problem Is Serious and Must Be Addressed

Experience has shown that -- particularly when they are facing their own operational difficulties -- line-haul carriers are too easily inclined to use the IHB and other terminal switching carriers as parking lots. They refuse to accept traffic properly offered in interchange by IHB, effectively forcing IHB to store the cars for the line-haul carrier's benefit until the line-haul carrier finds it convenient to take the cars. IHB, of course, has no place else to route such traffic. Instead, IHB simply has to hold the rejected cars, sometimes along IHB's main lines and sometimes on departure tracks at Blue Island and Gibson Yards, for periods that

can range up to several days.⁶ As IHB's departure tracks clog, the "bowl" of the classification hump at Blue Island Yard fills up as well, since traffic there cannot be removed to the departure tracks. This in turn slows the processing of cars over the hump, and leaves traffic to accumulate on the receiving tracks. Ultimately, as indicated above, the track capacity and classification velocity of Blue Island Yard can be reduced by 30%. Allen V.S. at 9. All the while, 1250 cars of new traffic are arriving each day to be classified at and interchanged through Blue Island Yard. If IHB could not address the problem presented by carriers who park their trains on the IHB in a timely and effective manner, IHB would be quickly swamped.

The adverse effects of this practice cascade back to the line-haul carriers who are seeking to deliver traffic to IHB for local or intermediate switching, and in turn to those carriers' customers. IHB's own customers are impacted too, since the congestion associated with the traffic stranded in IHB's yards affects the efficiency of all of IHB's operations, including local service. Allen V.S. at 9. The involuntary holding of line-haul carriers' traffic on IHB can effectively undo in a day the benefits of many of the capital and operational improvements that IHB and others in the Chicago switching district have worked so hard and so long to achieve. Expanded yard capacity, improved classification processes and shortened dwell times in yards are of little benefit if -- in true "hurry up and wait" fashion -- cars processed quickly and efficiently are then abandoned on IHB's own tracks for days on end while a line-haul carrier like UP focuses its attention elsewhere.

As Mr. Allen explains, and the Board is well aware, current rail operations in the Chicago terminal are a delicate and disciplined, sometimes tenuous, balance between traffic and

⁶ Charges under IHB's delay tariff do not commence until nine hours after a line-haul carrier has refused to receive traffic in interchange from IHB. Thus, traffic ready to depart has already been occupying IHB's tracks and yards for nearly a half-day before a line-haul carrier faces any penalty for its actions.

capacity. There are many players, but little room for error. Even events that appear minor when considered alone -- a snowstorm, or service problems on a single railroad -- can have cascading and devastating effects throughout the Chicago switching district. Allen V.S. at 4. For Chicago to remain fluid in this time of increased traffic and rail mergers, all components of the system must be operating at near-optimum levels. For IHB, that means receiving, classifying and delivering traffic as quickly as possible. A loss of upwards of one-third of IHB's classification capacity at Blue Island Yard due to refused outbound traffic, if left unaddressed, would put that task nearly beyond reach. And if IHB cannot function, the Chicago terminal cannot function. Allen V.S. at 4. The issue is that simple -- and that important.

Unfortunately, the carriers who park traffic on IHB and other terminal railroads are usually the only ones who don't pay the price for the serious consequences of that practice. Such carriers have addressed their own capacity, congestion or operating problems by simply shifting the expense of those problems to other parties. The troubles that UP experienced during the problematic CNW integration (to use the pertinent example here) were the result of UP's own actions and mistakes -- or at least not those of IHB, BRC or other line-haul carriers that interchange traffic with UP. But by storing large amounts of its traffic on IHB -- and thus keeping the traffic off of its own struggling system -- UP was able to solve some of its problems, even while that "solution" created a range of new problems for other, innocent parties. In the absence of the tariff which they now seek to eliminate, the cost to UP of this burden-shifting exercise would have been nothing. Indeed, in those circumstances it is difficult to imagine a time when UP's motivation would not be to park as much of its traffic on connecting carriers' lines as possible. Without any incentive for the responsible parties to address the problem themselves, some other remedy is not only warranted but absolutely vital.

B. IHB's Tariff Effectively and Fairly Addresses the Problem

IHB's tariff has proven dramatically effective in assuring that operations at Blue Island and Gibson Yards, on IHB's lines and more broadly in the Chicago switching district remain fluid. In nearly every instance, the issuance of delay charges to a seriously delinquent line-haul carrier has gotten the attention of the carrier's operating management and resulted in a nearly immediate reduction in the number of the carrier's cars involuntarily held on the IHB. Allen V.S. at 8. Beyond its remedial effects, the tariff has fulfilled a preventative purpose as well: it has provided successful incentives for line-haul carriers not to begin to park their trains on the IHB in the first place. UP, for example, has not refused significant amounts of traffic in interchange since UP/CNW integration -- including during the difficulties associated with the UP/SP merger that had such serious effects on terminals elsewhere. Allen V.S. at 8.

IHB's interchange delay tariff also is fair. It imposes charges on the party that refuses cars properly tendered to it in interchange and thus is responsible for the resulting delay expenses. Beyond fairness, such an approach is also efficient: it identifies and allocates the real costs associated with a line-haul carrier's unwillingness or inability to accept interchange traffic, and forces that carrier to make economically honest and rational decisions regarding the need for capital or operating improvements on that carrier's lines.

The Board need not take IHB's word for any of this, however. In March of 1999, the Chicago Rail Planning Committee met to discuss and adopt specific recommendations for improving Chicago area operations and service. Of the thirteen individuals at that meeting, three were high-ranking UP operations and service design personnel. See Allen V.S., Exhibit F. Among other things, the Committee expressly considered the interchange delay tariffs on both

BRC and IHB. They concluded that there were indeed flaws with the tariffs: they provided too much free time before the penalty kicked in, and were not expansive enough in their coverage.

It was felt that the penalty time was too long and needed to be reduced to drive discipline. Action: BRC is recommending to its board that the penalty time be reduce [sic] to 6 or 8 hrs. This recommendation was endorsed by the group present. IHB to also look at making the same changes to its tariff for Blue Island. The IHB is also to look at the merit of adopting a similar tariff for Gibson and present their recommendation to the group on April 21st.

Minutes of March 22-23, 1999 Meeting, Allen V.S., Exhibit F at 4 (emphasis added). IHB later reduced the free time under its interchange delay tariff from twelve to nine hours in response to the Committee's recommendations.

In seeking to have the Board invalidate IHB's tariff item, UP paints a picture of renegade interchange charges that, if left unchecked, will run amok and destroy the U.S. rail interchange system as we know it today. UP Petition at 12-14. That picture is not easily reconciled with the fact that IHB's tariff has been reviewed, strengthened and endorsed by all of the major rail carriers in Chicago, including UP. Whatever UP's corporate position before the Board in this proceeding, UP officials in a position to know clearly believe that IHB's interchange delay tariff is a reasonable, effective and desirable response to the problems confronting rail carriers in the Chicago terminal.

Nor are there logistical problems associated with implementation of the tariff. IHB's experience over the last six years is that processing and collecting interchange delay charges entails no greater administrative burden for either railroad involved than the many other inter-carrier charges existing today -- or than the car hire expense for delayed cars under Code of Car Hire Rule 15, which requires essentially the same information. Allen V.S. at 12. And UP's fears regarding the total amount of delay charges that might be imposed on it nationally, UP

Petition at 13, likely say more about a UP pattern of refusing to accept traffic in interchange system-wide than they do about the legitimacy of IHB's tariff. As IHB has consistently explained, the motive of the interchange delay tariff is to prevent delay charges from being incurred or collected under it. Allen V.S. at 15. Railroads that reasonably accept traffic offered in interchange -- or at least that do not have substantially more rejected inbound traffic than outbound traffic rejected by others -- face little net expense from interchange delay tariffs such as IHB's.

C. If Not This, What?

As explained above, doing nothing about traffic parked on IHB and other terminal carriers is not an option. Yet IHB is unaware of any feasible alternative proposed by any source that could effectively address such problems in lieu of IHB's interchange delay tariff. Certainly IHB has few if any other options available to it. As traffic held on IHB's lines and congestion in Blue Island and Gibson Yards increased, IHB would take steps to reduce the number of cars received into its yards from the various line-haul carriers. This, of course, would compel the line-haul carriers to hold the excess traffic at their last major yard facility outside of the terminal, potentially creating delays and congestion on rail lines far beyond Chicago. In a worst-case scenario, IHB could embargo some or all inbound traffic to Blue Island Yard and Gibson Yard. IHB knows that this is tantamount to no solution at all; besides once again punishing innocent third parties for the receiving carrier's problems, such an action would cripple the Chicago terminal and likely devastate rail operations nationwide. Allen V.S. at 15-16.

UP suggests that any arrangements to address these issues should be made by mutual agreement of the parties, but as Mr. Allen explains there must be a fall-back provision that governs when an agreement can not be obtained. Allen V.S. at 13. The current situation in

Chicago neatly demonstrates why this is so. While the IHB and BRC interchange delay tariffs are substantively identical, UP has challenged only IHB's tariff in this proceeding before the Board. UP, which is an owner of BRC but not of IHB, has apparently "agreed" to pay the BRC's interchange delay tariff charges, even while it has declined and challenged identical charges levied by IHB. While a grant of UP's petition here would legally void BRC's tariff as well as IHB's, UP (and perhaps other BRC owners) could be expected to again "agree" to a continuation of the BRC charges -- with potentially devastating consequences for IHB. Low-priority traffic which line-haul carriers wished to "park" off-line would gravitate to IHB, avoiding BRC's delay charges and improving BRC operations while simultaneously causing congestion on IHB. UP, by agreeing to the charges with one carrier and not with the other, would have created a uniquely uneven and unfair situation that unilaterally favored the terminal carrier in which UP has an ownership interest. The implications of such a situation are problematic at best.

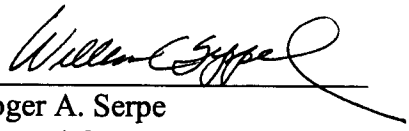
CONCLUSION

Rail operations and service have been predominant issues in the railroad industry for the last five years. Carriers, shippers and the Board have grappled with the problems caused by traffic congestion, increased transit times and service break-downs, not always with complete success. The IHB tariff at issue in this proceeding is an all-too-rare example of an innovative, carrier-initiated response to a seemingly intractable problem in one of the nation's most critical and precarious rail terminals. It addresses a significant underlying cause of traffic congestion in a fair, unobtrusive and effective manner. It has been endorsed by the very carriers -- including UP -- who stand to incur charges under it. It is utilized successfully by other switching carriers. In short, IHB's tariff is about solutions. Voiding the tariff would amount to a use of the Board's regulatory power to perpetuate the current service problems in the industry, while at the same

time laying the groundwork for more intrusive regulatory action in the future. No interest is well-served by such an outcome. After six years of successful implementation, IHB's interchange delay tariff should be allowed to stand.

WHEREFORE, IHB respectfully requests that the Board issue a declaratory order finding IHB Tariff 9347-B, Item 255 legal, reasonable and enforceable.

Respectfully submitted,

By: 
Roger A. Serpe
General Counsel
Indiana Harbor Belt Railroad Company
111 West Jackson Boulevard
Suite 2215
Chicago, Illinois 60604-3503
(312) 786-9519

William C. Sippel
Thomas J. Litwiler
Fletcher & Sippel LLC
Two Prudential Plaza, Suite 3125
180 North Stetson Avenue
Chicago, Illinois 60601-6721
(312) 540-0500

**ATTORNEYS FOR INDIANA HARBOT BELT
RAILROAD COMPANY**

Dated: August 10, 2000

BEFORE THE
SURFACE TRANSPORTATION BOARD

DOCKET NO. 42052

UNION PACIFIC RAILROAD COMPANY
-- PETITION FOR DECLARATORY ORDER --
UNILATERALLY IMPOSED INTERCHANGE CHARGES

**VERIFIED STATEMENT
OF
CHARLES H. ALLEN**

My name is Charles H. Allen. I am General Manager for the Indiana Harbor Belt Railroad Company ("IHB"). As General Manager, I am the chief operating officer for IHB responsible for all aspects of IHB's operations. I also have overall responsibility for the Railroad's marketing, engineering, labor relations, accounting and real estate functions. I have served as General Manager of the IHB for 14 years.

Prior to my service with IHB, I spent 19 years in various operating and engineering positions with Conrail and its predecessor companies, including as General Manager of Operations and Maintenance and Vice President of Engineering for the Central Railroad of New Jersey and President of the Lehigh and New England Railway. I hold a B.S. in Engineering from the University of Illinois and I am a graduate of Conrail's Management Program at Penn State University. I am a member of the Chicago Rail Planning Committee, a ten-railroad committee consisting of representatives of the chief operating officers of all six of the Class I railroads serving Chicago plus Wisconsin Central, The Belt Railway Company of Chicago ("BRC"), the Elgin, Joliet and Eastern Railway and IHB. I am Co-Chairman of the Chicago Rail Carriers Association, a subgroup of the Chicago Rail Planning Committee which

consists of the local senior transportation officers of these railroads. I am also a member of the Transportation Policy Committee of the Northwest Indiana Planning Commission.

I am personally familiar with the IHB tariff provision at issue in this proceeding, its purpose and history and the critical role it has played in maintaining the fluid movement of traffic in the Chicago Terminal and on the IHB. As I explain below, it is a reasonable and necessary tool in the on-going effort to prevent debilitating congestion in the nation's largest rail gateway.

