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J.R. SIMPLOT COMPANY 323 LAFOND STREET
CALDWELL, IDAHO 83605 (208) 454-1031 (208) 454-5753 FAX

SIMPLOT TRANSPORTATION

February 7, 2000

SENT VIA EXPRESS MAIL

Surface Transportation Board
Office of the Secretary
Case Control Unit
ATTN: STB Ex Parte No. 582
1925 K. Street, N.W.
Washington, D.C. 20423-001

Dear Mr. Secretary:

Please find enclosed an original and ten (10) copies of the statement of Ed Brandt, Vice President-Transportation of the J.R. Simplot Company. Also enclosed is a 3.5-inch IBM compatible diskette containing the written comments. Please include Mr. Brandt's statement as part of the official record at the public hearing scheduled for March 8, 2000. The J.R. Simplot Company appreciates the opportunity to participate in this important proceeding.

Sincerely,

Andrea Bybee

Andrea Bybee
Assistant to Ed Brandt

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Enclosures



Bringing Earth's Resources to Life

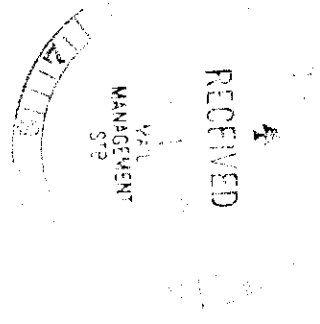


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SIMPLOT TRANSPORTATION

February 7, 2000



Mr. Vernon Williams
Secretary
Surface Transportation Board
1925 K. Street, NW
Washington, D.C. 20423

Dear Secretary Williams:

On behalf of J.R. Simplot Company, a major rail shipper, I wish to submit comments in response to the Surface Transportation Board's request for input concerning rail consolidations as well as the present and future structure of the North American rail industry.

J.R. Simplot Company is headquartered in Boise, Idaho and has interests in food processing, fertilizer and chemical manufacturing, farming, and cattle feeding. The successful movement of raw materials and the distribution of finished products are dependent on a strong North American rail network. In 1999 our annual rail volume exceeded 15,000 carloads which moved primarily on UP, BNSF, CP, CSX, and NS.

History suggests that the consolidation of the rail industry provides few benefits to rail shippers. The UP and SP consolidation as well as the more recent breakup of Conrail have directly and adversely impacted my company. Service dependability has declined, competitive routing options have been reduced, and transit times have increased. The transit time increases have resulted in lower productivity of our extensive privately owned railcar fleet and this reduced productivity translates to a major increase in our cost of doing business. In addition, the decline in the quality of service provided has strained the capacity of the railroad network to handle the freight it is provided. Poor cycle times, which are the result of reduced car velocity, have effectively cut the cargo carrying ability of the rail network and forced diversion to other modes. In addition, poor service has forced increased investment in rail rolling stock.

The speculative benefits of railroad mergers usually contained in the filings of the involved parties often involve improved service, elimination of bottlenecks, and creation of a "seamless" network. Few, if any, of these speculative benefits have materialized from past mergers. There is little evidence to suggest that future mergers will produce any different outcome. Better interline cooperation can produce the benefits promised but not yet delivered from past mergers without further disrupting the essential competitive balance between carriers.

It is our belief that approval of any additional rail merger, including the BNSF/CN transaction, will inevitably force strategic responses from other railroads. Such responses will lead to numerous short-term disruptions to the transportation marketplace during a time when the rail industry is already weakened from past merger activity. This potential for short-term disruptions has been used by some to suggest the real merger issue is only one of timing and that after a cooling off period, merger activity should continue. That view fails to take into account the more serious long-term consequences of additional mergers. The inevitable progression of merger followed by competitive response will produce an industry no longer subject to effective market competition. Ultimately the North American rail network could be reduced to as few as two major railroads. The competitive forces necessary to control pricing abuses and to insure adequate service will be dramatically weakened in this oligopoly market. Competition from other modes is simply not present in many markets. The response to this unacceptable market situation would be a demand for increased regulation. Our experience with both regulated and deregulated rail markets clearly proves innovation, productivity improvement, and healthy competition for freight exists primarily in a deregulated environment. We therefore believe sound public policy requires maintaining a railroad network where free market competition exists. Continued approval of mergers or consolidations in the railroad industry runs counter to this goal.

Sincerely,


Ed Brandt
Vice President - Transportation

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Bringing Earth's Resources to Life