

Docket #F.D., 30400-10/18/84 - Pages-2760-2818

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BEFORE THE  
INTERSTATE COMMERCE COMMISSION

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In the Matter of: :  
SANTA FE SOUTHERN PACIFIC CORPORATION : Finance Docket  
-- CONTROL -- : 30400 et al.  
SOUTHERN PACIFIC TRANSPORTATION :  
COMPANY :  
----- x

Hearing Room A  
12th & Constitution, N.W.  
Washington, D.C.  
Thursday, October 18, 1984

The hearing in the above-entitled matter was  
convened, pursuant to notice, at 9:05 a.m.

BEFORE:  
JAMES E. HOPKINS,  
Administrative Law Judge

APPEARANCES:  
  
As Heretofore Noted.

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C O N T E N T S

<u>WITNESS</u>	<u>DIRECT</u>	<u>CROSS</u>	<u>REDIRECT</u>	<u>RECROSS</u>
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E. P. Anderson

By Mr. Stephenson	2761			
By Mr. Remes		2762		
By Mr. Stephenson			2797	
By Mr. Remes				2798

Raymond M. Champion, Jr.

By Mr. Thormond Miller	2800			
By Mr. Roberts			2801	
By Mr. Remes			2811	
By Mr. Solander			2818	

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P R O C E E D I N G S

1  
2 JUDGE HOIKINS: Let's get back on the record.  
3 Who will be the first witness?

4 MR. STEPHENSON: Your Honor, the first witness  
5 will be Mr. E. P. Anderson, E. Philip Anderson.  
6 Whereupon,

7 E. P. ANDERSON

8 was called as a witness by counsel for Southern Pacific  
9 Transportation Company and, having first been duly sworn  
10 by the Administrative Law Judge, was examined and  
11 testified as follows:

12 DIRECT EXAMINATION

13 BY MR. STEPHENSON:

14 Q Mr. Anderson, do you have before you a  
15 document entitled "Verified Statement of E. P. Anderson"?

16 A Yes, I do.

17 Q And was that document prepared by you, under  
18 your direction?

19 A Yes.

20 Q And are the content thereof true and correct?

21 A Yes.

22 MR. STEPHENSON: Your Honor, the witness is  
23 tendered for cross-examination. This issue relates to  
24 Applicants' request for trackage rights over a short  
25 segment of the Union Pacific and the Los Angeles

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Terminal.

JUDGE HOPKINS: Mr. Remes.

CROSS EXAMINATION

BY MR. REMES:

Q Good morning, Your Honor; good morning, Mr. Anderson.

A Good morning.

Q Do you have a copy of UP/MP-C-2 and 3? Those are the reduced sized maps of the relevant area.

A No, I do not.

Q Would you like to have those maps in front of you when you testify, or would you like to refer to blowups, or are you content to rely on your visual imagination?

A If you have an extra set, I would appreciate that.

Q Okay.

A Thank you.

Q Mr. Anderson, at page 2 of the application, it states that: "UP presently operates four to eight trains per day over the subject trackage."

This is a figure also given at page 2 of your verified statement in support of the application. When you refer to "the subject trackage," are you referring to the tracks over which the rights requested, that is,

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1 between Milepost 1.7 at 9th Street Junction and Milepost  
2 3.1 at Hobart Yard?

3 A Yes.

4 Q The reference is not to UP's East Bank tracks  
5 above Milepost 1.7?

6 A Above 9th Street Junction?

7 Q Above 9th Street Junction?

8 A Yes, that's correct.

9 Q That's correct.

10 Now, the application at page 2 refers to UP's  
11 operation of four to eight trains per day over the  
12 subject trackage, while your verified statement at page  
13 2 refers to four to eight movements.

14 Q Are the application and your verified  
15 statement referring to the same thing? And please tell  
16 me precisely what your reference to trains and your  
17 reference to movements mean.

18 A The precise definition of a train in the  
19 railroad operating sense requires that it have markers  
20 and that it conform to certain other requirements.  
21 There may be yard engine movements or other types of  
22 movements of an engine and a cut of cars, which in the  
23 strict definition of the train would not fit the term  
24 "train," so I used the word "movement" to be more  
25 all-encompassing.

1           Q     So we should take it that these four to eight  
2 movements that you referred to are the movements that  
3 are contemplated over the requested -- over the trackage  
4 that is the subject of the requested trackage rights,  
5 and that the four to eight movements are not limited to  
6 trains within the strict definition to which you refer?

7           A     Yes, that's correct.

8           Q     Now, looking at the paragraph that begins on  
9 the bottom of page 1 of your verified statement and  
10 carries over to page 2, you refer to UP's use of "the  
11 trackage over which rights are sought," and you state  
12 that this trackage is used for two purposes: first, for  
13 "UP local service, primarily to UP's Pasadena branch,"  
14 and second, for "yard-to-yard interchange moves between  
15 UP's East Yard and SFT's Taylor Yard."

16                   Does UP's use of the trackage for these two  
17 purposes account for the four to eight movements to  
18 which you refer on page 2 of your statement?

19                   That is to say, when you describe the use that  
20 is made of these tracks by UP as referring to these  
21 yard-to-yard interchange moves and the UP local  
22 services, are these the purposes for which all of the  
23 four to eight movements you have described are made?

24           A     There are some additional movements. Those  
25 are included. And there are some additional UP

1 movements to a yard, I believe, at Fourth Street or in  
2 that vicinity.

3 Occasionally, Union Pacific will store cars on  
4 one of the main tracks. So over a period of time, these  
5 movements which would be between UP's East Yard and 9th  
6 Street Junction would traverse this section.

7 During certain periods when UP is responsible  
8 for interchange, they would actually have the  
9 interchange movement between the East Yard and SF Taylor  
10 Yard. This year we have that movement.

11 So, over a period -- over a long period of  
12 time, UP movements would fluctuate somewhat.

13 Q Between four and eight?

14 A Yes. And perhaps even less than that.

15 Q And there are no other purposes for which UP  
16 makes movements other than those that you have  
17 described, as far as you are aware?

18 A That's correct.

19 Q When you estimate the daily current use of the  
20 trackage of four to eight movements, what period of time  
21 are you referring to?

22 A I'm basing that on our current 1984 time  
23 period.

24 Q 1984?

25 A Yes.

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20 F ST., N.W., WASHINGTON, D.C. 20001 (202) 628-9300

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1 Q What 1984 information specifically do you have  
2 in mind here? Are there trackage studies?

3 A Well, the lines are under the control of Union  
4 Pacific. And the data for the movements on that line  
5 are held by the Union Pacific dispatcher -- Salt Lake  
6 City, I presume.

7 Q On what basis did you estimate the four to  
8 eight movements at page 2 of your verified statement?

9 A Based upon our operating people's knowledge of  
10 the situation.

11 Q Is that based on their observations on a  
12 day-to-day basis during 1984?

13 A Yes.

14 Q Is it based on anything else?

15 A No.

16 Q The application states at page 4 that if the  
17 requested rights are granted, "no more than four  
18 movements per day are expected."

19 At page 2, the application says or seems to  
20 say that the trackage rights are sought to permit SPSF  
21 "to move intermodal equipment between Hobart Yard and  
22 LATC."

23 First, would you describe the intermodal  
24 equipment that SPSF would move between the Hobart Yard  
25 and LATC if the rights were granted?

1           A     Yes. The route would be used for through  
2 non-stop movement of piggyback flats, with or without  
3 trailers or containers. I would imagine most of the  
4 time they would be without trailers or containers  
5 because the purpose of this movement is to reposition  
6 empty flats from a surplus situation in one of the  
7 facilities, let's say Hobart for example, to a shortage  
8 in the IATC for outbound loading.

9           That's the purpose of the move, is to provide  
10 an economical means for balancing that flow of equipment  
11 from a surplus to a shortage situation.

12          Q     Would the movement of any other equipment be  
13 contemplated if these rights were granted?

14          A     No. That's basically what we're talking  
15 about. We are asking for the full and unlimited,  
16 unrestricted right to use that trackage for overhead  
17 movements.

