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**STATEMENT OF WILLIAM FELLOWS
VICE PRESIDENT, TRANSPORTATION
BARTLETT AND COMPANY, KANSAS CITY, MISSOURI
JULY 30, 2003**

**IN SUPPORT OF THE
RAILROAD CONTROL APPLICATION
OF THE KANSAS CITY SOUTHERN RAILWAY COMPANY,
GATEWAY EASTERN RAILWAY COMPANY,
and
THE TEXAS MEXICAN RAILWAY COMPANY**

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

FINANCE DOCKET NO. 34342

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Part of
Public Record

My name is William Fellows, and I am Vice President of Transportation for Bartlett and Company. My previous employment includes serving as President of the Central Kansas Railroad, the Kansas Southwestern Railroad, and the Panhandle Northern Railroad.

When I refer to Bartlett, I am referencing Bartlett and Company, and its related entities including Bartlett Grain Company, L.P., Bartlett Milling Company, L.P., Bartlett Cattle Company, L.P., and Bartlett y Compania de Mexico, S.A. de C.V.

Bartlett and Company, an independent, family owned, Kansas City, Missouri based corporation, was founded in 1908. Bartlett's grain division includes 22 terminal and country elevators in 6 midwestern states. Bartlett merchandises grain both domestically and internationally.

In addition, Bartlett owns and operates flour mills in Coffeyville, Kansas and Statesville, North Carolina, and a cattle company in Texas.

Bartlett is actively involved in merchandising wheat, feed grains, and specialty grains for human consumption, such as white corn, from the midwestern United States into

Mexico. It is my best judgment that Bartlett entities currently represent approximately 8% of all U.S. grain exports to Mexico.

Transportation economics dictate that a majority of Bartlett grain origination points in Nebraska, western Iowa, Missouri, Kansas, Colorado, Oklahoma and Texas move grain to the Mexican market by rail.

I appear today to speak on behalf of the proposed KCSR Control Application before the Surface Transportation Board, for the following reasons:

▪ **THE PROPOSED CONTROL APPLICATION WILL INCREASE OPTIONS FOR BARTLETT AND SIMILARLY SITUATED GRAIN SHIPPERS.**

As a shipper, Bartlett has a firm conviction regarding the need for strong competition. Bringing the Tex Mex, TFM, Gateway Eastern and KCSR under common control should make each of the entities stronger and more viable long-term. I believe that the proposed KCSR Control Application will have a positive competitive impact on our ability to market grain for export to Mexico. As our current and potential grain customers in Mexico continue to upgrade their rail receiving capabilities, I believe that rail transportation will continue to increase in importance.

▪ **THE PROPOSED CONTROL APPLICATION SHOULD INCREASE SERVICE AND RELIABILITY.**

The Tex Mex corridor is an extremely important shipping lane. Not only does it provide KCSR a connection to Laredo, but it also represents the connection to Laredo for the BNSF. This is a routing that not only must be preserved but strengthened. This transaction should facilitate needed capital expenditures on the Tex Mex lines. Bartlett believes that this Control Application will strengthen the KCSR-Tex Mex and BNSF Tex-Mex routings, provide improved safety, decrease the frequency of derailments, and improve efficiency and reliability. The KCSR has indicated to Bartlett their commitment to

infrastructure improvements and enhanced safety as part of this proposed control application.

Based upon my experience and understanding of the Mexican rail market, I believe that this proposal will provide additional financial resources, stability and capacity to the TEX MEX and the TFM.

We currently must deal with multiple parties regarding marketing and routing to reach some of our most significant Mexican customers. For U.S. grain companies to continue to be a significant factor in grain export to Mexico, I believe that we continue to transport grain in the most efficient manner. This requires taking advantage of both the spirit and letter of NAFTA. It also requires having the most timely and accurate information available regarding the status of our shipments.

KCSR has made great strides recently with the implementation of their MCS operating system; the introduction of this system to the Tex Mex and TFM should improve service and make both roads more efficient. MCS will allow better scheduling of movements and should facilitate transfer of information between roads. The proposed control agreement should streamline the process of shipping grain to Mexico. I am convinced that the proposed Control Application will inure to the benefit of U.S. producers and grain merchandisers by making rail, and U.S. exports into Mexico more competitive.

▪ **THE PROPOSED CONTROL APPLICATION SHOULD STRENGTHEN BOTH THE KCSR AND TRIBUTARY SHORT LINE CARRIERS.**

Class 1 carriers no longer serve many meaningful grain origins in the Midwest. Some of our grain origination locations in the state of Kansas, for instance, are frequently best served by the SKOL Railroad (WATCO). WATCO has advised Bartlett that this proposal would enhance their ability to competitively service our business needs for markets that currently are limited to truck transport, or are economically unfeasible.

The proposed Control Application should (1) allow the combined roads to better utilize their locomotive and railcar fleets, (2) provide shippers like ourselves a larger more

reliable railcar fleet during harvest periods (which is essential in providing provide reliable service to our end customer the grain users), and (3) provide us the ability to keep our grain elevators open, and retain the ability to receive grain directly from our farmers and smaller elevators.

Maintaining this grain flow is vital to a successful harvest. The creation of NAFTA Rail should afford the KCSR, Gateway Eastern, Tex Mex and TFM the ability to reduce administrative functions and combine their purchasing functions, thus reducing costs and make the combined NAFTA Rail Railroads more cost efficient and competitive Railroads.

CONCLUSION.

Bartlett also firmly believes, however, that all rail carriers should continue to have competitive access over Laredo and that the Tex-Mex corridor must remain open to other carriers.

We believe that the Gateway of Laredo must remain a competitive option for all three Class 1 Railroads currently using the gateway today. The proposed NAFTA Railroads must continue to handle traffic over the current interchanges providing the same fair service that they provide today. We believe the proposed NAFTA railroads are committed to this idea. It is vital to their overall revenues.

In closing, we believe the creation of NAFTA Rail will benefit shippers by providing another strong competitor in this market, compelling all to provide improved service and better pricing for their cross-border offerings. This will raise the overall value of service available to shippers moving traffic to and from Mexico. The approval of the Control Application will allow the KCSR-TEX MEX-TFM to gain efficiencies that will benefit farmers, producers, and end users of U.S. grains.

This proposal is in the public interest, will foster continued viable transportation competition, and will enhance the quality of service and reliability that the marketplace requires and should reasonably expect.

Thank you for this opportunity. I would be pleased to answer any questions.

For more information, please contact:

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VERIFICATION

I, William Fellows, verify under penalty of perjury that I have read the foregoing statement and that it is true and correct. Further, I certify that I am qualified and authorized to file this verified statement.


William Fellows

STATE OF Missouri)

COUNTY OF Jackson)

ss.

Subscribed and sworn to before me this 30th day of July, 2003.


Notary Public of the State of Missouri

My commission expires: April 12, 2005

CAROLYN B. THOMAS
Notary Public - State of Missouri
Commissioned in Platte County
My Commission Expires April 12, 2005