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The Honorable Cynthia T. Brown
Chief, Section of Administration
Surface Transportation Board
395 E. Street, S.W., Room #100
Washington, DC 20423-0001

ENTERED
Office of Proceedings
May 11, 2021
Part of
Public Record

Re: Proposed CN/WATCO Transaction

Surface Transportation Board Finance Docket No. FD 36503

Grand Elk Railroad, Inc. – Acquisition – Lines of Wisconsin Central Ltd. in the State of Michigan

Surface Transportation Board Finance Docket No. FD 36504 *Fox Valley & Lake Superior Rail System, L.L.C. – Acquisition and Operation Exemption – Lines of Wisconsin Central Ltd. in the State of Wisconsin*

Dear Ms. Brown:

Great Lakes Timber Professionals Association (GLTPA) is a non-profit two state (MI/WI) organization representing more than 1,000 members in the forest industry. Many of these members are directly affected by the proposed CN and WATCO transaction and question how this transaction, as structured, will lead to better, more affordable rail service for Northern Wisconsin and Michigan's Upper Peninsula.

As presented WATCO is restricted to a limited portion of CN rail line to the East and West of the Prentice, Wisconsin junction and is also captive to WCL rates. Because WATCO will not have access to CN lines up to and including Ladysmith WI, this transaction does nothing currently to improve service for the entire Northwest part of Wisconsin. Without access to additional Class I railroads, there is no possible way to create competition having a positive impact on rail rates for the Lake States Region. Once this transaction is approved and to create a competitive rate structure, GLTPA is hopeful that WATCO can gain the access needed to interchange at Pembine, WI and Port Edwards, WI. GLTPA is also hopeful that WATCO can negotiate trackage rights from Wausau/Mosinee to Wisconsin Rapids, Biron, and Nekoosa. Doing so will allow for single carrier shipment of wood from Northern Forests to consuming mills without additional switch costs.

For several generations, the forest industry depended on rail transportation for shipment of low-value pulpwood from Northern Wisconsin and Michigan's Upper Peninsula to multiple pulpwood consuming mills in Michigan, Minnesota, and Wisconsin. Wood harvested from forests was either hauled directly to mills or stored at local concentration yards with rail sidings where it was eventually loaded in gondola's and shipped to final destinations on rail. As rail service diminished and became economically uncompetitive, pulpwood transfers from concentration yards shifted to trucks. The additional truck traffic caused accelerated deterioration of roads which were designed to ESAL standards which at the time, included rail availability in design calculations.

Given WATCO's financial stability, this transaction holds the highest probability for the return of high-quality, economically feasible rail service to Northern Wisconsin and Michigan's Upper Peninsula which WATCO claims it will provide. It is GLTPA's hope that this transaction restores and improves transportation of raw forest products from the forest to consumers. In addition to raw forest products, it is also hoped a transload facility can be installed providing opportunity to ship lumber products to the East and West coasts at competitive rates.

In that regard GLTPA is requesting that as part of this transaction the Board review the outcome of this transaction at the 1-year and 2-year anniversaries to determine if business has grown on current in-service lines. If projects to repair and restore service to discontinued rail lines are not proceeding, and if growth is not occurring due to non-competitive rates, and if service has not drastically improved from its current state, we ask that the Board determine why and take corrective action by reopening terms of the sale for review.



In closing GLTPA cannot overstate the importance of bringing rail service back to a productive, competitive state of operation in Northern Wisconsin and Michigan's Upper Peninsula. Rural areas where raw material is grown or farmed need cost effective, reliable transportation which helps control the cost of manufacturing products used in everyday life. In addition, manufacturers of lumber and other products need a reliable transload facility from which they can ship products on competitive Class I railroads with access to East and West coast ports for shipments abroad.

Thank you very much for consideration of these concerns and comments and we hope you find them useful as you decide the outcome of this proposed transaction.

Sincerely,

A handwritten signature in dark ink that reads "Henry Schienebeck".

Henry Schienebeck, GLTPA Executive Director

A handwritten signature in dark ink that reads "Matt Jensen".

Matt Jensen, GLTPA President

CC: Parties of Record