18          Q     I'm sorry?

19          A     For overhead movements.

20          Q     Movements of this equipment?

21          A     No. We are asking for the unrestricted right  
22 for bridge rights over that section, where today we have  
23 restricted rights.

24          Q     Why are you asking for unrestricted rights if  
25 you propose only to move this intermodal equipment that

1 you have described?

2 Would the Applicants not be satisfied with  
3 bridge rights expressly restricted to the movement of  
4 this intermodal equipment that you've described?

5 A I think that it's not customary in bridge  
6 trackage rights to restrict these in that fashion. And  
7 I think that it's unwise to restrict the flexibility.

8 Q Well, are the Applicants asking for the right  
9 to make any more than four movements of this intermodal  
10 equipment per day over the requested trackage rights --  
11 over the trackage that's the subject of the request for  
12 trackage rights?

13 A We are not asking for a trackage rights  
14 agreement that has any restriction on the number of  
15 movements or the type of movements. We are asking for  
16 bridge trackage rights.

17 Q So, although the application is framed in  
18 terms of a purpose to make no more than four movements  
19 of the intermodal equipment that you have described per  
20 day over the subject trackage, in fact, the bridge  
21 rights that are being requested are essentially  
22 unlimited in the purpose for which they could be used?

23 Is that your understanding?

24 A That's correct.

25 Q Just as a sidelight to that question, my

1 understanding is that the 1943 agreement between  
2 Southern Pacific and -- I guess it would be Western  
3 Pacific or Union Pacific -- under which SP currently has  
4 certain trackage rights was negotiated at arm's length  
5 without a position by the Commission.

6 And you say that it's not customary for the  
7 Commission to impose restrictions of the type that I  
8 describe on grants of bridge rights.

9 Can you tell me whether any consideration was  
10 given to approaching Union Pacific to discuss a  
11 negotiated agreement for rights to carry the type of  
12 equipment that you have specified and the number of  
13 movements per day before coming to the Commission and  
14 asking for imposition of unlimited bridge rights?

15 A That's a very compound question. First of  
16 all, I want to correct something you said. And that is  
17 that the -- I did not mean to infer a while ago that we  
18 were asking -- I did not mean to infer that the  
19 Commission did not customarily grant restricted trackage  
20 rights.

21 What I said was that most trackage rights  
22 agreements that I'm familiar with between railroads do  
23 not have restrictions as to the volume that can move  
24 over the line. There is no restriction on the volume  
25 that can move over the line in that earlier agreement,

1 the one we are presently operating under.

2 The only restriction is that the traffic  
3 moving over the route between 9th Street Junction and  
4 Hobart Tower, the only traffic that can be moved in that  
5 is traffic to and from the central manufacturing  
6 district, the Stockyards, the Vernon Feed Yard, and so  
7 on, and the Union Pacific interchange traffic to and  
8 from their East Yard.

9 Now, your question about whether Southern  
10 Pacific or Southern Pacific and Santa Fe together had  
11 approached the Union Pacific, to my knowledge, we have  
12 not approached the Union Pacific.

13 I am not certain that we felt that we had time  
14 time to approach and make any sort of formal proposal  
15 for the use of that trackage prior to our filing of the  
16 application.

17 We felt that it was important in putting our  
18 application together that we did have an application on  
19 file for these rights.

20 Q Well, now, when did the idea for this related  
21 application germinate?

22 A I would say it was in the December 1983  
23 period.

24 Q Would you regard it as an after-thought to the  
25 underlying application?

1           A     Ch, no. No. We looked at the various ways in  
2     which Southern Pacific and Santa Fe should have -- would  
3     have to connect, especially in areas where historically  
4     they did not connect, in order to effect a more  
5     efficient operation. And this was one of their early  
6     problems that we identified that needed to be solved.

7           Q     As far as you're aware, then, no thought was  
8     given to making a telephone call to any Union Pacific  
9     official to discuss these proposed trackage rights on a  
10    negotiated basis?

11          A     As far as I know, no thought was given.

12          Q     Consistent with the purpose of the  
13    application, could the Commission grant the rights --  
14    grant you rights, subject to the restriction that you  
15    make no more than the four movements per day that you  
16    anticipate of the specified intermodal equipment over  
17    the subject trackage?

18          A     The operative word is "could." I am sure they  
19    could. I would prefer that they would not.

20          Q     My question is, given the purpose of the  
21    trackage rights request, as outlined in the application  
22    and as supported by your verified statement, would it  
23    not be 100 percent consistent with the purpose of the  
24    request for the rights to be granted subject to those  
25    restrictions?

1 A And the restrictions are?

2 Q The restrictions being no more than four  
3 movements per day of the specified intermodal equipment,  
4 which is the only traffic that you describe in your  
5 application and verified statement as being traffic that  
6 you intend to move over the subject trackage.

7 A I would think that an agreement that's  
8 intended to last 30 or 40 years, or whatever the term  
9 might be, to put a restriction like that on the  
10 agreement would be unwise.

11 Q Well, agreements can always be renegotiated,  
12 can they not, Mr. Anderson?

13 A Yes. But a Commission-imposed agreement is a  
14 little different type.

15 Q That's one of the reasons I asked about the  
16 alternative of a negotiated agreement. Will the  
17 Applicants accept a grant of trackage rights subject to  
18 these conditions, or would they withdraw their  
19 application?

20 MR. STEPHENSON: Are you offering that on  
21 behalf of Union Pacific?

22 MR. REMES: I'm not in a position to make any  
23 such offer. We're trying to explore the intentions of  
24 the Applicants.

25 THE WITNESS: I'm not in a position to accept

1 that offer or to comment on that offer, if indeed it is  
2 an offer.

3 BY MR. REMES: (Resuming)

4 Q Does counsel for Applicants take any position  
5 with respect to the position of the company on such an  
6 offer?

7 MR. STEPHENSON: If you're going to make an  
8 offer, we'll respond to it. If that's just negotiation,  
9 we're not going to respond.

10 MR. REMES: Let's regard it as a purely  
11 hypothetical question.

12 (Laughter.)

13 MR. STEPHENSON: Well, we'll sit down and  
14 discuss it with you.

15 BY MR. REMES: (Resuming)

16 Q Mr. Anderson, can you describe in detail SP's  
17 current operations over the UP tracks between Milepost  
18 1.7 at 9th Street and Milepost 3.1 at Hobart Yard under  
19 the existing trackage rights agreement?

20 A Yes. We use that segment of track for an  
21 interchange movement once a day, that leaves our  
22 Southern Pacific Taylor Yard and comes down the East  
23 Bank line of the UP over which we have unrestricted  
24 trackage rights to 9th Street Junction.

25 And at 9th Street Junction, we make a left



1 turn, come around the Y, go through Soto Street  
2 Junction, and then on into the UP yard.

3 Q UP East Yard you're referring to?

4 A UP East Yard, that's correct. And then we  
5 carry cars from the Union Pacific back to the Southern  
6 Pacific over the reverse of that route.

7 Q What is exactly interchanged, if I may ask?

8 A This is all of our Southern Pacific/Union  
9 Pacific line-to-line and line-to-switch interchange in  
10 Los Angeles.

11 Q Are these -- is this interchange traffic  
12 restricted to trains, as you have strictly defined it,  
13 or does it encompass other movements as well?

14 A It could be unit or entire trains if the  
15 occasion demanded, for example, if there was a trainload  
16 of freight that we were interchanging between the two  
17 railroads. But almost entirely, it's confined to a cut  
18 of cars with a variety of destinations on the UP in the  
19 in direction, and on the SF in the outbound direction.

20 Q Can you describe in detail SP's current  
21 operations over UP's East Bank trackage between Milepost  
22 1.7 at 9th Street and the SF Taylor Yard?

23 A That is a very different situation, because  
24 between the 9th Street Junction and SF Taylor Yard, we  
25 have the movements between the South -- what we call the

1 South Branches or between the harbor, Los Angeles  
2 Harbor, via both the Wilmington Branch and the San Pedro  
3 Branch that pass through the J Yard area, across the Los  
4 Angeles River Bridge.

