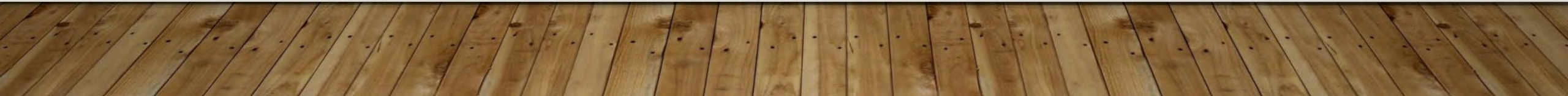


# REGIONAL RAIL SERVICE: PAST, PRESENT AND FUTURE

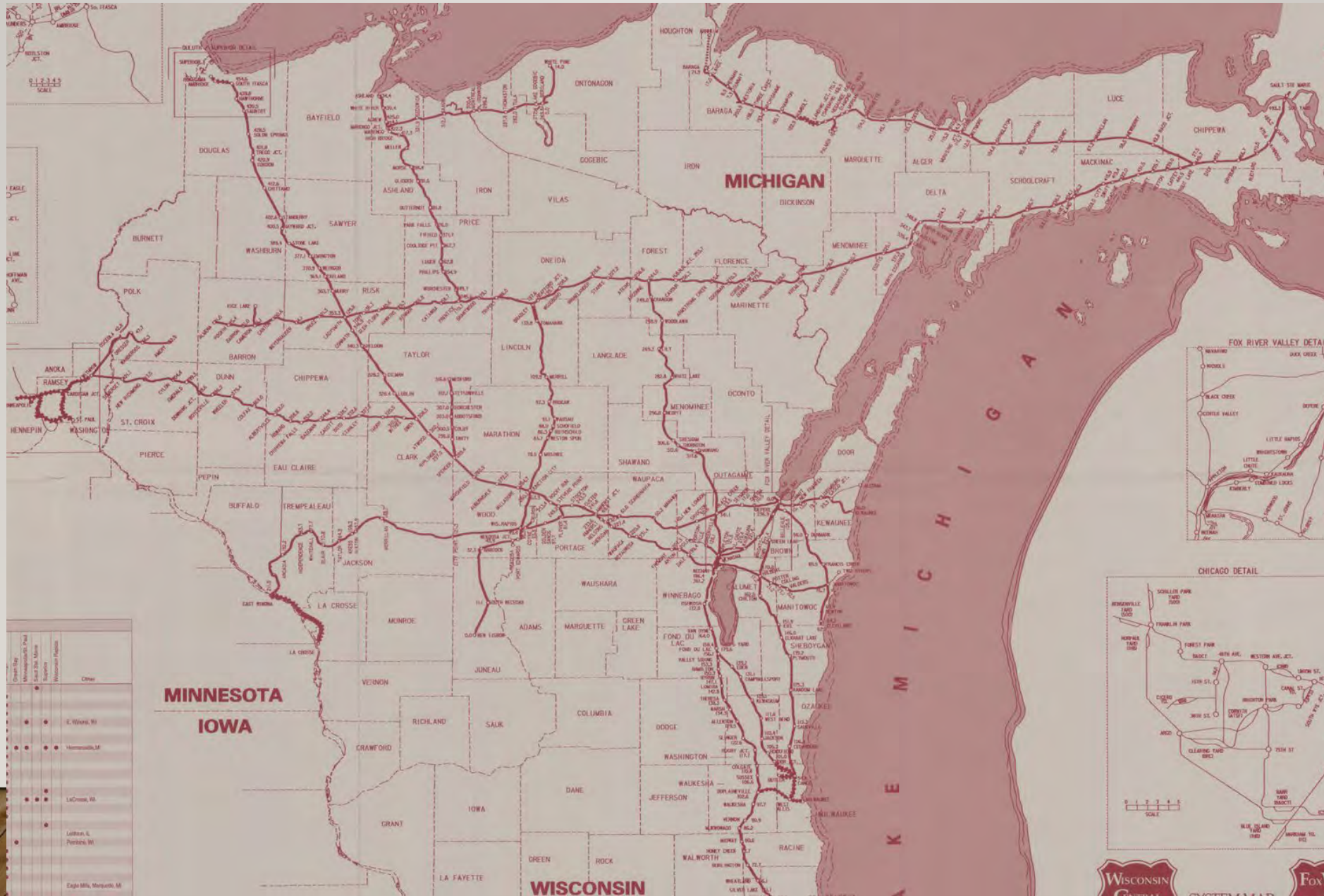
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LARRY KRUEGER - KRUEGER LUMBER CO-OWNER

