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February 11, 2003

VIA HAND DELIVERY

The Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, DC 20423-0001

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Re: STB Docket No. 42077, *Arizona Public Service Company and
PacifiCorp v. The Burlington Northern and Santa Fe Railway Company*

Dear Secretary Williams:

Enclosed for filing in the above-referenced docket, please find an original and ten copies of the Report of Arizona Public Service Company and PacifiCorp on the Parties' Conference Pursuant to 49 C.F.R. § 1111.10(b).

We have enclosed an additional copy of this Report and cover letter to be date-stamped and returned to the bearer of this letter. Thank you for your attention to this matter.

Respectfully submitted,


Frank J. Pergolizzi
An Attorney for Arizona Public
Service Company and PacifiCorp

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FJP/jck
Enclosures
cc: Samuel M. Sipe, Jr.

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

ARIZONA PUBLIC SERVICE
COMPANY, and PACIFICORP

Complainants

v.

THE BURLINGTON NORTHERN
AND SANTA FE RAILWAY
COMPANY

Defendant.

Docket No. 42077

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**REPORT OF ARIZONA PUBLIC SERVICE COMPANY
AND PACIFICORP ON THE PARTIES' CONFERENCE
PURSUANT TO 49 C.F.R. § 1111.10(b)**

Pursuant to 49 C.F.R. § 1111.10(b), counsel for the parties conducted a conference to discuss procedural matters and discovery matters in this case on February 6, 2003. The results of their conference are summarized below:

1. The parties agreed to file a joint motion with the Board requesting that an agreed - upon protective order be entered in this proceeding.
2. The parties conferred, but were unable to agree to a schedule governing this proceeding. The primary reason for the parties inability to agree is their differing positions with respect to the appropriate scope of reopened proceedings in Docket No. 41185, Arizona Public Service Company and PacifiCorp v. The Burlington

Northern and Santa Fe Railway Company and the propriety of consolidation of this proceeding and Docket No. 41185. Counsel for BNSF advised that BNSF will file an opposition to Arizona Public Service Company and PacifiCorp's ("APS/PacifiCorp") Petition for Consolidation.

3. In the absence of an agreement on schedule, APS/PacifiCorp are willing to proceed with a schedule based upon the time periods set forth in the Board's Rules at 49 C.F.R. § 1111.8. Counsel for BNSF indicated that they believe greater intervals are necessary between opening evidence and reply evidence and between reply evidence and rebuttal evidence. In an effort to accommodate BNSF in this regard, APS/PacifiCorp hereby request that the following procedural schedule be established for this proceeding:

February 19, 2003 (Day 20)	Answer to Complaint Due
April 15, 2003 (Day 75)	Close of Discovery
June 6, 2003 (Day 127)	Complainants file opening evidence on absence of intermodal and intramodal competition, variable costs and stand-alone costs. Defendant files opening evidence on revenue-variable cost percentages generated by Complainants' traffic.
August 29, 2003 (Day 211)	Complainants and Defendant file reply evidence to opponent's opening evidence.
October 15, 2003 (Day 258)	Complainants and Defendant file rebuttal evidence to opponent's reply evidence.

4. Complainants also request, for the reasons stated in their Petition for Consolidation of this docket and the related proceeding in Docket No. 41185, that if consolidation is granted the same procedural schedule be adopted for the consolidated proceeding, and the protective order adopted in this proceeding be adopted for the consolidated proceeding.

5. APS/PacifiCorp served BNSF with discovery requests at the parties conference. These discovery requests are, by their terms, applicable to both this proceeding and Docket No. 41185.

Respectfully submitted,

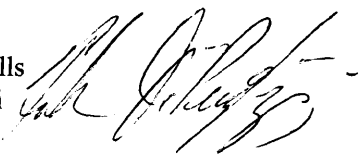
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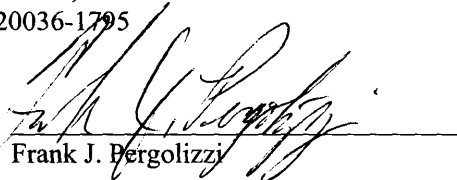
DATED: February 11, 2003

ATTORNEYS FOR COMPLAINANTS

CERTIFICATE OF SERVICE

I hereby certify that this 11th day of February, 2003, I served a copy of the foregoing Report on Conference by hand delivery on designated outside counsel for BNSF, as follows:

Samuel M. Sipe, Jr.
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