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ORIGINAL

Before the
SURFACE TRANSPORTATION BOARD



Ex Parte No. 646 (Sub-No. 1)
SIMPLIFIED STANDARDS FOR RAIL RATE CASES

REPLY COMMENTS

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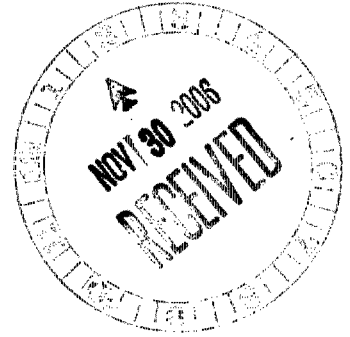
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Due Date: November 30, 2006

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REPLY COMMENTS

John D. Fitzgerald,^{1/} for and on behalf of United Transportation Union-General Committee of Adjustment (UTU/GO-386), submits these reply comments, in accordance with the Board's September 14, 2006 decision (served September 17).^{2/}

UTU/GO-386 participated in the predecessor to this proceeding, Ex Parte No. 646, Rate Challenges in Small Cases, with statements filed April 16, 2003, and July 16, 2004.^{3/} UTU/GO-386 also filed comments April 20, 2005 in a related proceeding. Ex Parte No. 657, Rail Rate Challenges Under the Stand-Alone Cost Methodology; and on May 31, 2006 in a related rate rulemaking. Ex Parte

^{1/} General Chairman for United Transportation Union, on lines of BNSF Railway Company, with offices at 400 E. Evergreen Blvd., Vancouver WA 98660.

^{2/} UTU/GO-386 on August 31, 2006 filed its notice of intent in response to the Notice of Proposed Rulemaking. 71 Fed. Reg. 43703 (Aug. 2, 2006). UTU/GO-386 did not submit initial comments.

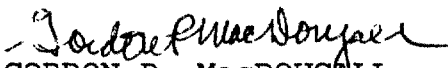
^{3/} The hearings were scheduled for April 22, 2003, and July 21, 2004, respectively.

No. 657 (Sub-No. 1), Major Issues in Rail Rate Cases.^{4/}

The STB's proposal, served July 28, 2006, and the submissions of several parties, indicate a desire to expand the role of STB staff in rate proceedings, such as mediation and conferences with the partisan parties. For example, see: Decision, 7/28/06, at 17-18, 29, 31, 32; Snively King, 6; and American Chemistry Council, 15, 28, 34-35.

UTU/GO-386 repeats its distaste for open and/or closed STB staff involvement in the process.^{5/} The opportunity for mischief is too tempting.^{6/} Railroad ratemaking involves a high fixed-cost industry, such that laissez-faire theories, and other irregularities, taken to an extreme, can be dangerous to shippers, carriers, employees, and the public. For a recent historical review on the subject, see Perelman, Michael: Railroading Economics, 65-104 (Monthly Review Press, 2006).

Respectfully submitted,


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4/ See also: UTU/GO-386 testimony, filed February 21, 2003, in Ex Parte No. 638, Procedures to Expedite Resolution of Rail Rate Challenges to be Considered Under the Stand-Alone Cost Methodology.

5/ See: UTU/GO-386 statement in Ex Parte No. 646, filed April 16, 2003.

6/ For an unfortunate example of staff-industry irregularity in motor carrier rates, see: ICC Finds Official Acted Improperly in Releasing Undercharge Data. (Traffic World, Dec. 28, 1992).

Certificate of Service

I hereby certify I have served a copy of the foregoing upon all parties of record by first class mail postage-prepaid.

Washington DC


Gordon P. MacDougall