WENDY GEHLHOFF - NORTHWOODS RAIL TRANSIT COMMISSION CHAIR



# Wisconsin Central Rail Sidings circa 1993





# Wisconsin Central Rail Sidings closed by 2022



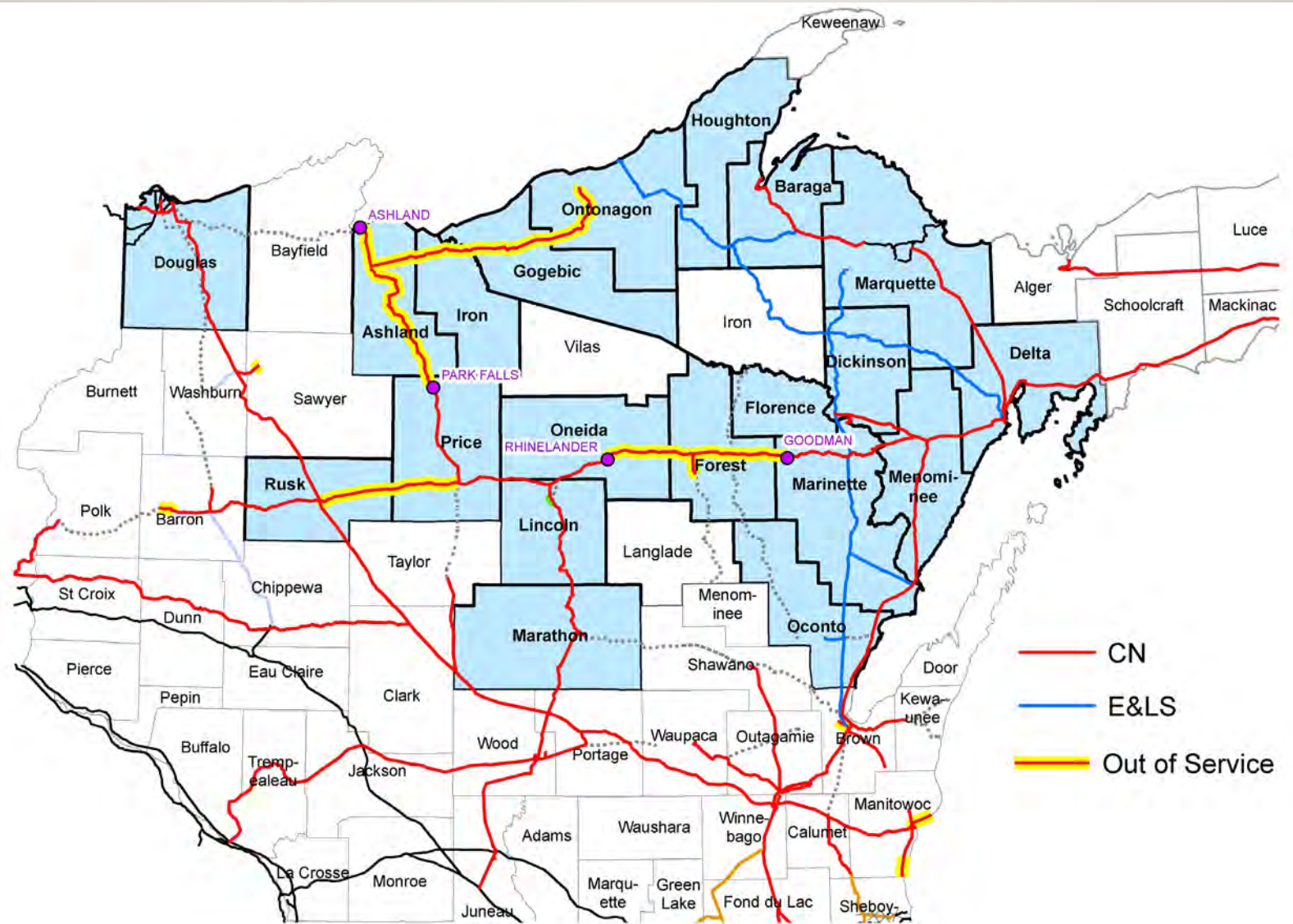
# NRTC HISTORY AND BACKGROUND

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- Started June 2011 from concern re possible rail abandonment on Hwy 8 CN line
- Official WisDOT Rail Transit Commission status May 2012 (largest in the state)
- NRTC Interstate Agreement approved by WI & MI Attorney Generals in October of 2013
- Each County has 2 voting members (12 northern WI and 8 upper MI Counties)
- Mission: **To sustain and enhance safe, reliable and efficient rail service critical to the businesses, communities and economies in Northern Wisconsin and the Upper Peninsula of Michigan**

