



## PACIFIC HARBOR LINE

August 15, 2008

Mr. Richard Timmons  
President  
American Shortline and Regional Railroad Association  
50 F Street, NW, Suite 7020  
Washington DC 20001-1564

Dear Mr. Timmons:

The following is Pacific Harbor Line's response to STB's request for information relating to rail carrier preparedness for the 2008 peak season.

Pacific Harbor Line (PHL) serves the ports of Los Angeles and Long Beach, which together form the busiest port complex in North America. PHL operates exclusively on trackage that is owned by one port or the other or jointly owned. PHL provides basically two services: First, we provide the switching for all carload industries in the harbor; second, we provide intermodal traffic switching to and from the marine terminals with on-dock rail yards.

PHL essentially performs its services as agents for Union Pacific Railroad and BNSF Railway. Thus, to a large extent our plans are but a component of those carriers' much larger, comprehensive plans.

Our customers are telling us that the carload business in the second half of 2008 is projected to be very similar if not slightly less than the second half of 2007. On that basis, we have sufficient crews and motive power to meet the demand.

Our intermodal operations, which form the preponderance of our activity, respond to the specific requests by UP and BNSF and certain marine terminals for PHL-provided crews. BNSF and UP have advised us they do not anticipate increasing the compliment of PHL crews required for the balance of 2008. It should be pointed out that PHL crews are a supplement to and work in conjunction with UP and BNSF crews to meet the international intermodal demand. However PHL has both the motive power and personnel to expand operation during the peak if asked.

Among the tasks now performed by PHL crews are to assemble and air test outbound trains with Class I road power, and enable UP and BNSF road crews to board a ready-to-depart train and leave with a minimum amount of time on duty, thus reducing hours of service tie-ups further down the line.

In 2005 a major PHL/BNSF/UP initiative was to co-locate the on-dock intermodal operations planning of all three railroads into the PHL office building. Previously, that function was conducted in separate locations by each railroad. By co-locating, communication between all entities is enhanced, resulting in more efficient crew and infrastructure utilization, thus increasing capacity. This arrangement has served us well for the past three years.

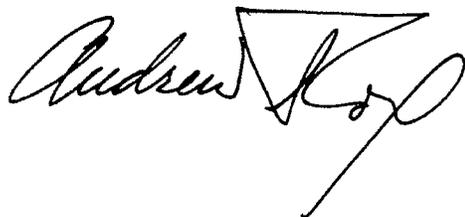
BNSF and UP, with the assistance of PHL, established road locomotive servicing operations on PHL trackage on Terminal Island, the hub of on-dock intermodal operations for both ports. By establishing the ability to "turn" locomotives closer to the origin and destination yards, locomotive utilization improves and the number of light engine moves decreases to and from other servicing facilities, which positively impacts PHL line capacity.

PHL, as well as BNSF and UP, are jointly participating on a task force with the Ports of Los Angeles and Long Beach and certain marine terminals and shipping lines to ascertain if there are short term possibilities to load additional traffic on-dock as opposed to drayage to off-dock intermodal ramps. The goal is to maximize utilization of on-dock yards. This effort is on-going, but it does not eliminate the need for more near-dock capacity, as well. However, over the past three years, the percentage of containers loaded and unloaded on-dock has climbed from less than 20% to 24% in 2007 as a result of some of these initiatives.

With respect to capital improvements, neither PHL nor the Class I carriers control capital expenditures in the harbor. The owners, the Ports of Los Angeles and Long Beach, make the capital improvements. In early 2008, the ports, acting through the Alameda Corridor Transportation Authority, installed remote control switches in 16 locations within the ports and improved Centralized Traffic Control (CTC) signaling in one location. Further an additional crossover will be installed in September 2008 in a strategic location which will enhance network efficiency. Finally in 2007, the Port of Los Angeles made roughly 21,000 feet of additional storage track at a former coal facility available to PHL/UP/BNSF for intermodal storage.

Please let me know if you have any questions.

Very Truly Yours,

A handwritten signature in black ink, appearing to read "Andrew Fox". The signature is stylized and includes a large, prominent loop at the end.

Andrew Fox  
President