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Agenda Through 2017 Moving in New Directions

Since 2011, with limited success, the "Collaborative Objective" for CN/WC lighter density lines, has been increasing freight – in volume and in return to going concern value of the railroad(s) – sufficient to achieve sustainable, competitive rail service long term, competing effectively for truck-competitive and other freight in the CN/WC region. Almost certainly, this Objective is achievable only by stakeholders and railroads working together in various collaborative efforts.

The Collaborative Objective remains the same. Moving in new directions, however, WCGroup adopts the following “triple-track” priorities:

- **First preference and priority**, continuing and invigorating CN/WCGroup collaborative efforts (100% voluntary);
- **Second, alternatively and only as needed**, explore and promote replacement operator(s) on CN/WC lighter density lines, subject to conditions that assure virtual single line service, provide a rational operating network and opportunity for increased competition for non-captive, truck-competitive freight, including trackage rights and/or pricing authority to/from key gateways (voluntary but potentially requiring regulatory intervention); and
- **Third, alternatively and as a last resort**, broadly seek mandatory replacement of CN on CN/WC lighter density network, subject to similar conditions (likely involuntary and adversarial before the Surface Transportation Board, 49 USC § 10907, required sale to a “financially responsible person” or persons).

We anticipate our agenda through 2017 will include:

- **Item One - A publicly owned log car fleet for the Great Lakes Forests Region.** A first installment of 50-100 cars through public funding and creation of a model operating agreement holds the potential for replacement and expansion of the entire log car fleet, adding value for forest owners and loggers, and returning at least \$4 of direct public benefit (safety and road and bridge wear) for each \$1 of public funds invested over a period of only 20 years, although the logs cars will have a useful life of at least 50 years. Publicly owned log cars will deliver these benefits regardless of whatever rail carrier(s) provides the transportation service, Class I, shortline or hybrid service model.
- **Item Two – Broad stakeholder consultation on, and potential implementation of, regional, shortline and/or hybrid options, if and when appropriate to advancing the Collaborative Objective.** Any such options must provide flexibility and attention to first/last mile local service typical of regional/shortline railroads and, at the same time avoid drawbacks, coordination and other inefficiencies and barriers to competitive ratemaking, car and train service perceived by some, possibly many, to be characteristic of multiple interchanges and shortlines captive to a single Class I rail carrier.
- **Item Three - A strategic plan for achieving the Collaborative Objective, including a greed, consistent costing and rate setting principles.** WCGroup previously suggested aspects of this type of approach in 2013, [Pricing for Strategic Advantage](#).