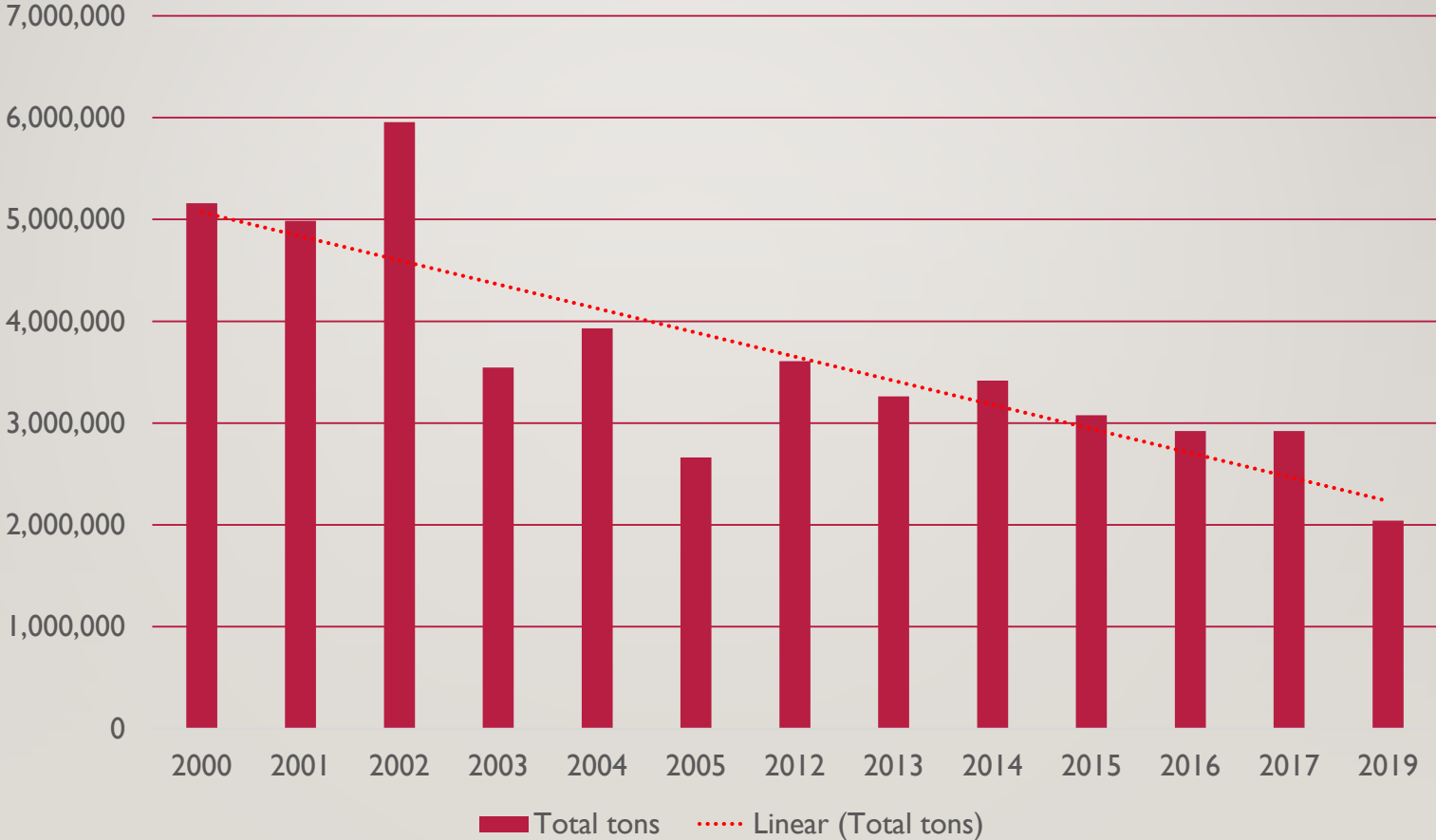


# NRTC COUNTIES



# WISC. LUMBER AND WOOD PRODUCTS SHIPPED

Total Originating and Terminating Tons Shipped



**60% reduction  
of total tons  
shipped from  
2000 – 2019**

Source: STB  
Waybill Samples &  
IHS Transearch

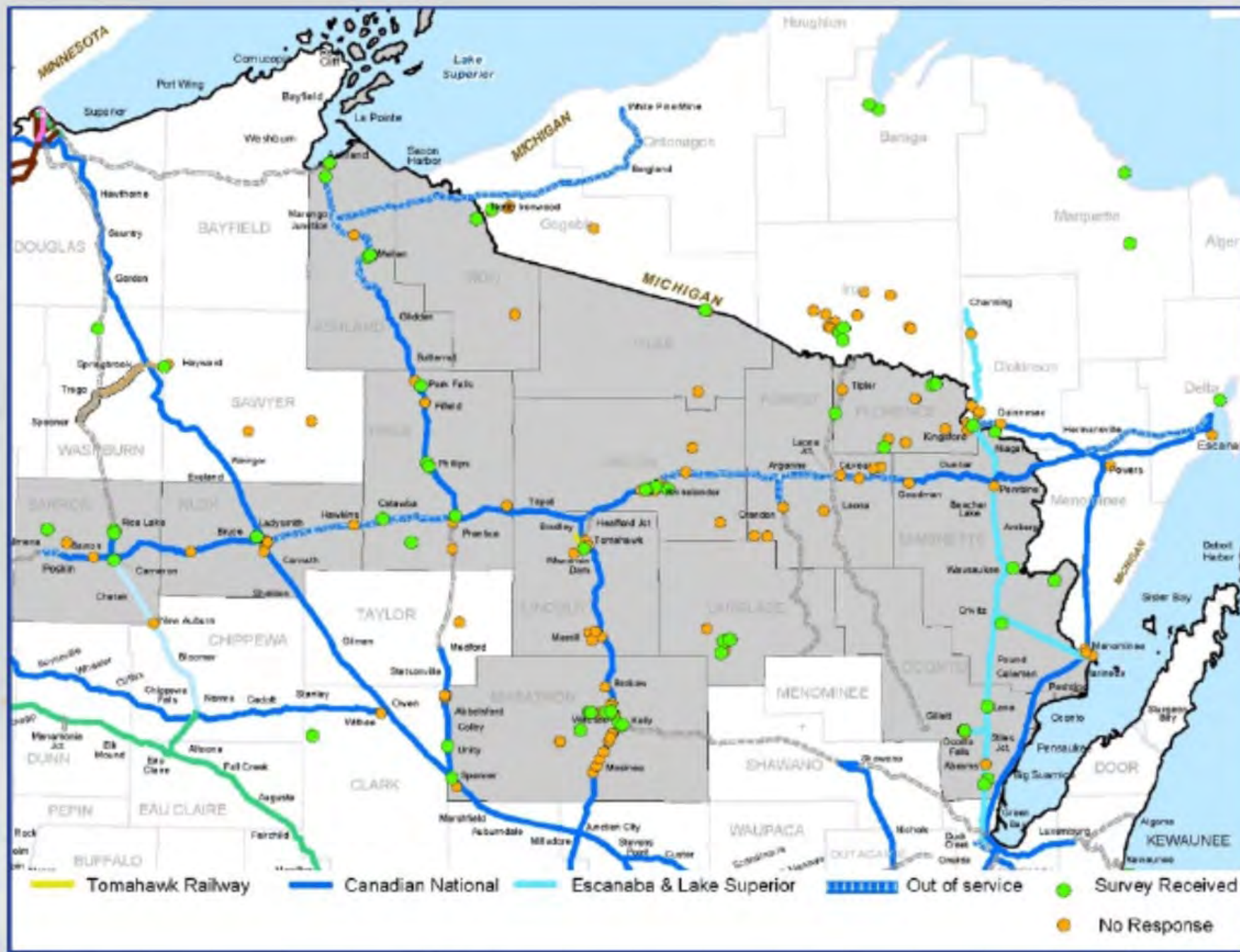
# NRTC ACCOMPLISHMENTS

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- Grew from 8 original counties in WI to 22 counties in WI and MI
- Worked with WisDOT and businesses for 2 Rail Market Studies: 2013 and 2017
- Advocated for legislators to increase state grant funding
- Applied for 2 TIGER grants with help from WCG and CN
- Applied to WisDOT FRPP for log car funding - denied
- Worked with legislators to highlight/address rail issues
- Issued an RFI to solicit short line interest in buying

