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December 6, 2006

By Electronic Filing

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

Re: STB Docket No. 42098. Williams Olefins, L.L.C. v. Grand Trunk Corp.

Dear Secretary Williams:

On November 22, 2006, Williams Olefins, L.L.C. ("Williams") filed a "Request for Mediation and Rate Complaint" against Grand Trunk Corporation ("GTC") in the above-captioned proceeding ("Request and Complaint"). Williams seeks to challenge the reasonableness of two rates for the movement of propylene, the first for Canadian National Railway Company ("CN") single-line service between Geismar, Louisiana, and Garyville, Louisiana, and the second for CN and Union Pacific Railroad Company ("UP") interline service between Geismar, Louisiana and Longview, Texas, via interchange at Baton Rouge, Louisiana. Williams proposes that the Board mediate its rate disputes for a period of thirty (30) days. Request and Complaint at 1.

GTC and UP are amenable to voluntary non-binding mediation as proposed by Williams,¹ subject to several necessary conditions, which have been discussed with and agreed upon by Williams.² The mediation must be entirely non-binding on the parties, be subject to

¹ As the Board has recognized, except in rate cases handled under the stand-alone cost methodology, its regulations provide for the use of mediation only upon the mutual consent of the parties. *BP Amoco Chem. Co. v. Norfolk S. Ry.*, STB Docket No. 42093, slip op. at 3 (STB served June 3, 2005) (citing 49 C.F.R. §§ 1109.1, 1109.4).

² UP and Williams have authorized GTC to make the representations contained in this letter regarding their respective positions.

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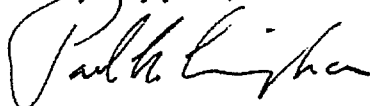
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strict confidentiality requirements, and be covered by an appropriate protective order. In order to protect the confidential information of CN and Williams, it would be appropriate for the dispute regarding CN's single line rate to be mediated separately from the dispute regarding the rate for the CN-UP interline movement. GTC and UP nonetheless expect that the parties will be able to work together to develop an appropriate single confidentiality agreement and protective order, and believe it may be possible to use a single mediator for both mediations. The mediator (or mediators) should be appointed by the Board and be independent and neutral. The agreement of GTC and UP to mediate these disputes is also conditioned on the Board holding its rate proceedings in abeyance pending the completion of mediation. This would include suspending until the completion of both mediations the requirements of 49 C.F.R. § 1111.9 regarding discovery, the filing of an answer, and filings on the issue of whether simplified procedures are appropriate in this case. If any of these requirements cannot be met, then GTC and UP cannot presently consent to mediation.³

In giving their conditional assent to non-binding mediation of these rate disputes, GTC and UP reserve all of their rights, including, among others, their rights individually or collectively to object to the use or applicability of the procedures adopted in *Rate Guidelines – Non-Coal Proceeding*, 1 S.T.B. 1004 (1996), or to seek application of any other procedures or standards.

Very truly yours,



Paul A. Cunningham
David A. Hirsh

cc: Theodore K. Kalick
Charles W. King
Lawrence E. Wzorek, Esq.
Linda J. Morgan, Esq.

³ If some of the details of these conditions are not acceptable to the Board (for example, if it does not wish to appoint a mediator itself), GTC and UP remain open to discussing possible alternatives with the Board staff and Williams. If the Board rejects the request for mediation altogether, GTC and UP ask that the Board set a procedural schedule that effectively treats the day of the Board's service of its decision rejecting mediation as the date of service of the complaint. This will assure that the proposed participants in the mediation are not procedurally disadvantaged for having sought to use alternative dispute resolution.