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March 12, 2002

By Hand

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423

ENTERED
Office of the Secretary

MAR 13 2002
Part of
Public Record

Re: Docket No. 42058, Arizona Electric Power Cooperative, Inc. v. The Burlington Northern and Santa Fe Railway Company and Union Pacific Railroad Company

Dear Secretary Williams:

We write on behalf of the defendant railroads in the captioned proceeding in reference to complainant Arizona Electric Power Company's ("AEPCO") February 26, 2002 Reply to Defendants' Petition for an Order Requiring Separate Evidentiary Submissions for Each Rate Challenged by AEPCO ("February 26 Reply"). AEPCO's reply describes a three-part approach to presenting stand-alone cost evidence that AEPCO says it is "considering" pursuing in this case. Although AEPCO "has not yet committed to its three-part approach," it claims that that approach, if adopted by AEPCO, would address certain of the issues raised in defendants' petition.

Defendants do not wish to burden the record with a formal reply to AEPCO's tentative evidentiary proposal, although they reserve the right to do so if and when AEPCO makes that proposal concrete. The purpose of this letter is simply to inform the Board that the absence of a response by defendants at this time to AEPCO's February 26 Reply should not be construed as acquiescence in or acceptance of AEPCO's tentative three-part evidentiary proposal.¹ Defendants continue to adhere to the arguments and request for relief set out in their petition.

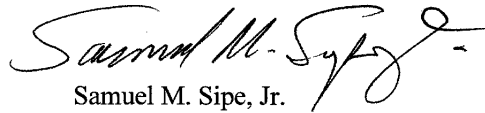
¹ AEPCO also alleges for the first time that UP is moving coal over a single-line route that is less efficient than an SP-ATSF-SP alternative it claims was used in the past. UP has been using the same single-line route for many years without objection from AEPCO, and UP doubts than any SP-ATSF-SP route, if ever used, would have been more efficient. If AEPCO wishes to advance such a claim, it should do so under 49 U.S.C. § 10705.

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If you should have any questions about the matters addressed in this letter, please contract the undersigned.

Sincerely,



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Counsel for The Burlington Northern
and Santa Fe Railway Company



J. Michael Hemmer
Counsel for Union Pacific
Railroad Company

Cc: Robert D. Rosenberg, Esq.