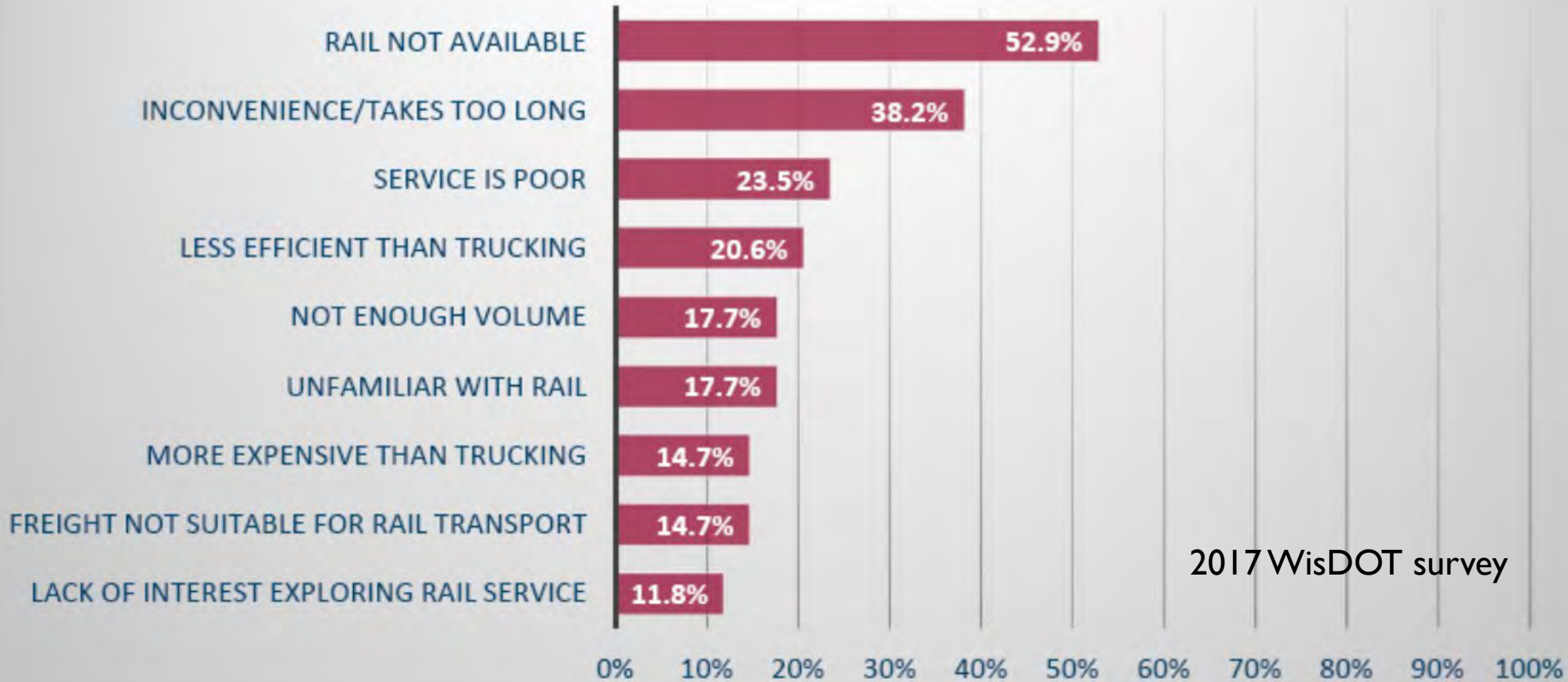


# 2017 Business Survey Results from WisDOT 2018 Northwoods Freight Rail Study





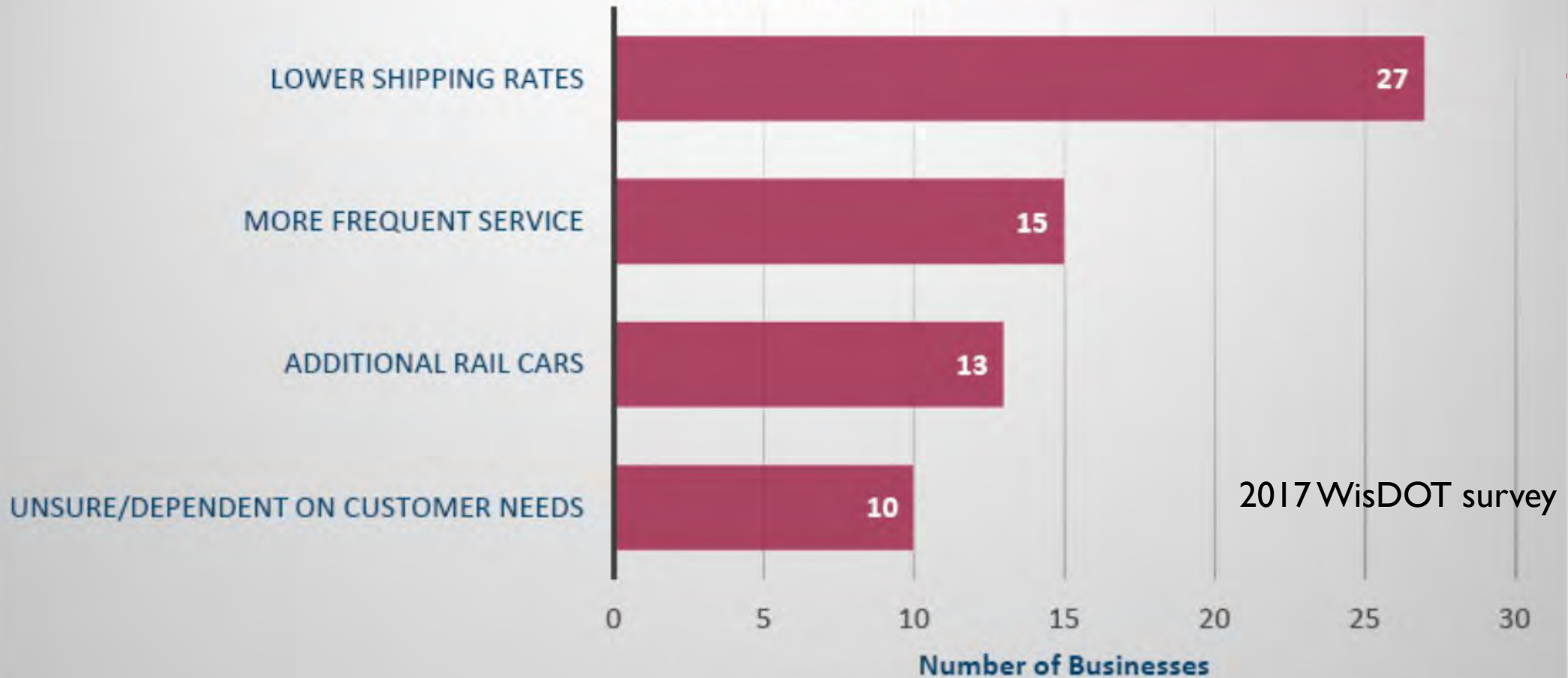
# Reasons for Not Using Rail Service\*



2017 WisDOT survey

\* Based on 34 responses. Respondents were allowed to select multiple reasons

## Rail Improvements Needed for Companies to use additional rail\*



\* Based on 28 responses, respondents allowed to provide multiple answers



# AUGUST 2019 PUBLIC HEARINGS

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- 6/24/19 WI State Senator Tiffany and MI State Senator McBroom