



Gabriel S. Meyer
Assistant General Attorney

November 14, 2006

Via E-Filing and UPS Overnight

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

**Re: STB Finance Docket No. 34939—North America Freight Car Association—Petition
for Declaratory Order**

Dear Secretary Williams:

Enclosed for electronic filing in the above-referenced proceeding is the Reply of Union Pacific Railroad Company ("UP") to North America Freight Car Association's Petition for Declaratory Order. UP will also forward to the Board a courtesy hard copy of the Reply.

Please do not hesitate to call me if you have any questions.

Sincerely,

A handwritten signature in blue ink that reads "Gabriel S. Meyer".

Enclosures

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

STB Finance Docket No. 34939

**NORTH AMERICA FREIGHT CAR ASSOCIATION—
PETITION FOR DECLARATORY ORDER**

REPLY OF UNION PACIFIC RAILROAD COMPANY

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Dated and Filed: November 14, 2006

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

STB Finance Docket No. 34939

**NORTH AMERICA FREIGHT CAR ASSOCIATION—
PETITION FOR DECLARATORY ORDER**

REPLY OF UNION PACIFIC RAILROAD COMPANY

This Reply is filed on behalf of Union Pacific Railroad Company ("UP"), in response to The Petition for Declaratory Order ("Petition") filed by the North America Freight Car Association ("NAFCA") in Finance Docket No. 34939 on October 11, 2006. The petition seeks institution of a declaratory order proceeding that would require UP to grant OT-5 authorization for operation of certain private railcars at higher weights than permitted by UP policies. The Board should deny NAFCA's request to initiate proceedings.

First, UP never withheld OT-5 authority for the railcars in question. Second, while UP limits the maximum weight of the railcars, it does so for safety reasons. Third, the weight restriction is based upon a documented history of derailments involving similar cars operating at higher weights and is not an unreasonable practice. Fourth, the weight restriction does not constitute a failure to provide adequate interchange facilities. Finally, despite NAFCA's claims of reliance-related damages, at no time did UP's actions or policies establish

grounds for such claims. For these reasons, NAFCA's Petition is without merit and the Board should deny it without further proceedings.

I. BACKGROUND

NAFCA is an unincorporated association of entities that manufacture, lease, and operate private railroad freight cars. NAFCA members own and operate more than 500,000 private railcars, or approximately 70 percent of the U.S. private car fleet. Among NAFCA's members is Bunge North America, Inc. ("Bunge"), a grain merchandiser and processor.

At issue are 230 covered hopper cars that Bunge leased in 2004 from The Andersons, a NAFCA member freight car lessor, for use in grain service at a maximum gross weight on rail ("GWR") of 286,000 pounds. As originally constructed, the railcars were designed to operate at a maximum GWR of 263,000 pounds. Prior to Bunge's lease of the railcars, however, The Andersons modified the railcars to bring them into compliance with the Association of American Railroads' ("AAR's") mechanical specification S-259, which became effective on January 1, 1995. This specification outlined a number of mechanical standards required for operation of railcars at maximum weights of 286,000 pounds GWR, including braking system and truck spring standards. While S-259-compliant railcars could operate at 286,000 pounds GWR, S-259 did not require railroads to operate such cars. It provided:

The . . . specifications outline the requirements for operation in interchange for cars with a gross rail load of 286,000 lbs.

However, acceptance of this equipment in interchange *is not mandatory*.¹

Although S-259 outlined minimum requirements for 286,000-pound GWR operations, because of safety concerns, UP attempted to limit its own fleet of 286,000-pound GWR cars to those equipped with truck bolsters certified for such weights.² Despite its concerns, for a number of years prior to Bunge's lease of the covered hoppers at issue, UP granted OT-5 authority to private car operators originating S-259 railcars on UP's rail network at weights of up to 286,000 pounds GWR, even when their truck bolsters were not certified for such weights.

