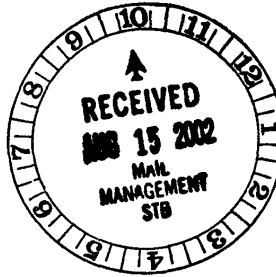


SURFACE TRANSPORTATION BOARD

Memorandum



206043

DATE: August 15, 2002

TO : Ron Douglas, Printing Officer
Section of Facilities Management
Office of Economics, Environmental Analysis, and Administration

ENTERED
Office of Proceedings

FROM  Mel Clemens, Director
Office of Compliance and Enforcement

AUG 15 2002

Part of
Public Record

SUBJECT : STB FINANCE DOCKET NO. 34000 - OPERATIONAL MONITORING DATA

Attached are the original and two copies of the latest weekly public data files provided to this office by CN/WC as required in the above proceeding, which are to be committed to the docket for public reference. As requested, I am providing three paper copies, two for the docket and one for Da 2 Da Legal. If there are any questions, please don't hesitate to contact Ed Nelson at 565-1574.

Attachments

cc: Chairman Morgan
Vice Chairman Burkes
Richard Armstrong



Canadian National/Illinois Central Railroad
455 N. Cityfront Plaza Drive
Chicago, Illinois 60611-5317
Telephone: (312) 755-7600
Fax: (312) 755-7669



Via Email and Hand Delivery

Mr. Melvin F. Clemens, Jr.
Director, Office of Compliance and Enforcement
Surface Transportation Board
1925 K Street, N.W.
Washington, DC 20423-0001

August 14, 2002

Re: 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.; Operational Monitoring Reports Submitted in August, 2002.

Dear Mr. Clemens:

Pursuant to the Board's Order in the above-referenced docket served on September 7, 2001, Canadian National Railway Company ("CN") submits the Operational Monitoring Reports for August, 2002.

Per your office's request, we are submitting the reports electronically as attachments in one transmission as follows: the monthly Benchmarking and Performance Data Report, the weekly Average Terminal Dwell Time Report, and an updated Information Technology Systems Integration and Customer Service Report.

In the Benchmarking and Performance Data Report, we provide data on the performance of traffic flows on major routes measured against historical benchmarks. On the reported corridors, transit times are up over the benchmarks. We attribute this to heavy traffic volumes and congestion in Chicago with all carriers during the month of July, as well as to a derailment on the WC Division that shut the mainline for approximately 52 hours.

The Average Terminal Dwell Time Report shows that the weekly overall dwell time averages have improved at Fond du Lac and remain steady at the other principal yards and terminals identified in the application as potentially affected by the merger. Currently we continue to see congestion and heavy volumes in Chicago between CN and its connections.

Since CN began the merger implementation ten months ago, dwell times at the principal yards and terminals potentially impacted by the merger have not deviated significantly. We attribute this to CN moving cars through terminals efficiently. An issue that has caused an increase in transit times is related to operational problems and congestion in Chicago. When Chicago experiences operational problems and congestion, the WC Division stages trains and cars at Fond du Lac as well as on-line between Fond du Lac and Chicago. These delays are reflected in our transit time performance numbers.

In our ongoing efforts to improve transit times, we continue to look for and implement operational changes. Recently, we implemented operational changes with the Belt Railway Company of Chicago ("BRC") that we believe will improve service between CN and its connections with CSX and NS. This change with BRC will

Mr. Melvin F. Clemens, Jr.
August 14, 2002
Page 2

not eliminate staging trains on the WC Division, but, combined with switching and other blocking changes we have made at Fond du Lac, we have already seen a positive impact on dwell times and transit times. In light of these operational changes with BRC, we are also redesigning our operating plan on WC to take more advantage of this new opportunity.

After ten months, we continue to be pleased with the merger's progress and continue to look for ways to capitalize on the merger's efficiencies and enhance customer service.

Feel free to call me at 514-399-7091 should you have questions.

Yours truly,



Sean Finn
Senior Vice President, Chief Legal Officer
and Corporate Secretary

Encl.

BENCHMARKING AND PERFORMANCE DATA REPORT

JULY, 2002

Pursuant to the Board's order approving the CN-WC merger, CN submits the Benchmarking and Performance Data Report for July, 2002. The attached matrix provides the July, 2001 historical benchmarking data for WC as well as actual performance data for July, 2002. The data reflect flow volumes and average elapsed times for loaded movements on two key WC routes: between Superior and Chicago and between the Fox River Valley and Chicago. In the measurement of average elapsed time for loaded movements, we include time moving in a train and time spent in a yard or terminal under our control.¹

The line segments represent service territories that cover a large volume of traffic and diverse commodity groups. By virtue of this measurement methodology, the data will reflect a large sampling of customers, while at the same time depict performance over a wide area rather than at isolated points. The underlying data are drawn from the waybills.

