

SURFACE TRANSPORTATION BOARD AGAIN HOLDS IN ABEYANCE--AT PARTIES' REQUEST--ENVIRONMENTAL MITIGATION STUDY ON "UNION PACIFIC" RAIL OPERATIONS IN RENO, NEVADA TO FACILITATE NEGOTIATIONS

Surface Transportation Board (Board) Chairman Linda J. Morgan announced today that the Board has granted the joint request of the City of Reno, Nevada (Reno) and the Union Pacific Railroad Company (UP) to extend the tolling (holding in abeyance) through **January 31, 1999**, of all 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: 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 request to extend the tolling was granted based on representations to the Board that the parties are engaged in ongoing, good-faith negotiations expected to reach a conclusion within the coming weeks 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). The Board tolled the mitigation study period for both Reno and Wichita to allow the parties to pursue negotiated solutions. Wichita and Sedgwick County, KS, subsequently reached an agreement with UP, which the Board imposed as a condition of its approval of the UP-SP merger, thus ending the Wichita mitigation study. [FOOTNOTE 2: In Decision No. 80 in STB Finance Docket No. 32760, issued July 7, 1998.] Reno and UP stated that they also had used the initial stay period productively for good-faith negotiations--which they state have intensified in recent weeks--and that it would be counterproductive and potentially wasteful were the Board to reinstate the mitigation study process at this time. To facilitate the parties' negotiations, the Board decided to grant this latest request for an extension.

The Board issued its decision today in Decision No. 83 in STB Finance Docket No. 32760.

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