5 Q At what point is that crossing made?

6 A Between -- well, it's at Rodondo Tower.

7 Q Thank you.

8 A And those trains then move up the East Bank to  
9 and from Taylor Yard.

10 Q And what is the nature of these movements?

11 I'm sorry if you answered that, but I didn't  
12 hear it.

13 A What is the nature of these movements?

14 Q What type of traffic is moved?

15 A All types of traffic -- gondolas, covered  
16 hoppers, tank cars, loads, empties, traffic moving to  
17 and from the Los Angeles Harbor, Long Beach area  
18 primarily.

19 Q Up to the Taylor Yard. Does any of this  
20 traffic move into the Los Angeles Transportation Center  
21 at the Pasadena Junction?

22 A Yes. There are some trains that would go that  
23 way, or some movements that would go into Los Angeles  
24 Transportation Center.

25 We have, as I think earlier witnesses have

1 described, we have the opportunity coming north on the  
2 East Bank line from 9th Street Junction, when we get to  
3 the Alhambra line, we can make right turn and go east on  
4 the Alhambra line and into the Los Angeles  
5 Transportation Center.

6 Q If the requested rights were granted without  
7 restrictions, for how long would SP be prepared to  
8 guarantee that it would not move any of its traffic  
9 along these tracks to Hobart Yard itself?

10 I'm sorry. Strike that question, please.

11 The application states at pages 3 and 4,  
12 that: "UP's operations over the trackage are expected  
13 to decline following consummation of the merger, as the  
14 present UP/SP interchange will be moved to Colton."

15 At page 2 of your verified statement, you  
16 suggest that as a result of the interchange switch to  
17 West Colton: "Use of UP's trackage, over which trackage  
18 rights are sought by SPSF, will decline to perhaps two  
19 to four movements per day, accounted for by UP's  
20 Pasadena local and other UP local service that might be  
21 required."

22 The application suggests at page 4, I take it,  
23 that SPSF's movements, if the requested rights are  
24 granted, will not "substantially interfere with UP's  
25 operations because of this interchange shift."

1           And your statement seems to make this  
2 connection as well. If UP does not agree to shift the  
3 Los Angeles interchange to Colton, West Colton, I take  
4 it that your estimate of interference with the UP's  
5 operations would have to be revised upward.

6           And I take it that your estimate of two to  
7 four remaining movements on the subject trackage would  
8 also have to be revised upward.

9           Would these be correct inferences?

10          A    Yes. If the Union Pacific decides they want  
11 to continue to back all the traffic basically by having  
12 interchanges between Taylor and UP's East Yard, there  
13 would be an upward increase in the volume of traffic;  
14 perhaps also the number of movements; perhaps not.

15          Q    And that, in turn, would affect the efficiency  
16 of the requested trackage rights from your own  
17 standpoint.

18          A    I question how much effect there would be in  
19 view of the fact this is a double-track railroad which  
20 has, in my opinion, adequate capacity for far more  
21 movements than it carries.

22          Q    And yet, haven't you just said that if the  
23 interchange is not switched to Colton, West Colton, the  
24 estimate of interference with UP operations and the  
25 number of cars expected to remain on those lines would

1 increase?

2 A Yes, marginally.

3 Q Is your application contingent upon the  
4 interchange switch?

5 A No.

6 Q From your point of view, the application of  
7 these unrestricted bridge rights would be desirable,  
8 regardless of whether the interchange is switched?

9 A Yes. As a matter of fact, it really might  
10 even be more important to have the unrestricted bridge  
11 rights if the interchange isn't switched, because there  
12 will be some traffic coming into the Santa Fe Hobard  
13 Yard which would more efficiently move to the UP East  
14 Yard over this connection.

15 Q So that the assumption of an interchange  
16 switch not only bears upon your estimate of the  
17 interference with UP's operations and the number of cars  
18 that would remain on the line, but also bears on the  
19 volume of SPSF traffic that would be moved on the  
20 subject trackage?

21 A Yes.

22 Q Apart from the two to four movements per day  
23 accounted for by UP's Pasadena local and "other UP local  
24 service that might be required," are you aware of any  
25 other use that UP might expect to make of the requested

1 trackage if the interchange switch takes place?

2 In other words, are these the only movements  
3 per day that you believe would remain on the subject  
4 trackage if the interchange switch takes place?

5 A That's my understanding, yes.

6 Q What movements would remain in addition, if  
7 the interchange switch did not take place?

8 A What Union Pacific movements?

9 Q Yes.

10 A I really don't know what Union Pacific  
11 movements would remain, other than what is now -- are  
12 you asking what additional Union Pacific movements there  
13 would be?

14 Q Well, you say if the interchange switch takes  
15 place, there will be these two to four movements per day  
16 accounted for by the Pasadena local and other UP local  
17 service.

18 If the interchange switch does not take place,  
19 which UP movements, in addition, would be on the line?

20 A I have no idea. As a matter of fact, I'm not  
21 even sure how to predict the number of times your  
22 Pasadena local is going to go over the line.

23 Q It could be more?

24 A No. It could be considerably less, based upon  
25 recent history.

1 Q Either way?

2 A Yes.

3 Q Who provided you with the information on which  
4 you based your two to four movement prediction?

5 A The terminal superintendent in Los Angeles.

6 Q And again, this was an estimate based upon his  
7 observation of UP movements in 1984?

8 A Yes. He's been terminal superintendent for --  
9 or an officer in the terminal for 20 or 30 years.

10 Q Do you have any reason to believe that there  
11 has been any appreciable change in the movement between  
12 1983 and 1984?

13 A There's been a decline in the Pasadena Branch  
14 movements in that time period.

15 Q Any other changes in the number of movements?

16 A No.

17 Q Or type of UP movements?

18 A No.

19 Q You mention at page 2 of your statement,  
20 "understanding that UP is considering retirement of one  
21 of the two main tracks over which SPSF seeks trackage  
22 rights."

23 Are you referring to tracks between Milepost  
24 1.7 at the 9th Street Junction and Milepost 3.1 at the  
25 Hobart Yard?

1 A Yes.

2 Q What is the basis of your understanding in  
3 this respect?

4 A There have been some conversations between the  
5 terminal superintendent and others apparently, that  
6 caused me to gain that understanding.

7 Q And this was conveyed to you, this information  
8 was conveyed to you by the same terminal superintendent  
9 who gave you the estimates of the two to four movements  
10 that you previously described?

11 A Yes. Also, it's been my observation that  
12 occasionally the Union Pacific will store cars on one of  
13 these two main lines, and I drew my own conclusion that  
14 there must be considerable excess capacity if that's the  
15 case.

16 Q Is your application in any way contingent upon  
17 UP's retirement of one of these two main tracks to which  
18 you refer?

19 A No. On the contrary, under the present  
20 agreement, I would prefer that Union Pacific keep their  
21 two tracks.

22 Q If the requested rights were not granted, how  
23 would SPSF move intermodal traffic between Hobart Yard  
24 and LATC?

25 A The route that we would use, which has the



1 ability to minimize intterference with Amtrak, but still  
2 it gets involved with the 14 Amtrak trains over on the  
3 Santa Fe line, would be between Hobart Yard, Redondo  
4 Tower, using the Santa Fe's West Bank line north to  
5 Taylor Yard, where there's a connection into Taylor Yard  
6 from the Santa Fe.

7 As I am sure you are aware, between the Hobart  
8 Yard and Mission Tower, we have got to go through the  
9 coach yard, the Amtrak coach yard area, and we also have  
10 to -- as we've always had to do in our interchanges  
11 between SF and Santa Fe -- we have to avoid the  
12 movements of Amtrak's 14 trains a day.

13 So we then go to the Taylor Yard with this cut  
14 of cars. We have to run around the cars -- in other  
15 words, put the engine on the opposite end of the cars,  
16 and then come back down the Union Pacific East Bank with  
17 these cars into the Los Angeles Transportation Center.

18 In terms of time and distance, it's a factor  
19 of two or three, compared to the direct route that we're  
20 asking for authority.

