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UTAH STATE
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BEFORE THE WASHINGTON STATE
UTILITIES AND TRANSPORTATION COMMISSION

CITY OF KENNEWICK,

Petitioner,

vs.

UNION PACIFIC RAILROAD,

Respondent.

NO. TR-040664

REPORT ON STATUS;
RECOMMENDATIONS

1. Status. Union Pacific Railroad Company is continuing to seek BNSF Railway's consent to the relocation of Union Pacific's interchange operation with the Tri-City & Olympia Railway (TCRY) from Kennewick to Wallula Junction. This would allow Center Parkway to be extended between Gage Boulevard and Tapteal Drive without interfering with UP/TCRY interchange operations. Although BNSF told UP several months ago that it would likely consent to allowing the TCRY to operate over joint UP/BNSF tracks to reach Wallula, it has not yet given its written consent. Neither has BNSF said that it will not consent, even when asked that question directly. Moving the interchange to Wallula is the only option Union Pacific is aware of that would allow the cars to be in interchanged at a location far from any houses, where the noise of refrigerator cars is unwelcome. Union Pacific has not given up on the Wallula option and is trying to determine the reason for BNSF's lack of response on this issue.

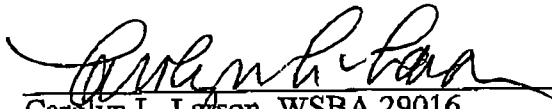
2. Recommendations. It is Union Pacific's preference that it be given additional time to secure BNSF's consent. My primary contact in BNSF's law department is on vacation until mid-June. I have written to him about this matter and I am hopeful I will have a better idea by

1 the end of June whether BNSF will or will not give its consent to the relocation of the UP/TCRY
2 interchange to Wallula. Union Pacific recommends that this proceeding remain in abeyance for
3 an additional 35 days to reassess whether or not a relocation to Wallula is likely. Union Pacific
4 understands the city of Kennewick is concerned about potentially losing funding for its proposed
5 road if no progress is shown on moving forward with the project. Union Pacific suggests that the
6 parties agree to a new schedule for the administrative proceeding right after the 4th of July
7 weekend if no progress with BNSF takes place by that date. Union Pacific suggests that the issue
8 of whether or when to stipulate to new dates for discovery cutoff, pre-filing testimony, etc., be
9 discussed at the pre-hearing conference on July 2, 1005.

10 3. Notice. A copy of this report is being served by fax on all parties.

11 DATED this 1st day of June, 2005.

12 KILMER VOORHEES & LAURICK, P.C.

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15 Carolyn L. Layson, WSBA 29016
16 Of Attorneys for Respondent
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CERTIFICATE OF SERVICE

I certify that on June 1, 2005, the foregoing REPORT ON STATUS;
RECOMMENDATIONS was served on the following by fax to the following telephone
numbers:

- C. Robert Wallis – 360-664-2654
- Jonathan Thompson – 360-586-5522
- Sally Johnston – 360-586-5522
- John Ziobro and Tyler Morris – 509-585-4424



Carolyn L. Larson, WSBA 29016
Of Attorneys for Respondent