Wisconsin Central Group
An ad hoc Rail Freight Stakeholders Coalition
www.centralcorridors.com/wcg/

Lake States Shippers Association
A Classic Co-op Shippers Association
www.centralcorridors.com/lssa/

John Duncan Varda, Counsel
DeWitt LLP
2 E. Mifflin Street, Suite 600
Madison, WI 53703
608-212-1103
jdvarda@dewittllp.com

August 22, 2020

Considerations for Responding to CN's WC Divestiture Plan
Restoring/Transforming a System for Rail Access
For Former Wisconsin Central Lighter Density Corridors

- **State or Other Public Ownership?**
  - Only as last resort for preservation.
  - Undertaken with a plan to return to private sector ownership in the foreseeable future?
  - Consider control through a transit commission with substantial shipper participation?

- **Apply a "Rail Line Corridors" ("RLC") Perspective?** See examples.
  - Virtual single-line service & pricing to/from:
    - CN system points?
    - CN/WC connections (*e.g.*, UP in WI)?
  - Full corridor WC-type "local characteristics" per conditions in STB Docket F.D. 34000?
  - Trackage rights and/or pricing authority to assure WC-type "local characteristics"?
  - Meaningful consultation & participation by "RLC" shippers and other stakeholders?

- **Public Funding for Rail and Rail-Related Infrastructure?**
  - Local freight (e.g., logs) will not be sufficient to support sustainable operations?
  - Track/bridge conditions need restoration and some, also, upgrading to 286k capacity?
  - Realistic access to public funding for:
    - Track/bridge restorations and upgrades;
    - Return to service, out-of-service segments/connectors (e.g. Hwy 8 RLC);
    - Rolling stock - boxcars, log cars and other equipment; and
    - Shipper/receiver rail-related facilities investments.

- **Preference for "Entrepreneurial" Investors?**
  - Investors with local ties and local interests, including a shipper component.
  - Avoid hedge fund type investors.
  - Avoid short line holding company structures, potential conflicting Class I trade-offs.

- **Railroad Operator – Qualified and Competent with Credible Credentials?**
  - Qualified operations, administrative and operating people:
    - Experienced dealing with public infrastructure funding; and
    - Positive track records in dealing with Class Is and other connections?
  - Demonstrated understanding of available traffic and a plan to grow the base?
  - Adequate access to power, rail car and private capital resources and capabilities?