21 Q How many tracks does SF have on the West Bank  
22 side?

23 A It is two tracks -- my recollection -- two  
24 tracks below Mission Tower, but I think it's only one  
25 track for portions of the route north of Mission Tower.

1 Q Our maps appear to show a lot of tracks on the  
2 West Bank, and that's why I'm asking, especially  
3 around -- between -- below First Street.

4 A Yes, there are a lot of tracks, but those are  
5 not main line tracks.

6 Q Could they be utilized as main line tracks?

7 A That's the coach yard. I think you're  
8 probably looking at the coach yard.

9 Q Okay.

10 Q Could the tracks on the West Bank be upgraded  
11 or improved in any way to permit you the four to eight  
12 movements per day that you are anticipating, without any  
13 interference to Amtrak's lines?

14 A I doubt it.

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1 Q Now you speak of having to run the locomotive  
2 around the train at Taylor Yard before proceeding south  
3 along the East Bank to the IATC. This is at page two of  
4 your statement.

5 What precisely do you mean when you speak of  
6 running the locomotive around the train before  
7 proceeding south and is this physically necessary? Is  
8 there any alternative way of turning the train around up  
9 there at Taylor?

10 A There is no alternative means for turning the  
11 train. You have two options. You can shove the 20 or  
12 30 cars, or ten or whatever it happens to be, down the  
13 East Bank through all the interlockings, through all the  
14 signals, around the curves.

15 There are safety considerations. In fact, I  
16 don't think our rules even provide for that type of  
17 movement. But, in any event, that's not an option  
18 that's either safe or practical, so you do have to put  
19 the engine on the other end of the cut for a move of  
20 that distance through those interlockings and that's  
21 what we would have to do.

22 Q There's no -- I'm afraid I don't know how to  
23 describe it.

24 A There is no balloon traffic. There is no Y.  
25 That's correct.

1 Q You say at page two of your statement that  
2 this alternative means of reaching the Los Angeles  
3 Transportation Center -- that is, through Taylor -- is  
4 "costly and time-consuming". Do you have any specific  
5 cost estimate, assuming four to eight movements of the  
6 intermodal equipment you describe per day?

7 A No, I can't give you a number.

8 Q A difference in cost?

9 A I can not give you a number.

10 Q Can you give me a specific difference in  
11 time?

12 A It would vary depending upon the time of day,  
13 if you had to wait for Amtrak trains to clear the line  
14 or if you had to wait for movements to and from the  
15 coach yard, between the LAUPT and Mission Tower and the  
16 coach yard, so it can be very different depending on the  
17 time of day.

18 Q How different would it be?

19 A Well, at night you would have a fairly direct  
20 move. In the daytime you would have -- you've got  
21 really some severe problems in getting through there.

22 Q Does it matter much when you make these  
23 movements?

24 A It might matter to the Union Pacific.

25 Q Would it matter to SESF?

1 A Yes, I think it would.

2 Q How?

3 A Well, we're concerned about movement of the  
4 traffic to and from our customers as well as you are.

5 Q I understand that, but what sort of  
6 inconvenience would be entailed by planning these  
7 movements at night when there would be minimum  
8 interference with Amtrak operations?

9 A Well, remember the purpose of the movements is  
10 to provide empty cars for out-bound loading and if the  
11 cars are not available for out-bound loading or if we  
12 have to protect the out-bound loading by moving the cars  
13 24 hours earlier in order to make a night move, we're  
14 talking about additional cost and additional equipment  
15 requirements.

16 Q But it sounds to me -- and please correct me  
17 if I'm wrong -- that you could build into your  
18 scheduling a system, an arrangement which would minimize  
19 interference with Amtrak operations on the West Bank and  
20 provide for speedy transport of these intermodal  
21 movements from Hobart to LATIC using the SF West Bank  
22 yards, if you arrange to move them at night.

23 A I think that's totally impractical and I think  
24 to expect that we would do that is really approaching  
25 this thing from a theoretical standpoint. I don't think

1 that you would do that.

2 Q Theoretically, though, it's a matter of  
3 scheduling.

4 A Anything is theoretically possible.

5 Q Did you consider or discuss with anyone  
6 alternatives other than the requested trackage rights  
7 and the Taylor Yard option? If you've been here in the  
8 past few days you may be aware that other alternatives  
9 have been discussed.

10 A Yes. We looked at the alternatives that were  
11 discussed. We were concerned, for example, in the two  
12 bridges not just with the cost associated with the two  
13 bridge crossing proposals -- one, the crossing that you  
14 elicited from the earlier witnesses which would involve  
15 a bridge somewhere between 9th Street and Mission Tower  
16 or Alhambra Junction. The other crossing would be on  
17 the existing Redondo Bridge.

18 We looked at both of those and we ruled them  
19 out not only because of the cost but because of the  
20 Amtrak interference problem on the West Bank.

21 Q Your discussion of the time it would take to  
22 make your yard-to-yard movement from Hobart to LADC via  
23 the West Bank takes into account Amtrak interference,  
24 but you have -- strike the question.

25 My question is have you performed any studies

1 that would confirm your prediction that it would take  
2 longer to use the West Bank route than it would take to  
3 use the East Bank route?

4 A What do you consider to be a study?

5 Q Studies taking into account specific existing  
6 movements on the West Bank and specific existing  
7 movements on the East Bank.

8 A No, I have not made any of those types of  
9 specific studies.

10 Q Can you tell me how the proposed interchange  
11 shift to Colton would affect traffic levels on the West  
12 Bank line?

13 A Well, today that is the way the Southern  
14 Pacific-Santa Fe interchange flows. That's one train a  
15 day between the two.

16 Q So if the interchange shifted there would be  
17 more room for intermodal equipment transfers along the  
18 West Bank line than there is now when the interchange  
19 takes place here in Los Angeles?

20 A I don't recall whether our operating plan  
21 provides for the elimination of that Taylor to Hobart  
22 transfer or not, but I do know that there is still some  
23 traffic in the operating plan which is moved between  
24 Taylor and Hobart. There are industries at Hobart,  
25 boxcar industries in that vicinity, that will be

1 supported out of Taylor.

2 Q But it stands to reason that to the extent the  
3 traffic is moved away from the West Bank line because of  
4 the interchange switch to Colton there will be all that  
5 much more capacity for the intermodal equipment movement  
6 from Hobart to IATC via Taylor.

7 A It doesn't stand to reason because you still  
8 have the same number of movements, in my opinion.

9 Q But movements will be subtracted from the West  
10 Bank line as a result of the interchange switch, will  
11 they not?

12 A No. There's one movement each way today that  
13 moves freight interchange between SP and Santa Fe and  
14 after the merger there will be at least one.

15 Q So you're telling me that the interchange  
16 switch will have no effect on traffic on the West Bank?

17 A No effect on traffic or no effect on the  
18 number of movements?

19 Q On the number of movements.

20 A That's correct.

21 Q Can you tell me -- I know this begins to get  
22 rather more detailed -- if the requested rights were not  
23 granted and SPSF carries its movements via its existing  
24 SF lines, can you tell me the speed at which the  
25 movements would be allowed to cross the intersection of



1 the SF line and UP-San Pedro line at the base of the  
2 Hobart Y?

3 A Can I tell you the speed at which they would  
4 be required to cross? No, I cannot. I would judge,  
5 though, that it's less than 20 miles an hour.

6 Q Could you tell me if the requested rights are  
7 granted the speed at which SPSF's movements would be  
8 allowed to traverse the new Hobart connection and move  
9 up the left leg of the Y and onto the subject trackage?

10 A No. I think that's partly at the  
11 specification of the Union Pacific. It depends on track  
12 condition, curvature, interlocking approach, distances  
13 and so forth.

14 Q Do you have any supposition as to which would  
15 be speedier -- using the proposed Hobart connection up  
16 the west leg of the Y to the subject trackage, as  
17 opposed to crossing the San Pedro line at the base of  
18 the Hobart Y over SF's line? Which would be the  
19 speedier movement?