The IHB, a Class III carrier, is the largest switching carrier in the United States on a revenue basis. It operates 54 route miles of mainline track (including 24 miles of doubletrack mainline) and 266 miles of yard and siding track located almost entirely within the Chicago switching district (also known as "the Chicago Terminal"). IHB's principal yard is Blue Island Yard, a hump yard with 44 classification tracks, located in Riverdale, Illinois. A map of Blue Island Yard is attached as Exhibit A. Blue Island Yard is the heart of the IHB, receiving and dispatching approximately 1250 cars per day. Virtually all of IHB's intermediate switching traffic and local industrial traffic passes through Blue Island Yard. Our only other major yard is Gibson Yard in Hammond, Indiana, a flat yard which is used exclusively to classify cars of westbound automotive traffic (approximately 350-400 rail cars per day). IHB's other yards, such as Michigan Avenue, Argo, Lakefront and Norpaul, are smaller flat yards used exclusively to support local industries served by IHB. Norpaul Yard, located at the far north end of the IHB near Franklin Park, Illinois, is also used to interchange certain traffic with Wisconsin Central and Canadian Pacific and for receiving certain interchange traffic from UP. A map showing the lines of the IHB is attached as Exhibit B. Although IHB is currently owned 51% by Conrail (which is

itself now owned by NS and CSXT) and 49% by Canadian Pacific, it is operated and functions as an independent switching carrier.

IHB interchanges traffic with 17 other rail carriers (13 line-haul carriers and 4 other switching carriers) in the Chicago Terminal. IHB provides industrial switching service to approximately 157 active on-line industries in Illinois and northwestern Indiana, including four of the five largest steel producers in the nation. These on-line industries account for approximately 170,000 carloads handled by the IHB annually. IHB is also one of the two principal intermediate switching carriers in the Chicago Terminal (the other is the BRC). The geographic location of IHB's lines and the fact that it connects with all of the line-haul railroads that serve Chicago make it well suited for this role. In a typical year, IHB handles approximately 475,000 cars in intermediate switching service. This is in addition to the 170,000 cars of local traffic mentioned above and the 565,000 cars handled by other railroads via trackage rights or haulage rights over IHB lines. On a typical day, an average of 4,000 cars and 110 trains move over IHB rails.

As an intermediate switching carrier, we receive cars from all 13 of our line-haul connections for classification and delivery to other railroads in the Chicago Terminal. Except for a few solid trains, such as unit trains of coal or grain that do not require any intermediate classification on IHB, most of the cars handled by IHB in intermediate switch service are classified and blocked at Blue Island Yard and then delivered to the receiving line-haul railroad via one or more of 30 interchange points in the Chicago Terminal. In many instances, IHB delivers these trains and traffic to connecting carriers' Chicago area yard facilities; in other instances, the line-haul carriers operate their trains directly out of Blue Island Yard. (IHB's delivery of cars to UP in the Chicago Terminal is described in the Appendix to my statement.)

The Chicago Terminal is by far the largest railroad interchange in the United States. According to a study prepared by a consultant for the AAR, over a fourth of U.S. Class I freight traffic moves to, from or through Chicago and the volume of carload traffic moving via Chicago is expected to increase over the next five years. Each day, approximately 550 freight trains enter or depart the Chicago Terminal. As I believe the Board well knows, bad weather, service problems and congestion in the Chicago Terminal can adversely affect rail traffic across the entire country. As an integral part of the Chicago Terminal, IHB is right in the middle of it all.

Having served as General Manager of the IHB for 14 years, I am familiar with the principal yards, lines and interchange routes of all of the railroads serving Chicago. My knowledge and experience with the Chicago Terminal and my involvement in these activities have given me first-hand knowledge of the current state of the Chicago Terminal and the challenges it presents. In my time at the IHB, I have been through the particularly difficult winters of '89-'90, '92-'93 and '98-'99, the service difficulties which followed the UP-CNW merger and the problems which have attended the breakup of Conrail. I have seen total terminal capacity in Chicago shrink over the past decade and a half through yard consolidations, closings and conversions to intermodal facilities, while carload traffic volumes moving through Chicago have increased. For example, in my 14 years in Chicago, both humps at CN-IC's Markham Yard, the hump at BNSF's Corwith Yard and the hump at BNSF's Cicero Yard have all been closed and the yards largely converted to intermodal. CP's Bensenville Yard has also recently been downsized as its intermodal facilities were expanded. And yet, the volume of rail carload traffic has increased and the industry expects it to continue to increase. Line-haul railroads have spent millions to increase mainline capacity and speed the flow of traffic between terminals, but relatively little expansion of carload terminal capacity has occurred in Chicago in recent years.

The situation that has resulted is akin to that of an escalator into a closet. When it comes to getting cars through Chicago, there is little margin for error. The Chicago Terminal is currently stretched to capacity and it doesn't take much, be it bad weather or service problems on even one railroad, for congestion to rapidly develop and traffic to begin to back up.

One of the most important and valuable tools we currently have, and one which has shown itself to be highly effective in helping to maintain fluid operations on the IHB and in the Chicago Terminal, is the "interchange delay charge" instituted in Chicago first by the BRC and later by IHB nearly six years ago. IHB's current interchange delay charge is published in IHB Tariff 9347-B, Item 255-B. It is this tariff provision, a copy of which is attached as Exhibit C, which Union Pacific claims is invalid and unreasonable.

UP's challenge to IHB's tariff, and by implication BRC's virtually identical tariff, truly baffles me. As I discuss below, the concept of assessing a charge when a railroad fails to accept cars tendered to it in interchange within a specified "free time" (currently nine hours) originated on the BRC (in which Union Pacific is an owner) specifically to address the problem of congestion in the Chicago Terminal. IHB later adopted an essentially identical provision. These charges are widely regarded by Chicago rail operating officers and planners as being of material benefit to maintaining the fluid movement of rail traffic through the Chicago Terminal to everyone's benefit and were recently endorsed by the Chicago Rail Planning Committee. The loss of the deterrent effect of such charges, if the relief sought by UP in its petition is granted, would, I believe, have serious consequences for the IHB and the entire Chicago Terminal.

The concept of an "interchange delay charge" in Chicago dates back to the fall of 1994. With the approach of winter, the railroads became concerned that the serious congestion problems which had occurred in the Chicago Terminal during the previous winter would be

repeated. During the winter of '93-'94, snow and below-freezing temperatures, which have always placed a strain on railroad operations, led to decisions by certain line-haul railroads which in turn caused cars and trains to accumulate on the switching railroads including BRC. It had become an easy option to park lower-priority trains on the switching railroads to keep other routes open for higher priority traffic. Determined to avoid a repetition of the previous winter's problems, the BRC in September, 1994, published a tariff provision, BRC Tariff 8002-M, Item 125, which basically provided that, effective October 1, 1994, if a railroad failed to move cars placed in BRC's departure yard within 18 hours, a charge of \$130.00 per car would be assessed and for each 12-hour period thereafter. A copy of the BRC's original tariff provision is attached as Exhibit D.

At that time, IHB had no such tariff and we became very concerned that with a "fee" on the BRC and "free" on the IHB, the problem would quickly shift from the BRC to the IHB. Accordingly, on November 3, 1994, IHB published its own interchange delay tariff charge effective November 23, 1994. A copy of IHB's original tariff provision, IHB Tariff 9347-B, Item 255, is attached as Exhibit E. The only material difference from BRC's tariff provision was that IHB's charge applied 12 hours after notification that IHB was ready to deliver the cars. (Item 250 of the same tariff applied a similar delay charge for trains to be originated or cars to be picked up by the receiving railroad at Blue Island Yard.) BRC later amended its tariff to apply its charge after 12 hours.

The existence of these charges proved useful in getting trains moving only a few months later when in late 1994 and early 1995, GTW experienced service problems and delayed accepting trains. The charges really came into play in late 1995 following UP's merger with CNW. At that time, UP increasingly withheld accepting cars from IHB tendered to UP for

interchange. As described in the Appendix to my statement, this required IHB to hold the cars in Blue Island or Gibson Yards as the case may be until UP agreed to take them. Some cars sat for days before UP would accept them. More cars continued coming and backed up behind the cars still awaiting interchange. There were times when UP's operation seemed to come to a halt. Trains were stored all over the Chicago Terminal and IHB and BRC were becoming parking lots. Out of desperation, IHB actually held trains for UP on one or more of our mainlines near UP's Proviso Yard just to get the cars out of Blue Island Yard. I never want to be in that situation again. Virtually all of the charges disputed by UP are charges incurred by UP during the period following the UP/CNW merger. But, I believe the charges had the intended effect. UP found ways to get its traffic moving off of the IHB and the congestion on IHB (and BRC) eased. This continued even through the service difficulties following UP's merger with SP in 1996 as evidenced by the lack of charges incurred by UP under IHB's tariff during that time.

The charges again proved their usefulness in January and February of 1999 when BNSF experienced service problems. In each of these instances, we found that when the bill for the charges arrived, it quickly got the attention of senior management and ways were found to get the cars and trains moving.

Following the particularly disastrous winter of 1998-1999 when the Chicago Terminal experienced severe congestion, the Chicago Rail Planning Committee (sometimes called "the Chicago Operating Plan Committee" or "the Chicago Project") was formed (under the auspices of the AAR) to study ways to improve operations in the Chicago Terminal. Shortly thereafter, IHB was invited to participate. I attended the meetings on behalf of IHB. Among other things, the Committee looked at whether the existence of the BRC and IHB interchange delay charges helped to reduce congestion. The Committee (with UP participating) not only

endorsed the concept of these charges, it recommended to BRC and IHB that the free time under their respective interchange delay tariffs be reduced from 12 hours to 9 hours! The members of the Committee felt that 9 hours was sufficient time for any railroad to accept cars tendered to it in interchange in the Chicago Terminal. UP was an active participant in the meetings and concurred in this recommendation. A copy of the minutes of the meetings of the Committee on March 22-23, 1999 and of the Operating Plan Design subcommittee on April 13, 1999 are attached as Exhibits F and G, respectively. BRC and IHB subsequently followed the Committee's recommendations and amended their tariffs to reduce the free time to 9 hours (the current provision). A copy of the BRC's current tariff provision, BRC Tariff 8002-T, Item 125, is attached as Exhibit H.

There is no question in my mind that these charges have worked and worked well. I have seen carriers change their practices. Before these charges went into effect, we had great difficulty getting the attention of the management of a railroad which had begun to park trains on the IHB. With the charges in place, we now get that attention and we get results. UP is a good example. Since the charges were put into effect by BRC and IHB, generally UP has accepted its cars in a timely manner and remained relatively fluid in Chicago, including during the post UP-SP merger service crisis. While other terminals, notably Houston, experienced severe congestion following the UP-SP merger, Chicago during this period remained relatively fluid. With these charges, the incentive is there not to use the IHB (or the BRC) as a parking lot for lower-priority trains or traffic.

The loss of the deterrent effect of these charges would, in my opinion, substantially undo the progress we have made in keeping cars moving through Chicago. Without the management focus and financial incentive provided by these charges, I believe there is an

overwhelming, perhaps irresistible, temptation for the line-haul carriers, when things get tight, to keep their own lines and terminals available for priority traffic and park lower priority trains and cars on the Chicago switching carriers. A major line-haul railroad like UP runs dozens and dozens of trains in and out of Chicago daily. The parking of a train on the IHB is the result of a decision not to move that train. When that occurs, to avoid blocking our mainlines and shutting ourselves down, we have no choice but to hold the cars in our yards. For IHB, that means we hold them in Blue Island Yard and Gibson Yard. The result is a back up of cars as more cars come in and the yards begin to plug up. Once the departure tracks become full, the cars start to back up onto the classification tracks, reducing the capacity to classify cars, and causing cars to back up on the receiving tracks. I estimate that the parking of trains on IHB in the past had at times reduced the capacity of Blue Island Yard by 30%. As a switching carrier, if we cannot process cars through our yards, we cannot function. And, you can't simply run the cars over other lines through the Terminal. There is no way that the daily volume of traffic handled by IHB could be handled over other lines on a sustained basis. If the IHB cannot function, the Chicago Terminal cannot function. We need the operational discipline which these charges instill to keep things moving.

In attacking IHB's interchange delay charge, UP seems to have broadly misunderstood its purpose, scope and applicability.

IHB's interchange delay charge is not a charge on the interchange of cars between railroads. It is not a charge on an event. Rather, it is a charge for providing a service to the receiving railroad beyond the normal process of interchanging cars, in this case, for storage of cars or trains on the IHB when the receiving railroad delays acceptance of the cars beyond a reasonable period of time (i.e., currently 9 hours). The parking of trains on the IHB is not part

of the normal process of interchanging cars. By declining to accept the cars for more than 9 hours, the receiving railroad has made a decision. It has chosen to have the IHB hold the cars for it. At that point, IHB is providing a service to the receiving railroad. It is providing a storage track to hold the train that the receiving railroad has declined to provide itself for its own traffic. If IHB's charge were truly a charge on the interchange of cars, it would not be avoidable. The charge would be incurred whenever cars are interchanged. IHB's charge, of course, is completely avoidable. If the cars are accepted within 9 hours, there is no charge at all. It is not unlike a storage charge assessed by a railroad against a shipper for holding a car on-line short of placement because the receiver cannot accept delivery of the car. IHB's charge is no more a charge on the interchange of cars than a storage charge is a charge on the delivery of cars to a shipper.

In this regard, I note that UP recently imposed "storage charges" on automotive vehicles that exceed specified dwell times at auto distribution ramps on UP's system. See article published in Traffic World dated April 3, 2000, attached as Exhibit I. I am sure UP's new storage charge policy is intended to get the attention of and provide a financial incentive to the responsible party to move the vehicles and free up the space for other vehicles. That is exactly the purpose of IHB's charge. The only issue then might be whether enough "free time" has been provided to carry out the normal process. In the case of IHB's interchange delay charge, the Chicago railroads themselves, including UP, through the Chicago Rail Planning Committee have determined that, in the Chicago Terminal, 9 hours is sufficient time to carry out the process of interchanging cars. Beyond that, IHB is providing a service to the receiving railroad for which a reasonable charge is appropriate.