In time, however, the basic S-259 standards proved inadequate as UP suffered a spate of derailments attributable to the failure of truck bolsters on S-259 cars approved for operation at or near 286,000 pounds GWR.³ From January 2000 through November 2002, UP experienced nine railcar truck bolster failures, six of which resulted in derailments.⁴ Five of the derailed railcars were built to S-259 standards between 1995 and 1998. The four other railcars—one of which caused a derailment—had been built during the 1970s, prior to adoption of

¹ AAR Specification for 286,000 LB. Gross Weight Rail Cars, Standard S-259-94, Section 2.0 (Scope), adopted 1994, effective January 1, 1995 (emphasis added). A copy of the specification is attached as Exhibit 1.

² In one instance in the late 1990s, UP replaced the truck bolsters on several hundred UP-owned coal hoppers to allow them to operate at weights of up to 286,000 pounds GWR. Although as constructed, the railcars complied with S-259 standards, because the railcars' original truck bolsters were not certified to carry such weights, UP restricted them to 263,000 pounds GWR until it could replace their truck bolsters.

³ Although the weight of each car at the time of the bolster failure is unknown, each car had been certified to operate at weights of up to 286,000 pounds GWR. The stresses caused by 286,000-pound GWR loadings made the truck bolsters prone to failure, even when carrying lighter loads.

⁴ UP also experienced seven additional truck bolster failures occurring from March 2003 through February 2006, two of which caused derailments. Of the 16 total truck bolster failures, to UP's

S-259 standards. Laboratory analyses performed on four of the S-259 cars involved in derailments confirmed that their truck bolsters were not designed to carry 286,000-pound loads.

The derailments imposed significant financial costs upon UP. Direct clean-up costs resulting from the six derailments, including track and mechanical repairs, clearing of derailments sites, and environmental mitigation, totaled more than \$2.3 million, as reported to the Federal Railroad Administration ("FRA"). This figure, which does not incorporate certain overhead expenditures and derailment-related network disruption costs, is highly conservative. UP estimates the true cost of the derailments at approximately \$5 million.

Forced to address the problem, on June 1, 2002 UP discontinued grants of new OT-5 authority for S-259 railcars originating on UP lines at 286,000 pounds GWR, and issued a Mechanical Car Policy Bulletin Form limiting newly built or modified S-259 railcars to a maximum weight of 263,000 pounds GWR.⁵ The Bulletin provided an exception to the rule for private car operators that could document that: 1) their railcars were equipped with constant contact side bearings; and 2) their railcars' truck bolsters were certified to carry 286,000

knowledge, none involved railcars equipped with truck bolsters that had been designed for 286,000-pound GWR loadings.

⁵ After issuing its June 1, 2002 Bulletin, UP continued to permit 286,000-pound GWR operation of S-259 cars originating on UP lines, provided such cars had received OT-5 authority prior to the issuance of the Bulletin. Additionally, some railcars modified to S-259 standards after issuance of the Bulletin continued to operate on UP lines at GWRs of up to 286,000 pounds. UP generally received such railcars via interchange with other rail carriers, which continued to accept 286,000-pound GWR S-259 railcars, and thus UP had no effective means of barring operation of such cars over its lines.

pound loads.⁶ In short, UP required private railcars to meet the same standards as its own railcars in order to run at 286,000 pounds GWR.

The AAR also recognized the need for more stringent standards, and in November 2002 issued a revised mechanical specification designated S-286. It required, inter alia, “Casting manufacturer to certify truck castings are designed to 286,000 lbs. GRL [gross rail load].” (AAR Specification for 286,000 LBS. Gross Rail Load for Free/Unrestricted Interchange Service, Standard S-286-2002, Section 2.8.1 (Truck Performance and Castings), adopted November 2002.) And unlike S-259, S-286 provided that railcars compliant with the specification standards would be “qualified for free unrestricted interchange” (Id., Section 1.0 (Scope).)⁷ The AAR promoted compliance with this new specification, advising in an October 2003 circular, “Voluntary early compliance with . . . S-286 . . . is strongly encouraged and recommended.” (AAR Circular Letter c-9718, Oct. 14, 2003.) Ultimately, the AAR phased out its S-259 standards, replacing them with S-286.

