

**SURFACE TRANSPORTATION BOARD APPROVES SETTLEMENT BETWEEN UNION PACIFIC RAILROAD AND RENO,
NV, CONCERNING ENVIRONMENTAL MITIGATION ISSUES IN UP-SP MERGER**

Surface Transportation Board (Board) Chairman Linda J. Morgan announced today that Union Pacific Railroad Company (UP) and the City of Reno, Nevada (Reno) have reached an agreement on a final environmental mitigation plan for UP's operations in the Reno area as a result of the UP-SP merger approved by the Board in 1996 [FOOTNOTE 1: *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*, Finance Docket No. 32760, Decision No. 44 (STB served Aug. 12, 1996).]. The agreement provides for the construction of a depressed trainway through downtown Reno.

As part of its approval of the UP-SP merger, the Board had required its Section of Environmental Analysis (SEA) to conduct a further, more focused study to arrive at a specific mitigation plan for Reno, to assure that localized environmental issues unique to that community are effectively addressed. SEA issued a Preliminary Mitigation Plan in September 1997. After comments on it were received, a Final Mitigation Plan for Reno was issued in February 1998. In March 1998, the Board granted a request by Reno (with the concurrence of UP) to toll (hold in abeyance) the mitigation study while they pursued a negotiated agreement.

In November 1998, Reno and UP jointly requested an extension of the tolling period through January 31, 1999, to continue their negotiations. The negotiations were successful and the Board today granted the joint request of UP and Reno (dated December 8, 1998) to approve their negotiated agreement and impose it as a condition to the Board's approval of the UP-SP merger in lieu of other mitigation in Reno that could have been imposed under the mitigation study. At the parties' request, the Board's decision will not become effective until the first issuance of bonds for the depressed trainway project. The Board's action resolves pending environmental mitigation issues involving Reno.

In making the announcement, Chairman Morgan noted that the UP-Reno agreement is another prime example of how private negotiations can achieve desired goals beyond a regulatory agency's jurisdictional limitations. This agreement follows another environmentally related, private sector negotiated settlement in the UP-SP merger case involving the City of Wichita and Sedgwick County, Kansas.

The Board's decision was issued today 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*, Finance Docket No. 32760 (Decision No. 84).

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