wrote letter to CN executives in Canada requesting improvements to RR Service and Rates in WI & MI
- They received a response from CN 8/23/19, two days before scheduled public hearing in Rhinelander, WI & Marquette, MI
- 29 business, association and government agency people testified between the 2 hearings and 16 other people attended
- The picture painted of CNs service by its WI/MI customers and constituents was appalling and deteriorating
- **Top Concerns:** rail sidings reduced from 44 to 5, cost rose 345% from 2011 to 2019, less service reliability and consistency, failing infrastructure and 200 miles of discontinued lines

# OCTOBER 2019 RAIL LINE OPPORTUNITY

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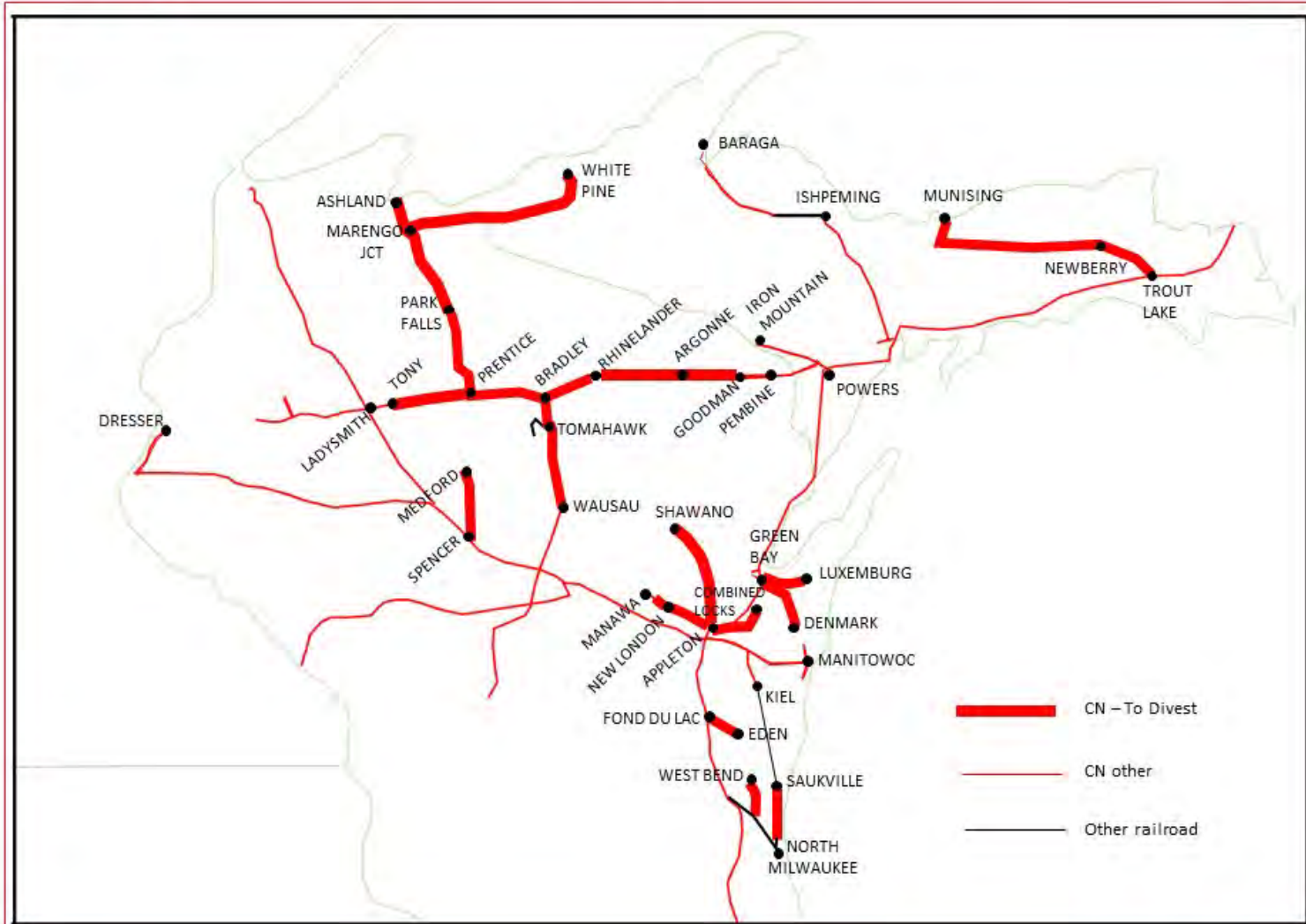
- CN contacted WisDOT re selling 2 out of service line segments: Park Falls-Ashland & Rhinelander-Goodman
- WisDOT told CN they were the buyer of last resort
- In December, NRTC Committee sent RFI letters to 4 short line RR's followed by 3 others who requested to be included
- By the January deadline, only 1 letter was received from Great Northern Rail stating interest only if 77 miles of line to White Pine, MI was included