On March 23, 2004, nearly two years after UP issued its Bulletin restricting 286,000-pound GWR operations of S-259 cars, The Andersons, on behalf of

⁶ The Mechanical Car Policy Bulletin Form provided three methods by which a railcar operator could certify that its car truck bolsters had 286,000-pound GWR capability: 1) documenting that the car truck bolsters were manufactured during or after 1995; 2) providing confirmation from truck bolster manufacturers that the bolsters could support 286,000-pound loadings; or 3) retaining an independent engineering firm to certify that the truck bolsters could support 286,000-pound loadings. The Bulletin further required that truck bolsters operating in 286,000-pound GWR service contain constant contact side bearings.

⁷ In some correspondence, UP informed Bunge that it would allow S-286-modified railcars to operate at 286,000 pounds GWR. Despite reference to the AAR’s newly adopted mechanical standard, UP’s position remained unchanged—UP would operate Bunge’s cars at 286,000 pounds GWR if Bunge could certify that the railcars’ truck bolsters were capable of carrying the weight.

Bunge, sought OT-5 authorization for an initial group of 200 covered hoppers modified by The Andersons in accordance with S-259. Additionally, on May 21, The Andersons sought OT-5 approval for another 30 S-259-modified covered hoppers for lease to Bunge, but did not specify their planned operating weights, causing UP to temporarily hold approval for these cars in abeyance. Due to problems with The Andersons' March 23 application⁸ and a resulting clerical error, UP approved the first 200 cars for 263,000-pound GWR operations on May 3, before issuing a second approval in error on May 17, authorizing the cars to operate at 286,000 pounds GWR.

UP soon became aware of its error and on August 3, 2004 notified Bunge that in accordance with UP policy, effective on September 1, 2004 it would cap the GWR of all 230 railcars at 263,000 pounds, unless Bunge could either: 1) provide UP with written confirmation that the truck bolsters were certified for 286,000-pound GWR operations; or 2) provide UP with insurance coverage indemnifying UP for any and all damages arising from failed truck bolsters. Bunge declined to pursue either alternative.

In an ensuing series of conversations and letters extending from mid-2004 into 2006, UP explained its decision to Bunge. The rash of truck bolster failures and related derailments on railcars built or modified pursuant to S-259 standards required UP to adopt weight standards designed to limit the risk posed by these

⁸ The Andersons submitted two OT-5 requests on March 23 for the same 200 covered hoppers. The first specified a maximum operating weight of 286,000 pounds GWR. Upon receiving the request, UP asked The Andersons to provide railcar drawings documenting that the railcars were suitable for 286,000-pound GWR operation. The Andersons did not provide any such drawings and instead, later the same day, submitted a new OT-5 request specifying a maximum operating weight of 263,000 pounds GWR.

railcars. Because it was unclear whether Bunge's railcars were equipped with truck bolsters designed for use in 286,000-pound GWR service, UP decided that in accordance with its policy, it would not originate Bunge's railcars on its lines at GWRs greater than their original 263,000-pound design weight—unless Bunge provided proper certification that the railcars' truck bolsters were designed for 286,000-pound GWR loads, or alternatively, insured UP against the risk posed by these cars.

II. DISCUSSION

NAFCA requests that the Board institute declaratory order proceedings to address the following issues, related to UP's OT-5 authorization for Bunge's 230 covered hoppers: 1) the reasonableness of UP's weight limitation on railcars compliant with the AAR's S-259 standards; 2) whether UP's actions are unreasonable practices in violation of 49 U.S.C. § 10702; 3) whether UP's actions are unreasonable service practices in violation 49 U.S.C. § 11121; and 4) whether UP's actions constitute "a failure to provide reasonable, proper, and equal facilities for the interchange of traffic within the meaning of 49 U.S.C. § 10742." (Petition at 11.)

