

LAROE, WINN, MOERMAN & DONOVAN

ATTORNEYS AT LAW
3900 HIGHWOOD COURT, N.W.
WASHINGTON, D. C. 20007

TELEPHONE (202) 298-8100

FAX (202) 298-8200



June 25, 2001

HAND DELIVERY

Surface Transportation Board
Office of the Secretary
Case Control Unit
1925 K Street, N.W.
Washington, DC 20423-0001

ENTERED
Office of the Secretary

JUN 25 2001

Part of
Public Record

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 Ltd. (STB Finance Docket No. 34000)

Dear Ladies/Gentlemen:

Enclosed herewith is an original and twenty-five copies of the Comments of Vulcan Chemicals, a Business Unit of Vulcan Materials, for filing in the above-captioned proceeding. Please also find a 3.5 inch diskette in WordPerfect 9.0 of the same document.

Very truly yours,

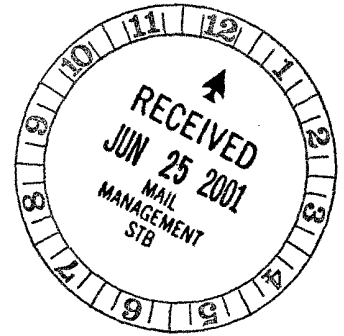
Paul M. Donovan

ENTERED
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Part of
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VUL-2



BEFORE THE
SURFACE TRANSPORTATION BOARD

STB Finance Docket No. 34000

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 LTD.

COMMENTS OF VULCAN CHEMICALS
A BUSINESS UNIT OF VULCAN MATERIALS COMPANY

Paul M. Donovan
LAROE, WINN, MOERMAN & DONOVAN
3900 Highwood Court, NW
Washington, DC 20007
(202) 298-8100

Counsel for Vulcan Chemicals

VUL-2

BEFORE THE
SURFACE TRANSPORTATION BOARD

STB Finance Docket No. 34000

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
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COMMENTS OF VULCAN CHEMICALS
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I. SUMMARY STATEMENT

In their Application, Applicants state: "There are no shippers receiving rail service from CN and WC today for which the Transaction would reduce the number of independent railroads serving them from two to one or from three to two. Nor would the Transactions cause any reduction in the vigor of geographic competition, or cause adverse 'vertical' effects on competition. In addition, Applicants will keep all existing active gateways affected by the Transaction open on commercially reasonable terms." (Application, pp.13-14)

Vulcan Chemicals, at its Port Edwards, Wisconsin plant, is served by the Wisconsin Central, and through a switching arrangement, by the Union Pacific. The level of that switching

charge determines whether Vulcan has rail service from two carriers or from one, and that charge is controlled by the Wisconsin Central. In addition, a substantial majority of Vulcan's Port Edwards traffic moves either Union Pacific direct, or over gateways, most notably Chicago, that Applicants have pledged to keep open "on commercially reasonable terms." As will be discussed below, Vulcan is requesting two conditions: (1) that the Port Edwards switching fee imposed by the merged Wisconsin Central/Canadian National be increased only to reflect cost increases in performing those switching services; and (2) that all existing active gateways, most particularly Chicago, be kept open and competitive for Vulcan's traffic.

II. VULCAN'S PORT EDWARDS PLANT

Until very recently, Vulcan's Port Edwards plant was switched by Georgia Pacific Corporation over tracks located almost exclusively on its plant facility adjoining Vulcan's plant. This switching service permitted Vulcan to have access to both the Wisconsin Central and the Union Pacific railroads. When Georgia Pacific decided that it no longer wanted to provide switching services for Vulcan, Vulcan entered into negotiations with the Wisconsin Central for that carrier to provide switching by constructing a cross-over on to serve the Vulcan plant. A primary consideration for Vulcan was that the switching charge imposed by Wisconsin Central be at a level that permitted Union Pacific to continue to provide commercially viable, competitive rail service to Port Edwards.

Following a lengthy period of discussion, Wisconsin Central and Vulcan arrived at an arrangement that provides for a reciprocal switching fee of \$300 per car. (See, Supplement 8 to Freight Tariff WC 8222-B) The agreement also provides that for a period of five years, Vulcan must receive and tender certain minimum volumes of traffic via Wisconsin Central to compensate

it for its expenditures in connection with construction of the tracks necessary to provide service to Vulcan. The agreed upon switching fee accomplished the dual goals of fairly and adequately compensating Wisconsin Central for its services while, at the same time, keeping the competitive services of the Union Pacific available to Vulcan.

