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**AMERICAN SHORT LINE AND
REGIONAL RAILROAD ASSOCIATION**

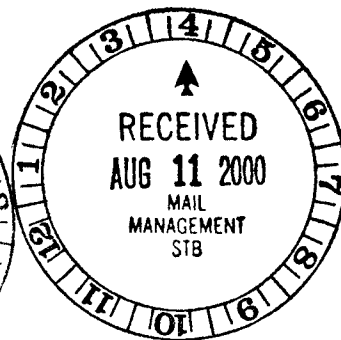
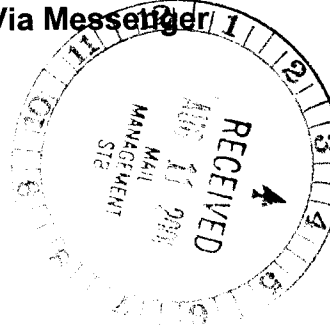
The Voice of America's Independent Railroads

Alice C. Saylor
Vice President & General Counsel

Surface Transportation Board
Office of the Secretary
Case Control Unit
1925 K. Street, N.W.
Washington, D.C. 20423
ATTN: STB Docket No. 42052

August 11, 2000

Via Messenger



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

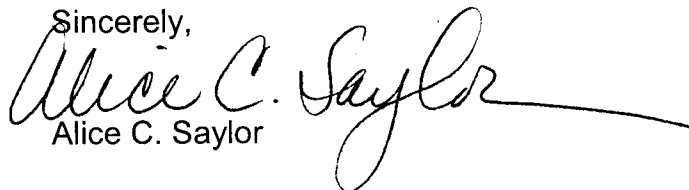
Dear Secretary Williams:

Attached for filing with the Surface Transportation Board in the above-captioned proceeding are the original and ten copies of the comments of the American Short Line and Regional Railroad Association.

In addition, one copy of these comments has been mailed today to each of the parties indicated below by first class U.S. mail, postage prepaid.

Please date-stamp the copy of this letter to indicate receipt and return it to the messenger. Thank you.

Sincerely,


Alice C. Saylor

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

Iowa Interstate Railroad, Ltd., Edward J. Krug, Krug & Beckelman, P.L.C., 401 First
Street S.E., Suite 330, P.O. Box 186, Cedar Rapids, Iowa 52406-0186

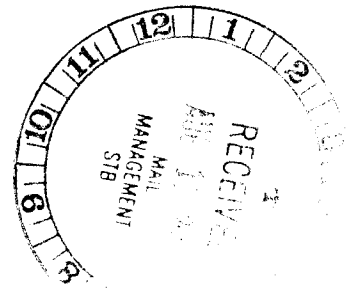
City of Tacoma Public Utilities, d/b/a Tacoma Rail, Mark Bubenik, Chief Assistant
City Attorney, P.O. Box 11007, Tacoma, Washington 98411-0007

Roger A. Serpe, General Counsel, Indiana Harbor Belt Railroad Company, 111 West
Jackson Boulevard, Suite 1128, Chicago, Illinois 60604-3502

William C. Sippel, Thomas J. Litwiler, Fletcher & Sipper LLC, Two Prudential Plaza,
Suite 3125, 180 North Stetson Avenue, Chicago, Illinois 60601-6710

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Before the
Surface Transportation Board
Washington, D.C.



STB Docket No. 42052, Union Pacific Railroad Company - -
Petition for Declaratory Order - - Imposed Interchange Charges

Comments of the American Short Line and Regional Railroad Association

The American Short Line and Regional Railroad Association ("ASLRRA") is filing these comments on behalf of its short line and regional railroad members in response to the Surface Transportation Board ("STB" or "Board") decision served June 13, 2000 in the above-captioned proceeding. The due date for comments, originally set as July 12, 2000, was subsequently extended to August 11 by decision served July 7, 2000.

ASLRRA is a non-profit trade association that represents the interests of its more than 400 short line and regional railroad members in legislative and regulatory matters. Short line and regional railroads are an important and growing component of the railroad industry. Today, they operate and maintain 29 percent of the American railroad industry's route mileage, and account for 9 percent of the rail industry's freight revenue and 11 percent of railroad employment.

The Board instituted this proceeding in order to resolve questions concerning the right of a rail carrier to impose charges unilaterally against other carriers for events that may occur when cars are interchanged. The proceeding was instituted in response to a petition filed by Union Pacific Railroad Company (UP). UP seeks a declaration that under 49 USC 11121, a rail carrier may not unilaterally impose charges on another carrier for interchange of cars, by tariff or otherwise, and that interchange-related charges imposed by one carrier on another must be either based on agreement of the carriers involved or specifically authorized by the Board. The dispute involves tariff provisions issued by the following short line and regional railroad respondents: Indiana

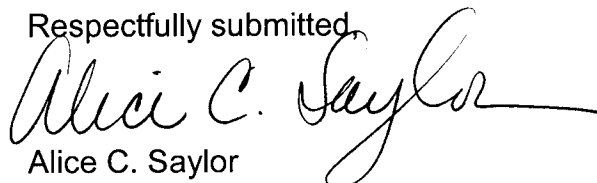
Harbor Belt Railroad Company, Iowa Interstate Railroad, Ltd., City of Tacoma, Tacoma Public Utilities d/b/a Tacoma Rail and Tacoma Beltline Railroad. The tariff provisions impose charges on a connecting carrier when cars are not pulled from interchange within specified times. All respondents are ASLRRA members.

ASLRRA opposes UP's request. The problems that arise for a small railroad when a connecting carrier fails to pull cars from interchange tracks in a reasonably timely fashion are significant. These include operational difficulties, congestion of interchange and yard tracks, added switching and increased costs. These are entirely beyond the control of the small railroad. Imposition of a charge to reflect these added costs that occur when a connecting carrier fails to make timely interchange is reasonable. Tariff provisions and charges of this nature have existed in the rail industry for years. These charges for failure to make timely interchange serve as an incentive for efficient rail operations. They are a proper solution to a very real problem. They should be allowed to stand.

If these charges are not allowed to stand, small railroads would be forced to offset these increased costs from some other source. In effect, a cross-subsidization of the connecting carrier's inefficiencies would be forced on the small carriers. This would be a bad result for the overall efficiency and viability of the national rail network.

ASLRRA urges the Board not to make the requested declaration, and to uphold the validity of these charges.

Respectfully submitted,



Alice C. Saylor

Vice President & General Counsel

American Short Line & Regional Railroad Association

1120 G. Street, NW; Suite 520

Washington, DC 20005

(202) 628-4500; Fax (202) 628-6430

Date: August 11, 2000