# 7/21/20 CN ANNOUNCED DIVESTING 628 WI & MI MILES



Wisconsin – Northern Michigan Branch Line Divestiture



# WATCO'S OFFER TO PURCHASE CN LINES

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- 3/30/21 Watco and CN reached final agreement on sale of 650 branch miles in WI and MI plus 250 miles in Canada
- Numerous filings were made supporting and not supporting the sale from April – Nov.
- NRTC didn't support initially, after several meetings with WATCO we filed support letter
- 12/20/21 STB approved the sale of designated CN Lines in WI, MI & Canada
- No restrictions or conditions were imposed on the sale
- Watco working with CN to close deal at end of January and transition to Watco operations the immediate day after
- Weather depending, no service disruptions to existing customers are expected
- Watco sales force has been meeting with customers to understand service expectations



# SHORT LINE BUSINESS MODEL WILL GENERALLY:

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- Provide more flexible plan to increase service levels quickly where business is growing
- Develop local relationships with customers to help grow both businesses
- Add more service days and switches per day for customers
- Gather individual carloads into larger groups for Class 1's to move further
- Offer lower tariff charges - savings can be passed on to shippers
- Use more forgiving demurrage policies to lower costs
- Use state and federal grants to repair and restore service on closed lines

# SHIPPER AND WATCO DISCUSSIONS NEEDED NOW

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- What location, cost and frequency do you need to move your truck freight to rail
- If your best shipping location is on an inactive line, what volume would you add if service was available, affordable and reliable
- Network - new rail volume from all industries is needed to justify track repair and reopening
- Are there intermodal/transload locations that would benefit your business
- Contact your legislators to request grants to repair and restore our northern rail network
- If you have shipping issues contact STB Board to let them know the specifics [rcpa@stb.gov](mailto:rcpa@stb.gov)



# CONTACTS

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- Northwoods Rail Transit Commission
  - <http://www.ncwrpc.org/NorthwoodsRail/>
  - Chair Wendy Gehlhoff – [wgehlhoff@florencecountywi.gov](mailto:wgehlhoff@florencecountywi.gov) 715-528-3294
  - Admin Darryl Landeau - [dlandeau@ncwrpc.org](mailto:dlandeau@ncwrpc.org) 715-849-5510 ext 308
- WATCO Sales Reps (and [FOXYSales@watco.com](mailto:FOXYSales@watco.com))
  - Brad Peot ([bpeot@watco.com](mailto:bpeot@watco.com))
  - Brian Buchanan ([Brian.Buchanan@watco.com](mailto:Brian.Buchanan@watco.com))
- Submit issues or questions to STB Rail Customer & Public Assistance Program
  - [rcpa@stb.gov](mailto:rcpa@stb.gov), 866-254-1792 (toll free) or 202-245-0238