

Attorneys for Chicago, Milwaukee,
St. Paul and Pacific Railroad Company

BEFORE THE
INTERSTATE COMMERCE COMMISSION

IN THE MATTER OF THE APPLICATION OF)
UNION PACIFIC RAILROAD COMPANY and) FINANCE DOCKET Nos.
CHICAGO ROCK ISLAND AND PACIFIC) 23285, 23286, 23287
RAILROAD COMPANY) and 23288
)

IN THE MATTER OF THE APPLICATION OF) FINANCE DOCKET Nos.
SOUTHERN PACIFIC COMPANY) 23595, 23596 and
MC-F-9222

PETITION FOR INCLUSION
OF
CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC
RAILROAD COMPANY

Chicago, Milwaukee, St. Paul and Pacific Railroad Company (Milwaukee) on authority of its Board of Directors hereby petitions the Commission pursuant to Section 5(2)(d) of the Interstate Commerce Act to be included in the above-entitled transactions as a condition to any approval thereof on such terms and conditions as the parties thereto should agree or upon failure of agreement as the Commission shall fix.

In support of its petition for inclusion the Milwaukee states that since the above applications were filed and evidence with respect thereto received by the examiners, new facts and circumstances have occurred which materially affect the public interest involved therein and the national transportation system.

The anticipated unification of the properties and franchises of Milwaukee and Chicago and North Western Railway Company (North Western) to form a single system through merger and under control of Northwest Industries, Inc., as contemplated by the joint applications in Chicago, Milwaukee and North Western Transportation Company - Consolidation - Chicago and North Western, et al, Finance Docket Nos. 24182, et al, has been denied by order of the Commission dated March 31, 1970. An offer by Northwest Industries to sell substantially all of the transportation assets of North Western to the Milwaukee, but without its nontransportation subsidiaries, does not provide a feasible basis for a unification.

The Milwaukee, both as a prospective merger partner of North Western and as an independent railroad system intervened in opposition to the above proposed merger of

the Rock Island with Union Pacific, despite Rock Island's alleged need for merger, and continues to oppose the same. This opposition is based upon the firm conviction that the extension of such a strategically located and powerful railroad as Union Pacific through the Midwest territory served by the extensive lines of the Milwaukee is not consistent with the public interest and would make the Milwaukee's long term future untenable. Impaired by the penetration of such a railroad into the heartland of its Midwest territory, the Milwaukee would be deprived of any hope for a satisfactory solution to its problem of too much railroad with too little traffic. Costs, continually rising at a rate faster than revenues and new railroad techniques can be expected to counter, present insuperable obstacles to the Milwaukee standing alone against a merged Union Pacific - Rock Island system. Even after giving full consideration to the expected benefits from the conditions prescribed by the Commission for the protection of the Milwaukee in the Northern Lines case, the Milwaukee could not be expected to provide a competitive service to both the new Burlington Northern Inc. and the proposed Rock Island - Union Pacific system.

The Milwaukee is a railroad serving the territory involved in the above applications, connecting with Union Pacific at Kansas City and Omaha-Council Bluffs in the Midwest and in the Pacific Northwest at Butte, Montana; Spokane, Plummer, Marengo, Seattle, Chehalis, and Tacoma, Washington; and Portland, Oregon. It connects with Southern Pacific at Portland, and (upon purchase of the southern portion of Rock Island lines by Southern Pacific) at Kansas City. Its inclusion in either or both of these proposed systems would provide many opportunities to extend their single line service throughout the Midwest territory, including areas in Indiana, Illinois, Wisconsin, upper Michigan, Minnesota, the Dakotas, Montana, northern Idaho and Washington not now served by Rock Island, Union Pacific or Southern Pacific. Either the Union Pacific or Southern Pacific would assure strong financial backing for a competitive rail service throughout the northern tier of states. There would also be opportunities for combining lines, eliminating unneeded duplication of services and facilities, routing traffic via the fastest, most economical routes, and for offering better, faster and more dependable schedules to the entire western territory. These, as well as many other benefits from

inclusion, are in the public interest. Only by including the Milwaukee could the proposed transactions be found consistent with the public interest.

Wherefore, the Milwaukee prays that the Commission either deny the above-entitled applications or, in the alternative, reopen the proceedings for further hearing to receive evidence in connection with this petition, and that the Commission order the Milwaukee to be included upon such terms and conditions as the parties may agree, or as the Commission may fix, as part of a Union Pacific-Rock Island or Southern Pacific-Rock Island system.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all parties of record in this proceeding by mailing a copy thereof, by first class mail, properly addressed, to each such party.

Dated at Chicago, Illinois, this 3rd day of April, 1970.

Raymond K. Merrill