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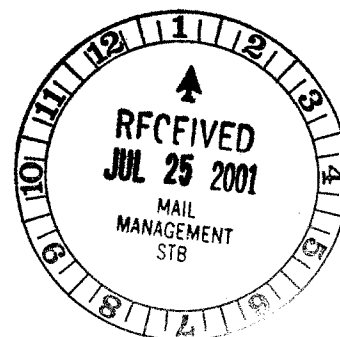
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*ALSO NY BAR
 **ALSO PA AND MS BAR
 ***ALSO MD BAR
 °ALSO VA BAR
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July 25, 2001

By Hand Delivery

Vernon Williams, Secretary
 Surface Transportation Board
 1925 K Street, N.W.
 Washington, DC 20423-0001



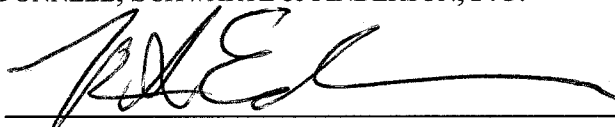
Re: STB F.D. No. 34000

Dear Mr. Williams:

Enclosed please find an original and twenty-five copies of the Reply of the Allied Rail Unions to Comments filed by other parties in the above-referenced matter. Also enclosed is a copy of the Reply on a 3 ½ inch floppy disk in WordPerfect 9 format.

Sincerely,

O'DONNELL, SCHWARTZ & ANDERSON, P.C.

By 
 Richard S. Edelman

Enclosures

ENTERED
 Office of the Secretary

JUL 25 2001

Part of
 Public Record

ENTERED
Office of the Secretary

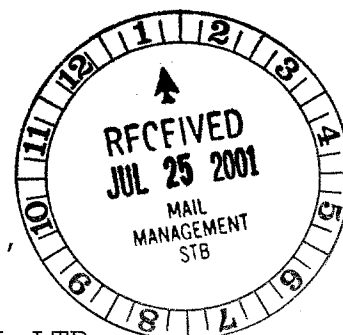
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BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 34000

ARU-2



CANADIAN NATIONAL RY. CO., GRAND TRUNK CORP.,
AND WC MERGER SUB, INC.

--Control--

WISCONSIN CENTRAL TRANSP. CORP., WISCONSIN CENTRAL LTD.,
FOX VALLEY & WESTERN LTD. SAULT STE. MARIE BRIDGE CO.

ALLIED RAIL UNIONS REPLY TO COMMENTS

The Brotherhood of Railroad Signalmen; International Brotherhood of Boilermakers, Blacksmiths, Iron Ship Builders Blacksmiths Forgers and Helpers, National Council of Firemen and Oilers/SEIU; and Sheet Metal Workers International Association (referred to herein as "Allied Rail Unions") submit this reply to comments filed in this proceeding by other parties.

The ARU have not taken a position with respect to this transaction; and based on their review of the filings of the Applicants and various commenters, the ARU do not now support or oppose the transaction. However, they agree with the concerns raised in the comments filed by the Brotherhood of Maintenance of Way Employees and the United Transportation Union regarding the potential use of an approval of the Transaction to effect the abrogation of collective bargaining agreements. They also agree with the position advanced by the International Association of Machinists and Aerospace Workers and International Brotherhood of

Electrical Workers that any order approving the transaction should bind the Applicants to the representations they made in seeking approval, specifically, in their responses to the interrogatories propounded by IAMAW and IBEW.

In recent years, applicants in transactions such as this one have typically stated that the carrier parties acquiring control of another carrier would seek single collective bargaining agreements by applying their agreements on the properties and at the facilities of the acquired carrier. Here, CN and its affiliates have not stated that agreements from the CN railroads would be applied on the WC railroads. Nor have the Applicants stated that they would not use approval of the Transaction to effect changes in existing agreements. The concerns identified by UTU and BMWWE are compounded by the fact that many employees on the WC railroads are unrepresented and thus are not covered by collective bargaining agreements, much less standard Class I agreements, as are the employees of the CN railroads.

Both BMWWE and UTU have observed that the Applicants are the only major carriers that have not signed the recent "cramdown agreements". The ARU submit that these agreements constitute a basic acceptable arrangement for dealing with issues relating to collective bargaining agreements that arise in the context of merger/control transactions under 49 U.S.C. §11323. Given the concerns noted above, and addressed in more detail in the UTU and

BMW comments, the ARU respectfully submit that the Board should address those concerns by imposing the cramdown agreements as a condition of approval of the Transaction. In this regard, the ARU note that such an order would be appropriate under, and consistent with, former Interstate Commerce Commission precedent imposing requirements for the protection of employees on applicants where those requirements were generally applicable by agreement in the industry, but the applicants were not parties to the agreement. In *United States v. Lowden*, 308 U.S. 225 (1939), the ICC conditioned its approval of a transaction on application of protections similar to those in the Washington Job Protection Agreement of 1936 that covered about 85% of the nation's rail carriers. See also *Railway Labor Executives' Ass'n v. United States*, 339 U.S. 142, 147 (1950); *New York Dock Ry. v. United States*, 609 F. 2d 83, 87 (2d Cir. 1979).

The ARU also note that BMW has urged that if the Board approves the Transaction, it should adopt as part of its Order the policy statement contained in the new Major Consolidation Procedures that the Board "respects the sanctity of collective bargaining agreements and will look with extreme disfavor on overrides of collective bargaining agreements except to the limited extent necessary to carry out an approved transaction". Given the circumstances of the proposed Transaction, the ARU agree that the Board should include that policy statement in any

order approving the Transaction.

Finally, the ARU concur in the IAMAW/IBEW request that any order approving the transaction should bind the Applicants to the representations they made in seeking approval, specifically, in their responses to the interrogatories propounded by IAMAW and IBEW.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read 'RSE', is written over a horizontal line.

Richard S. Edelman
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Dated: July 25, 2001

CERTIFICATE OF SERVICE

I hereby certify that I have caused to be served one copy of the foregoing Allied Rail Unions Reply to Comments, by first-class mail, postage prepaid, to the offices of the persons listed on the official service list for this proceeding

Dated at Washington, D.C. this 25th day of July, 2001.



Richard S. Edelman