20 A Which would have the highest maximum speed or  
21 which would have the -- would have the best overall  
22 time?

23 Q Overall.

24 A It would be faster overall to go the way we  
25 are proposing to go.

1 Q When I say "overall" I don't mean onto the  
2 trackage. I just mean through -- I mean up the proposed  
3 connection, across the intersection with the San Pedro  
4 line. Am I making myself clear?

5 A Well, the Sante Fe operates across the Hobart  
6 Tower crossing today.

7 Q That's right.

8 A At high rates of speed. I don't recall what  
9 the speed is, perhaps 30, 40 miles an hour.

10 Q And is it your belief that this speed is  
11 higher than the speed at which they would be allowed to  
12 move up the proposed connection to the left leg of the  
13 Hobart Y?

14 A I don't know. I think that's probably up to  
15 the Union Pacific, and us, too, working together to try  
16 to figure out what the best connections are. The Union  
17 Pacific used to operate passenger trains over the UP  
18 East Yard-9th Street leg, and so the alignment is good.  
19 The curvature between 5th Street Junction and 9th  
20 Street Junction is not a severe curvature for the types  
21 of speed that we would want to operate.

22 Q On what would the speed of any particular SFSP  
23 movement across SF's line at the San Pedro branch  
24 intersection depend if SPSF had to carry its movements  
25 up the West Bank?

1 A On what would it depend?

2 Q Yes, what would determine the speed of the  
3 movement?

4 A Well, generally as tenant we would be governed  
5 by what you tell us that we have to operate.

6 Q I mean on your own line, if you stayed on your  
7 SF line, the trackage rights weren't granted.

8 A Okay, but the example you gave was your  
9 lines.

10 Q Well, I'm trying to get estimates of both  
11 alternatives. I apologize for switching back.

12 A Okay. If it was our crossing frog and if it  
13 were our connection, it would depend on the turn-out  
14 radius. It would depend upon the condition of the  
15 traffic, the crossing frog. There are some locations  
16 like that where we operate 70 miles an hour.

17 Q It would also presumably depend upon other  
18 traffic on those SF lines.

19 A No, because the interlocking -- it's an  
20 interlocking and you are protected against the movement  
21 of the other traffic on the UP line in this case by the  
22 Union Pacific dispatcher or whoever controls the  
23 interlock.

24 Q It would also presumably depend upon what was  
25 on the other side of the intersection in terms of cars

1 or other equipment on the SF tracks.

2 A Yes. We're not going to come into Hobart Yard  
3 at 70 miles an hour, that's for sure.

4 Q Or across in the other direction if there's a  
5 train on the other side?

6 A No. You're going to move in accordance with  
7 signal indications, obviously, and I think in this  
8 particular case, counsel, the speed is going to be  
9 governed by the curvature in the Y and the curvature in  
10 the connection track that we're proposing to build and  
11 any turnouts that are involved.

12 Q That's under the alternative of using the  
13 requested trackage?

14 A Yes, and we want to move as fast as we can, as  
15 fast as the UP will permit us.

16 Q You state at page one of your statement that  
17 UP's East Bank line is "heavily used by SP for movements  
18 between SP's Taylor Yard and the Los Angeles  
19 Transportation Center, LADC, on the one hand, and routes  
20 to Los Angeles Harbor, Long Beach, and other points in  
21 South Los Angeles County" on the other hand.

22 What effect would the movements made possible  
23 by requested rights have on this existing use of UP's  
24 East Bank line by SPSE?

25 A It would have no effect.

1 Q Finally, is it the Applicant's understanding  
2 that compensation for these trackage rights would be set  
3 by the ICC based on the Commission's principles of  
4 terminal area trackage rights compensation, or is it  
5 proposed to be based upon the existing contract?

6 A My understanding of our proposal is that we  
7 merely want to have the restriction lifted in the  
8 existing contract that prohibits us from using this  
9 section of track for through movements other than  
10 movements to and from the stockyards.

11 Q Do you have any understanding as to the basis  
12 upon which compensation would be decided or set?

13 A I would be very happy to see the same terms in  
14 the existing agreement applied to these movements.

15 Q We're sure that you would, but my question is  
16 whether you had any understanding as to what the  
17 Applicants contemplate.

18 A Well, my understanding is that the Applicants  
19 also would be happy to have the same terms apply.

20 Q Will you or counsel represent that an  
21 assumption of the application, premise of the  
22 application, or an unstated request of the application,  
23 is for compensation to be set under the terms of the  
24 existing agreement rather than by the ICC based on the  
25 Commission's principles for terminal area trackage

1 rights compensation?

2 MR. STEPHENSON: I don't think that we have  
3 given that a great deal of thought, Counsel. I think  
4 that, as the witness said, we'd be happy to have the  
5 compensation set as it is today under the existing  
6 contract, but beyond that we haven't given it any  
7 thought and I can't make any representations as to what  
8 we would want the Commission to do or not want the  
9 Commission to do.

10 Implicit in any trackage rights under the Code  
11 section is the notion that if you can't reach an  
12 agreement that the Commission sets it or that it's  
13 established under certain standards and principles of  
14 condemnation or something like that, but we haven't gone  
15 that far.

16 MR. REMES: Would the Applicants want the  
17 requested trackage rights if compensation were to be set  
18 by the ICC on the basis of its principles for terminal  
19 area trackage rights compensation?

20 MR. STEPHENSON: I'm not prepared to say one  
21 way or the other. I think that is sort of down the path  
22 somewhere. We can give you a response if you want to  
23 make us an offer.

24 MR. REMES: Well, we have to know in deciding  
25 whether or not -- let me rephrase that -- in deciding

1 how to frame our response to this application, whether  
2 one of it's assumptions is that compensation will be set  
3 by the Commission according to existing terminal area  
4 rights compensation principles, or whether the  
5 Applicants are implicitly asking the Commission to  
6 approve compensation based upon the terms of the  
7 existing agreement.

8 It's not a down-the-road proposition for us in  
9 view of the fact that we have to formulate a position on  
10 this application.

11 MR. STEPHENSON: Well, I think for purposes of  
12 formulating your position you can assume that what Mr.  
13 Anderson said is the position of the company, namely  
14 that we simply -- we have trackage rights over the  
15 subject trackage. We want to lift the restriction as to  
16 what types of movements can traverse the subject  
17 trackage, and we would, therefore, assume that the  
18 existing compensation terms would be applicable to the  
19 new movements.

20 MR. BEMES: That is a very clear answer, sir.  
21 I thank you for it and I have no further questions of  
22 this witness.

23 JUDGE HOPKINS: Any redirect?

24 MR. STEPHENSON: I have just a couple  
25 clarifications.

## REDIRECT EXAMINATION

1  
2 BY MR. STEPHENSON:

3 Q Mr. Anderson, as a matter of clarification,  
4 counsel asked you the types of SP movements that are  
5 currently traversing the trackage, the requested  
6 trackage rights, the trackage today, and I didn't  
7 recall, I didn't hear whether you indicated whether  
8 there were any movements between Taylor Yard and the IA  
9 Junction Railroad.

10 A The movements between Taylor Yard and the IA  
11 Junction Railroad do not traverse the trackage we are  
12 asking for the unrestricted trackage rights over. In  
13 other words, at 9th Street Junction the Taylor Yard-IA  
14 Junction Yard movements use existing East Bank agreement  
15 trackage to go to and from the IA Junction Yard.

16 Q Counsel asked you whether a formal study had  
17 been done as to the comparative times to effect transfer  
18 movements between Hobart Yard and the LATC using either  
19 the requested trackage rights or the possible existing  
20 route on the West Bank and up to Taylor Yard. Without  
21 doing a formal study, do you have an opinion based on  
22 your knowledge and experience as to what the relative  
23 times would be?

24 A I think we're talking on the order of one to  
25 two hours between Taylor and Hobart Yard using the



1 proposed route, more likely one hour, and that assumes  
2 that the UP Salt Lake dispatcher gives us the movement  
3 straight through from off the East Bank through 9th  
4 Street and into Hobart. So say one hour to perhaps  
5 two.

