

SERVICE DATE – LATE RELEASE JULY 6, 2006

SURFACE TRANSPORTATION BOARD

DECISION

STB Finance Docket No. 34890

PYCO INDUSTRIES, INC.—FEEDER LINE ACQUISITION—
LINES OF SOUTH PLAINS SWITCHING, LTD. CO.

MOTION FOR PROTECTIVE ORDER

Decided: July 6, 2006

In PYCO Industries, Inc.—Feeder Line Acquisition—South Plains Switching, Ltd. Co., STB Finance Docket No. 34844 (STB served June 2, 2006), the Director of the Board’s Office of Proceedings rejected as incomplete an application filed by PYCO Industries, Inc. (PYCO), under the Feeder Railroad Development Program at 49 U.S.C. 10907 and 49 CFR part 1151.¹ PYCO had sought to acquire all of the rail lines of South Plains Switching, Ltd. Co. (SAW) (“All-SAW Option”), or in the alternative, a portion of SAW’s lines needed to serve PYCO and two other shippers (“Alternative Two”), at Lubbock, TX. In connection with its application, PYCO had also requested the issuance of a protective order and filed discovery requests upon SAW and the only rail carrier to which SAW’s lines connect, BNSF Railway Company (BNSF). The Director’s decision dismissed PYCO’s request for a protective order as moot, in light of the rejection of the feeder line application, which was without prejudice to filing a new application.

On June 14, 2006, PYCO filed in STB Finance Docket No. 34890 a new feeder line application for Alternative Two, incorporating by reference its original application. PYCO also renewed its earlier discovery requests against SAW and BNSF and its motion for a protective order. In the July 3 Decision, the Board accepted the new application and set a schedule for submission of competing applications and pleadings.

PYCO asserts that a protective order is necessary to facilitate discovery and the preparation of submissions to the Board by protecting the confidentiality of traffic data, the identity of shippers, and other confidential and/or proprietary information. PYCO states that the proposed protective order is similar to those in other recent cases.

Good cause exists to grant PYCO’s motion for protective order. The unrestricted disclosure of confidential, proprietary, or commercially sensitive material can cause serious competitive injury. Issuance of the requested protective order will ensure that material submitted or otherwise produced in response to discovery requests will be used only in connection with this

¹ In a decision served July 3, 2006 (July 3 Decision), the Board denied PYCO’s appeal of the Director’s decision.

proceeding and not for any other purpose. The motion conforms to the Board's rules governing requests for protective orders, 49 CFR 1104.14, and will be granted. The protective order and undertakings submitted by PYCO will be adopted as modified in the Appendix to this decision.

This action will not significantly affect either the quality of the human environment or the conservation of energy resources.

It is ordered:

1. PYCO's motion for a protective order is granted. The protective order and undertakings in the Appendix to this decision are adopted.
2. This decision is effective on the date of service.

By the Board, Vernon A. Williams, Secretary.

Vernon A. Williams
Secretary

APPENDIX

PROTECTIVE ORDER

1. For purposes of this Protective Order:

(a) “Confidential Documents” means documents and other tangible materials containing or reflecting Confidential Information.

(b) “Confidential Information” means (i) traffic data (including but not limited to waybills, abstracts, study movement sheets, and any documents or computer tapes containing data derived from waybills, abstracts, study movement sheets, or other data bases, and cost work papers); (ii) the identification of shippers and receivers in conjunction with shipper-specific or other traffic data; (iii) the confidential terms of contracts with shippers or carriers; (iv) confidential financial and cost data; (v) divisions of rates, trackage rights compensation levels, and other compensation between carriers; and (vi) other confidential, commercial, financial, operational, proprietary, or personal information.

(c) “Designated Material” means any documents designated or stamped as “CONFIDENTIAL” or “HIGHLY CONFIDENTIAL” in accordance with paragraph 2 or 3 of this Protective Order, and any Confidential Information contained in such materials.

(d) “Party” means an individual person or entity participating in the Proceedings (as defined in (f) below).

