

SURFACE TRANSPORTATION BOARD LEAVES IN PLACE ARBITRATOR'S DECISION ON POTENTIAL CHANGES IN "UNION PACIFIC'S" EMPLOYMENT RULES RE CREW HAULING OPERATIONS

Surface Transportation Board (Board) Chairman Linda J. Morgan announced today that the Board has issued a decision leaving in place Arbitrator Robert O'Brien's decision regarding potential changes in the Union Pacific Railroad Company's (UP) employment rules governing crew hauling operations within UP's Kansas City Hub. The arbitrator held that, if UP chooses to transfer crew hauling work and employees from the former Southern Pacific Transportation Company's (SP) Armourdale Yard to UP's Neff yard 10 miles away as sought by UP under a single collective bargaining agreement, all related work must be performed under the collective bargaining agreement of the former SP.

Finding the SP agreement to be more favorable to employees than the UP collective bargaining agreement under which UP's Neff Yard employees currently work, the arbitrator reasoned that adoption of the SP agreement under these circumstances is required under the Board's decision in *CSX Corp.--Control--Chessie System and Seaboard Coast Line Industries (Arbitration Review)*, Finance Docket No. 28905 (Sub-No. 22), issued September 25, 1998, known as the "*Carmen III*" decision. Under *Carmen III*, carriers attempting to implement labor changes related to a Board-approved merger may not deprive employees of collective bargaining agreement provisions that need not be changed to obtain the public benefits of the merger. The arbitrator found that depriving employees of the more favorable provisions of the SP collective bargaining agreement would not be necessary to the realization of the public benefits of the merger of UP and SP. In the decision issued today, the Board found the arbitrator's decision to be a valid exercise of his discretion.

The Board issued its decision in *Union Pacific Corporation, Union Pacific Railroad Company, and Missouri Pacific Railroad Company--Control and Merger--Southern Pacific Rail Corporation, Southern Pacific Transportation Company, St. Louis Southwestern Railway Company, SPCSL Corp., and The Denver and Rio Grande Western Railroad Company (Petition for Enforcement of Arbitration Award)*, STB Finance Docket No. 32760 (Sub-No. 36). The decision is available on the Board's website at www.stb.dot.gov.

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