6 If we have to wait outside -- I'm sorry, not  
7 into Hobart; into East Yard of UP. One to two hours  
8 between Taylor and East Yard of UP, because we do not go  
9 to Hobart on that line.

10 And then compared with that one to two hours  
11 we have the other option of perhaps three to four hours  
12 on the other route, two and a half to four hours.

13 MR. STEPHENSON: All right. That's all I  
14 have.

15 MR. REMES: One question on recross, though it  
16 may not literally be within the scope.

17 RECROSS EXAMINATION

18 BY MR. REMES:

19 Q Would movements made possible by the proposed  
20 State Street connection affect the traffic level of SPSF  
21 on UP's East Bank line?

22 A Yes.

23 Q How would it affect it?

24 A It would affect the volume of traffic north of  
25 9th Street Junction on the East Bank and on the portion

1 between J Yard and 9th Street Junction that we have  
2 unrestricted trackage rights over today, unrestricted  
3 bridge trackage rights.

4 Q And the traffic made possible by that proposed  
5 connection would then have to be taken into account  
6 above and beyond the traffic that you predict for the  
7 East Bank line in your verified statement and in the  
8 application?

9 A It doesn't have to be taken into account on  
10 the subject trackage rights that we're talking about  
11 here.

12 Q What I mean is that the increased traffic will  
13 bear upon your specific predictions of the traffic that  
14 will be flowing over the East Bank tracks?

15 A I'm not sure I predicted a volume of traffic  
16 flowing over the East Bank tracks.

17 Q You made some estimates of UF traffic and I  
18 think you also made some estimates of SPSE traffic.

19 A Yes, below 9th Street.

20 Q Below 9th Street, but those are not stopping  
21 at 9th Street.

22 A No, those are melding in with a substantially  
23 larger number of movements that exist north of there.

24 MR. REMES: Fine. Thank you.

25 JUDGE HOPKINS: Anything further?

1 MR. STEPHENSON: No, Your Honor.

2 JUDGE HOPKINS: You are excused, sir.

3 (The witness was excused.)

4 MR. STEPHENSON: Your Honor, we move the  
5 admission of Mr. Anderson's verified statement in  
6 support of the application.

7 JUDGE HOPKINS: Any objection?

8 (No response.)

9 JUDGE HOPKINS: It will be received in  
10 evidence.

11 Is Mr. Champion next?

12 MR. THORMOND MILLER: Yes.

13 Whereupon,

14 RAYMOND M. CHAMPION, JR.

15 was called as a witness and, having been duly sworn by  
16 the Administrative Law Judge, was examined and testified  
17 as follows:

18 DIRECT EXAMINATION

19 BY MR. THORMOND MILLER:

20 Q Mr. Champion, for the record would you state  
21 your name, title and business address?

22 A R. M. Champion, Jr., Assistant to the  
23 President, 80 East Jackson Boulevard, Chicago.

24 Q Mr. Champion, did you verify the petition for  
25 exemption relating to the control of the Central

1 California Traction Company?

2 A I did.

3 Q For the record, that petition appears in  
4 SFSP-6.

5 Are you also familiar with certain  
6 merger-related abandonments or abandonments in the  
7 vicinity of Visalia, California?

8 A I am.

9 MR. THORNDON MILLER: The witness is  
10 tendered.

11 JUDGE HOPKINS: Mr. Roberts.

12 CROSS EXAMINATION

13 BY MR. ROBERTS:

14 Q Thank you. Mr. Champion, my name is Barry  
15 Roberts and I represent Sunkist Growers, Inc.

16 Would you describe for the record what you did  
17 to become familiar with the proposed abandonment and  
18 construction at Visalia, California?

19 A This was originally in the testimony of Mr. O.  
20 F. Sonefeld, who works for me, and Mr. Sonefeld made  
21 on-the-ground inspections, reported back to me,  
22 furnished me with prints in order that I could become  
23 familiar with the plan.

24 Q So that the record is straight, is it correct  
25 that what we are dealing with really are two separate

1 abandonments, one that would be from Corcoran to Tulare  
2 and one from Visalia to Calgro? Would you please  
3 describe those abandonments? It perhaps would be  
4 helpful if you referred to the maps in SFSP-4, the  
5 railroad merger application, Volume 2, Environmental and  
6 Energy Data Exhibits 4 and 5, replacement volume.

7 A I do not have one with me.

8 Q Perhaps counsel would provide you with one.

9 MR. STEPHENSON: Which page, Counsel?

10 BY MR. ROBERTS: (Resuming)

11 Q Am I correct that the first abandonment is  
12 described, that is, the Corcoran to Tulare, California,  
13 is described at pages E-14 through E-18, and the second  
14 abandonment, from Visalia to Calgro, is described at  
15 pages E-19 through E-23?

16 A That appears to be correct.

17 Q Am I correct, then, that basically what you  
18 are proposing is with the first abandonment abandoning  
19 certain trackage south of milepost 16.5?

20 A Correct.

21 Q And then you would abandon certain trackage  
22 north of milepost 26?

23 A Correct.

24 Q So that that would leave approximately a  
25 ten-mile stretch between milepcst 16.5 and milepcst 26?

1 A That is correct.

2 Q Now will you describe for the record how  
3 shippers and receivers along that ten-mile stretch are  
4 now being served?

5 A They are being served by locals that at  
6 various times in the year operate different ways.  
7 Sometimes they come out, come out of the Fresno area and  
8 move down to Cutler on the Santa Fe and then across the  
9 northern part that we are contemplating abandoning down  
10 into Visalia. At other times they work out of Corcoran  
11 and come across on the southern part that is to be  
12 abandoned and into Visalia. It depends on the time of  
13 year, the level of traffic, a number of other factors.

14 Q So that shippers and receivers along what I  
15 refer to as this ten-mile stretch between milepost 16.5  
16 and milepost 26 -- actually 9.5 miles -- are served via  
17 both of the trackage segments proposed for abandonment?

18 A At times.

19 Q At times. Are you familiar with the Sunkist  
20 facility that is located on that so-called ten-mile  
21 stretch?

22 A I am familiar that it is there and I have seen  
23 diagrams of the trackage at that point.

24 Q Can you describe for the record where that  
25 is?

1           A       That is located about milepost 25 and a half,  
2 just south of the northern abandonment. It's on the  
3 north end of the ten miles to be retained.

4           Q       And would you note for the record how the  
5 Sunkist facility has been served to date?

6           A       As I described, unless you're asking for  
7 something else, Mr. Roberts. I don't understand  
8 anything beyond. I said sometimes from the north,  
9 sometimes from the south.

10          Q       That would be true for that facility as well?

11          A       That would be true for that facility as well.

12          Q       Thank you.

13                   Now would you have any estimate as to the  
14 volume of traffic that currently moves over each of the  
15 two segments proposed for abandonment?

16          A       No, sir.

17          Q       Is there anyone that would have figures  
18 concerning that traffic?

19          A       We probably have some density charts that I  
20 might be able to go, but, Mr. Roberts, I would have to  
21 say the Commission doesn't worry about how you get  
22 there. In the abandonments, when you have an alternate  
23 route, they do not count overhead traffic in looking at  
24 abandonments and it seems to me that the amount of  
25 traffic on these is totally irrelevant.

1 Q I think that's for the Commission to  
2 determine. I just want to establish the fact of how  
3 much traffic there is or isn't, and you don't know.

4 A I do not know.

5 MR. ROBERTS: Might I ask counsel is there any  
6 witness that has that information or is that something  
7 you could provide as a supplemental exhibit? Again that  
8 was a question that was included in my discovery request  
9 and not answered.

10 MR. STEPHENSON: If it was in your discovery  
11 request -- oh, I'm sorry.

12 MR. THORNDON MILLER: You took the words right  
13 out of my mouth. If it was in your discovery request it  
14 should have been answered, I think, in some fashion or  
15 other, and I'll have to look into that, Mr. Roberts.

16 JUDGE HOPKINS: Thank you.

17 MR. ROBERTS: Thank you.

18 BY MR. ROBERTS: (Resuming)

19 Q Okay. Now, Mr. Champion, assuming the  
20 abandonments take place will you tell us how you  
21 propose -- or, first of all, do you propose to continue  
22 to provide service to shippers and receivers along that  
23 ten-mile stretch?