(e) “Parties” means more than one Party to the Proceedings (as defined in (f) below).

(f) “Proceedings” means (i) those proceedings before the Surface Transportation Board (“the Board”) in STB Finance Docket No. 34890, (ii) any proceedings before the Board related to (i), and (iii) any judicial review proceedings arising from (i) and/or (ii).

2. If any Party to the Proceedings determines that any part of (a) a document it submits, (b) a discovery request it propounds, (c) a discovery response it produces, (d) a transcript of a deposition or a hearing in which it participates, or (e) a pleading or other paper to be submitted, filed, or served in the Proceedings contains Confidential Information or consists of Confidential Documents, then that Party may designate and stamp such Confidential Information and Confidential Documents as “CONFIDENTIAL.” Any information or documents designated or stamped as “CONFIDENTIAL” shall be handled as provided for hereinafter.

3. If any Party to the Proceedings determines that any part of (a) a document it submits, (b) a discovery request it propounds, (c) a discovery response it produces, (d) a transcript of a deposition or a hearing in which it participates, or (e) a pleading or other paper to be submitted, filed, or served in the Proceedings contains shipper-specific rate or cost data; divisions of rates, trackage rights compensation levels, or other compensation between carriers; or other

competitively sensitive or proprietary information, then that Party may designate and stamp such Confidential Information and Confidential Documents as “HIGHLY CONFIDENTIAL.” Any information or documents so designated or stamped shall be handled as provided hereinafter.

4. Information and documents designated or stamped “CONFIDENTIAL” may not be disclosed in any way, directly or indirectly, or to any person or entity except to an employee, counsel, consultant, or agent of a Party to these Proceedings, or an employee of such counsel, consultant, or agent, who, before receiving access to such information or documents, has received and has read a copy of this Protective Order and has agreed to be bound by its terms by signing a confidentiality undertaking substantially in the form set forth at Exhibit 1 to this Protective Order, and has delivered a copy to counsel for the other Parties.

5. Information and documents designated or stamped “HIGHLY CONFIDENTIAL” may not be disclosed in any way, directly or indirectly, to any employee of a Party to these Proceedings, or to any other person or entity except to an outside counsel or outside consultant of a Party to these Proceedings, who, before receiving access to such information or documents, has received and has read a copy of this Protective Order and has agreed to be bound by its terms by signing a confidentiality undertaking in the form set forth at Exhibit 2 to this Protective Order, and has delivered a copy to counsel for the other Parties.

6. The Parties must file simultaneously a public version of any Highly Confidential or Confidential submission filed with the Board, whether the submission is designated a Highly Confidential Version or a Confidential Version. When filing a Highly Confidential Version, the filing Party does not need to file a Confidential Version with the Board, but must make available (simultaneously with the Party’s submission to the Board of its Highly Confidential Version) a Confidential Version reviewable by other Parties’ in-house counsel. The Confidential Version may be served on the other Party in electronic format only. In lieu of preparing a Confidential Version, the filing Party may (simultaneously with the Party’s submission to the Board of its Highly Confidential Version) make available to outside counsel for the other Parties a list of all “highly confidential” information that must be redacted from its Highly Confidential Version prior to review by in-house personnel, and outside counsel for the other Parties must then redact that material from the Highly Confidential Version before permitting any in-house personnel to review the submission.

7. Any Party to these Proceedings may challenge the designation by another Party of information or documents as “CONFIDENTIAL” or “HIGHLY CONFIDENTIAL” by filing a motion with the Board or with an administrative law judge or other officer to whom authority has been lawfully delegated by the Board to adjudicate such challenges. Prior to filing such a motion, the Party objecting to the designation shall confer with the Party making the designation in an effort to resolve any dispute concerning the designation.

8. Designated Material may not be used for any purposes other than the preparation and presentation of evidence and argument in these Proceedings, as defined herein. Such proscribed

purposes include, without limitation, business, commercial, operational, other litigation, and/or competitive purposes.