We address NAFCA's requests in turn.

A. Reasonableness of UP's OT-5 authorization

As explained in further detail below, UP's decision to restrict the maximum GWR of Bunge's covered hoppers is not a denial or revocation of OT-5 authority.

And, even if UP's actions were considered to be a "denial" of OT-5 authorization, the limitation is based upon safety and mechanical factors and is therefore valid.

1. UP did not deny or revoke Bunge OT-5 authority

NAFCA's assertions notwithstanding, at no time did UP deny or revoke OT-5 authority for loading of Bunge's leased covered hoppers at UP origins. UP at all times continued to originate, interchange, and operate Bunge's cars when tendered by Bunge and connecting rail carriers. While UP limited the maximum GWR of the railcars to 263,000 pounds when originating on its lines, this was neither a denial nor revocation of OT-5 authority.

2. UP's limitations of OT-5 authority were the result of safety and mechanical concerns

The Board expressly permits rail carriers to "deny OT-5 approval for private hopper cars 'for reasons [of] safety, mechanical factors, or inadequate track storage space'" Shippers Committee, OT-5 v. I.C.C., 968 F.2d 75, 79 (D.C. Cir. 1992) (citing Shippers Committee, OT-5 v. The Ann Arbor Railroad Co. Et Al., 5 I.C.C. 2d 856, 864 (1989)).

As discussed above, UP *did not deny* OT-5 authority for Bunge's railcars. UP merely limited their maximum weight because they failed to meet safety and mechanical standards. And even if the weight restriction could be considered a "denial" of OT-5 authority, the limitation is valid for two of the three reasons forth by the Interstate Commerce Commission in its 1989 decision. First, Bunge's cars do not meet UP's safety or mechanical specifications, which are based upon AAR standards and recommended practices. And second, the AAR's Interchange Rules do not require carriers to accept S-259 railcars at 286,000

pounds GWR. Rule 70(b) states, "Acceptance of such equipment is not mandatory." (Exhibit 2, Field Manual of the AAR—Interchange Rules, Rule 70(b).)

In its Petition, NAFCA cites this plain language of Rule 70(b), but contends that it must be construed in light of the AAR's November 1994 circular letter announcing the adoption of S-259 standards, which required railroads to identify track segments incapable of handling 286,000-pound railcars. Petition at 11. Based upon this reading, NAFCA argues, a carrier may deny S-259 cars *only* because of track limitations.

Neither NAFCA nor the cited AAR circular letter (Exhibit 3, AAR Circular Letter c-8287, Nov. 21, 1994) provide any support for this interpretation. Moreover, Rule 70(b) and the AAR's S-259 specification both provide that acceptance of 286,000-pound GWR railcars "is not mandatory," and there is no indication that the AAR intended any limitation upon carriers' right to refuse this equipment.

B. UP's actions were reasonable

NAFCA's allegations that UP's limitation upon the maximum weight of Bunge's cars constituted an unreasonable practice in violation of 49 U.S.C. § 10702 and an unreasonable car service practice in violation of 49 U.S.C. § 11121 are unsubstantiated and without merit. UP's decision to limit the operating weights of railcars, effective in June 2002, was a reasonable response taken in the face of mounting evidence that S-259 railcars posed a safety risk to UP, if operated at 286,000 pounds without truck bolsters designed for such weights.

UP has repeatedly stated that it will operate Bunge's railcars at 286,000 pounds if Bunge will certify that the cars have proper truck bolsters.

