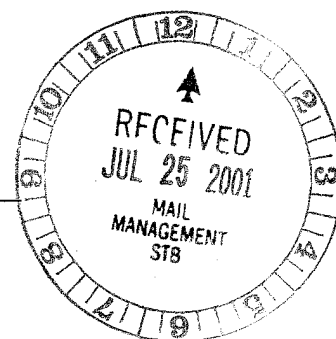


BEFORE THE
SURFACE TRANSPORTATION BOARD



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.

ENTERED
Office of the Secretary

JUL 26 2001

Part of
Public Record

COMMENTS OF CELGAR PULP COMPANY

Celgar Pulp Company would like to respond in support of the comments of Canadian Pacific Railway concerning the impact of the proposed CN-WC merger on future rail and source competition for products moving to and from the WC's service territory. Celgar agrees with the CP that the "interchange protection" offered by CN-WC under their settlement agreement with the National Industrial Transportation League (NITL) is not likely to be effective in preserving the current level of competition for traffic moving via interline routes to WC's territory. In order to assure that effective competition continues in the future, Celgar strongly requests that the STB impose the condition proposed by the CP to require CN-WC to quote commercially reasonable joint rates to or from points served by WC at the request of connecting carriers as well as shippers.

Celgar operates a woodpulp production facility located at Castlegar, BC. The Castlegar facility (which is Celgar's sole production facility) is served only by the CP. Even though we are located more than 1500 miles from Wisconsin, the good service and competitive joint line rates provided by the CP and the WC have enabled Celgar to compete successfully for woodpulp shipments to the Wisconsin market. Last year, we shipped 36,000 tons (approximately 400 cars) of woodpulp to customers at points on WC's lines, such as Kimberly, Park Falls, Tomahawk and Wisconsin Rapids, Wisconsin. These sales to Wisconsin customers accounted for 10 percent of Celgar's entire production.

As these figures show, Wisconsin customers are critical to Celgar. We must compete with other woodpulp producers – most of which are located much closer to Wisconsin -

for this business. The availability of reliable rail service at reasonable rates is essential for us to do so. However, we are concerned that CN's takeover of the WC will adversely affect the future competitiveness of the CP-WC route via the Twin Cities for our traffic.

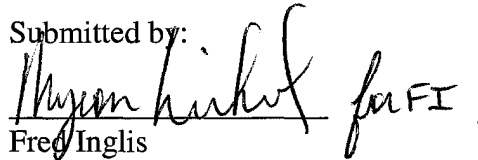
Any significant increase in the cost of shipping via the CP-WC route (or downgrading of service via that route) would make it impossible for Celgar to participate in the Wisconsin market. Celgar has no direct rail service from any carrier other than the CP. While our proximity to the Canada-U.S. border might permit us to truck woodpulp to a reload point on the BNSF's lines in Washington, we would still have to rely on the WC to reach our Wisconsin customers, most of which are served solely by the WC. The distance from our facility to Wisconsin destinations makes trucking impracticable. Therefore, Celgar's continued ability to provide a competitive source of woodpulp to the Wisconsin paper industry depends upon the competitiveness of the CP-WC joint line route. The loss of our Wisconsin business could threaten the survival of Celgar.

While CN and WC have indicated that they would keep open WC's gateways with other railroads on "commercially reasonable" terms, it is not clear what terms the CN and WC would consider to be "commercially reasonable" following their merger. Celgar is concerned that the CN-WC might take steps to favor woodpulp producers served directly by CN, by increasing the rates for shipments on WC's joint-line routes with the CP, or by downgrading service via the CP-WC joint route.

In addition, the agreement with NITL would require shippers to negotiate separately with CN-WC to obtain a commercially reasonable joint line rate for a shipment to a WC-served point via routes involving railways other than the CN. Today, CP currently arranges rates for transportation of Celgar's woodpulp on the WC and quotes us a single price for the entire shipment. The requirement of separate negotiations with the CP and CN-WC would impose a considerable burden on smaller shippers like Celgar. We do not have a large staff available to exercise the gateway rights offered by the CN, which would require us to negotiate with multiple rail carriers. The condition proposed by CP would eliminate this burden and enable us to remain competitive for shipments to Wisconsin.

Therefore, Celgar asks the STB to impose the condition proposed by CP in its June 25, 2001 comments, to require CN-WC to continue to quote reasonable joint line rates at the request of connecting rail carriers.

Submitted by:


Fred Inglis
General Manager
Celgar Pulp Company

CERTIFICATE OF SERVICE

I hereby certify on this 25th day of July, 2001, that copies of the Comments of Celgar Pulp Company were served by first-class mail on all Parties of Record.

Myron Inglis for FI.
Fred Inglis