

Northwoods Rail Transit Commission

Meeting September 25, 2015

“Branch Lines, Short Lines, Preservation Options”

Restoration of Competitive and Sustainable

Freight Rail Service

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Wisconsin Central Group*
An ad hoc Rail Freight Stakeholders Coalition

*Operating under the auspices of Wisconsin Manufacturing & Commerce,
Wisconsin Paper Council and Michigan Forest Products Council

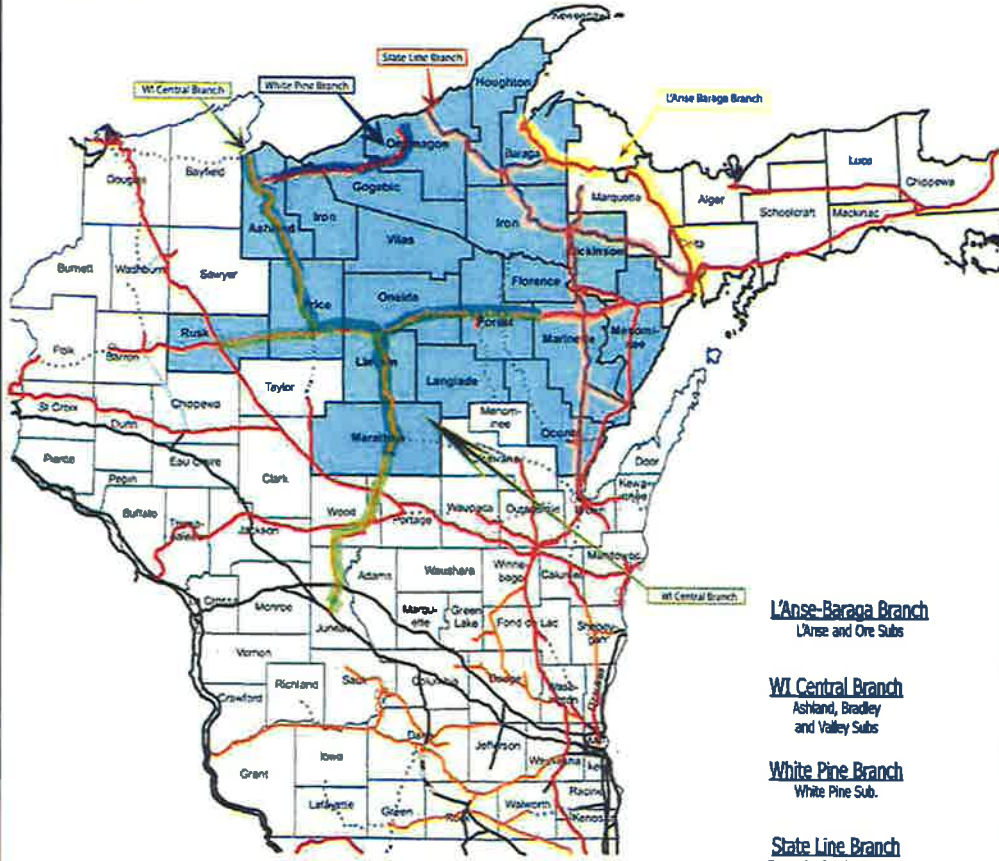
- **A Rational Freight Rail “System” for the Region.**
 - Local origin and destination. Notably, logs.
 - WC Origin or destination.
 - Manufactured forest products.
 - Materials for manufacturing or consumption.
 - “Region” = the Great Lakes Forests Region.
- **“Restoration” of Sustainable, Competitive Freight Rail Service.**
- **Significance of Hwy 8 Freight Rail Corridor.**

The Great Lakes Forests Region



- **But Also, Selectively –
Looking at Region From a Branch Line Perspective.**
 - L’Anse-Baraga?
 - WC Central Branch?
 - White Pine Branch?
 - State Line Branch – E&LS plus other branches?
- **A Means of Focusing Attention On –**
 - Specific operations, community & shipper support.
 - Shortline and other options.
- **Note Potential for Connectivity of “Branches”.**

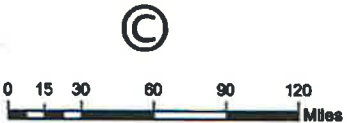
September 1, 2015



- L'Anse-Baraga Branch**
L'Anse and Ore Subs
- WI Central Branch**
Ashland, Bradley and Valley Subs
- White Pine Branch**
White Pine Sub.
- State Line Branch**
Escanaba & Lake Superior and Goodman-Powers

Legend

CN	WSOR (Out of Service)
ELS	Union Pacific (Out of Service)
PR	CN (Out of Service)
WSOR	Local Rail Lines
Other Railroad	Rail to Trails



Source: WI DNR, NCRWPC, CURPAD

This map is neither a legally recorded map nor a survey and is not intended to be used as one. This drawing is a compilation of records, information and data used for reference purposes only. NCRWPC is not responsible for any inaccuracies herein contained.