Moreover, I am puzzled by UP's argument that such a "tariff" charge cannot be assessed by one railroad against another. In my experience, railroads assess "tariff" charges against other railroads all the time, where, as here, the railroad provides an additional service beyond the normal process of interchanging cars and providing transportation service. For example, in UP Tariff 6007, Item 900, a copy of which is attached as Exhibit J, UP assesses a charge of \$250 per car (against any connecting carrier which has published a similar tariff) when cars are received from that carrier in error or without necessary data for forwarding, and the car is returned to the delivering carrier or forwarded to the proper carrier within the same switching district. The tariff is explicit with respect to the party against whom the charge will be assessed: "Charges for this service will be assessed against the carrier interchanging the car(s) to UP." I know of many other instances where one railroad assesses a tariff charge against another, such as for weighing cars, for fueling and inspecting locomotives, for adjusting lading, for testing scale cars, for switching out rejected cars, for servicing mechanical refrigeration cars, for wying locomotives, and for providing flagmen. We have tariffs of various railroads in our files covering charges assessed against other railroads for all of these. In each instance, the carrier assessing the charge is, like IHB here, providing an additional service to the other carrier.

Moreover, like a storage charge assessed against a shipper, in addition to providing a material incentive to move the cars, the charge is intended to compensate the carrier providing the service for the additional costs it incurs in providing that service. When trains are "parked" on the IHB, IHB incurs costs far beyond those associated with the normal interchange of traffic between railroads. For example, our crew costs increase. In order to be able to move a train with cars tendered for interchange promptly once the receiving railroad notifies us it will accept them, it is often our practice to keep a crew on the train. Even though the train sits, IHB

incurs the crew cost. We have had instances where we've put a crew on a train awaiting acceptance by the receiving railroad and they expire under the Hours of Service Act without the train having moved an inch. We've had IHB locomotives stuck on a train for the same reason, thus denying IHB the use of those locomotives elsewhere. There is also the cost of the fuel consumed by IHB locomotives idling in a train that cannot move. There may be additional switching costs incurred to move the cars or train out of the way where that is feasible. There is also increased car hire expense. Although generally once the cars are tendered for interchange, under Rule 15 of the Car Hire Rules, we can reclaim against the receiving railroad if it fails to accept the cars, we cannot reclaim for the car hire costs we incur on the cars in trains behind it which cannot move because they are blocked by the cars or trains ahead. Finally, there is the cost of being unable to use the tracks on which the parked train or cars sit. And, I haven't even included the cost of the management time spent trying to keep things running when parked trains or cars cause congestion on the IHB.

IHB, a switching carrier with a relatively small administrative staff, has not found it difficult or burdensome to administer its tariff. I expect it would be no more complicated or burdensome for any railroad incurring IHB's charge than it would be for charges incurred under UP's "interchange error movement" tariff in UP Tariff UP-6007 or any of the other railroad-to-railroad "tariff" charges described above. It is no more burdensome than administering the reclaim of car hire under Car Hire Rule 15 when a railroad fails to accept cars tendered for interchange. It is certainly not burdensome when you don't incur the charge.

UP also argues that such charges should be the product of agreement between railroads and not established by "tariff." Indeed, says UP, they are already covered by the car

hire, car service and interchange agreements among subscribing railroads and, therefore, cannot be the subject of a separate tariff. That isn't so.

First, none of the existing industry agreements cover the situation addressed by IHB's tariff, i.e., where there is a protracted delay in accepting cars tendered for interchange. Second, nothing in IHB's tariff precludes negotiation of an agreement between IHB and another railroad that would take the place of the tariff charge. I agree that it is generally preferable to deal with such charges in an agreement rather than in a tariff. That's generally how railroads deal with charges between a carrier and a shipper. But, like reaching an agreement with a shipper, achieving an agreement between railroads is not always possible. Sometimes there isn't time and sometimes an agreement just cannot be achieved. Given a line-haul railroad's choice of being able to park trains on the IHB for free whenever it suits its purpose or agreeing to pay for it, reaching an agreement can be problematic. I am more than willing to sit down with any connection of IHB, including UP, and try to work out an agreement that deals with the situation. A number of our line-haul connections have done just that. However, to protect the fluidity of the IHB and its ability to serve its other customers, including other connecting carriers for whom IHB provides intermediate switching service, I need to have in place, as a back up, a charge to deal with the situation where a railroad, without IHB's agreement, unilaterally uses IHB as a free parking lot.

Indeed, one could argue that all of the major Chicago line-haul railroads, including UP, have already tacitly, if not expressly, accepted the appropriateness and reasonableness of IHB's interchange delay charge. As discussed above, it was the BRC, which is owned by all six Class I railroads serving Chicago, including UP, that nearly six years ago instituted the concept of an interchange delay tariff charge in Chicago, a charge which applied to

all railroads connecting with the BRC, including its owners. To my knowledge, no one objected. No one, including UP, protested that the charge was illegal or unreasonable. When the IHB shortly thereafter implemented its own virtually identical charge (but which applied after 12 hours), again no one protested. Moreover, only 16 months ago, the Chicago Rail Planning Committee, consisting of representatives of these same railroads, again including UP, endorsed the appropriateness and effectiveness of these charges. Indeed, it was the Committee's judgment that a reduction in the free time from 12 hours to 9 hours was not only reasonable, but desirable. Such actions by these railroads confirm the appropriateness and reasonableness of IHB's charge.

A railroad which wants to avoid incurring such interchange delay charges is not without remedies. First, it can make the necessary investment in tracks, locomotives and crews to be able to accept cars in interchange within nine hours of tender. Alternatively, it can come to IHB and negotiate an agreement with us on how it wants to handle the situation. A number of our major line-haul carriers have come to us and worked out specific ground rules and notification procedures for handling cars tendered for interchange when they are unable to accept them. For example, they have agreed to pay us to move the cars or train to a specific track or siding on their railroad to avoid incurring the charges. Finally, if after attempting to negotiate an agreement a railroad believes that the amount of an interchange delay charge or the amount of free time allowed under the tariff is unreasonable or discriminatory, it is my understanding that such carrier has recourse to the STB to obtain reasonable terms and/or eliminate the discrimination. That is its ultimate protection should it ever need it. It is the same protection a railroad has if it believes that UP's "error movement" tariff charge, or any of the other inter-railroad tariff charges discussed above, are unreasonable or discriminatory.

The purpose of the IHB interchange delay tariff charge is not to generate revenue for IHB. Our objective is not the money. I would much prefer not to have to send out a bill under this tariff because the problems and costs associated with having trains or cars parked on the IHB have not occurred. Collecting charges because I have a congested railroad is not what I want. What I want and what our customers and connections expect is a fluid railroad that can do its job.

IHB has invested substantial capital to increase capacity on IHB and maintain a fluid railroad operation. Over the past four years alone, we have continued an ambitious program of capital improvements specifically designed to increase our capacity and keep up with traffic demands. These improvements include expanding Blue Island Yard, constructing a second main around Blue Island Yard, extending yard leads, installing crossovers, improving clearances, adding tracks in our industrial support yards and participating with CSXT in a CTC project between Blue Island Jct. and Argo including the construction of a third main between 71st Street and 87th Street. All of these capacity-enhancing improvements are in the Chicago Terminal and all are in addition to our normal maintenance and other capital improvements. We are willing to do our part. But we cannot reasonably be expected to provide facilities and resources to hold cars refused for interchange indefinitely for no more than not being held responsible for the car hire on the cars.

The continued availability of these interchange delay charges is critical to assuring a fluid railroad. There are no other practicable remedies available to us. Although theoretically we could embargo a specific carrier's intermediate switching traffic when things back up because it will not accept cars from us in interchange, an embargo is a drastic remedy. Railroads delivering cars to us for intermediate switching and delivery to the receiving railroads

typically provide a mixed train of cars to be classified and delivered to multiple receiving railroads. An embargo would require each delivering railroad to switch the embargoed carrier's cars out of each train before delivering it to IHB. Such a remedy shifts the burden to innocent third parties and could exacerbate the problem. I do not believe it is unreasonable to place the ultimate financial responsibility on the party responsible for the problem.

I urge the Board to uphold the validity and reasonableness of IHB's interchange delay tariff provision.

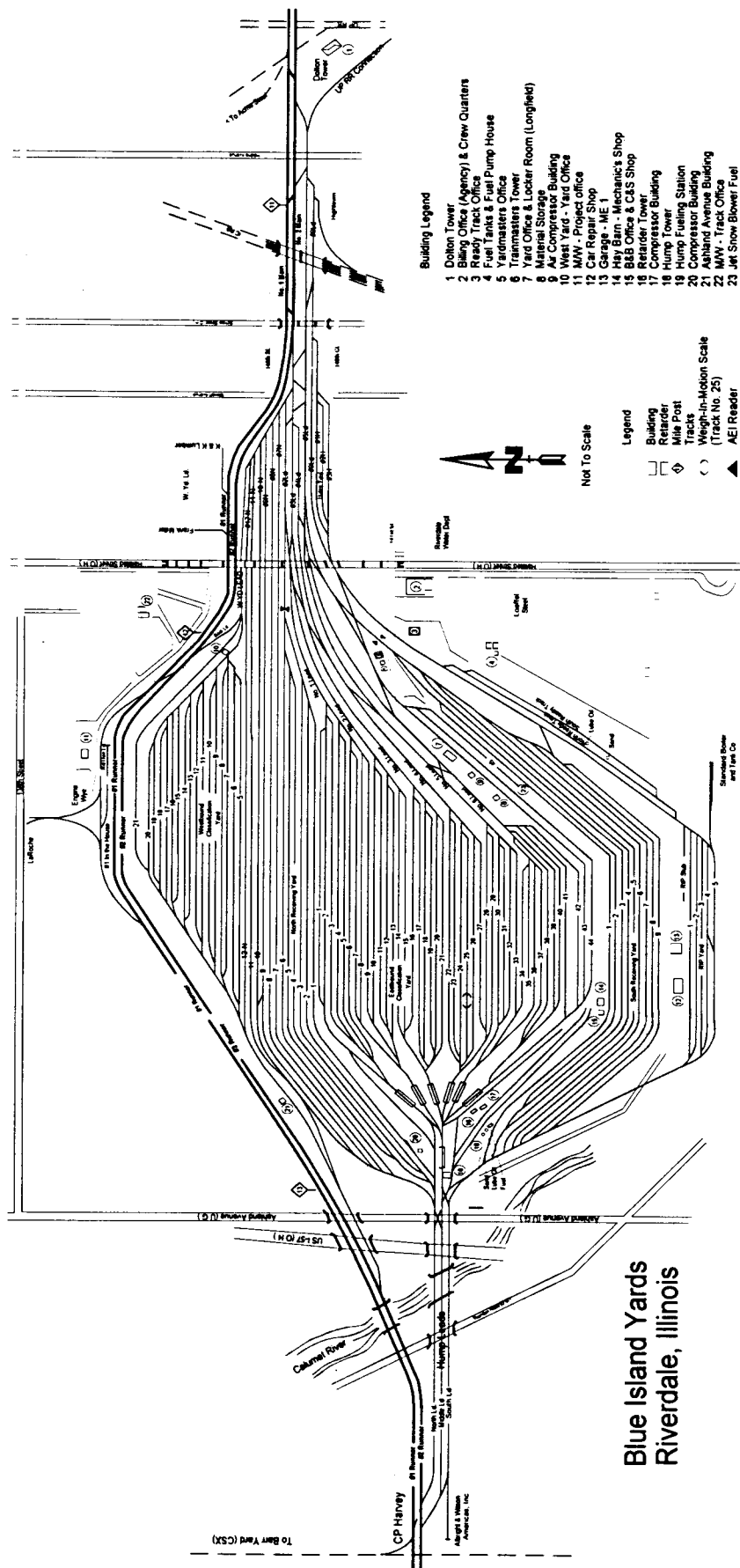
APPENDIX

Under our agreed interchange arrangements with UP, IHB delivers cars for interchange to UP at Proviso Yard, the former CNW yard near Bellwood, Illinois (west of Chicago) and at Yard Center, the former Missouri Pacific yard near Dolton, Illinois (south of Chicago). The interchange at Proviso is predominantly for westbound and northbound traffic, and the interchange at Yard Center is predominantly for southbound traffic. UP, as the receiving railroad, designated the location of both of these interchanges. At both locations, interchange takes place on tracks of UP, designated by UP in UP's yard. IHB interchanges approximately 126,000 cars to the UP annually (approximately 4 trains per day to Proviso alone).

Cars for interchange to UP at Proviso are handled by IHB with IHB crews from Blue Island Yard (or Gibson Yard if it is automotive traffic) to Proviso via IHB's mainline. At approximately LaGrange, Illinois, the train crosses over to IHB's "Track 21," the westernmost third main track along IHB's mainline which connects to the lead into Proviso Yard. If UP declines to accept the train, the train remains on Track 21 until UP agrees to accept the train. A total of approximately 13 trains per day are operated by IHB and other railroads over IHB's line to Proviso, all of which use IHB's Track 21 or IHB's No. 1 main to access Proviso Yard. Track 21 holds a maximum of two trains. If Track 21 is occupied, any subsequent IHB trains for Proviso must be held at Blue Island or Gibson Yard, as the case may be, until UP agrees to accept them. We have nowhere else to hold them.

IHB trains with cars for interchange to UP at Yard Center originate either at Blue Island Yard (mixed freight) or Gibson Yard (automotives). Because we have no tracks on which to hold a train between these yards and Yard Center, IHB's practice is to notify UP of the availability of these cars for delivery prior to departure from IHB's yard. If UP declines to

accept them, we have no choice but to hold the trains in these yards until UP agrees to accept them.



B

C

ILL CC 623

Original Title Page
ICC IHB 9347-B**INDIANA HARBOR BELT RAILROAD COMPANY****FREIGHT TARIFF 9347-B**

(For Cancellation, see Page 2)

**LOCAL FREIGHT TARIFF
OF
RULES AND REGULATIONS****GOVERNING****ACCEPTANCE AND HANDLING OF FREIGHT TRAFFIC
ATTENDANTS IN CHARGE OF PROPERTY
CONNECTING LINES AND JUNCTIONS
INTERIOR SWITCHING
MILEAGES
SPECIAL SERVICE****STATION LIST
STOPPING IN TRANSIT
STORAGE IN TRANSIT
TEAM TRACKS
WEIGHING****AND OTHER MISCELLANEOUS RULES AND CHARGES****NOTICE**

The provisions published herein will, if effective, not result in an effect on the quality of the human environment.