9. Any party who receives Designated Material in discovery shall destroy such materials and any notes or documents reflecting such materials, other than (a) file copies of pleadings or other documents filed with the Board and retained by outside counsel for a Party to these Proceedings and (b) file copies of pleadings or other documents filed with the Board that contain only Confidential and public information which are retained by in-house counsel for a Party to these Proceedings, at the earlier of: (a) such time as the Party receiving the materials withdraws from these Proceedings, or (b) the completion of these Proceedings, including any petitions for reconsideration, appeals, or remands.

10. No Party may include Designated Material in any pleading, brief, discovery request or response, or other document submitted to the Board, unless the pleading or other document is submitted under seal, in a package clearly marked on the outside as "Confidential Materials Subject to Protective Order." See 49 CFR 1104.14. All pleadings and other documents so submitted shall be kept confidential by the Board and shall not be placed in the public docket in these Proceedings, except by order of the Board or of an administrative law judge or other officer in the exercise of authority lawfully delegated by the Board.

11. No Party may include Designated Material in any pleading, brief, discovery request or response, or other document submitted to any tribunal other than the Board in these Proceedings, unless: (a) the pleading or other document is submitted under seal in accordance with a protective order that requires the pleading or other document to be kept confidential by that tribunal and not be placed in the public docket in the proceeding; or (b) the pleading or other document is submitted in a sealed package clearly marked "Confidential Materials Subject to Request for Protective Order" and is accompanied by a motion to that tribunal requesting issuance of a protective order that would require the pleading or other document to be kept confidential and not be placed in the public docket in the proceeding, and requesting that, if the motion for protective order is not issued by that tribunal, the pleading or other document be returned to the filing Party.

12. No Party may present or otherwise use any Designated Material at a Board hearing in these Proceedings, unless that Party has previously submitted, under seal, all proposed exhibits and other documents containing or reflecting such Designated Material to the Board, to an administrative law judge, or to another officer to whom relevant authority has been lawfully delegated by the Board, and has accompanied such submission with a written request that the Board, administrative law judge, or other officer (a) restrict attendance at the hearing during any discussion of such Designated Material; and (b) restrict access to any portion of the record or briefs reflecting discussion of such Designated Material in accordance with this Protective Order.

13. If any Party intends to use any Designated Material in the course of any deposition in these Proceedings, that Party shall so advise counsel for the Party producing the Designated Material, counsel for the deponent, and all other counsel attending the deposition. Attendance at

any portion of the deposition at which any Designated Material is used or discussed shall be restricted to persons who may review that material under the terms of this Protective Order. All portions of deposition transcripts or exhibits that consist of, refer to, or otherwise disclose Designated Material shall be filed under seal and be otherwise handled as provided in paragraph 10 of this Protective Order.

14. To the extent that materials reflecting Confidential Information are produced by a Party in these Proceedings, and are held and/or used by the receiving person in compliance with paragraphs 1, 2, and 3 above, such production, disclosure, holding, and use of the materials and of the data that the materials contain are deemed essential for the disposition of this and any related Proceedings and will not be deemed a violation of 49 U.S.C. 11904, or any other relevant provision of the ICC Termination Act of 1995.

15. All Parties must comply with all of the provisions of this Protective Order unless the Board or an administrative law judge or other officer exercising authority lawfully delegated by the Board determines that good cause has been shown warranting suspension of any of the provisions herein.

16. Nothing in this Protective Order restricts the right of any Party to disclose voluntarily any Confidential Information originated by that Party, or to disclose voluntarily any Confidential Documents originated by that Party, if such Confidential Information or Confidential Documents do not contain or reflect any Confidential Information originated by any other Party.

17. Nothing in this Protective Order restricts the right of any Party to argue for disclosure or nondisclosure of Confidential Information or Confidential Documents in another proceeding. Nor does anything in this Protective Order restrict the right of any Party to utilize information or documents that are in the public domain.