24 A We do.

25 Q And will you describe for the record how you



1 propose to do that?

2 A If I may take a little liberty with that and  
3 expand something I think you'll like, there are two  
4 points. The two lines you describe that we have asked  
5 to abandon we are stating that in this proceeding under  
6 this authority we will retain one of them until such  
7 time as we have established our ability to use that  
8 connection not owned by the Santa Fe or owned by the  
9 SP -- it's owned by private people in the Visalia  
10 area -- in order to reach the shippers, including  
11 Sunkist, or build a connection.

12 However, like any line where we have traffic  
13 fluctuations, where we have changes in business  
14 atmosphere, we reserve the right to make a standard  
15 abandonment application in front of this Commission not  
16 involved in this abandonment case.

17 Q So you are pledging for the record that you  
18 would only abandon one of the two segments -- that is,  
19 either the north or the south -- until satisfactory  
20 service over an alternate route has been demonstrated?

21 A That's what I said.

22 Q And that if it turns out that you want to  
23 abandon both you will come back and file another  
24 abandonment application?

25 A Unless we have in the meantime established

1 this, yes.

2 Q Now you just referred to two alternates. I  
3 assume one of them is the proposed construction?

4 A Yes.

5 Q There is, as I understand it, crossing that  
6 ten-mile stretch of Santa Fe track at approximately  
7 right angles an existing Southern Pacific line.

8 A Correct.

9 Q And the construction -- you weren't here when  
10 I asked Mr. Pottorff and Lynch about it yesterday --  
11 that is, the construction would connect that ten-mile  
12 stretch with the Southern Pacific line?

13 A That is correct.

14 Q I take it, then, that no steps have been taken  
15 towards commencing that construction or even acquiring  
16 the land?

17 A We haven't got authority to do it yet.

18 Q Now you mentioned another alternative. Would  
19 you describe that other alternative for the record?

20 A The Southern Pacific track right after it  
21 crosses the ten-mile stretch to be retained, moving in  
22 an easterly direction, turns south and basically  
23 parallels part of this ten-mile section. There is a  
24 track connection going through an industry and owned by  
25 that industry, not owned by Santa Fe or SP, but it is in

1 existence.

2 It is a method of utilizing and serving these  
3 plants without going to the expense of construction, and  
4 we believe we can arrange to get the right to use that  
5 trackage.

6 Q Is that the trackage that is owned by a  
7 company called Early California Foods?

8 A That is correct.

9 Q Have you had any discussions with the owners  
10 of that trackage?

11 A I have not.

12 Q Has anybody in either of the Applicant  
13 companies?

14 A I am not aware of it.

15 Q Now assuming for the moment that you were to  
16 get authority from Early California Foods to run trains  
17 over their private trackage, could you describe  
18 physically how you would have to do that?

19 A It depends on whether I'm coming from the east  
20 or the west.

21 Q Well, how about two descriptions -- one for  
22 each?

23 A A train going west on the SP would have to  
24 take the cars with the cars being on the west end of the  
25 engine, shove through that connection which, unlike the

1 one described earlier, is a very short one and has no  
2 road crossings and there is no need for protection, and  
3 would then in effect go around a Y and be in the reverse  
4 direction and pull up to Sunkist's location.

5 But I first point out all of Sunkist's tracks  
6 have switches on both ends. We can switch it from  
7 either end. We can get the cars there.

8 Q Now that is coming from the west. Now what  
9 about coming from the other direction?

10 A Well, coming from the other direction you  
11 would cut the cars off the train and pull them through,  
12 and then you would have to shove them ahead of the  
13 engine until you got to Sunkist. But, once again,  
14 switches on both ends. I can get the cars to you and  
15 pull them from you.

16 Q I take it that in either case it would be a  
17 somewhat awkward switch.

18 A Normal operation. We've got 100 like that.

19 Q Now assuming you were to get the permission  
20 from Early California Foods and operate as described,  
21 can you tell us for the record what level of service  
22 Sunkist can expect compared to the level of service we  
23 have today?

24 A The same.

25 Q I see. And what you would then do, I take it,

1 is switch the cars onto the Southern Pacific line. Is  
2 that --

3 A The service to this facility would come over  
4 the Southern Pacific line. The train that would pick  
5 them up going either direction would use the Southern  
6 Pacific line, and I remind you it is not two companies.  
7 It's one company at that time.

8 Q Now will the use of that line -- that is, the  
9 line that now belongs to the Southern Pacific as  
10 compared to the use of the line that now belongs to the  
11 Santa Fe -- will that make any difference in transit  
12 times on shipments to or from that facility?

13 A Not one iota.

14 Q Now I believe you indicated that you would  
15 retain either the north or the south segment proposed  
16 for abandonment until other satisfactory arrangements  
17 had been made. Can you give us any indication as to  
18 which one is the likely candidate for abandonment?

19 A No.

20 Q Okay. Can you tell us what procedure -- how  
21 will we know when it is considered that the alternative  
22 is satisfactory? What procedure will be used?

23 A When we show up at your plant with our engine  
24 and the cars you have called in and you don't know how  
25 we got there.

1 Q By that you mean when you are able to do it on  
2 a consistent basis?

3 A By that I mean the engine the day before would  
4 go by the alternate method will show up. The day we go  
5 by the alternate method will show up. You will never  
6 know the difference. The service will be the same.

7 Q And I take it that representation, then, is  
8 one you are making to the Commission, and would you  
9 consider that to be a condition of the abandonment  
10 application?

11 A That is our commitment, Mr. Roberts.

12 MR. ROBERTS: Thank you. I have no further  
13 questions.

14 JUDGE HOPKINS: Any redirect?

15 MR. SOLANDER: Your Honor, I believe there  
16 were two questions that I had.

17 MR. REMES: Your Honor, Union Pacific has  
18 questions about CCT.

19 CROSS EXAMINATION

20 BY MR. REMES:

21 Q Mr. Champion, first with profound sincerity  
22 let me thank you for a very short verified statement.

23 Can you tell me where the major shippers --  
24 and I recognize that this is a relative term when we are  
25 talking about the CCT -- are located on the CCT line?

1           A     Yes. There are three locations that there are  
2 any shippers, relatively speaking. The vast majority of  
3 them are on the north end. There are a few in the Lodi  
4 area, and there used to be some industries in the  
5 Stockton area, but the last time I saw that they were  
6 pretty dilapidated and not occupied. They may have  
7 since been reactivated.

8           Q     At the north end are you referring to  
9 Fruitridge?

10          A     Yes.

11          Q     Apart from the access provided by the CCT, is  
12 there any other rail means of reaching these shippers at  
13 each location?

14          A     Most of the locations on the north end the CCT  
15 actually operates on trackage rights over the SP. Now  
16 after they get on their own tracks there are some  
17 industries. The Lodi, the major shippers at Lodi are  
18 also reached by the SP.

19                In the Stockton area, first of all, I am not  
20 even sure there is any left, but I don't think anybody  
21 else serves that.

22          Q     Now in the application there are some very  
23 reassuring statements with respect to the consequences  
24 of the acquisition of control of CCT. At page two it is  
25 stated that acquisition and control "will not affect

1 rail service" over CCT's lines, "would not impair Union  
2 Pacific's ability to benefit from CCT's rail service".

3 At page four it's stated that the acquisition  
4 of control "will not affect any employees". At page  
5 five it states, "no changes in operations" are  
6 contemplated.

7 At page six it claims that "regulation is  
8 unnecessary to protect shippers from the abuse of market  
9 power" and that "shippers will continue to receive the  
10 same quality rail service." On this last statement, by  
11 the way, does that statement refer to the same quality  
12 of rail service by CCT?

13 A I was hearing a number of statements. Could  
14 you refer me to that last one?

15 Q I apologize for the serial presentation. On  
16 page six it says that the shippers which the CCT serves  
17 today will continue to receive the same quality rail  
18 service when SP and SF acquires control over CCT. May I  
19 assume that that refers to the same quality rail service  
20 over CCT lines?