ISSUED: SEPTEMBER 10, 1990**EFFECTIVE: OCTOBER 1, 1990**

This publication filed on 20 days' notice under authority of Section 10762 of the Interstate Commerce Act.

**ISSUED BY
D.W. NELSON
DIRECTOR OF MARKETING & SALES
P.O. BOX 389
HAMMOND, IN 46325**

INDIANA HARBOR BELT RAILROAD COMPANY

3rd Revised Page 4

ICC IHB 9347-B

ILL CC 625

LIST OF CONNECTING LINES AND JUNCTION POINTS

RAILROADS		JUNCTION POINTS
ATSF	Atchison, Topeka & Santa Fe Railway Company	Blue Island, IL McCook, IL
BRC	Belt Railway Company of Chicago	Argo, IL
BN	Burlington Northern Inc.	LaGrange (Congress Park), IL
CIC	Cedar Rapids & Iowa City Railway Company	Blue Island, IL
CCP	Chicago, Central & Pacific Railroad Company	Broadview, IL
CNW	Chicago and North Western Railway Company	Irondale, IL
		Norpaul (Proviso), IL
CRL	Chicago Rail Link	Blue Island, IL
CSL	Chicago Short Line Railway Company	Irondale, IL
CSSB	Chicago SouthShore & South Bend Railroad	Burnham, IL
CWPS	Chicago, West Pullman & Southern Railroad Company	Irondale, IL
CR	Consolidated Rail Corporation	Blue Island, IL
		Gibson, IN
		Indiana Harbor, IN
CPRS	CP Rail System (former SOO Line Railroad Co.)	Blue Island, IL
		Norpaul (Bensenville), IL
CSXT	CSX Transportation, Inc. (BOCT)	Blue Island, IL
EJE	Elgin, Joliet & Eastern Railway Company	Indiana Harbor, IN
GWWR	Gateway Western Railway	Argo, IL (via BRC)
GTW	Grand Trunk Western Railroad Company	Blue Island, IL
IC	Illinois Central Railroad Company	Markham (Blue Island), IL
IAIS	Iowa Interstate Railroad Ltd.	Blue Island, IL
MP	Missouri Pacific Railroad Company	Dolton, IL (Blue Island, IL)
NS	Norfolk Southern Railway Company	Chicago (Calumet Yard), IL
		Osborn, IN (Coal Only)
SSWN	SPCSL Corp.	Argo, IL
		Argo, IL (via BRC)
WC	Wisconsin Central Ltd.	Norpaul (Schiller Park), IL
WICT	Wisconsin & Calumet Railroad Company	Argo, IL (via BRC)

ALPHABETICAL LIST OF STATIONS

Alsip, IL	Burns Harbor, IN **	Gary, IN	Irondale, IL	Osborn, IN
Argo, IL	Calumet City, IL	Gibson, IN	Kensington, IL	Portage, IN **
Bellwood, IL	Chicago Ridge, IL	Grasselli, IN	LaGrange, IL	Roby, IN
Blue Island, IL	Dolton, IL	Hammond, IN	McCook, IL	South Chicago, IL
Bridgeview, IL	East Chicago, IN	Hegewisch, IL	Melrose Park, IL	Whiting, IN
Broadview, IL	Elsdon, IL	Highlawn, IL	Norpaul, IL	
Burnham, IL	Franklin Park, IL	Indiana Harbor, IN	North Hammond, IN	

All stations are located within the Chicago Switching District except as noted with a notation of **

For explanation of abbreviations and reference marks, see concluding page of this tariff.

ISSUED: November 3, 1994

EFFECTIVE: November 23, 1994

D. W. NELSON
DIRECTOR OF MARKETING & SALES
2721 161st STREET
HAMMOND, IN 46323-1099

ITEM	SUBJECT	RULES AND REGULATIONS
245-A ◆	CARS RECEIVED WITHOUT NECESSARY FORWARDING DATA	When a car, loaded or empty, is received from a delivering connecting line without necessary data for forwarding (See Note 1), and must be classified to a hold track awaiting disposition, a penalty charge of RB 82 will be assessed against the delivering carrier. In addition, a RB 12 holding charge will be assessed against the delivering carrier for each day, or fraction thereof, that the car is held by IHB awaiting disposition from the delivering carrier. The holding charge will begin on the first 12:01 AM following telephone or facsimile notification until disposition is furnished. Note 1: The character of the necessary data will be determined by the IHB in accordance with the condition of its service.
250 (NEW)	TRAIN DELAY DUE TO RECEIVING CARRIER'S FAILURE TO DEPART WITH CARS AT BLUE ISLAND YARD	Cars for IHB connecting line carriers originating trains or picking up cars at IHB's Blue Island yard will be considered available for departure when cars are placed on an outbound track and have been mechanically inspected and air tested. If cars remain on outbound track in excess of 12 hours after cars are available due to failure of the outbound carrier to move cars from the IHB, cars will be subject to a Train Delay charge of RB 130 per car. Thereafter, for every 12 additional hours which the same cars continue to remain on track, cars will be subject to an additional Train Delay charge of RB 130 per car. Train Delay charges named in this item accrue solely to IHB and are in addition to all other charges or divisions of revenue which would apply without regard to this item.
255 (NEW)	TRAIN DELAY DUE TO RECEIVING CARRIER'S FAILURE TO TAKE DELIVERY OF CARS FROM IHB	When IHB notifies a connecting line it desires to make a delivery of cars, and the connecting line refuses to accept, or otherwise fails to allow IHB to physically deliver, cars at its receiving yard or other designated interchange location for a period in excess of 12 hours, thus requiring cars to remain on tracks of IHB, cars will be subject to a Train Delay charge of RB 130 per car. Thereafter, for every 12 additional hours that a connecting line refuses to accept delivery and cars remain on tracks of IHB, cars will be subject to an additional Train Delay charge of RB 130 per car. Train Delay charges named in this item accrue solely to IHB and are in addition to all other charges or divisions of revenue which would apply without regard to this item.
260 (NEW)	PULLER SERVICE	When IHB crews are available, and with the concurrence of IHB Superintendent of Transportation, IHB will provide train Puller Service as agent for the carrier requesting the service, with full indemnification of liability regardless of negligence, at a charge of RB 35-A per car, subject to a minimum charge based on 60 cars per train movement.
265 (ORIGINAL)	MECHANICAL REFRIGERATION SERVICES PERFORMED BY IHB	(a) It is the obligation of the delivering inbound carrier to deliver a mechanical refrigeration car to IHB with the mechanical unit operating properly. (b) IHB will perform an inbound mechanical inspection on all loaded mechanical refrigerator cars for the account of the inbound delivering carrier at a charge of RB 12-A per inspection. Record will be made of car temperature as shown by dial thermometer, amount of fuel in tanks as shown by fuel gauge, and whether or not engine is running. (c) If mechanical refrigeration inspection indicates that the unit is not operating properly, the car will be set out for refrigeration service at a charge of RB 150 per car due from the inbound delivering carrier.

For explanation of abbreviations and reference marks, see concluding page of this tariff.

ISSUED: November 3, 1994

EFFECTIVE: November 23, 1994

D. W. NELSON

DIRECTOR OF MARKETING & SALES

2721 161st STREET

HAMMOND, IN 46323-1098

TABLE OF RATES (INCLUSIVE OF ALL INCREASES)

References in this tariff to "RB" with a number refer to rate base numbers with corresponding rates and charges as shown below.

RATES IN DOLLARS PER CAR (EXCEPT AS NOTED)

ITEM	RATE BASE NUMBER	RATE
500-B ◆	RB 12	\$20.00 (per day)
	RB 12-A	\$12.50 (per inspection)
	RB 31	\$33.00
	RB 35	\$38.00
	RB 35-A	\$35.00
	RB 48	\$52.00
	RB 82	\$90.00
	RB 86	\$93.00
	RB 100	\$100.00
	RB 105	\$114.00
	RB 114	\$123.00
	RB 117	\$126.00
	RB 123	\$123.00
	RB 130	\$130.00
	RB 136	\$146.00
	RB 150	\$150.00
	RB 172	\$186.00
	RB 198	\$214.00
	RB-206	\$223.00
	RB 248	\$248.00
	RB 257	\$278.00
	RB 285	\$308.00 (per hour)
	RB 300	\$300.00
	RB 372	\$372.00
	RB 497	\$497.00

For explanation of abbreviations and reference marks, see concluding page of this tariff.

ISSUED: November 3, 1994

EFFECTIVE: November 23, 1994

D. W. NELSON
 DIRECTOR OF MARKETING & SALES
 2721 161st STREET
 HAMMOND, IN 46323-1099

D

Exhibit D

INDIANA HARBOR BELT RAILROAD COMPANY

FREIGHT TARIFF 9347-B

(For Cancellation, see Page 2)

LOCAL FREIGHT TARIFF OF RULES AND REGULATIONS

GOVERNING

ACCEPTANCE AND HANDLING OF FREIGHT TRAFFIC
ATTENDANTS IN CHARGE OF PROPERTY
CONNECTING LINES AND JUNCTIONS
INTERIOR SWITCHING
MILEAGES
SPECIAL SERVICE

STATION LIST
STOPPING IN TRANSIT
STORAGE IN TRANSIT
TEAM TRACKS
WEIGHING

AND OTHER MISCELLANEOUS RULES AND CHARGES

NOTICE

The provisions published herein will, if effective, not result in an effect on the quality of the human environment.

ISSUED: SEPTEMBER 10, 1990

EFFECTIVE: OCTOBER 1, 1990

This publication filed on 20 days' notice under authority of Section 10762 of the Interstate Commerce Act.

ISSUED BY
D.W. NELSON
DIRECTOR OF MARKETING & SALES
P.O. BOX 389
HAMMOND, IN 46325

ITEM	SUBJECT	RULES AND REGULATIONS
245-A 5	CARS RECEIVED WITHOUT NECESSARY FORWARDING DATA	When a car, loaded or empty, is received from a delivering connecting line without necessary data for forwarding (See Note 1), and must be classified to a hold track awaiting disposition, a penalty charge of RB 82 will be assessed against the delivering carrier. In addition, a RB 12 holding charge will be assessed against the delivering carrier for each day, or fraction thereof, that the car is held by IHB awaiting disposition from the delivering carrier. The holding charge will begin on the first 12:01 AM following telephone or facsimile notification until disposition is furnished. Note 1: The character of the necessary data will be determined by the IHB in accordance with the condition of its service.
250-B ◆	TRAIN DELAY DUE TO RECEIVING CARRIER'S FAILURE TO DEPART WITH CARS FROM IHB	Cars for IHB connecting line carriers originating trains or picking up cars a IHB's yards will be considered available for departure when cars are placed on an outbound track and have been mechanically inspected and air tested. If cars remain on outbound track in excess of 9 hours after cars are available due to failure of the outbound carrier to move cars from the IHB, cars will be subject to a Train Delay charge of RB 130 per car. Thereafter, for every 12 additional hours which the same cars continue to remain on track, all cars on departure tracks and on classification tracks (with the same Class codes) will be subject to an additional Train Delay charge of RB 130 per car. Train Delay charges named in this item accrue solely to IHB and are in addition to all other charges or divisions of revenue which would apply without regard to this item.
255-B ◆	TRAIN DELAY DUE TO RECEIVING CARRIER'S FAILURE TO TAKE DELIVERY OF CARS FROM IHB	When IHB notifies a connecting line it desires to make a delivery of cars, and the connecting line refuses to accept, or otherwise fails, to allow IHB to physically deliver cars to its receiving yard or other designated interchange location for a period in excess of 9 hours, thus requiring cars to remain on tracks of IHB, cars will be subject to a Train Delay charge of RB 130 per car. Thereafter, for every 12 additional hours that a Connecting line refuses to accept delivery and cars remain on tracks of IHB, all cars on departure tracks and on classification tracks (with the same Class codes) will be subject to an additional Train Delay charge of RB 130 per car. Train Delay charges named in this item accrue solely to IHB and are in addition to all other charges or divisions of revenue which would apply without regard to this item.
260 5	PULLER SERVICE	When IHB crews are available, and with the concurrence of IHB Superintendent of Transportation, IHB will provide train Puller Service as agent for the carrier requesting the service, with full indemnification of liability regardless of negligence, at a charge of RB 35-A per car, subject to a minimum charge based on 60 cars per train movement.
265 5	MECHANICAL REFRIGERATION SERVICES PERFORMED BY IHB	(a) It is the obligation of the delivering inbound carrier to deliver a mechanical refrigeration car to IHB with the mechanical unit operating properly. (b) IHB will perform an inbound mechanical inspection on all loaded mechanical refrigerator cars for the account of the inbound delivering carrier at a charge of RB 12-A per inspection. Record will be made of car air temperature as shown by dial thermometer, amount of fuel in tanks as shown by fuel gauge, and whether or not engine is running. (c) If mechanical refrigeration inspection indicates that the unit is not operating properly, the car will be set out for refrigeration service at a charge of RB 150 per car due from the inbound delivering carrier.

For explanation of abbreviations and reference marks, see concluding page of this tariff.

