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JUN 22 2001

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1201 PENNSYLVANIA AVENUE NW WASHINGTON, DC
WASHINGTON, DC 20004-2401
TEL 202.662.6000
FAX 202.662.6291
WWW.COV.COM

WASHINGTON, DC
NEW YORK
LONDON
BRUSSELS
SAN FRANCISCO

CAROLYN F. CORWIN
TEL 202.662.5338
FAX 202.778.5338
CCORWIN@COV.COM

202711

BY MESSENGER

The Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423-0001



June 21, 2001

GLT-13

ENTERED
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**Re: Canadian National Railway Company, Grand Trunk Corporation
and WC Merger Sub, Inc. -Control- Wisconsin Central Transportation
Corporation, Wisconsin Central Ltd., Fox Valley & Western Ltd.,
Sault Ste. Marie Bridge Company, and Wisconsin Chicago Link, Finance
Docket No. 34000**

Dear Secretary Williams:

On behalf of Great Lakes Transportation LLC (GLT), I am writing to respond briefly to Applicants' Comments on the Status of GLT Issues, filed on June 19, 2001.

GLT is mystified by Applicants' conduct in submitting these comments. GLT representatives have been working in good faith with Canadian National representatives in an attempt to resolve GLT's concerns about the transaction proposed by Applicants. Our assumption had been that the CN representatives were also negotiating in good faith and that our settlement communications would be maintained in confidence. Indeed, GLT had expressly informed CN that its communications were subject to the recognized settlement privilege.

We were taken aback particularly because Applicants' comments appear designed to undermine these settlement efforts. Such conduct runs directly contrary to the Board's repeated admonitions to parties to Board proceedings to attempt to settle their disputes. See, e.g., Ex Parte No. 582 (Sub-No.1), Major Rail Consolidation Procedures, at 27 (served June 11, 2001) (noting that Board "continue[s] to encourage private-sector solutions" to competitive and other problems shortline and regional railroads and ports may experience as a result of a rail merger); *id.* at 52 (declining to mandate disclosure of settlement agreements because "this would undermine our policy of encouraging private settlement agreements"); STB Press Release No. 01-26, issued June 20, 2001 (referring to "Board's preference for private-sector resolution"). Quite simply, parties cannot be

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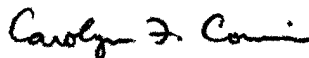
expected to engage in the give-and-take essential to successful settlement negotiation if the proposals they advance in such negotiations are not treated as privileged.

For the most part, GLT plans to address other points made by Applicants in its June 25 filing. We do wish to take issue now with Applicants' suggestion that GLT is engaged in an "anticompetitive initiative" designed to serve its own economic interests. Of course, all parties (including Applicants) focus on their own economic interests, but GLT recognizes that the Board is concerned with competition, not what happens to individual competitors. GLT has focused not just on its own economic situation, but on the health of an entire lake shipping industry. GLT believes that the proposed merger has the potential to undermine the viability of lake transportation, and that shippers of many commodities may face higher rates and loss of a significant competitive alternative as a result.

In our ongoing settlement efforts, GLT is not proposing -- much less attempting to force on CN -- measures that are anticompetitive. Rather GLT hopes to find an appropriate solution to its genuine concerns about the potential anticompetitive effects of the proposed merger, one that is fully consistent with CN's views about the competitive landscape. The Board should be aware that a number of the concepts GLT and CN representatives have discussed have been based on proposals CN has put forward. In fact, the parties' current negotiations focus on a concept and specific proposal that CN initiated and provided to GLT.

Despite its dismay at Applicants' actions, GLT intends to continue to work constructively in an effort to achieve a settlement in this proceeding. In the meantime, we urge the Board to disregard those portions of Applicants' comments that reveal information about the content of settlement discussions.

Respectfully submitted,



Carolyn F. Corwin

Counsel for Great Lakes Transportation LLC

cc: Paul Cunningham, Esq. (by hand)
William C. Sippel, Esq. (by overnight mail)
Parties of Record