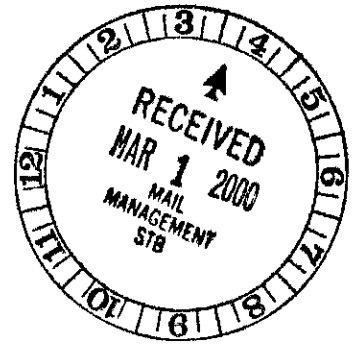




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The Deputy Secretary of Energy
Washington, DC 20585

February 29, 2000



Surface Transportation Board
Office of the Secretary
Case Control Unit
Attn: STB Ex Parte No. 582
1925 K Street, N.W.
Washington, D.C. 20423-0001

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Dear Chairman Morgan and Members of the Board:

We appreciate the opportunity the Board has provided to comment on the present and future structure of the North American railroad industry. It is especially appropriate that the Board hold public hearings on this issue in advance of proceedings on the merger of the Burlington Northern Santa Fe Railroad and the Canadian National Railroad.

More than sixty percent of the coal mined in the U.S. is transported by rail. The Burlington-Northern/Santa Fe Railroad (BNSF) is already the single leading transporter of U.S. coal, originating 29 percent of the coal loaded to rail at coal mines. Virtually all of the low-sulfur coal mined in the Powder River Basin of Wyoming and Montana leaves that region on trains, and the BNSF hauls the major portion - 56 percent.

The Board is well aware that the Union Pacific-Southern Pacific merger in 1998-1999 and the buyout of Conrail by CSX and Norfolk Southern created disruptions in shipment of coal and other freight.

The Department believes the Board should take cognizance of the effects of recent railroad mergers and require the applicants to submit a service plan that will mitigate any post consolidation management failure that could result in a drop in rail car and locomotive availability for coal movement. The Board currently requires a merger applicant to submit a safety integration plan to assure the public that the new management will be able to operate the proposed consolidated system in accordance with requirements of the Federal Railroad Administration. Similarly, a service plan would provide some assurance that equipment and manpower for the movement of critical freight will be available.

During the period that the Board considers the proposed merger, the Department of Energy would like to reserve the option to bring any other concerns that may arise to the Board's attention.

Thank you for considering our views.

Sincerely yours,

T.J. Glauthier