ISSUED: December 10, 1999

EFFECTIVE: January 1, 2000

D. W. NELSON
DIRECTOR OF MARKETING & SALES
2721 161st STREET
HAMMOND, IN 46323-1099

ITEM	SUBJECT	RULES AND REGULATIONS																					
270-A 7	LOCOMOTIVE POWER WYED ON IHB	When IHB is requested to wye locomotive power for another rail carrier with IHB crews, this service will be performed, when practicable, at a charge of RB 120 when this service is performed at Blue Island Yard, or at a charge of RB 60 when this service is performed at other Yards. The charge will be assessed per occurrence and is due from the carrier requesting this service.																					
275-E	CARS RECEIVED IN ERROR AT INTERCHANGE POINTS ON IHB	Loaded or empty cars received in error from a delivering carrier at interchange points on IHB will be returned to that delivering carrier at the charge, per car, loaded or empty, named in this item. <table><tr><td>BNSF</td><td>\$300.00</td><td>CRL</td><td>\$155.00</td><td>UP</td><td>\$250.00</td></tr><tr><td>CCP</td><td>\$219.00</td><td>EJE</td><td>\$450.00</td><td>WC</td><td>\$287.00</td></tr><tr><td>CN & IC</td><td>\$435.00</td><td>IAIS</td><td>\$250.00</td><td></td><td></td></tr></table> All other delivering carriers not specifically named in this item - \$120.00				BNSF	\$300.00	CRL	\$155.00	UP	\$250.00	CCP	\$219.00	EJE	\$450.00	WC	\$287.00	CN & IC	\$435.00	IAIS	\$250.00		
BNSF	\$300.00	CRL	\$155.00	UP	\$250.00																		
CCP	\$219.00	EJE	\$450.00	WC	\$287.00																		
CN & IC	\$435.00	IAIS	\$250.00																				

TABLE OF RATES (INCLUSIVE OF ALL INCREASES)

Reference in this tariff to "RB" (followed by a number) refers to a rate base number with corresponding rates and charges as shown below.

RATES IN DOLLARS PER CAR (EXCEPT AS NOTED)

ITEM	BRIEF DESCRIPTION of SERVICES REFERENCED HERETO (Furnished as information only - tariff provisions without regard to this column apply)	RATE BASE NUMBER	RATE
500-H ◆	No Bill - Hold charge per day awaiting disposition	RB 12	\$24.00 (per day)
	Mechanical Inspection	RB 12-A	\$18.00 (per inspection)
	Waiting for Weights - consignee weight agreement	RB 31	\$37.00
	Weighing Charge - Industry Scale	RB 35	\$59.00
	Train Puller Service	RB 35-A	\$36.00
	Weighing Charge - IHB Scale	RB 48	\$80.00
	Locomotive Wyed - other than Blue Island yard	RB 60	\$68.00 (per occurrence)
	No Bill - Hold Track Charge	RB 82	\$100.00
	Interior Switching - Empty	RB 86	\$103.00
	H.D. Flat Loading Charge for FW, FWS & FM 200+ cap. equip.	RB 100	\$125.00
	Interior Switching - Load	RB 105	\$126.00
	Car Ordered - Not Used, Refused or Rejected	RB 114	\$134.00
	Hold for Orders (shipping instructions)	RB 117	\$138.00
	Locomotive Wyed - Blue Island yard	RB 120	\$140.00 (per occurrence)
	H.D. Flat Detention - 1st & 2nd 24 hr. period	RB 123	\$123.00
	Train Delay	RB 130	\$136.00
	Interior Switching - Locomotives & Locomotive Cranes	RB 136	\$160.00
	Mechanical Refrigeration - Set Out Cars	RB 150	\$170.00
	Wyed Freight Cars	RB 172	\$202.00
	Interior Switching (for Note 3 private cars)	RB 198	\$232.00
	Interior Switching (Special provisions)	RB 206	\$241.00
	H.D. Flat Detention - 3rd & 4th 24 hr. period	RB 248	\$248.00
	Plant - Leased Track; Rejected Load; Weighing out-of-route	RB 257	\$300.00
	Engine & Crew Out of Routine Service	RB 285	\$338.00 (per hour)
	H.D. Flat Loading Charge for "FD" & "FDS" equipment	RB 300	\$300.00
	H.D. Flat Detention - 5th 24 hr. period	RB 372	\$372.00
	H.D. Flat Detention - 6th+ 24 hr. per.; H.D. Flat - Ord./Not Used	RB 497	\$497.00

For explanation of abbreviations and reference marks, see concluding page of this tariff.

ISSUED: December 10, 1999

EFFECTIVE: January 1, 2000

D. W. NELSON
DIRECTOR OF MARKETING & SALES
2721 161st STREET
HAMMOND, IN 46323-1099

E

**UNION PACIFIC RAILROAD COMPANY
TARIFF UP-6007**

Exhibit E

ORIGINAL TITLE PAGE 14

900	INTERCHANGE ERROR MOVEMENTS	The provisions of this item are applicable only in connection with connecting carriers that publish interchange error movement provisions in connection with UP. When car(s), empty or loaded, are received from a connecting carrier in error or without necessary data for forwarding, the car(s) will be returned to the delivering carrier or forwarded to the proper carrier, within the same switching district, at a charge of \$250.00 per car. Charge for this service will be assessed against the carrier interchanging the car(s) to UP.
910	ORDERING OF CARS	When upon request of the consignor, UP furnishes a carrier owned, controlled, or leased covered coil car, flat car, gondola car or box car for the loading of a line haul shipment of iron or steel articles beginning with STCC numbers 33, 34, or 40-2, and such shipment is routed via a carrier other than UP System (CHTT, CNW, CTRN, DRGW, GVSRL, LRWN, MP, SP, SSW, SSWN, UP) a charge of \$1,000.00 per car will be assessed to the person, firm or corporation ordering the car (See EXCEPTION) EXCEPTION: This charge will not be assessed when consignor has received prior concurrence of UP car management department to use such equipment or an outbound shipment via a carrier other than UP from origin station.
920	ORDERING OF CARS	When upon request of the consignor, UP furnishes a carrier owned, controlled, or leased covered hopper car for the loading of a line haul shipment of roofing granules (STCC 32-959-80) and such shipment is routed from origin station via a carrier other than UP a charge of \$1,500.00 per car will be assessed to the person, firm or corporation ordering the car
930	APPLICATION OF RATES ON EXPORT, IMPORT OR COASTWISE TRAFFIC BETWEEN BATON ROUGE, LA AND WEST BANK PORT FACILITIES OF THE GREATER BATON ROUGE PORT COMMISSION	Line haul rates via UP from or to Baton Rouge, LA applicable on export, import, or coastwise traffic will also apply from or to the West Bank Facilities of the Greater Baton Rouge Port Commission
940	GRAIN PRODUCTS OR FEED FROM INDUSTRIES TO HOLD TRACK FOR BILLING	When a car of Grain Products or Feed is loaded at an industry on the UP tracks and billed "Union Pacific hold track for billing", and billing is furnished by other than the industry loading out the car, a charge of \$217.00 per car will apply.
950	GRAIN PRODUCTS OR FEED TO HOLD TRACK FOR BILLING	When a car of Grain Products or Feed is loaded at an industry on the UP rails and billed "UP hold track for billing", and billing is furnished by other than the industry loading out the car the charge for switching by the UP will be \$187.00 per car and if the billing instructions require delivery to another railroad, or to a barge line, the total switching charge will be that authorized from the industry at which car is loaded to such other railroad or to a barge line. If the movement out of Kansas city is via the UP, it will be treated the same as a direct movement from the industry.

ISSUED: August 10, 1999

Effective: August 31, 1999

Issued by
G.K. OSLER
Manager - Pricing Simplification
1416 Dodge St.
Omaha, Nebraska 68179

F



Interoffice Memo

TRANSMISSION BY FAX (6 pages total)

To:	Douglas Northup	Merchandise Ops	BNSF	817.352-7836
	Doug McFarlane	AVP Network Mgmt	Canadian Pacific	403.260-5344
	John Orrison	VP Service Design	CSX Transportation	904.359-7426
	James Roots	AVP Service Planning	CSX Transportation	904.359-1705
	Dave Nelson	Gen. Superintendent	Indiana Harbor Belt	219.989-4707
	Hugh Kiley, Jr.	AVP Transportation	Norfolk Southern	404.527-1806
	Tom Shurstad	President	The Belt Railway Co	708.496-2608
	Joseph Spano	Superintendent Trans	The Belt Raiwan Co	708.496-4045
	Jeffrey Koch	VP Field Operations	Union Pacific	402.271-6319
	Dan Lieberth	Service Design	Union Pacific	402.271-5487
	Woody Sutton	AVP Service Design	Union Pacific	402.271-8487
	Jim Ludban	AVP Transportation	WCLX	715.345-2482

From: Mack Barker Sr. Director Service Design Canadian National

Date: March 23, 1999

Subject: Minutes - Chicago Operating Plan Meeting
March 22-23, 1999

cc: Jack McBain
Keith L. Heller

Following are the "Minutes" of subject meeting.

Sylvie Dumont
For Mack Barker

Meeting Chicago Operating Plan Meeting March 22-23rd

The following are the discussion highlights, resulting agreements, and follow-up action items from the Service Design Team meeting held in Chicago on March 22-23rd. In attendance were representatives for the BNSF, CN, CP, CSX, IC, NS and UP railroads. Also attending on the second day were representatives for the WC, BRC and IHB (attendees list attached).

1. Base operating plan

The group discussed the need for a base operating plan for Chicago that would provide a foundation for the revolving 24hr Universal train line up. This plan would include all scheduled trains in and out of Chicago, as well as windows for unscheduled trains. The plan must include information regarding maximum capacity of yards and corridors.

*CHUCK -
Alex may
give you a call
next week to
review proposed
template.*

Action Plan: Jim Root (CSX) and Alex Nashman (CNR) are to develop a standardized template by March 30th. This template will be used by all carriers to share their base operating plans. Tom (BRC) is to send a copy of the Chicago Rail Terminal Assessment Study to each of the roads so that it can be updated and redistributed. This document will also be used as input to the team developing the base operating plan. The template completed by each road will be pulled together to create a consolidate Chicago base operating plan by April 21st.

2. Universal Chicago 24 hour line up

It was agreed that a process be put into place that facilitates the sharing of Chicago train line ups between roads. Line ups would be revised, as necessary, at fixed intervals (every 4 hrs suggested) and provide a rolling 24 hr outlook. The supporting process would involve a sign-off procedure in which the receiving road would commitment to accepting the train at the planned time.

Note

Action Plan: Chuck Allen (IHB) to lead the development of the process building on the 161 model. Each road is to provide Chuck with the name a representative to assist in the development by March 31st.

3. Sharing of track maintenance plans for Chicago area and the approach

It was agreed that each road would share information regarding their 1999 track maintenance programs that are planned which may affect of their Chicago interchange location. There was also agreement that year 2000 maintenance plans be shared, and discussed, with affected parties prior to the 2000 work season. This sharing of information is intended to allow for the development of maintenance plans that consider the compounding effects of track programs in the Chicago area.

Nick has
info & Tom is
adding to the
maps.

Action Plan : Rail Carriers Association already takes on this role. ~~Chuck Allen~~ (IHB) will review the existing plan and ensure that it is on track. Each road agreed to supply Chuck the year 2000 plan as soon as possible.

4. ~~Completion of ISA's for Chicago interchanges~~

It was agreed that all carriers focus their efforts on developing ISAs for interchanges in Chicago, and that these ISAs be completed prior to June 1 (including those with the BRC and IHB). Although ISA do not historically deal with unscheduled trains, it was agreed that an effort should be made to deal with this issue when developing the ISAs for Chicago. It was further discussed that the ISAs with the BRC and IHB should clearly define the traffic that is to be handled for each carrier. There was agreement that the ISA should include information regarding measures, acceptable dwell times, and penalties.

To be done
by May 15.

Action Plan : Each carrier to provide updated ISAs for all Chicago interchanges. This work will follow the development of the base operating plan, as the base plan will provide the majority of the information required to complete the ISAs. Some roads expect to have the same people work on both items.

5. Routing and capital investments to reduce congestion

It was agreed that we need to identify bottlenecks in the Chicago area and develop alternatives to reduce their impact. Suggestions included identifying where trackage/running rights agreements could assist, evaluate directional running on certain routes, and identifying where capital outlay is required.

Action Plan : Railway Carriers Association to start process by identifying existing routing bottlenecks. It is felt that much of this work has already been done and just needs to be updated. They are to advise on recommended immediate action to be taken to reduce the impact of bottlenecks. Recommendations are to include items related to running rights and train operation strategies (eg directional running). In addition, the group is to provide recommended 2000 capital programs that can be initiated to reduce Chicago congestion.

6. Actions already taken to reduce traffic into BRC

Each carrier in turn described what work has already been done to reduce the volume of traffic going into the BRC. Highlights are as follows:

- CSX - Direct hits to/from UP Proviso and Barr Yard (85 cars)
- CSX has diverted some traffic to BNSF (70 cars/day) in Birmingham and St. Louis to avoid Chicago
- Direct hits with CP with 2 blocks to/from Barr Yard (115 cars/day)

- Awaiting agreement to implement direct hits with CN through the WC (50 cars)
 - Overall 350-400 cars/day left into BRC.
- CP
- Direct hits with CR (80 cars/day)
 - Plan to initiate direct hits with CSX at Barr (80 cars/day)
 - CN GTW/UP/BNSF and others still into the belt due to the lack of critical mass
 - Leaving 200 cars/day into the BRC.
- IC
- Does not do much business through the BRC
 - Providing interchange services for the CN
 - Second interchange location set up with the BRC. Now using Glenn Yard and Crawford. BRC pulls and places at these locations.
 - Routing coal through 21st street between BNSF and CN
 - Leaving 120 cars/day into BRC.
- CN
- Direct hit to NS at Calumet using the WC from the West side (45 cars/day)
 - IC Markham being used to handle approximately 30 cars per day from both the East and West side
 - Leaving 250 cars/day into BRC.
- BNSF
- Direct hits to CSX (80 cars/day)
 - Use of airline route to interchange coal trains to CN (100 cars/day) – no effect on BRC.
 - Deep south interchange with CSX (35 cars/day)
 - Eola run throughs – 35 cars/day
 - BNSF target is 255 cars into belt, currently at 200
- UP
- Direct interchange with NS at Calumet (85 cars/day)
 - Direct interchange with CSX (100 cars per day)
 - Re-routed 2 trains via Yard Center to arrive east receiving yard at BRC instead of the west side (reduced 60 re-humps/day)
 - CPRS to IHB vs BRC (20 cars per day)
 - UP to UP traffic taken out of BRC (35 cars/day)
 - WC direct hits to/fr Proviso (45 cars/day)
 - Rack trains via EJE to Griffith
 - Working with IC on direct hits to/from Proviso
 - Coal via EJE vs IHB
 - BN traffic directed to IHB vs. BRC (10 cars/day)
 - Leaving 400 cars/day into the BRC
- NS
- Direct hits to/from UP and CN (50 cars/day)
 - Also looking at direct hits with IC (18 cars/day) as well as with the BNSF
 - This leaves 100 NS cars into the BRC/day.

