

John P. Borgwardt
General Counsel



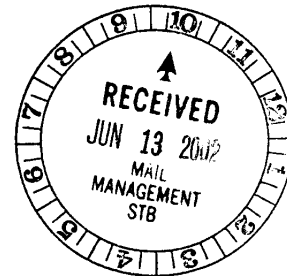
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Office of the Secretary

JUN 13 2002

Part of
Public Record

205608

June 12, 2002



VIA UPS

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W., Room 700
Washington, DC 20006

Re: **Finance Docket No. 34014 - 205608**
Canadian National Railway Company -- Trackage Rights
Exemption -- Bangor and Aroostook Railroad Company
and Van Buren Bridge Company

Finance Docket No. 34015 - 205610
Waterloo Railway Company -- Acquisition Exemption -- Bangor and
Aroostook Railroad Company and Van Buren Bridge Company

Dear Secretary Williams:

By Petition dated May 15, 2002, Fraser Papers Inc. ("Fraser") requested leave to intervene in these proceedings in opposition to the Petition to Reopen and Revoke Exemptions filed by the Trustee of the Bangor and Aroostook Railroad Company ("BAR"). As discussed in the Verified Statement of Austin Durant, Fraser's Vice President Materials Management, filed with the Petition to Intervene, the relief sought by the Trustee directly affects Fraser and, if granted, would remove a critical measure of transportation security and an important competitive option for Fraser at Fraser's paper mill in Madawaska, Maine.

At the time Fraser filed its Petition to Intervene, we were unaware of a filing made the day before by Bank Austria Creditanstalt Corporate Finance, Inc. and Bank Austria Creditanstalt SBIC, Inc. (collectively "Bank Austria"), BAR's principal secured creditor, in support of the Trustee's petition. Bank Austria's unverified filing purports to represent what Fraser's transportation needs are and what effect revocation of CN's rights would have on Fraser's interests. Bank Austria did not serve a copy of its filing on Fraser, and provides no discernible basis to speak on our behalf. Fraser respectfully requests that the Board accept this brief response to the Bank Austria filing solely as it pertains to Fraser.

We strongly disagree with Bank Austria's assertions that revocation would not affect Fraser's competitive options, and that Fraser does not need CN to serve it via trackage rights.

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The Haulage Agreement between BAR and CN standing alone, does not and cannot provide the security or competitive options that Fraser currently has. The Haulage Agreement is fundamentally based on BAR hauling the cars for CN. BAR provides the actual service between Madawaska and the interchange with CN at St. Leonard, New Brunswick. Without the option to turn to CN for direct service, Fraser would be back where it was in 2000, wholly dependent on BAR for service and vulnerable to potential service deficiencies or even complete loss of service.

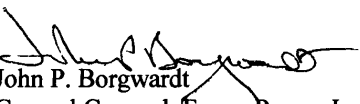
Moreover, Fraser can hardly rely on the continued existence of the Haulage Agreement. BAR has made it clear that it does not want to continue the haulage arrangement with CN. The Trustee has moved to reject it. CN's rights are also needed to protect Fraser's access over the long term to CN's long-haul routes and service. Without such rights, Fraser has no assurance that in the event of a sale of the BAR, the buyer would not take action to foreclose or inhibit Fraser's access to CN. Fraser currently has two rail options available to it at its Madawaska mill. Eliminating one by definition makes Fraser a 2-1 shipper. Public policy with respect to competitive access for shippers cannot possibly support such a result.

Contrary to Bank Austria's assertions, eliminating CN's rights would harm the public interest. The benefits to Fraser from these rights are real and substantial. As discussed by Mr. Austin, Fraser benefits from the existence of these rights even where CN does not operate its own trains, so long as CN has the right to do so. The Trustee's petition to revoke the exemptions should be denied.

Ten copies of this letter are enclosed with the original for filing with the Board.

I certify that a copy of this letter has been served on all parties of record, including counsel for Bank Austria, by first-class mail, postage prepaid.

Respectfully submitted,


John P. Borgwardt
General Counsel, Fraser Papers Inc.

JPB
Enclosures
cc: Parties of Record

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CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the forgoing letter upon the following persons by first-class mail postage prepaid:

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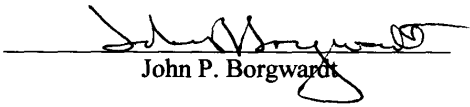
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Dated at Portland, Oregon this 12th day of June, 2002.


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