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WEINER BRODSKY SIDMAN KIDER PC

RICHARD J. ANDREANO, JR.
SANDRA L. BRICKEL
JAMES A. BRODSKY
DONALD C. BROWN, JR.
JO A. D'ROCHE
TROY W. GARRIS
CYNTHIA L. GILMAN
CAMILLO M. GONSALVES*
KAREN R. GUSTAVSON
DON J. HALPERN
STEPHEN E. HART
MITCHEL H. KIDER

THOMAS LAWRENCE III*
JAMES M. MILANO
SUZANNE DE ARMOND MUCCHETTI
LEAH SCHMULEWITZ GETLAN
MARK H. SIDMAN
JOHN D. SOCKNAT
DAVID M. SOUDERS
DIAN P. STEVENS
CYNTHIA G. SWANN
MICHAEL S. WALDRON
HARVEY E. WEINER
ROSE-MICHELE WEINRYB
* NOT ADMITTED IN D.C.

1300 NINETEENTH STREET NW
FIFTH FLOOR
WASHINGTON DC 20036 1609
TEL 202 628 2000
FAX 202 628 2011

November 13, 2002

BY HAND DELIVERY

Vernon A. Williams, Secretary
Surface Transportation Board
1925 K Street, 7th Floor
Washington, DC 20423

ENTERED
Office of Proceedings

NOV 13 2002

Part of
Public Record



Re: STB Finance Docket No. 34252: Union Pacific Railroad Company – Operation Exemption – In Yolo County, California

Dear Mr. Williams:

By letter of November 8, 2002 (copy attached), Yolo Shortline Railroad Company ("YSLR") offered to maintain the *status quo* with respect to Union Pacific Railroad's ("UP") operations over track leased by YSLR from the Port of Sacramento ("Port") for a period of 30 days or until the Surface Transportation Board's ("Board") decision on YSLR's petition to reject/revoke UP's notice of exemption in this proceeding, whichever comes first. This offer was conditioned on UP's agreement that it was made without prejudice to YSLR's position that the notice of termination is effective November 16, 2002, and no further notice would be required to terminate UP's rights under the 1951 Agreement with the Port. YSLR requested UP's reply by 5:00 p.m., November 12, 2002, so that YSLR could notify the Board of the understanding promptly.

YSLR did not receive an executed copy of the letter by close of business yesterday. Instead, UP responded that YSLR's conditional offer was inconsistent with the Board's request. UP stated that it was willing to comply with the request "without reservation." Certainly it would be willing to do so, in as much as the Board's request does not require forbearance by UP of any of its rights and, in fact, extends UP's rights beyond those it enjoys under the 1951 Agreement. Furthermore, the *status quo* is free to UP; to YSLR, the *status quo* means forfeiting the traffic and revenue it otherwise would be entitled to after November 16, 2002. That amount

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Vernon A. Williams, Secretary

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of revenue, while insignificant to UP, is substantial to YSLR and is the basis for its bargain with the Port. UP had a full year after being notified that the 1951 Agreement would terminate in which it could have sought Board authority for its operation; it should not be permitted to benefit from waiting until the eleventh hour and then creating a dispute that extends its rights.

Accordingly, YSLR advises the Board that it will permit UP to continue its current operations for a reasonable period of time to permit the Board to reach a decision in this case. YSLR also hereby withdraws its request for the issuance of a procedural schedule and urges the Board to issue its decision promptly in this matter so that YSLR is not harmed further by this delay.

Very truly yours,



Jo A. DeRoche

Enclosures

cc: Robert T. Opal (by facsimile)
David Magaw (by facsimile)

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1300 NINETEENTH STREET NW
FIFTH FLOOR
WASHINGTON DC 20036 1609
TEL 202 628 2000
FAX 202 628 2011

November 8, 2002

BY FACSIMILE

Robert T. Opal
Union Pacific Railroad Company
1416 Dodge Street
Room 830
Omaha, NE 68179-0001

Re: Finance Docket No. 34252 – Union Pacific Railroad Company – Operation
Exemption – In Yolo County, CA

Dear Mr. Opal:

This refers to your November 8, 2002, letter to Mr. Williams concerning the Surface Transportation Board's ("Board") decision issued today, which stays the effective date of the exemption in the above-referenced matter.

In view of the Board's request to the parties to maintain the *status quo*, Yolo agrees to permit UP to continue its operations under the 1951 Agreement until the sooner of 1) 30 days from the date of this letter agreement or 2) the Board acts on Yolo's petition to reject UP's notice of exemption ("Petition"). However, this is done without prejudice to Yolo's position that the one-year notice required by the 1951 Agreement will be satisfied as of November 16, 2002, and no further notice will be required to terminate UP's operations under that Agreement. If the Board has not acted in 30 days, Yolo will determine at that time whether to extend this arrangement.

If you concur, please execute in the space provided below on behalf of Union Pacific Railroad and return an executed copy of this letter to me by 3:00 p.m., Eastern Standard Time, Tuesday, November 12, 2002. After receipt of your concurrence, we will notify the Board that

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Robert T. Opal

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the parties will maintain the *status quo* in accordance with this letter agreement and Yolo Railroad will withdraw its request for a procedural schedule.

Very truly yours,



Jo A. DeRoche

ACCEPTED AND AGREED:

By: _____
Robert T. Opal

Date: _____

cc: David Magaw (by facsimile)

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