The Superior Interchange segment extends from interchange at Superior, Wisconsin to Rocky Run, Wisconsin (just west of Stevens Point). The Chicago Interchange segment runs between the Illinois-Wisconsin State Line and interchange in Chicago. This is WC's central corridor.

The Fox River Valley segment includes Neenah to Manitowoc, Neenah to Howard (including Green Bay), Appleton to Shawano, Hilbert to Chilton, Black Creek to Manawa, Appleton to New London and DePere to Denmark. This

¹ Neither the benchmarks nor the actual performance data include bad order time/time for repair, which are variables not within our control, and in any event are not relevant to measurement of transit performance of trains in WC corridors.

segment encompasses a concentrated urban area with a good mix of customers. This aggregate area also represents a significant portion of the business on the WC Division and is off the main line from Superior to Chicago, so the data provide an indication of service performance on parts of WC other than the main Chicago-Superior route.

As the performance data indicate, transit times in July, 2002 were up compared to benchmarks on the reported corridors. We attribute this to heavy traffic volumes and congestion in Chicago with all carriers during the month of July, as well as to a derailment on the WC Division that resulted in the mainline being shut down for approximately 52 hours.

As we move forward with the merger, we will continue to look for and implement opportunities to enhance our service to customers.

ORIGIN SEGMENT	DESTINATION SEGMENT	JULY, 2001 CARLOAD BENCHMARK	JULY, 2001 AVERAGE ELAPSED TIME FOR LOADED MOVEMENTS BENCHMARK (IN HOURS)	CARLOADS FOR JULY, 2002	AVERAGE ELAPSED TIME FOR LOADED MOVEMENTS, JULY, 2002 (IN HOURS)
SUPERIOR INTERCHANGE	CHICAGO INTERCHANGE	7979	39.6	7320	47.5
CHICAGO INTERCHANGE	SUPERIOR INTERCHANGE	1208	33.1	1313	45.5
FOX RIVER VALLEY	CHICAGO INTERCHANGE	2734	41.9	2230	53.6
CHICAGO INTERCHANGE	FOX RIVER VALLEY	3524	47.8	4386	54.5

CN-WC Integration reporting

Date submitted: August 14, 2002

AVERAGE TERMINAL DWELL TIME

Definition

Average Terminal Dwell Time is the average time a car spends within an operating yard from arrival to departure. Measurement of the car dwell time starts with the arrival of the car at the operating yard as a result of a train arrival, transfer from a satellite yard, or interchange received event. The measurement of car dwell within the operating yard stops with the departure of the car as a result of a train departure, transfer to another yard, or interchange delivered event. Excluded from the terminal dwell measures are cars placed in hold, constructive placement, bad order, and stored status following their arrival and prior to their departure from the operating yard.

The figures below are expressed in hours.

<i>Terminal</i>	<i>Historical Average</i>		<i>Week Ending</i>		
	<i>June, 2002*</i>	<i>July, 2002*</i>	<i>21-Jul-02</i>	<i>28-Jul-02</i>	<i>4-Aug-02</i>
Fond du Lac, WI	16.6	15.0	17.4	12.6	12.8
Stevens Point, WI	10.9	10.6	11.7	10.9	10.8
Neenah, WI	3.7	4.2	4.9	3.9	4.4
Pokegama, WI	8.7	5.5	6.9	4.9	5.1

* The statistics for June and July cover from the first to the last day of each month.

INFORMATION TECHNOLOGY INTEGRATION AND CUSTOMER SERVICE REPORT UPDATE FOR AUGUST, 2002

In CN's initial report regarding CN/WC information technology integration, dated December 12, CN advised that it would conduct a careful evaluation as to whether or not to implement SAP (named for the German company that developed the software) on WC, in order to enhance WC's "back office" information technology systems. CN has conducted this evaluation, and based upon the successful implementation of SAP within CN, we have concluded that implementation of SAP within certain WC functions will create significant additional efficiencies within the CN and WC operations. SAP will be implemented at WC to enhance the flow of information within the CN and WC Accounting, Payroll, Supply Management and the Plant Maintenance functions. As these are all internal systems, we anticipate that there will be no adverse impact on operations or customer service.

CN forecasts that this implementation will take place over approximately a nine-month period from September 1, 2002, through May 31, 2003. CN will use the same careful and methodical approach which it utilized in its successful implementation of SAP on the balance of the CN system. In this regard, we will be setting up teams of personnel to implement the system and oversee quality control. We anticipate that the contributions of approximately 65 experienced CN personnel will be involved in ensuring that the implementation proceeds smoothly and efficiently. In future reports, CN will provide further details and updates with respect to its planned implementation of SAP within the WC systems.

CN has not yet determined whether it will integrate WC's traffic, marketing and revenue systems into CN's SRS (Service Reliability Strategy) system. Nor has there been any change in CN's and WC's respective customer service center operations.

CN will continue to strive for an information technology integration which is smooth, user friendly, and as error free and efficient as possible.