- WC - Presently delivering 120 cars per day to BRC (within target).
- Traffic taken out already included under UP (45 cars/day)
- Other - Approximately 200 cars/day are being delivered to the BRC by other carriers in Chicago (eg. IRML, CSS, CRL etc.).

TOTAL ACTUAL NOW INTO BRC between 1900 and 2000 cars/day.

7. Penalty time at BRC

The group discussed the existing 12 hr penalty time at the BRC. It was felt that the penalty time was too long and needed to be reduced to drive discipline.

Action : BRC is recommending to its board that the penalty time be reduce to 6 or 8 hrs. This recommendation was endorsed by the group present. IHB to also look at making the same change to its tariff for Blue Island. The IHB is also to look at the merit of adopting a similar tariff for Gibson and present their recommendation to the group on April 21st.

8. Train Management Protocols

The group discussed the need for train management protocols between carriers in Chicago. In particular the following protocol requirements were identified :- set running time standards for each corridor, train length restrictions, minimum crew time required, HPT requirements, identification of hold points to avoid blocking of main tracks, maintenance curfews, commuter curfews, measures to avoid blocking of level crossings, first come first service prioritization at interlocking, and penalties for blocking main thoroughfares. Provisions are also to be considered for the re-crewing of dead trains by other roads to clear thoroughfares as quickly as possible.

Action :- Chuck Allen (IHB) to pull together a map highlighting the location of all AEI sites in Chicago. He is also to provide two key measures to monitor the status of Chicago. The Rail Carriers Association is to pull together the balance of the deliverables for this item. Each road agreed to provided representative to the group.

9. Merging the IHB / BRC dispatching centers

The group discussed the merits of combining the Chicago dispatch centers. It was agreed that this should be evaluated further with consideration given to building on the success of the structure introduced to manage Houston.

Action : Keith Heller (CNR) to recommend to the SOMC that a study be undertaken to evaluate the value of implementing a consolidated Chicago control center.

Follow-up meetings:

- 1) Conference call on April 13 at 9:00 CT (conference line to be provided by CN), to get an update on the status of actionable items, and to identify resources required to pull together the individual operating plans into a consolidated plan for Chicago.
- 2) On April 20-21st a meeting is to be held at the O'Hare Hilton to review the consolidated base operating plan, and progress on other initiatives. Each road to supply list of expected attendees to Keith Heller by April 6th.

Meeting Adjourned.

ILL CC 625		INDIANA HARBOR BELT RAILROAD COMPANY	5th Revised Page 17 ICC IHB 9347-B
ITEM	SUBJECT	RULES AND REGULATIONS	
245-A ◆	CARS RECEIVED WITHOUT NECESSARY FORWARDING DATA	When a car, loaded or empty, is received from a delivering connecting line without necessary data for forwarding (See Note 1), and must be classified to a hold track awaiting disposition, a penalty charge of RB 82 will be assessed against the delivering carrier. In addition, a RB 12 holding charge will be assessed against the delivering carrier for each day, or fraction thereof, that the car is held by IHB awaiting disposition from the delivering carrier. The holding charge will begin on the first 12:01 AM following telephone or facsimile notification until disposition is furnished. Note 1: The character of the necessary data will be determined by the IHB in accordance with the condition of its service.	
250 (NEW)	TRAIN DELAY DUE TO RECEIVING CARRIER'S FAILURE TO DEPART WITH CARS AT BLUE ISLAND YARD	Cars for IHB connecting line carriers originating trains or picking up cars at IHB's Blue Island yard will be considered available for departure when cars are placed on an outbound track and have been mechanically inspected and air tested. If cars remain on outbound track in excess of 12 hours after cars are available due to failure of the outbound carrier to move cars from the IHB, cars will be subject to a Train Delay charge of RB 130 per car. Thereafter, for every 12 additional hours which the same cars continue to remain on track, cars will be subject to an additional Train Delay charge of RB 130 per car. Train Delay charges named in this item accrue solely to IHB and are in addition to all other charges or divisions of revenue which would apply without regard to this item.	
255 (NEW)	TRAIN DELAY DUE TO RECEIVING CARRIER'S FAILURE TO TAKE DELIVERY OF CARS FROM IHB	When IHB notifies a connecting line it desires to make a delivery of cars, and the connecting line refuses to accept, or otherwise fails to allow IHB to physically deliver, cars at its receiving yard or other designated interchange location for a period in excess of 12 hours, thus requiring cars to remain on tracks of IHB, cars will be subject to a Train Delay charge of RB 130 per car. Thereafter, for every 12 additional hours that a connecting line refuses to accept delivery and cars remain on tracks of IHB, cars will be subject to an additional Train Delay charge of RB 130 per car. Train Delay charges named in this item accrue solely to IHB and are in addition to all other charges or divisions of revenue which would apply without regard to this item.	
260 (NEW)	PULLER SERVICE	When IHB crews are available, and with the concurrence of IHB Superintendent of Transportation, IHB will provide train Puller Service as agent for the carrier requesting the service, with full indemnification of liability regardless of negligence, at a charge of RB 35-A per car, subject to a minimum charge based on 60 cars per train movement.	
265 (NEW)	MECHANICAL REFRIGERATION SERVICES PERFORMED BY IHB	(a) It is the obligation of the delivering inbound carrier to deliver a mechanical refrigeration car to IHB with the mechanical unit operating properly. (b) IHB will perform an inbound mechanical inspection on all loaded mechanical refrigerator cars for the account of the inbound delivering carrier at a charge of RB 12-A per inspection. Record will be made of car air temperature as shown by dial thermometer, amount of fuel in tanks as shown by fuel gauge, and whether or not engine is running. (c) If mechanical refrigeration inspection indicates that the unit is not operating properly, the car will be set out for refrigeration service at a charge of RB 150 per car due from the inbound delivering carrier.	
For explanation of abbreviations and reference marks, see concluding page of this tariff.			
ISSUED: November 3, 1994		EFFECTIVE: November 23, 1994	
D. W. NELSON DIRECTOR OF MARKETING & SALES 2721 161st STREET HAMMOND, IN 46323-1099			

March 25, 1999

To the Members of the AAR Board:

Members of the Safety and Operations Management Committee (SOMC) met on March 24 with representatives of BRC to consider recommendations to keep the Chicago terminal fluid-currently, during the upcoming CR acquisition, and beyond.

SOMC agreed to the following measures:

Short-Term Goals

<u>Action</u>	<u>Responsible Party</u>	<u>Completion Date</u>
1. Keep Clearing Yard volume at 2400 cars/day	SOMC	Done
2. Maintain adequate power/crews at BRC	SOMC	Done
3. Limit train length to 7000 feet	SOMC	Done
4. Define Roles/Responsibilities of Terminal Boards, Task Forces, RCA*, Committees	SOMC + Keith Heller	3/26
5. Develop BRC performance standards	BRC	3/31
6. Maintenance plans for Chicago	RCA*	4/1
7. Establish short-term operating protocols	SOMC + Shoener Committee	4/8
8. Establish BRC control center	BRC Board	4/15
9. Evaluate trackage rights swap	RCA*/Service Design Group	4/15
10. Enhance existing lineups with rolling 24-hour data with 4-hour updates	Service Design Group	5/1
11. Develop current operating plans including to/from Chicago-Interline Service Agreements	Service Design Group	5/15

Long-Term Goals

<u>Action</u>	<u>Responsible Party</u>	<u>Completion Date</u>
1. Develop/Evaluate Chicago Dispatch Center Agreement in principle	SOMC	Done

• Agreement to evaluate "Clear Route"/		
Alternate route strategy	SOMC	Done
• Establish Task Force	SOMC	4/8
2. Form team to determine capital improvements		
for throughput	SOMC	4/8
3. Evaluate penalty time vs. sanctions	BRC/THB Boards	4/15
4. Chicago throughput performance standards	Service Design Group	4/21
5. Develop Seasonal Plans	Service Design Group/BRC	9/1

You will be furnished daily a report showing exceptions to short term actions 1, 2, 3, as well as a BRC operations status report. In addition, the status of compliance with both short term or long term goals will also be furnished on a periodic basis.

I have invited SOMC Chairman McBain, Chuck Dettmann and members of SOMC to join us on our conference call at 10:00 a.m., tomorrow, March 26. The conference call number is 202/626-0001, passcode 2445.

Sincerely,

cc: Members of SOMC

Note: *RCA is Railway Carriers Association,
a "General Manager" level group of
Chicago railroads.

G

Minutes of Chicago Operating Plan Design Committee Conference Call (April 13, 1999)

Attendees: representatives from CSX, UP, BNSF, CP, NS, CN, BRC and IHB

The following are discussion highlights, and follow-up action items from the Chicago Operating Plan Design Team conference call held on April 13 at 09:00CT.

1) FRA participation at the April 20-21 meeting

There was considerable discussion regarding the participation of the FRA at the April 20-21st meeting. There was widely shared opinion that the FRA should be welcome to attend the session as observers.

Action: Mack Barker to raise issue with Jack McBain (chairman of the SOMC) and advise the team of the decision

Outcome: Jack McBain advised that the decision by the SOMC to not involve the FRA in work sessions at this time was unanimous, and was not subject to change at this time.

2) Base Operating Plan Update

Jim Roots (CSX) advised the team that a template had been faxed to each of the participating roads for completion. These templates are being pulled together by the CSX, using MultiRail, to provide a starting point for the meeting on April 20th. To date, only the CN and CSX have submitted their completed templates. The balance of the roads reported working on the document and each was close to completion. Tom Shurstad (BRC) reported that copies of the Chicago Rail Terminal Assessment Study had been received from the copiers, and would be sent out shortly to each participating road.

Action: Each road is to ensure its completed template is faxed to Jim Roots via prior to close of business Friday (fax 904-359-1705).

3) Universal Chicago 24 hour line up

Chuck Allen (IHB) provided the group with an overview of the 161 EDI transaction set. He explained that the 161 protocol is an AAR standard for the electronic transmission of basic train sheet information and train OS. This protocol is currently in use by UP, BNSF and Amtrak to transmit initial train sheet information and train ETA's at key timing points. Chuck advised that the implementation of 161 capability at all class 1 roads was discussed at the March ISM committee meeting.

Action: A representative from each road is expected to provide an update regarding the readiness of 161 capability at the April 20-21st meeting

4) Track maintenance plans for Chicago Area

Chuck Allen (IHB) reported that Chicago area maintenance plans had not yet been provided by UP, CSX and CN. Each of these roads had committed to providing the information within 24 hours. Chuck will be able to consolidate the information for review at the April 20-21 meeting as long as he receives the remaining roads' information by close of business Friday.

Action: All roads to ensure that maintenance plans are sent to Chuck no later than close of business Friday.

5) Completion of ISAs for Chicago Interchanges

A representative from each road provided an update on ISA preparation. Each of the roads reported progress and felt that the ISAs will be in good shape for review at the April 20-21st meeting. Development of ISAs with shortlines will be lead by Tom Shurstad and Chuck Allen (eg. WSOR, IRML, SS, CRL). It was suggested that breakout rooms be reserved to ensure that facilities were available for bi-lateral discussions necessary to finalize ISAs.

Action: Each road to have draft ISAs prepared for review and finalization at the April 20-21st meeting. Mack Barker to arrange for breakout rooms.

Outcome: Two breakout rooms have been reserved for the afternoon and evening of the 20th and one room for the 21st. Each of the rooms will accommodate 10 people.

6) Routing and Capital Investments to Reduce Congestion

Chuck Allen informed the group that a study had been done a number of years ago by the Rail Carriers Association to identify bottlenecks in the Chicago area, and that it had lead to a number of plant improvements. He requested that each road identify what their current bottlenecks were (ie. Physical constraints), and put forth suggestions as to what is required to eliminate them.

Action: Each road is to provide Chuck Allen a list of bottlenecks and suggested corrective action, by close of business Friday. Chuck will assemble the input for review at the April 20-21st meeting.

7) Penalty Application at Clearing and Gibson

Tom Shurstad reported that the existing penalty application time at the BRC will be reduced from 12 hours to 9 hours effective May 1. This change is reflected in a

revised tariff. Chuck Allen reported that a similar change will be done at Gibson, with an implementation date of June 1.

Action: None required.

8) Train Control Protocols

Chuck Allen requested that each railway forward him a list of all AEI sites within a 20 mile radius of Chicago so that a map could be pulled together. The list of sites should include a description of the location (mile post if available).

A member of the team advised that the members of the SOMC had been asked to appoint a representative for the train management protocol project.

Action: Each road to provide Chuck with a list of AEI sites as soon as possible.

9) Agenda Items for April 20-21st Meeting

The following is a list of key agenda items identified on the call for the April 20-21st meeting:

- Demo of 161 capability (Chuck Allen)
- Track maintenance plan discussion (moratorium during NS/CSX take-over of CR operations)
- Routing and capital items to improve Chicago capacity
- Finalization of ISAs
- Completion of integrated operating plan
- Rail Carrier Association (Roles, structure, and representation)

Action: Each participating road to provide Mack Barker a list of participants for the April 20-21st meeting (fax 780-421-6396 or eMail BARKER02@CN.CA).

Meeting Adjourned at 10:25CT.