21 A That was its intention.

22 Q So there is no intention by the Applicants at  
23 this time to make any change in the operation of the CCT  
24 line?

25 A Absolutely none. There is not any item in the



1 operating plan predicated. It was assumed to be  
2 operating independently.

3 Q What is the significance, then, Mr. Champion,  
4 of the representation on page three of the application  
5 that the purpose sought to be accomplished by the  
6 proposed exempt transaction is to make CCT part of the  
7 new SP and SF rail system? There are quotes around that  
8 sentence.

9 What is the significance of becoming part of  
10 the new SP and SF rail system if nothing is supposed to  
11 charge as a result of this acquisition or control?

12 A I would contemplate that we have some lawyers  
13 who have an excess of verbage involved here, and, quite  
14 frankly, that is not the intent. The intent is that we  
15 will operate it as independently, and that language is  
16 incorrect, inaccurate. I shouldn't say incorrect --  
17 inaccurate.

18 Q Is it your understanding that each proprietor  
19 will have an equal say in the operation and maintenance  
20 of the line?

21 A The intent here -- to go back, we set out not  
22 to try to devise any great grand strategy of using the  
23 CCT. We set out to devise a strategy to put the SF and  
24 SP together in our process, and we leave the CCT  
25 independent. In our process we became aware that the

1 SP -- that the CCT would inevitably with a merger be  
2 owned two-thirds by the surviving merged company.

3 Q I understand that.

4 A If I may, just one more.

5 Q Please.

6 A Since it has bothered you -- and this is not  
7 hypothetical -- we are prepared to sell the Union  
8 Pacific the Santa Fe's one-third and let you operate the  
9 thing and you have the two-thirds issue -- and that is  
10 not a joke, sir.

11 Q Well, we are grateful for your candid and  
12 unexpected offer at this point.

13 (Laughter.)

14 But that is not what concerns us most. I'm  
15 not trying to make the tail wag the dog here. My  
16 question is whether if CCT becomes part of the new SF  
17 and SF rail system by virtue of the Applicants' combined  
18 ownership of two-thirds of the stock each proprietor of  
19 the CCT will continue to have an equal say in the  
20 operation and management of the line.

21 A With the stock ownership being split the way  
22 it is and assuming for some reason that an officer was  
23 no longer able to function and you had to elect, of  
24 course the company is going to use their voting, but the  
25 intent is to run the CCT as an independent

1 organization. And, frankly, I was serious a while ago  
2 on the offer because if that worries you, you control  
3 the thing. You take the two-thirds.

4 Q Well, with all due respect, sir, we have  
5 introduced into evidence an agreement. It's UP-MP-C-7.  
6 It's not an agreement. It's a report and order of the  
7 Interstate Commerce Commission dated August 5, 1927,  
8 which provides that the line should be operated  
9 impartially and without discrimination toward any of the  
10 proprietors.

11 And, frankly, it concerns us whether the  
12 intention of the Applicants in light of the premise upon  
13 which the Commission approved the sale of the line by  
14 Mr. Fleishaker in 1927 is that each proprietor of the  
15 line will continue to have an equal say in the control  
16 and management of the line.

17 Our concern is obviously whether it is the  
18 Applicants' understanding that control in an operational  
19 and management sense will follow from the equity  
20 interest of the SP and SF after the control application  
21 is granted, assuming that it is. It is obviously not  
22 our view that the ICC contemplated such an imbalance  
23 among the proprietors and that is why I am pressing for  
24 a representation either by the witness or by counsel for  
25 the Applicants with respect to whether or not each

1 proprietor will have equal say in the management and  
2 operation of the line.

3 It will not be possible after the control  
4 application is granted for Union Pacific and SF to gang  
5 up on SF or for Union Pacific and SF to gang up on SF.  
6 There will be a situation in which there will be two  
7 proprietors -- UP on the one hand, and SFSP on the  
8 other.

9 A I don't pretend to have read the agreement.  
10 But the Commission was looking at a condition where  
11 there was three equal owners, and they said you should  
12 have an equal voice. And we did have an equal voice.  
13 We now do not have equal owners. The conditions are  
14 different. The Commission has to address that.

15 Now to your earlier point, we will operate it  
16 impartially. We will provide the same kind of service  
17 to the UP that we have in the past. We will not  
18 discriminate against them.

19 Q You represent you will not discriminate  
20 against Union Pacific in the operation or management of  
21 the CCT?

22 A We do.

23 MR. BEMES: I have no further questions of  
24 this witness.

25 JUDGE HOPKINS: Mr. Solander.

1 MR. SOLANDER: Yes, Your Honor. My questions  
2 do not relate to the applications. It's my  
3 understanding there were two carry-over questions  
4 yesterday from Mr. Fitzgerald and Lacy relating to  
5 shipper --

6 JUDGE HOPKINS: That they said this man could  
7 answer?

8 MR. SOLANDER: I understood that Mr. Champion  
9 could answer.

10 MR. STEPHENSON: One of them dealt with the  
11 shipper policy.

12 MR. SOLANDER: An active shipper where there  
13 was a limitation on cars.

14 JUDGE HOPKINS: This gentleman seems to be  
15 able to answer any questions.

16 MR. SOLANDER: I have a couple of other  
17 questions, too, then. Will he be coming back?

18 MR. THORNDEN MILLER: Yes.

19 JUDGE HOPKINS: Yes, he is due to be back.

20 CROSS EXAMINATION

21 BY MR. SOLANDER:

22 Q Mr. Champion, my name is O. J. Solander and I  
23 represent the California State Department of  
24 Transportation. We are cooperating with the California  
25 Public Utilities Commission in investigating this case

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1 and its impacts on the State of California.

2 One question that I had yesterday that I  
3 believe was referred to you was does the planned  
4 exclusive use of the SF line through Fresno mean that  
5 there will be a reduction or elimination of the service  
6 to shippers located on the SF line in Fresno?

7 A We do not believe, Mr. Solander, that we  
8 abandoned any piece of track in Fresno where there are  
9 shippers. I'll have to give you my definition of a  
10 shipper because you may have something different.

11 In the Commission's provision for abandonment  
12 they have stated that if no one has loaded a car or  
13 unloaded a car on that line in two years, then that  
14 there is a simplified procedure for abandonment. We  
15 consider that as evidence that there is an understanding  
16 that in the old phrase "use it or lose it".

17 Now if the customer's got a track he built in  
18 1926 out there but hasn't used it, he is not a customer  
19 in our parlance. To my knowledge, we have no customers,  
20 meaning someone who has shipped in the last two years,  
21 on that section of line.

22 Q Fine. Okay. Following up on your definition  
23 of a shipper, then, as I understand it there would be no  
24 limitation on the number of cars that that shipper could  
25 receive as long as he loads or unloads, let's say, one

1 car. Would he still be an active shipper?

2 A As long as our track is still in service, not  
3 abandoned, we continue to serve him with one car. We  
4 are required to furnish the service. When we abandon  
5 it, that's gone.

6 MR. SOLANDER: Thank you, sir.

7 JUDGE HOPKINS: Thank you. Any other  
8 questions?

9 (No response.)

10 JUDGE HOPKINS: You are excused, sir.

11 (The witness was excused.)

12 JUDGE HOPKINS: Off the record.

13 (A discussion was held off the record.)

14 MR. STEPHENSON: Mr. Dave Hill is a  
15 replacement witness for Mr. Keyes and he will be the  
16 lead-off witness.

17 MR. REMES: And Mr. Feyff will follow?

18 MR. THORNDON MILLER: Swain.

19 MR. STEPHENSON: Dave Hill will be the first.

20 JUDGE HOPKINS: Thank you. Anything further  
21 before we recess?

22 (No response.)

23 JUDGE HOPKINS: We will be in recess until  
24 9:00 tomorrow morning, then. Thank you very much.

25 (Whereupon, at 10:25 o'clock a.m., the hearing



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in the above-entitled matter recessed, to reconvene at  
9:00 o'clock a.m., Friday, October 19, 1984.)

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