Although UP continues to originate 286,000-pound GWR S-259 railcars that it authorized under the OT-5 process before June 2002, it does so because as a practical matter, UP cannot effectively place new operating restrictions upon the large and diverse fleet of previously OT-5-authorized railcars that regularly load at origins across its system. For the same reason, UP also continues to accept 286,000-pound GWR S-259-modified railcars from other rail carriers in interchange. The only practical means to limit the number of S-259 modified railcars operating across the UP rail network without truck bolsters certified for 286,000-pound GWR operations is to no longer acquire or routinely grant new OT-5 authority to such cars. UP's decision to impose railcar weight limitations to grants of OT-5 authority after May 31, 2002 was a reasonable measure designed to reduce the number of railcars on its system posing the greatest risk.⁹

Phase-ins of new railroad safety measures, such as UP's phase-in of more stringent specifications for 286,000-pound GWR railcars, are commonplace and there is no basis for the Board to find them unreasonable here. Notably, the FRA routinely imposes new safety measures incrementally. For example, during the mid 1990s, in an effort to reduce the number of grade crossing accidents, the FRA enacted regulations requiring most locomotives to be equipped with ditch

⁹ NAFCA also contends that UP's weight restriction on NAFCA's S-259-modified cars was "discriminatory" treatment. (Petition at 8, n.5.) NAFCA is mistaken. UP's policy extended to all shippers seeking OT-5 authority for private railcars after June 2002. Furthermore, as discussed in Section I, supra, UP did not allow origination of its own S-259 cars at 286,000 pounds GWR, unless equipped with certified truck bolsters.

lights by the end of 1997. The regulations provided a range of specifications including positioning of ditch lights and their intensity. Despite the safety benefits of ditch lights, the FRA waived its requirements for certain locomotives. Locomotives equipped with “two white auxiliary lights spaced at least 44 inches apart on at least one axis,” are exempt from the new requirements until they are rebuilt or retired, provided they had been equipped with such lights prior to May 30, 1994. 49 CFR § 229.133(c)(3). Likewise, the ditch light regulations do not apply to locomotives equipped with an FRA-approved oscillating light, if the oscillating light was ordered for installation before January 1, 1996. 49 CFR § 229.133(c)(1).¹⁰

NAFCA further charges that UP’s offer to operate Bunge’s railcars at 286,000 pounds GWR if Bunge insures UP against the risk of a derailment or other accident involving its railcars is “incongruous with a genuine claim of ‘safety.’” (Petition at 10.) To the contrary, this proposal, which UP offered as an alternative to Bunge certification that its railcars are equipped with 286,000-pound GWR-certified truck bolsters, is a reasonable measure that would relieve UP of the undue financial risk associated with operating Bunge’s railcars at 286,000 pounds GWR. Furthermore the cost of an insurance policy would reflect the degree of risk associated with operation of Bunge’s cars at 286,000 pounds

¹⁰ Other examples of phased-in implementations of FRA regulations can be found in rules governing railcar reflectorization and locomotive dynamic brake standards. Under the FRA’s railcar reflectorization regulations, railcar owners have until 2015 to complete installation of reflective materials on all railcars. 49 CFR § 224.107(a). The FRA’s dynamic braking regulations, which contain requirements relating to cab displays and controls in dynamic brake-equipped locomotives, apply only to: 1) rebuilt dynamic brake-equipped locomotives entering service on or after April 1, 2004, and 2) to new dynamic brake-equipped locomotives entering service on or after October 1, 2007 (if ordered from the manufacturer on or after April 1, 2006). 49 CFR § 232.109(g), (h).

GWR. If Bunge were unable to obtain such an insurance policy, or could only obtain it at a high price, this would further validate UP's position that operation of Bunge's cars at 286,000 pounds GWR would pose an undue risk upon UP. And UP reiterates that it will allow Bunge cars to operate at 286,000 pounds GWR without insurance, if Bunge can certify that they comply with UP requirements.

C. UP's actions comply with its obligations under 49 U.S.C. § 10742

UP has acted in accordance with 49 U.S.C. § 10742, which requires rail carriers to offer "reasonable, proper, and equal facilities" for interchange purposes. This statute relates only to a carrier's obligation to provide interchange facilities. UP's weight limitation of Bunge's S-259-modified railcars originating on UP lines in no way relates to the provision of interchange facilities. UP has not refused to interchange Bunge's railcars, which continue to use UP interchange facilities.

