

Existing Bridge and in the way traffic is processed for interchange at that border crossing. UP and KCSM have made significant capital investments to increase capacity—UP at its Port Laredo yard approximately eight miles north of Laredo and KCSM at its Sanchez Yard in Nuevo Laredo. Both KCSM and UP have added the Centralized Traffic Control (“CTC”) system and additional sidings on their main lines on their respective sides of the border. This addition of yard capacity, CTC, and sidings allows our trains to more quickly proceed to and from the border crossing, thereby reducing congestion at the crossing and increasing the Existing Bridge’s capacity.

Process improvements made include the implementation of the despacho previo system (a system providing for a more fluid and faster operation by clearing cars to cross from the U.S. into Mexico prior to their arrival at the border) and the Automated Manifest System with US Customs, the installation of VACIS machines on both sides of the border, the increased use of “run-through” trains (including locomotives), and improved customs processes. These improvements have expedited movements over the Existing Bridge and substantially increased its capacity.

The diminished current need for the New Bridge, or for any other bridge that would replace the Existing Bridge, has also resulted from declining traffic levels caused by the recent downturn in the general economy and by the rerouting by customers of certain trains from the Laredo/Nuevo Laredo crossing to the crossing at Eagle Pass, Texas/Piedras Negras, Coahuila. In addition, the failure of anticipated movements originating from the Port of Lazaro Cardenas, Mexico, to materialize has reduced projected traffic volumes.

The result is that current traffic over the Existing Bridge consumes approximately 50% of its capacity. For this reason, we do not believe that the New Bridge, nor any other new rail bridge at the Laredo/Nuevo Laredo crossing, is required at this time. But we are confident that traffic levels will increase and that a new bridge will be required in the future. Operating and other considerations dictate that any such new rail bridge should take the form of the Flecha Lane project, including the New Bridge. Continuation of the Permit would allow construction of the New Bridge to begin quickly when increases in traffic levels tax the capacity of the Existing Bridge.

We are aware of two other proposals for international railroad bridges at Laredo/Nuevo Laredo. Unfortunately, neither of these proposals, as presently planned, would meet UP’s needs. We understand that KCS intends to apply for a Presidential Permit to construct and operate a new international bridge at Laredo/Nuevo Laredo approximately 12 miles southeast of the Existing Bridge (the “East Loop By-Pass Project”). The East Loop By-Pass Project would involve the construction of approximately 51 miles of trackage in an eastern loop around Laredo/Nuevo Laredo. UP opposes the East Loop By-Pass Project because it would present significant operating problems and expense to UP and

would add approximately 24 miles of circuitry to UP movements interchanged with KCSM. At a minimum, any Presidential Permit for the East Loop Project should be made contingent upon agreement between KCS and UP for UP’s use of the bridge and access trackage, including compensation terms. To date, KCS has declined UP’s requests to discuss this important matter.

The other proposed project would involve the construction of a new railroad bridge approximately 19 miles west of the Existing Bridge (the “Columbia River Project”) which would connect with trackage on the U.S. side constructed alongside the existing toll road at approximately mile post 27. The Columbia River Project is supported more by the governmental entities that have proposed it than by the railroads that would actually use it. UP opposes the Columbia River Project since it would, if implemented, present significant operational problems for UP. We doubt the project will ever be undertaken due to its high cost and the opposition of various affected parties, including KCS.

I would very much appreciate the opportunity to speak with you further about UP’s position on this very important matter.

Sincerely, Robert Naro, Vice President for Mexico Operations, Union Pacific Railroad Company

End Text

Dated: December 4, 2009.

Alex Lee,

*Director, Office of Mexican Affairs,
Department of State.*

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DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 35329]

A&R Terminal Railroad Company— Acquisition and Operation Exemption—A&R Logistics, Inc.

A&R Terminal Railroad Company (ARTR), a noncarrier, has filed a verified notice of exemption under 49 CFR 1150.31 to acquire, by lease, and to operate A&R Logistics, Inc.’s (A&R) Morris Transload Facility and approximately 6.25 miles of right-of-way and trackage located in the transload facility, in Morris, IL.¹

ARTR states that the rail line to be acquired and operated by ARTR constitutes a line of railroad for which an exemption from the Board is required because it is ARTR’s initial rail acquisition and operation, notwithstanding that it might otherwise be considered to be spur, industrial, and/or switching track exempt from the

Board’s acquisition and operation authority under 49 U.S.C. 10906.²

The earliest this transaction may be consummated is December 25, 2009, the effective date of the exemption (30 days after the verified notice of exemption was filed).

ARTR certifies that its projected revenues as a result of the transaction will not exceed those that would qualify it as a Class III rail carrier.

Pursuant to the Consolidated Appropriations Act, 2008, Public Law 110–161, § 193, 121 Stat. 1844 (2007), nothing in this decision authorizes the following activities at any solid waste rail transfer facility: Collecting, storing, or transferring solid waste outside of its original shipping container; or separating or processing solid waste (including baling, crushing, compacting, and shredding). The term “solid waste” is defined in section 1004 of the Solid Waste Disposal Act, 42 U.S.C. 6903.

If ARTR’s verified notice contains false or misleading information, the exemption is void *ab initio*. Petitions to revoke the exemption under 49 U.S.C. 10502(d) may be filed at any time. The filing of a petition to revoke will not automatically stay the effectiveness of the exemption. Stay petitions must be filed no later than December 18, 2009 (at least 7 days before the exemption becomes effective).

An original and 10 copies of all pleadings, referring to STB Finance Docket No. 35329, must be filed with the Surface Transportation Board, 395 E Street, SW., Washington, DC 20423–0001. In addition, one copy of each pleading must be served on David C. Dillon, Dillon & Nash, Ltd., 111 West Washington Street, Suite 719, Chicago, IL 60602.

Board decisions and notices are available on our Web site at <http://www.stb.dot.gov>.

Decided: December 7, 2009.

By the Board, Rachel D. Campbell,
Director, Office of Proceedings.

Kulunie L. Cannon,

Clearance Clerk.

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² See *Effingham RR Co.—Pet. for Declaratory Order*, 2 S.T.B. 606 (1997), *aff’d sub nom. United Transp. Union—Ill. Legislative Bd. v. Surface Transp. Bd.*, 183 F.3d 606 (7th Cir. 1999); see also *Bulkmatic RR.—Acquire and Operate—Bulkmatic Transport*, 6 S.T.B. 481 (2002).

¹ The Morris Transload Facility trackage is not described by milepost numbers.