INDIANA HARBOR BELT RAILROAD COMPANY

7th Revised Page 17.1

STB IHB 9347-B

ITEM	SUBJECT	RULES AND REGULATIONS																		
270-A	LOCOMOTIVE POWER WYED ON IHB	When IHB is requested to wye locomotive power for another rail carrier with IHB crews, this service will be performed, when practicable, at a charge of RB 120 when this service is performed at Blue Island Yard, or at a charge of RB 60 when this service is performed at other Yards. The charge will be assessed per occurrence and is due from the carrier requesting this service.																		
275-D ◆◆	CARS RECEIVED IN ERROR AT INTERCHANGE POINTS ON IHB	Loaded or empty cars received in error from a delivering carrier at interchange points on IHB will be returned to that delivering carrier at the charge, per car, loaded or empty, named in this item. <table><tr><td>BNSF</td><td>\$300.00</td><td>CRL</td><td>\$155.00</td><td>IC</td><td>\$435.00</td></tr><tr><td>CCP</td><td>\$219.00</td><td>EJE</td><td>\$450.00</td><td>UP</td><td>\$250.00</td></tr><tr><td>CN</td><td>\$173.00</td><td>IAIS</td><td>\$250.00</td><td>WC</td><td>\$287.00</td></tr></table> All other delivering carriers not specifically named in this item - \$120.00	BNSF	\$300.00	CRL	\$155.00	IC	\$435.00	CCP	\$219.00	EJE	\$450.00	UP	\$250.00	CN	\$173.00	IAIS	\$250.00	WC	\$287.00
BNSF	\$300.00	CRL	\$155.00	IC	\$435.00															
CCP	\$219.00	EJE	\$450.00	UP	\$250.00															
CN	\$173.00	IAIS	\$250.00	WC	\$287.00															

TABLE OF RATES (INCLUSIVE OF ALL INCREASES)

Reference in this tariff to "RB" (followed by a number) refers to a rate base number with corresponding rates and charges as shown below.

RATES IN DOLLARS PER CAR (EXCEPT AS NOTED)

ITEM	RATE BASE NUMBER	RATE
500-G ◆	RB 12	\$22.00 (per day)
	RB 12-A	\$16.00 (per inspection)
	RB 31	\$35.00
	RB 35	\$57.00
	RB 35-A	\$36.00
	RB 48	\$77.00
	RB 60	\$65.00 (per occurrence)
	RB 82	\$96.00
	RB 86	\$99.00
	RB 100	\$100.00
	RB 105	\$122.00
	RB 114	\$130.00
	RB 117	\$134.00
	RB 120	\$135.00 (per occurrence)
	RB 123	\$123.00
	RB 130	\$134.00
	RB 136	\$156.00
	RB 150	\$160.00
	RB 172	\$198.00
	RB 198	\$228.00
	RB 206	\$237.00
	RB 248	\$248.00
	RB 257	\$296.00
	RB 285	\$328.00 (per hour)
	RB 300	\$300.00
	RB 372	\$372.00
	RB 497	\$497.00

For explanation of abbreviations and reference marks, see concluding page of this tariff.

ISSUED: April 30, 1999

EFFECTIVE: June 1, 1999

D. W. NELSON
DIRECTOR OF MARKETING & SALES
2721 161st STREET
HAMMOND, IN 46323-1099

ITEM	SUBJECT	RULES AND REGULATIONS
245-A 5	CARS RECEIVED WITHOUT NECESSARY FORWARDING DATA	When a car, loaded or empty, is received from a delivering connecting line without necessary data for forwarding (See Note 1), and must be classified to a hold track awaiting disposition, a penalty charge of RB 82 will be assessed against the delivering carrier. In addition, a RB 12 holding charge will be assessed against the delivering carrier for each day, or fraction thereof, that the car is held by IHB awaiting disposition from the delivering carrier. The holding charge will begin on the first 12:01 AM following telephone or facsimile notification until disposition is furnished. Note 1: The character of the necessary data will be determined by the IHB in accordance with the condition of its service.
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255-A ◆◆	TRAIN DELAY DUE TO RECEIVING CARRIER'S FAILURE TO TAKE DELIVERY OF CARS FROM IHB	When IHB notifies a connecting line it desires to make a delivery of cars, and the connecting line refuses to accept, or otherwise fails, to allow IHB to physically deliver cars to its receiving yard or other designated interchange location for a period in excess of 9 hours, thus requiring cars to remain on tracks of IHB, cars will be subject to a Train Delay charge of RB 130 per car. Thereafter, for every 12 additional hours that a Connecting line refuses to accept delivery and cars remain on tracks of IHB, cars will be subject to an additional Train Delay charge of RB 130 per car. Train Delay charges named in this item accrue solely to IHB and are in addition to all other charges or divisions of revenue which would apply without regard to this item.
260 5	PULLER SERVICE	When IHB crews are available, and with the concurrence of IHB Superintendent of Transportation, IHB will provide train Puller Service as agent for the carrier requesting the service, with full indemnification of liability regardless of negligence, at a charge of RB 35-A per car, subject to a minimum charge based on 60 cars per train movement.
265 5	MECHANICAL REFRIGERATION SERVICES PERFORMED BY IHB	(a) It is the obligation of the delivering inbound carrier to deliver a mechanical refrigeration car to IHB with the mechanical unit operating properly. (b) IHB will perform an inbound mechanical inspection on all loaded mechanical refrigerator cars for the account of the inbound delivering carrier at a charge of RB 12-A per inspection. Record will be made of car air temperature as shown by dial thermometer, amount of fuel in tanks as shown by fuel gauge, and whether or not engine is running. (c) If mechanical refrigeration inspection indicates that the unit is not operating properly, the car will be set out for refrigeration service at a charge of RB 150 per car due from the inbound delivering carrier.
For explanation of abbreviations and reference marks, see concluding page of this tariff.		
ISSUED: April 30, 1999		EFFECTIVE: June 1, 1999
D. W. NELSON DIRECTOR OF MARKETING & SALES 2721 161st STREET HAMMOND, IN 46323-1099		



Roiling Autos

BY JOHN GALLAGHER

Railroad 'incentive' plans to expedite auto deliveries have manufacturers incensed

In February Norfolk Southern alerted its auto manufacturer customers that it would begin assessing storage charges on vehicles that exceeded specified dwell times at auto distribution ramps across its system. CSX initiated a similar policy about a month

the dealer as it does to move the thousands of miles for the rail segment from the assembly plant."

According to NS, the charge "provides an economic incentive to move cars from lots to dealers," said spokeswoman Susan Bland. "NS feels this supports our manu-

(NS and CSX) seem to believe that the way to resolve a problem they helped create is to penalize the manufacturers and/or the haulaway carriers," said a member of the Automotive Industry Logistics Steering Committee, a subgroup of the Association of American Railroads consisting of 16 auto manufacturers. "Even though some fault can be attributed to all involved in the transit cycle, the

lousy service and the shortage of required equipment by the railroads contributes to the congestion at certain high-volume ramps. They ignore the fact that they bunch railcars, bomb the ramps with multiple trains and then expect everyone else to move them out expeditiously."

A source at Volkswagen said CSX went over its plans with customers several weeks before they were formally announced. "They know how I feel about it. I told them I thought the charge was ludicrous," he said, "but they went ahead and did it anyway."

There was mixed opinion as to how a shortage of automotive rail equipment factors into the equation. One shipper said there's been an auto rack shortage for over a year, with the railroads short as much as 7,000 bi-levels and 4,000 tri-levels in the national fleet.

However, one railroad disagreed with that assessment. "All I can speak for is UP, and we're not (short of equipment)," said Peter Waddington, general director, logistics, UP. "We're fully subscribed with our customers."

Not all shippers blame the railroads for starting to assess charges. "All the ramps are so congested and we all keep shipping the heck out of cars," said one. "There's no thought about what we're doing to the rail heads, we just ship them and bury them."

"Some of the congestion problems are caused by the railroad, I agree," said another shipper. "But to a large degree it's the railroad refocusing on what the purpose of those railheads are for: to offload vehicles and deliver them to dealers. It's

Railroads say storage charges are meant to flush out chronically congested railheads stuffed with vehicles waiting for delivery to dealerships.

Photo by Trans Pixs



later and Union Pacific Railroad followed with its own storage charge policy on March 21. The question: are these programs justified, or are they merely another example of the railroads throwing their weight around in order to boost revenue at the expense of shippers?

Railroads have grown market share for finished automobiles from roughly 40 percent in 1980 to almost 70 percent today. In addition, a robust economy has produced another record year of auto sales and, according to the railroads, the new charges are meant to flush out chronically congested railheads stuffed with vehicles waiting for final delivery to dealerships. UP said the problem is "highlighted by the fact that it takes nearly as long to move a vehicle the last 15 miles to

facturers' goals of streamlining the supply chain and at the same time compensates us for the use of some very expensive facilities."

Congestion at auto distribution points on the railroad has reached a point where manufacturers, in an attempt to avoid having to wait for their vehicles to be unloaded from rail cars, are diverting their haulaway trucks from dealer delivery and using them instead to shuttle railcars off their manufacturing plants. This, in turn, causes a shortage of haulaway units, leaving manufacturers no choice, in some cases, but to drive the vehicles under their own power to the dealerships.

But most auto shippers aren't yet willing to accept the blame for what they perceive as a railroad issue. "What is so frustrating and defies reasonable logic is that



not a forward storage point for manufacturers. As far as I'm concerned, that's a railroad business issue as to whether they want to invest money into bigger and bigger facilities so that people can use them as parking lots. Where I have an issue is when auto manufacturers continue to ship cars into already packed railheads —

partly because dealers aren't selling their cars — and my cars, which are selling, can't get unloaded, causing them to get delayed. And I think that's a valid concern the railroads have as well: they don't want one manufacturer impacting the deliveries of others and this is their way of dealing with that. I'm not saying I'm going to

pay (the charge), but I think the policy is heading in the right direction."

In fact, who pays the charge seems to be a point of contention, given the fact that railroads contract with the auto manufacturers, not the haulaway carriers. However, in the case of CSX, which has a combination incentive-penalty program

Motivating shippers, railroad style

Here's an outline of the recent policies by Norfolk Southern and CSX to encourage the expedited flow of automobiles from vehicle distribution centers to dealerships:

Norfolk Southern

Program Description:

Vehicles that move into or out of a facility via rail transportation will be assessed storage charges as follows:

- From time of receipt from manufacturer or delivering agent at the origin auto distribution facility, the first 60 hours will be counted as free time to allow the tender of vehicle shipping instructions. If vehicle shipping instructions are tendered within the 60-hour free-time period, no storage charges will be assessed unless the vehicle is placed in a "hold" status.
- From notification of delivering agent of the vehicle's availability at the destination auto facility, the first 60 hours will be counted as free time to allow removal of the vehicle from the facility.
- Upon the expiration of free time, for the period from 60:01 hours through 156 hours, vehicle storage charges will be assessed at \$3 per vehicle per 24-hour period or fraction thereof.
- For the period from 156:01 hours until the vehicle is removed from the facility, vehicle storage charges will be assessed at \$10 per vehicle per 24-hour period or fraction thereof.
- Vehicles that are placed in a "hold" status by the shipper at either origin or destination auto distribution facilities will be assessed the vehicle storage charges upon notification of vehicle "hold" status, either at time of arrival or at time of notification,

whichever occurs last. Charges will apply per the schedule as if free time had expired. Any unused free time will be reallocated to the vehicle once the "hold" status is removed; however, total allocated free time for any vehicle will not exceed 60 hours.

Vehicles that move into and out of a facility via modes other than rail transportation will be assessed storage charges as follows:

- No free time will be allotted.
- For the period from the time of receipt from the manufacturer or delivering agent through 156 hours, vehicle storage charges will be assessed at \$5 per vehicle per 24-hour period or fraction thereof.
- For the period from 156:01 hours until the vehicle is removed from the facility, vehicle storage charges will be assessed at \$10 per vehicle per 24-hour period or fraction thereof.

Monthly summary billings will be presented for payments that contain vehicle-level detail for each auto distribution facility where storage charges have accrued.

Facilities affected: Avon Lake, Ohio; Buffalo, N.Y.; Chicago Mixing Center; Elkhart, Ind.; Fostoria (Ohio) Mixing Center; Jacksonville, Fla.; Kansas City Mixing Center and St. Louis; Kinsler, S.C.; Melvindale, Mich.; Meridian, Miss.; New Orleans; Newark (Doremus Ave.), N.J.; Petersburg, Va.; Poole Creek, Ga.; Ridgefield Heights, N.J.; Shelbyville Mixing Center, Ky.; Titusville, Fla.; Venice, Ill.; Wentzville, Mo.; Winston-Salem, N.C.

Effective: March 15, 2000

CSX

Program Description:

Early Pickup Incentive

Total Distribution Services Inc., an affiliate of CSX Transportation, will pay haulaway carriers a \$10 incentive for each vehicle that is removed from specified auto ramps by no later than midnight of the calendar day following the calendar day TDSI gives notice that the vehicle has been made available at the ramp. This incentive payment will be applicable initially during the period April 1 to April 30. Depending on the success of this program, TDSI may extend it beyond April 30. Incentive payments will be made weekly based on the haulaway carrier's performance during the prior week.

Charge for Excessive Dwell

Beginning April 1, TDSI will charge haulaway carriers the

sum of \$10 per day for every day (or portion) that a vehicle remains at a specified auto ramp beyond midnight of the fourth day after TDSI has given notice that the vehicle has been made available at the ramp. Billing of these excessive dwell time charges will begin in May. The excessive dwell-time charge will remain applicable unless and until it is modified by TDSI.

Facilities affected: New Boston, Mich.; Framingham, Westboro and Ayer, Mass.; Selkirk, N.Y.; Newark (Doremus) and Ridgefield Heights, N.J.; Twin Oaks, Pa.; Jessup (Annapolis Jct.), Md.; Lordstown, Cementdale and Walbridge, Ohio; Nashville and Memphis, Tenn.; Louisville, Ky.; Birmingham, Ala.; Orlando, Tampa, Jacksonville, and Palm Center, Fla.; Lawrenceville, Ga.; Dixiana, S.C.