D. Reliance

NAFCA asserts that UP's action gives rise to reliance issues among shippers who acquire their own private car fleets for operation over all railroads. NAFCA contends that The Andersons acquired and upgraded the covered hoppers that it later leased to Bunge in reliance upon the AAR's S-259 specification. (Petition at 4.) NAFCA's reliance argument is unfounded.

As explained above, although S-259 contained specifications required for 286,000-pound GWR operation, it expressly did not require carriers to operate railcars at this weight. ("[A]cceptance of this equipment [at 286,000 pounds GWR] in interchange is not mandatory." AAR Specification for 286,000 LB.

Gross Weight Rail Cars, Standard S-259-94, Section 2.0 (Scope), adopted 1994, effective January 1, 1995.) The Andersons should have been fully aware based upon the plain language of S-259 that UP could refuse to operate the railcars at 286,000 pounds GWR.

Furthermore, The Andersons and Bunge should have recognized that their railcars did not comply with UP standards. Bunge's cars entered service well after UP announced tightened S-259 standards in 2002, requiring truck bolster certification before OT-5 authorization for 286,000-pound GWR service. The Andersons could have upgraded the cars in accordance with UP's newly enacted standards or with S-286. Alternatively, The Andersons could have decided not to upgrade the cars at all.

III. CONCLUSION

For the above reasons, NAFCA's Petition is without merit and UP respectfully requests that Board deny it without further proceedings.

Respectfully submitted,



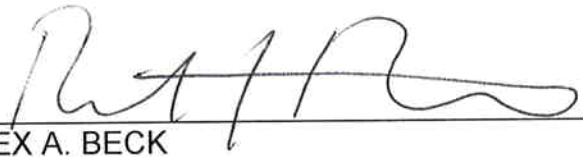
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*Attorney for
Union Pacific Railroad Company*

VERIFICATION

STATE OF NEBRASKA)
) ss
COUNTY OF DOUGLAS)

I, Rex A. Beck, Senior Director Rail Car Planning and Engineering for Union Pacific Railroad Company ("UP"), being duly sworn, depose and state that I have assisted in the preparation of the foregoing Reply of Union Pacific Railroad Company ("UP") in STB Finance Docket No. 34939. I further depose and state that I have reviewed the portions of UP's Reply relating to railcar safety and mechanical specifications, that I know its contents, and that those contents are true as stated to the best of my knowledge, information, and belief.



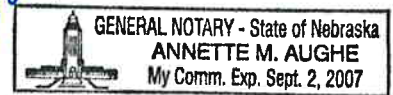
REX A. BECK

SUBSCRIBED AND SWORN TO before me this 14th day of November, 2006.



Notary Public

My Commission expires: _____



VERIFICATION

STATE OF NEBRASKA)
) ss
COUNTY OF DOUGLAS)

I, Christopher P. Hendrickson, Manager Derailment Analysis for Union Pacific Railroad Company ("UP"), being duly sworn, depose and state that I have assisted in the preparation of the foregoing Reply of Union Pacific Railroad Company ("UP") in STB Finance Docket No. 34939. I further depose and state that I have reviewed the portions of UP's Reply relating to derailments occurring on UP lines, that I know its contents, and that those contents are true as stated to the best of my knowledge, information, and belief.


CHRISTOPHER P. HENDRICKSON

SUBSCRIBED AND SWORN TO before me this 14 day of November, 2006.


Notary Public

My Commission expires:

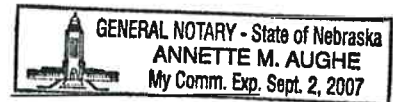


Exhibit 1

STB Finance Docket No. 34939

Association of American Railroads
Mechanical Division
Manual of Standards and Recommended Practice

SPECIFICATION FOR 286,000 LB. GROSS WEIGHT RAIL CARS

Standard
S-259-94
Adopted 1994
Effective: January 1, 1995

1.0 GENERAL

Freight cars built under this specification are subject to all normal FRA regulations. Unless specifically addressed in this specification, all appropriate AAR Standards must be met in the design, building and operation of cars with a gross rail load of 286,000 lbs.