EXHIBIT 1

UNDERTAKING – CONFIDENTIAL MATERIAL

I, _____ [printed name], have read the Protective Order served on July 6, 2006, governing the production and use of Confidential Information and Confidential Documents in STB Finance Docket No. 34890, understand the same, and agree to be bound by its terms. I agree not to use or permit the use of any Confidential Information or Confidential Documents obtained pursuant to that Protective Order, or to use or to permit the use of any methodologies or techniques disclosed or information learned as a result of receiving such data or information, for any purpose other than the preparation and presentation of evidence and argument in STB Finance Docket No. 34890, any related proceedings before the Surface Transportation Board (Board), and/or any judicial review proceedings in connection with STB Finance Docket No. 34890 and/or with any related proceedings. I further agree not to disclose any Confidential Information, Confidential Documents, methodologies, techniques, or data obtained pursuant to the Protective Order except to persons who are also bound by the terms of the Order and who have executed Undertakings in the form hereof, and that at the conclusion of this proceeding (including any proceeding on administrative review, judicial review, or remand), I will promptly destroy any documents containing or reflecting materials designated or stamped as “CONFIDENTIAL,” other than file copies, kept by outside counsel who have executed this undertaking, of pleadings and other documents filed with the Board.

I understand and agree that money damages would not be a sufficient remedy for breach of this Undertaking and that the Parties or other parties producing Confidential Information or Confidential Documents shall be entitled to specific performance and injunctive and/or other equitable relief as a remedy for any such breach. I further agree to waive any requirement for the securing or posting of any bond in connection with such remedy. Such remedy shall not be deemed to be the exclusive remedy for breach of this Undertaking, but shall be in addition to all remedies available at law or equity.

Signed: _____

Dated: _____

EXHIBIT 2

UNDERTAKING – HIGHLY CONFIDENTIAL MATERIAL

I, _____ [printed name], am outside [counsel] [consultant] for _____ [Party to Proceeding] for whom I am acting in this Proceeding. I have read the Protective Order served on July 6, 2006, governing the production and use of Confidential Information and Confidential Documents in STB Finance Docket No. 34890, understand the same, and agree to be bound by its terms. I agree not to use or to permit the use of any Confidential Information or Confidential Documents obtained pursuant to that Protective Order, or to use or to permit the use of any methodologies or techniques disclosed or information learned as a result of receiving such data or information, for any purpose other than the preparation and presentation of evidence and argument in STB Finance Docket No. 34890, any related proceedings before the Surface Transportation Board (Board), or any judicial review proceedings in connection with STB Finance Docket No. 34890 and/or with any related proceedings. I further agree not to disclose any Confidential Information, Confidential Documents, methodologies, techniques, or data obtained pursuant to the Protective Order except to persons who are also bound by the terms of the Order and who have executed Highly Confidential Undertakings in the form hereof.

I also understand and agree, as a condition precedent to my receiving, reviewing, or using copies of any information or documents designated or stamped as “HIGHLY CONFIDENTIAL,” that I will take all necessary steps to assure that said information or documents be kept on a confidential basis by any outside counsel or outside consultants working with me, that under no circumstances will I permit access to said materials or information by employees of my client or its subsidiaries, affiliates, or owners. At the conclusion of this proceeding (including any proceeding on administrative review, judicial review, or remand), I agree to promptly destroy any documents containing or reflecting information or documents designated or stamped as “HIGHLY CONFIDENTIAL,” other than file copies, kept by outside counsel, of pleadings and other documents filed with the Board.

I understand and agree that money damages would not be a sufficient remedy for breach of this Undertaking and that the Parties or other parties producing Confidential Information or Confidential Documents shall be entitled to specific performance and injunctive and/or other equitable relief as a remedy for any such breach. I further agree to waive any requirement for the securing or posting of any bond in connection with such remedy. Such remedy shall not be deemed to be the exclusive remedy for breach of this Undertaking but shall be in addition to all remedies available at law or equity.

Signed: _____

Dated: _____