Effective: April 1, 2000



(see box, page 35), the railroad specifically states in its letter to customers that charges for excessive dwell times would be assessed against the haulaway carriers, not the auto manufacturers.

A spokesman for Allied Systems, the largest haulaway carrier in the country, was not familiar with the new charge policies of any of the railroads. "But since our contract is with the auto manufacturers, I

suppose the railroads can charge us anything they want — whether we pay it is something else," he said. (CSX was not able to comment before press time).

UP was somewhat vague as to exactly how any charges would be collected, but it acknowledged that the contractual relationship is between the auto manufacturers and the haulaway carriers. "We don't want to share the details of the

arrangement but what we're trying to do is work with our customers to help them get vehicles delivered more quickly — it's as simple as that," said Waddington. When the program would be implemented and how penalties would be assessed "is still being negotiated with our customers. Our goal simply is to improve the velocity. It would be wonderful if we never collected a dime."

Trump This

BY FRANK N. WILNER

BNSF may start looking for another suitor if the courts uphold STB's merger moratorium

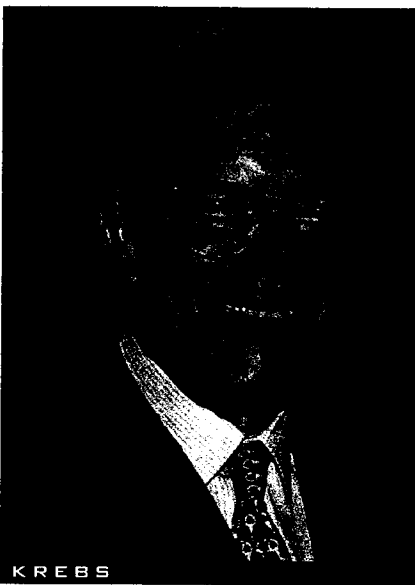
In the field of opportunity, it's plowing time again for Burlington Northern Santa Fe Railway Chairman Rob Krebs. He's willing — indeed, anxious — to consummate his proposed merger with Canadian National, but if the Surface Transportation Board succeeds before the federal courts in defending its 15-month merger-moratorium, Krebs may start dating again.

It is expected CSX and NS will have solved their merger-related service glitches by next year. Then there's Kansas City Southern, which operates the shortest route between Kansas City and New Orleans, has direct access to the most heavily used Mexican rail-border crossing at Laredo and owns a 38 percent interest in the most coveted of now-privatized Mexican rail lines. Why would CSX, NS or KCS be interested in a marriage to BNSF? Perhaps for the same reason Donald Trump is so eligible a suitor.

The 57-year-old Krebs, with a Stanford University diploma, Harvard MBA, hands-on-from-the-ground-up railroad operating experience and a reputation as the industry's first senior rail executive to have actually used a computer for other than memo writing, is at the top of his game and BNSF has benefited abundantly from his stewardship. BNSF, with \$9 billion in annual revenue, is a consensus pick among Wall Street analysts to improve earnings and is delivering more on-time service more consistently than its rail competitors. Since 1995 BNSF has grown intermodal traffic in key lanes by as much as 170 percent, boosted employee produc-

tivity while increasing the number of train crews and dropped the operating ratio by three percentage points to 75, which is best among the majors.

Especially impressive is how Krebs exploited the 4,000 miles of trackage rights over Union Pacific that BNSF



received in the UP-Southern Pacific merger to create a revenue base equivalent to a new Class 1 railroad. The \$400 million BNSF receives from generating almost 1,000 new carloads daily is \$60 million more than what Grand Trunk Western — the smallest of nine Class 1 railroads — earns annually.

Krebs is a Wall Street darling as much for what he promises as for what he delivers. As Krebs speaks of running a scheduled railroad — expanding and

improving upon what Hunter Harrison did for the Illinois Central — analysts recognize shippers may soon have an option now available only by truck. But while BNSF's 94 percent on-time and consistent dock-to-dock service is impressive when compared with other railroads that typically speed cargo between terminals and then permit freight cars to lay dormant for days, a 94 percent on-time dock-to-dock service is subpar when compared with trucking industry leaders.

But shortline consultant Roy Blanchard reasons that if Krebs "can take control of the entire transportation process from origin to delivery and ensure all players do things the BNSF way," he can transform BNSF into a world-class, truck-competitive railroad ahead of his now service-challenged competitors. Blanchard envisions new "strategic partnerships" between BNSF and shortline and regional railroads that would adopt "the BNSF way" much as franchisees adopt the efficient and effective McDonalds way.

"We'll keep working on our system and keep trying to extend our sphere of influence," said Krebs, observing that shippers with geographically dispersed customers don't want to hear from a carrier, "Sorry, we don't go there." Trackage rights, haulage agreements and joint marketing arrangements with other major railroads aren't enough, said Krebs. To meet customer expectations, a single railroad management must be in control, he said. No matter how diligently two railroads attempt coordination, both "can't do the same thing at the same time at the same place," said Krebs.

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BELT RAILWAY CO.

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EXCEPT AS OTHERWISE INDICATED, CHARGES IN THIS TARIFF HAVE BEEN INCREASED AS PROVIDED IN ITEM 9.

ILL.C.C. 296
(Cancels ILL.C.C. 293)

I.C.C. BRC 8002-M
(Cancels I.C.C. BRC 8002-L)

THE BELT RAILWAY COMPANY OF CHICAGO

FREIGHT TARIFF BRC 8002-M
(Cancels Freight Tariff BRC 8002-L)

INTERMEDIATE, TERMINAL, AND OTHER
CHARGES, RATES, RULES, AND REGULATIONS

APPLYING ON

LOADED AND EMPTY CARS
BETWEEN CONNECTIONS NAMED WITHIN

AND ALSO ON

FREIGHT TRAFFIC
ORIGINATING OR TERMINATING OUTSIDE THE CHICAGO SWITCHING DISTRICT
FROM OR TO INDUSTRIES LOCATED ON THE BELT RAILWAY COMPANY OF CHICAGO

This tariff governed by Uniform Classification as provided herein.

SWITCHING TARIFF

The provisions published herein will, if effective, not result in an effect on the quality of the human environment.

ISSUED September 10, 1994

EFFECTIVE October 1, 1994

ISSUED BY:
R. C. WOJCIK
General Freight Agent
6900 South Central Avenue
Chicago, Illinois 60638

TARIFF BRC 8002-M

RULES AND OTHER GOVERNING PROVISIONS

GENERAL RULES AND REGULATIONS

ITEM	SUBJECT	APPLICATION
120 ◆	MECHANICAL REFRIGERATION SERVICES AT CLEARING YARD	1. The BRC will perform an inbound inspection (See Note 1) at Clearing on all loaded mechanical refrigerator cars for account of the inbound carrier (See Note 2). The BRC will be allowed \$12.50 per inspection by each carrier, same to be collected by audit bills. 2. If the mechanical refrigeration inspection indicates that the unit is not operating properly, the car will be set out for refrigeration service, and an \$150.00 switching charge will be assessed against the delivering carrier. Subsequent refrigeration service charges, refueling expenses and/or charges for repairs are in addition. Note 1: Record will be made of car air temperature as shown by dial thermometer, amount of fuel in tanks as shown by fuel gauge, and whether or not engine is running. Note 2: It is the obligation of the delivering carrier to deliver a mechanical refrigeration car with the mechanical unit operating properly.
125 (NEW)	CHARGES ON CARS DELAYED AT CLEARING YARD DUE TO OUTBOUND CARRIER'S FAILURE TO HANDLE	Cars loaded or empty moving outbound to any carrier, which have been pulled to departure tracks will be considered available for departure to the outbound carrier at the time of pull-down. If cars remain on departure tracks in excess of 18 hours from pull-down time due to the failure of the outbound carrier to handle from the BRC, cars on departure tracks for that outbound carrier will be subject to a charge of \$130.00 per car. Thereafter, for every 12 hours which the same cars continue to remain on track, all cars on departure tracks and on classification tracks (with the same block codes) will be subject to additional charges of \$130.00 per car.
130 (NEW)	CHARGES ON TRAINS IN THROUGH MOVEMENT DELAYED ON BRC DUE TO RECEIVING CARRIER'S FAILURE TO HANDLE	When carriers use BRC trackage for through movement and two carriers are involved in the handling, trains will be considered on track for the receiving carrier when the delivering carrier terminates movement on BRC track. Delivering carrier is then obligated to notify receiving carrier of locale and time movement terminated. If the train remains on track in excess of 12 hours from delivery time due to the failure of the receiving carrier to handle from the BRC, the train will be subject to a charge of \$120.00 per car to be assessed against the receiving carrier. Thereafter, for each hour, or fraction thereof, which the same train continues to remain on track, said train will be subject to additional charges of \$20.00 per car to be assessed against the receiving carrier.
135 (NEW)	FULLER SERVICE	This charge is applicable and in addition to all contractual arrangements.
140 (NEW)	CHARGE FOR AN AIR BRAKE TEST ON TRAINS IN THROUGH MOVEMENT	With the concurrence of BRC Superintendent of Transportation, BRC will provide puller service as agent for the carrier requesting the service, and with full indemnification, at a charge of \$25.00 per car, at a minimum charge of 60 cars per movement, where contractual arrangements and physical accessibility permit BRC crew handling. When the BRC performs an air brake test per 49 CFR 232 on trains in through movement over BRC trackage, a charge of \$150.00 will be assessed against receiving carrier. This charge is applicable and in addition to all contractual arrangements.

FOR EXPLANATION OF REFERENCE MARKS, SEE LAST PAGE OF TARIFF.

I.C.C. BRC 8002-T
(Cancels I.C.C. BRC 8002-S)

THE BELT RAILWAY COMPANY OF CHICAGO

SUPPLEMENT 1 TO
FRIEGHT TARIFF BRC 8002-T
SUPPLEMENT 1 CONTAINS ALL CHANGES

INTERMEDIATE, TERMINAL, AND OTHER
CHARGES, RATES, RULES, AND REGULATIONS

APPLYING ON

LOADED AND EMPTY CARS
BETWEEN CONNECTIONS NAMED WITHIN

AND ALSO ON

FREIGHT TRAFFIC
ORIGINATING OR TERMINATING OUTSIDE THE CHICAGO SWITCHING DISTRICT
FROM OR TO INDUSTRIES LOCATED ON THE BELT RAILWAY COMPANY OF CHICAGO

This tariff governed by Uniform Classification as provided herein.

SWITCHING TARIFF

The provisions published herein will, if effective, not result in an effect on the quality of the human environment.

ISSUED April 10, 1999

EFFECTIVE May 1, 1999

ISSUED BY;
R. C. WOJCIK
Manager Agency & Customer Service
6900 South Central Avenue
Chicago, Illinois 60638

RULES AND OTHER GOVERNING PROVISIONS

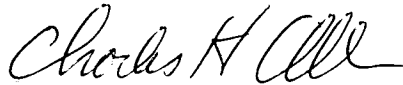
GENERAL RULES AND REGULATIONS

ITEM	SUBJECT	APPLICATION
125 ▲	CHARGES ON CARS DELAYED AT CLEARING YARD DUE TO OUTBOUND CARRIER'S FAILURE TO HANDLE	Cars loaded or empty moving outbound to any carrier, which have been pulled to departure tracks will be subject to the penalty charge described herein if cars remain on departure tracks in excess of 9 hours from the scheduled departure of the carrier's outbound train (see Note). If cars remain on departure tracks in excess of 9 hours from scheduled departure time due to the failure of the outbound carrier to handle from the BRC, cars on departure tracks for that outbound carrier will be subject to a charge of \$141.00 per car. Thereafter, for every 12 hours which the same cars continue to remain on track, all cars on departure tracks and on classification tracks (with the same block codes) will be subject to additional charges of \$141.00 per car. Note: The scheduled departure will be published in Superintendent's notice entitled "Clearing Train Departure Schedule" in effect on the date of departure.

VERIFICATION

State of Indiana)
)
County of Lake) SS:

Charles H. Allen, being duly sworn, deposes and says that he is General Manager of the Indiana Harbor Belt Railroad Company, that he has read the foregoing statement and knows the facts asserted therein, and that the same are true as stated.



Charles H. Allen

SUBSCRIBED AND SWORN TO
before me this 9th day
of August, 2000.



Notary Public

My Commission expires:

DIANE R. PENDER
Notary Public, State of Indiana
County of Lake
My Commission Expires 09/19/2006

CERTIFICATE OF SERVICE

I hereby certify that on this 10th day of August, 2000, a copy of the foregoing
Opening Comments of Indiana Harbor Belt Railroad Company was served by overnight
delivery upon:

Robert T. Opal
General Commerce Counsel
Union Pacific Railroad Company
1416 Dodge Street, Room 830
Omaha, NE 68179

and by first-class mail, postage prepaid, upon:

Edward J. Krug
Krug & Beckelman, P.L.C.
330 Hach Building
401 First Street S.E.
P.O. Box 186
Cedar Rapids, IA 52406-0186

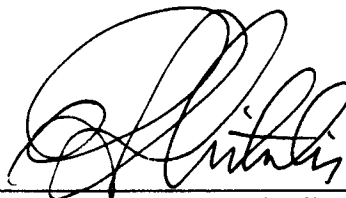
Mark Bubenik
Chief Assistant City Attorney
City of Tacoma
P.O. Box 11007
Tacoma, WA 98411-0007

Peter A. Greene
Thompson Hine & Flory LLP
1920 N Street, N.W.
Suite 800
Washington, DC 20036-1601

Richard R. Wilson
Richard R. Wilson, P.C.
1126 Eighth Avenue
Suite 403
Altoona, PA 16602

Richard A. Allen
Zuckert Scoutt & Rasenberger, LLP
888 Seventeenth Street, N.W.
Washington, DC 20006-3309

I further certify that a copy of the foregoing will be served by first-class mail, postage prepaid, upon any additional parties upon receipt of the party's comments herein.

A handwritten signature in black ink, appearing to read 'T. Litwiler', is written over a horizontal line.

Thomas J. Litwiler

