

**SURFACE TRANSPORTATION BOARD HOLDS IN ABEYANCE ENVIRONMENTAL
MITIGATION STUDY ON "UNION PACIFIC" RAIL OPERATIONS IN RENO, NV TO
FACILITATE NEGOTIATIONS**

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Surface Transportation Board (Board) Chairman Linda J. Morgan announced today that the Board has granted the request of the City of Reno, Nevada to toll (hold in abeyance) for eight months all further proceedings in the ongoing environmental mitigation study for Reno undertaken as part of the Board's approval of the merger of the Union Pacific and Southern Pacific railroad systems (UP-SP). [FOOTNOTE 1 HERE: In Decision No. 44 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, STB Finance Docket No. 32760, issued to the public on August 12, 1996.] Consistent with the Board's commitment to facilitating appropriate private-sector resolution wherever possible, the tolling request, to which the Union Pacific Railroad Company (UP) has agreed, was granted based on representations to the Board that the parties are engaged in ongoing, good-faith negotiations concerning matters at issue in the mitigation study.

The Board's 1996 approval of the UP-SP merger was subject to numerous environmental and other conditions. Two of those conditions focused on further mitigation studies to arrive at specific tailored mitigation plans for Reno and Wichita, Kansas to ensure that localized environmental issues unique to those communities would be addressed effectively. The studies were to be completed within 18 months of merger consummation (March 1998). On September 15, 1997, the Board's Section of Environmental Analysis (SEA) issued a Preliminary Mitigation Plan (PMP) for Reno and requested comments on it. [FOOTNOTE 2 HERE: The Board issued a separate PMP for Wichita on September 15, 1997. In Decision No. 76 (issued December 12, 1997), however, the Board granted a joint request by Wichita and UP that further proceedings on the mitigation study for Wichita be tolled to facilitate

ongoing negotiations between those parties over issues related to that mitigation study.] SEA issued a Final Mitigation Plan (FMP) for Reno on February 11, 1998, and sought comments by March 12, 1998. In a February 24, 1998 letter, Reno requested that the Board toll all proceedings (including the time for filing comments on the FMP) for eight months. UP concurred by letter dated February 25th.

The Board issued its decision today in Decision No. 79 in STB Finance Docket No. 32760.

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