2.0 SCOPE

The following specifications outline the requirements for operation in interchange for cars with a gross rail load of 286,000 lbs. However, acceptance of this equipment in interchange is not mandatory.

3.0 DEFINITION

This specification applies to 4-axle freight cars designed to carry a gross rail load of 286,000 lbs.

4.0 GUIDELINES

4.1 CARBODY

Design of the carbody (including the sides, ends and underframe unless otherwise noted), shall be based on a gross rail of 286,000 pounds. Where standard design loads are specified for 100-ton cars in AAR Specification M-1001, those loads multiplied by the factor 1.09 shall be applicable to the subject cars. When design loads are not specific to 100-ton cars, the existing specifications will govern unchanged. Examples of the latter are the 50,000 lb. vertical coupler load of Section 1.2.6.3.2 and impact test coupler force of 1,250,000 lbs. in Section 1.2.6.3.3.1.

4.1.1 Fatigue Design

When applying fatigue design criteria to a 286,000 lb. design, weight related REPOS loadings, such as center plate and side bearing loads shall be increased by a factor of 1.09. Longitudinal loads can be used without change.

4.2 BRAKE SYSTEM

4.2.1

Brake Systems must meet the braking ratios of S-401 adjusted for the 286,000 gross rail load.

4.3. BEARINGS

4.3.1

The standard bearing size of 6-1/2" x 12" shall be used.

4.4 AXLES

Axles with machined grooves at the inboard seal wear ring/journal contact area shall not be used.

4.5 WHEELS

Wheels are to be 36 inch, curved-plate, class C.

4.6 DRAFT SYSTEM

4.6.1

All draft components must be Grade E steel.

4.6.2

Draft gears must conform with AAR M-901E, M-901G, or M-901H latest revision.

4.7 Springs:

Springs are AAR Standard D-5, 3-11/16" travel or D-7, 4-1/4" travel in accordance with AAR Specification M-114, latest revision. Solid spring capacity per group must be 1-1/2 times static sprung loading at full rail loading.

4.8 TRUCKS

Trucks shall be standard 3-piece cast trucks. Design of the trucks generally should follow AAR Standard S-300, latest issue based on 6-1/2" x 12" journal size, 5'10" wheelbase, and 36" diameter wheels. All the limiting nominal design dimensions for trucks contained in AAR Standard S-302 shall be adhered to. Castings shall meet the requirements of AAR Standards M-202, M-203 and M-210. The present test loads provided for axle loadings of 6 1/2" x 12" journals shall be used for castings in 286,000 service.

4.9 STENCILING

Cars meeting the requirements of this specification are to be stenciled with a load limit which will equate to 286,000 GRL minus the lightweight. Owners of existing equipment may stencil with a load limit equating to 263,000 GRL or 286,000 GRL as they desire.

Exhibit 2

STB Finance Docket No. 34939

RULE 70

- b. **Load Limit**—Maximum permissible weight that can be loaded into car. Calculated by deducting the lightweight of car from the total allowable weight on rail, Gross Rail Load, (GRL) for applicable axle size shown below:

Bear- ing Class	Journal Size (inches)	Gross Rail Load 4 Axle Cars (pounds)	Gross Rail Load 4 Axle Cars (kilograms)	Gross Rail Load 6 Axle Cars (pounds)	Remarks
D	5½ x 10	177,000	80,300	265,500	
E	6 x 11	220,000	99,800	330,500	
F	6½ x 12	263,000	119,300	394,500	
F	6½ x 12	264,000- 286,000	119,800- 129,700	Not Applicable	Cars must meet the requirements of AAR Office Manual Rule 88, Section C.1. Acceptance of such equipment is not mandatory.
F	6½ x 12	286,000	129,700	Not Applicable	Cars must meet AAR S-259. Acceptance of such equipment is not mandatory.
K	6½ x 9	286,000	129,700	Not Applicable	Cars built prior to January 1, 2004 must meet the requirements of AAR S-259. Acceptance of such equipment is not mandatory. Cars built after June 30, 2004 must meet the requirements of AAR S-286. Acceptance of cars built at any time that meet the requirements of AAR S-286 is mandatory.
M	7 x 9	286,000	129,700	Not Applicable	Cars must meet the requirements of AAR S-286. Acceptance of cars that meet the requirements of AAR S-286 is mandatory.
G	7 x 12	286,000	129,700	Not Applicable	Cars must meet the requirements of AAR S-286. Acceptance of cars that meet the requirements of AAR S-286 is mandatory.
M	7 x 9	315,000	142,900	472,500	Cars may be operated only under controlled interchange conditions agreed to by participating railroads.
G	7 x 12	315,000	142,900	472,500	Cars may be operated only under controlled interchange conditions agreed to by participating railroads.

Exhibit 3

STB Finance Docket No. 34939



C. E. Dettmann
Executive Vice President
Operations, Research & Technology

**ASSOCIATION
OF AMERICAN
RAILROADS**

Mechanical Management Committee
J. T. McBain
Chairman

D. W. Mayberry
Vice Chairman

L. A. Peterson
Executive Director

B. J. Pague
Secretary

November 21, 1994

CIRCULAR LETTER

(c-8287)

**SUBJECT: Implementation of AAR Standard S-259 for Freight
Cars With 286,000 lb. Gross Rail Load**

CC-201.S92
AC-1901

TO MEMBERS AND PRIVATE CAR OWNERS

On July 27, 1994, Circular Number D.V. 2205 presented Specification S-259 for letter ballot vote of the members. It noted that without application of uniform specifications, including identification of qualifying cars, problems could arise due to track/bridge limitations or operating restrictions. This Specification was developed to alleviate any concerns for mechanical problems within constraints for acceptance stipulated by the railroads. Commensurate with Letter Ballot results, AAR Standard S-259 has been approved by the Mechanical Management Committee for implementation. It requires car owner certification that such ownership cars meet all requirements of the Specification; and car owners must stencil all such cars with a load limit equating to 286,000 lb. gross rail load minus the lightweight.

In executing provisions of the S-259 Standard, various AAR Interchange Rules revisions convey specific reporting and stencilling requirements. Rule 70 details the stencilling requirements. Rule 91 stipulates that acceptance of 286,000 lb. GRL cars in interchange is not mandatory -- cars can only be operated under controlled interchange conditions, i.e., each railroad is to unilaterally register with AAR those particular track segments over which 286,000 lb. GRL cars will not be accepted. Rule 93 contains the UMLER reporting requirements. Complete details on UMLER registration procedures are contained in the current UMLER Specification Manual.

Car owners of 286,000 lb. GRL equipment are reminded that all requirements of AAR Standard S-259 and applicable Interchange Rules must be met in order to ensure a continuing safe and efficient interchange system.

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MEMBERS AND PRIVATE CAR OWNERS

The attached Standard, approved via Circular Number D.V. 2207, together with corresponding AAR Field and Office Manual Interchange Rules revisions, will become effective on January 1, 1995.

Sincerely,

A handwritten signature in cursive script, reading "Leavitt A. Peterson". The signature is written in dark ink and is positioned above the printed name.

Leavitt A. Peterson

CERTIFICATE OF SERVICE

I, Gabriel S. Meyer, hereby certify that on this 14th day of November, 2006, I caused a copy of the foregoing Reply of Union Pacific Railroad Company to be served via electronic and prepaid first-class mail upon:

Andrew P. Goldstein
Attorney for North America Freight Car Association
McCarthy, Sweeney & Harkaway, P.C.
Suite 600
2175 K Street, N.W.
Washington, DC 20037



Gabriel S. Meyer