During the year 2000, Vulcan shipped in excess of 1,500 rail cars from Port Edwards. These cars of chlorine, potassium carbonate, caustic soda, caustic potash and hydrochloric acid were shipped to Wisconsin Central direct locations, Union Pacific direct locations, and the great majority were delivered to connecting rail carriers for delivery to points on their lines. In many instances, cars were destined to locations that were served by the Canadian National/Illinois Central system, and by competing rail carriers operating in both the United States and Canada. Keeping open and competitive the gateways over which this competitive traffic moves is quite obviously of the greatest importance to Vulcan.

III. WHY CONDITIONS SHOULD BE IMPOSED

While the proposed merger is a minor transaction within the meaning of the Board's merger review procedures, it does involve the acquisition of a carrier that is very nearly a Class I railroad. The Wisconsin Central does have very significant rail operations within the limited territory it serves, and therefore any merger of the Wisconsin Central with a connecting carrier such as the Canadian National will pose real competitive problems for shippers dependent upon its services for movements beyond its current lines.

As noted above, Wisconsin Central currently provides switching services that enable Vulcan to access, on a competitive basis, the Union Pacific for movements from Port Edwards.

Maintaining those switching services at a fee that permits Vulcan to use the Union Pacific is essential if competitive rail service at Port Edwards is to be preserved.

Wisconsin Central and Union Pacific presently compete for Vulcan's traffic, both on a single line basis, and with respect to traffic moving to destination via connecting carriers, including the Canadian National. With respect to those competitive movements, Vulcan's plant is a two to one point unless the services of the Union Pacific remain available to Vulcan, and those Union Pacific services can only remain available to Vulcan if the switching fee charged by the merged Wisconsin Central/Canadian National/Illinois Central remains at the level recently negotiated by Wisconsin Central and Vulcan, as fairly escalated to reflect increased costs. To the extent that the merged Wisconsin Central/Canadian National/Illinois Central is free to increase the switching fee above the agreed upon level, it is free to foreclose effective competition from the Union Pacific at Port Edwards. Accordingly, Vulcan seeks a condition that the merged Wisconsin Central/Canadian National/Illinois Central be required to maintain the current \$300 per car switching fee at Port Edwards subject only to escalation for demonstrated increased costs of providing that service.

Of the more than 1,500 rail cars shipped by Vulcan from Port Edwards, the large majority moves over gateways, most prominently Chicago, to destinations on connecting carriers, including the Canadian National/Illinois Central. Keeping these gateways open is vital to the competitive options available to Vulcan.

Applicants have pledged to keep all active gateways open "on commercially reasonable terms." While that pledge seems appropriate to various of the smaller gateways, the prominence of the Chicago gateway requires a more specific condition. In view of the importance of the

Chicago gateway to Vulcan, Vulcan requests that the Board impose a condition in this proceeding similar to that imposed in Finance Docket No. 33556, the Canadian National/Illinois Central merger. In that proceeding, the State of North Dakota was concerned that the Chicago gateway might be closed with respect to grain traffic moving out of North Dakota. Applicants stated that they had no intention of closing the gateway to North Dakota grain traffic. Nonetheless, the Board imposed a condition stating "we will impose a condition holding applicants to their representation to keep this gateway open and competitive."

Imposing a condition that the Applicants will keep the Chicago gateway "open and competitive" would assure Vulcan's continued use of that gateway, and to provide competitive rail service with respect to Vulcan's Port Edwards traffic. Failing to impose such a condition, could leave the opportunity for mischief in the future, particularly if other mergers involving Applicants were to occur. Any opposition by Applicants to the imposition of such a condition should be viewed with considerable suspicion by the Board.

IV. CONCLUSION

In view of the foregoing, Vulcan Chemicals submits that the Board should attach two conditions to the approval of the pending merger application. First, Applicants should be required to honor the provisions of the existing Wisconsin Central switching tariff provisions applicable to Vulcan's Port Edwards facility, and further require that those switching charges be increased only to the extent necessary to cover demonstrated increases in the cost of providing those services. Second, Applicants should be required to keep open and competitive the Chicago gateway so as to permit the use of that gateway by Vulcan without interference or competitive injury.

Respectfully submitted,

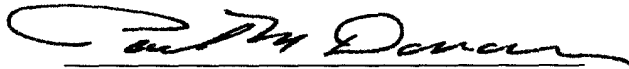
A handwritten signature in black ink, appearing to read "Paul M. Donovan", with a stylized, flowing script.

Paul M. Donovan
LAROE, WINN, MOERMAN & DONOVAN
3900 Highwood Court, N.W.
Washington, DC 20007
(202) 298-8100

Counsel for Vulcan Chemicals

CERTIFICATE OF SERVICE

I hereby certify that I have this 25TH DAY OF June, 2001, caused to be served a copy of the foregoing document upon all parties of record in this proceeding by first class mail or by a more expeditious manner.

A handwritten signature in black ink, appearing to read "Paul M. Donovan", is written over a horizontal line.

Paul M. Donovan