

# Wisconsin Central Group



An ad hoc Rail Freight Stakeholders Coalition

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## Shortline Spin-Off of CN/WC Lines

Our Thoughts – October 15, 2012

### Background:

For nearly a decade, from CN control of WC in 2001 until mid-2011, our goal has been for CN to effect “Mr. Tellier’s Plan” (see our website, “Our Goal, Mr. Tellier’s Plan – Give Competition a Chance”) to preserve the “local characteristics,” and service as good as, or better than that, and ensure the competitiveness, previously provided by the Wisconsin Central System. Since mid-2011, feeling that CN was committed to compete for market share on all of its WC lines, we have worked in collaboration with CN on three specific, joint long term strategic projects – Logs, Chicago Gateway, and Intermodal (see website, “2012 Joint Projects Initiative”).

### Our View Today:

Depending on the scope, conditions and mutual undertakings, shortline operation or spin-off of one or another of the lighter density CN/WC lines may be an acceptable, practical and pragmatic means, of advancing WCGroup’s purpose, objective and goal (see website), focused on the three “CN/WCGroup Joint Projects”.

### Characteristics of Acceptable Shortline Operation of CN/WC Lines:

- Those served by a shortline operator will have the same, but “virtual,” single line service and pricing to/from CN single-line points and connections as those on CN/WC lines.
- Benefits of the Log, Chicago Gateway and Intermodal Projects shall be implemented in a manner that ensures that CN/WC lines operated by a CN shortline partner are on a par with CN/WC lines.
- A shortline operator of CN/WC lines, on its own or through conditions, mutual undertakings or commitments by CN, shall have power, rail car and private capital resources and capabilities, with respect to the CN/WC lines it operates, comparable to CN’s or as necessary to fulfill conditions imposed in STB Docket 34000.
- CN and any shortline candidate to operate and/or own a CN/WC line shall inform and ensure meaningful consultation, well in advance of any application to STB, with WCGroup and other WC line stakeholders, as to the ways and means to ensure establishing and implementing the forgoing “characteristics”.

**Under the auspices of: Wisconsin Paper Council, Wisconsin Manufacturers & Commerce, and Michigan Forest Products Council**