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- **CN/WC Shortline Spin-Off Criteria/Issues:**
 - Virtual single line? Transparency for the Shipper?
 - Alternatively, for the shortline:
 - Ratemaking authority, within/beyond GLFR?
 - Trackage rights?
 - Adequate capital to maintain & restore?
 - Adequate power & rolling stock?
 - Connections other than CN?
 - Connectivity within the Great Lakes Forests Region?
- **No Indication of Change on CN Spin-Offs.**

Surface Transportation Board

- Financial assistance & “Feeder Railroad Development”.
- “Financially Responsible Party”.
- If you wait for the abandonment notice, already too late.
- Self-help process. Organize early. Bring your checkbook.
- Shortline spin-offs:
 - Mostly exempt from STB jurisdiction.
 - Get what Class I is willing to discard and remain its captive.
- Hence, strong preference for collaborative process, if possible.

CN/WC Line Spin-Offs May Be a Special Case?

“Applicants must adhere to all of the representations they made on the record during the course of this proceeding, whether or not such representations are specifically referenced in this decision.”

Surface Transportation Board Finance Docket 34000, *Canadian National – Control – Wisconsin Central*, Decision and Order, September 7, 2001, Item 5 of the Order, at p. 28 [emphasis added].



CN/WC May Be a Special Case (Cont'd) –

What CN promised to gain control of WC:

We are confident that implementation of the CN/WC merger will proceed smoothly and will result in meaningful service improvements. **We plan to operate WC as the sixth division of the CN system in order to preserve WC's local characteristics and the value of its employees' experience as much as possible while securing the benefits of system integration. Among other things, this will assure that customers on WC's relatively low-density lines will continue to receive the quality of service they have come to expect from WC.** We have provided a Service Assurance Plan that we are confident will assure customers that **service levels for each of them will be as good as or better than current levels.**

Surface Transportation Board Finance Docket 34000, *Canadian National – Control – Wisconsin Central*, Verified Statement of Paul M. Tellier, Canadian National's Chief Executive Officer, p. 2, April 6, 2001 [emphasis added].

Thus, We Repeat –

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 - Connections other than CN?
 - Connectivity within the Great Lakes Forests Region?
- **Perhaps, STB Intervention in the Northwoods Will Be Needed? We hope not!**

Current & Upcoming for WCGroup:

- Log car funding from WI & MI. TIGER VII? TIGER VIII?
- Explore “branch line” perspective/projects:
 - Support development of local community-shipper networks?
 - Support outreach for “Actionable Shipper Data”?
- Asking Congress to mandate STB investigation of railroad competition for non-captive, truck-competitive freight.
- CN/WCGroup Review, Consultation 10/13/2015
 - Stepping up our collaborative efforts?
 - And/or re-structure, re-focus our working committees?
 - Or, other?

What Can NRTC Do Right Now?

- **Press for MI and WI Funding for Log Cars.**
- **Formally Invite CN's CEO To Share CN's Plans.**
- **Interview Potential Shortline Operators:**
 - Nature and scope of interest?
 - Which lighter-density CN/WC lines?
 - Assessment of line condition (prior inspection)?
 - Anticipated investment, sources of funds?
 - *Etc.*

What Can NRTC Do Right Now (Cont'd)?

- **Engage Forestry Stakeholders in Rail Issues:**
 - Help telling the “forest health” and value story.
 - MI, MN and WI State Foresters and DNRs.
 - Funding to update/expand rail-truck log studies.
- **Alert MI and WI DOTs & Legislators To:**
 - Service, spin-off, abandonment issues, generally.
 - Potential need for “conditions” on spin-offs & for STB action with MI and WI State participation.
 - Use forums such as WI Freight Advisory Committee?

What Can NRTC Do Right Now (Cont'd)?

- **Support Congressional Action, e.g.:**
 - Shortline tax credit for light-density lines regardless of ownership by Class I.
 - Mandate STB to investigate railroad industry competitiveness for non-captive, truck-competitive freight.
- **Create NRTC Working Committee(s), e.g.:**
 - Recruit additional NRTC members (MI, MN, WI), follow CN/WC lines, Great Lakes Forests Region?
 - Contacts with railroads, DOTs, State legislators?
 - Administration, grant/other funding initiatives?

What Can NRTC Do Right Now (Cont'd)?

- **Working from “Branch Line” Perspective:**

- Support community development & shipper networks?
Branch line working committees?
- Pursue funding (*e.g.*, Patrick Engineering) for development of Actionable Shipper Data?

- **Working from “System” Perspective:**

- Promote Overhead Freight, Ladysmith-Pembine, incl., bulk commodities, *e.g.*, ore, sand, crude-by-rail?
- Connectivity with ports, *e.g.*, Escanaba, Marinette, Green Bay, *etc.*?