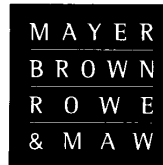
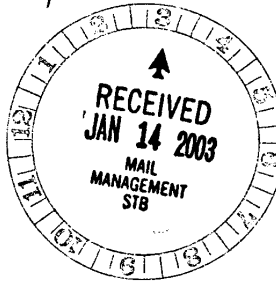


DO# 010214001



January 14, 2003

207047

BY HAND DELIVERY

The Honorable Vernon A. Williams
Secretary
Surface Transportation Board
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Washington, DC 20423-0001

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Re: Finance Docket No. 34305, The Burlington Northern
and Santa Fe Railway Company -- Construction and
Operation Exemption -- In Merced County, California

Dear Secretary Williams:

Enclosed for filing in the above-captioned proceeding are the original and ten (10) copies of The Burlington Northern and Santa Fe Railway Company's Petition for Exemption from 49 U.S.C. § 10901 For the Authority to Construct and Authority to Operate A Build-Out to Quebecor World Inc. in Merced County, California, and supporting verified statement. Also enclosed is a check in the amount of \$55,000 for the filing fee and a 3.5 inch disk containing the text in WordPerfect 9 format.

I would appreciate it if you would date-stamp the enclosed extra copy of this submission and return it to the messenger for our files. Thank you for your assistance.

FILE RECEIVED

JAN 14 2003

**SURFACE
TRANSPORTATION BOARD**

Enclosures

Sincerely,

Erika Z. Jones/als
Erika Z. Jones

FILED

JAN 14 2003

cc: Mr. David M. Konschnik
Ms. Victoria J. Rutson
Mr. David Navecky

**ENTERED
Office of Proceedings**

JAN 14 2003

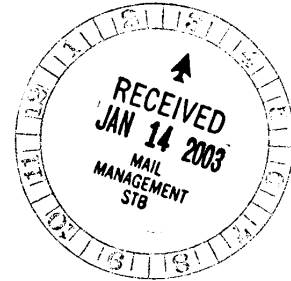
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Independent Mexico City Correspondent: Jauregui, Navarrete, Nader y Rojas, S.C.

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**BEFORE THE
SURFACE TRANSPORTATION BOARD**



Finance Docket No. 34305

**The Burlington Northern And Santa Fe Railway Company –
Construction and Operation Exemption – In Merced County, California**

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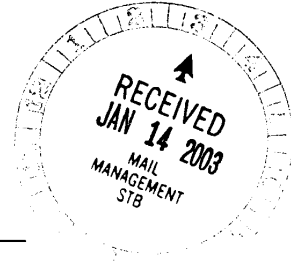
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Attorneys for The Burlington Northern and Santa Fe Railway Company

Date: January 14, 2003

**BEFORE THE
SURFACE TRANSPORTATION BOARD**



Finance Docket No. 34305

**The Burlington Northern And Santa Fe Railway Company –
Construction and Operation Exemption – In Merced County, California**

Pursuant to 49 U.S.C. § 10502, The Burlington Northern and Santa Fe Railway Company (“BNSF”) (“Petitioner”) hereby petitions the Surface Transportation Board (“Board”) for an exemption from the prior approval requirements of 49 U.S.C. § 10901 for the construction and operation by BNSF of an approximate 850 foot rail line that will connect the Quebecor World Inc. (“Quebecor”) printing and distribution facility in Merced, CA with BNSF’s existing Stockton Subdivision mainline between Stockton and Bakersfield, CA. The purpose of the proposed construction is to provide the Quebecor facility, which is presently served only by the Union Pacific Railroad Company (“UP”), with competitive rail service.

The exemption would be subject to the completion of environmental review by the Board’s Section of Environmental Analysis (“SEA”). Consistent with the Board’s established practice, BNSF requests that the Board conditionally grant the requested exemption subject to the entry of a final decision after completion of such environmental review.

This Petition is supported by the attached Verified Statement of Eric Steinbach of Quebecor (“Steinbach V.S.”).

INTRODUCTION

As established below, the goals of the Rail Transportation Policy will be furthered by exempting the proposed line from regulation under Section 10901. The transaction is clearly

limited in scope. It involves the straightforward construction and operation of an 850 foot rail line to serve the Quebecor facility. Further, regulation is not needed to protect shippers from the abuse of market power. Indeed, as the Board and its predecessor, the Interstate Commerce Commission ("ICC"), have often recognized, the construction of new rail lines enhances competition by expediting the access of affected shippers to service by a second carrier. Accordingly, under the standards for exemption set forth in Section 10502, this Petition should be granted.

BACKGROUND

A. *Petitioner*

BNSF is a Class I rail carrier incorporated in Delaware and headquartered in Fort Worth, TX.

B. *The Quebecor Facility*

Quebecor is the leading print media services company in North America and in the world. Steinbach V.S. at 1. It owns and operates a printing and distribution facility located at Merced, CA in the San Joaquin Valley between San Francisco and Los Angeles. Ibid. The facility, which is the largest printing facility on the West Coast, is one of the largest employers in Merced County, and it operates 24 hours a day, seven days a week, 365 days a year. The facility utilizes significant volumes of paper in its printing processes, and this paper is transported by rail to the facility in large rolls. Ibid. The facility, however, is solely served by UP.¹ Ibid.

¹ In addition to providing Quebecor with the benefits of two carrier price and service competition, the new line would provide Quebecor with alternative service if there are any future service disruptions. Steinbach V.S. at 2. Moreover, BNSF has an extensive single-line service system which would offer Quebecor single-line service opportunities in the western two-thirds of the United States in addition to those now offered by UP. Ibid.

Quebecor has requested BNSF to provide service through a build-in to its Merced facility, and BNSF has determined that it is economically feasible to construct a rail line that would provide direct alternative competitive rail service to the facility.

C. *Description and Purpose of Proposed Line and Planned Operations*

The proposed line would be approximately 850 feet in total length. As shown on the map attached hereto, the new line would connect with the existing BNSF Stockton Subdivision mainline. No residences or recreational lands will be necessary for the construction, and the line is to be located adjacent to an existing railroad corridor. The adjacent land is used for agricultural and industrial activities.

The line will cross the existing UP loop track that currently provides service to the Quebecor facility with a diamond crossing.² The line will also cross one public road – Santa Fe Road, which is a two-lane light density road maintained by the City of Merced. The crossing will be at grade and will utilize active warning devices. Both crossings will be designed in accordance with industry standards, customs and practices. BNSF will operate the line exclusively and will assume and bear all common carrier obligations for the line.

The line will be used to transport inbound shipments of non-hazardous paper rolls in boxcars. Outbound traffic will be primarily empty boxcars, but there may also be some shipments of waste paper (approximately one carload per week). BNSF expects that the traffic will generally consist of one inbound train per day with approximately 6-8 loaded boxcars, with

² BNSF intends to promptly engage in discussions with UP regarding the proposed crossing of the UP track. Should BNSF be unsuccessful in reaching an agreement with UP concerning the terms and conditions for the crossing of the UP track, BNSF will seek authority to cross such track pursuant to 49 U.S.C. § 10901(d). See *The Burlington Northern and Santa Fe Railway Co. – Petition for Declaration or Prescription of Crossing, Trackage, or Joint Use Rights*, Fin. Dkt. Nos. 33740 and 33740 (Sub-No. 1), at 5 (“an existing carrier may not thwart its competitor by refusing to allow its competitor to build across its tracks to serve shippers”) (June 22, 2001).

the same train returning to pick up the empties. BNSF currently plans to provide service six days per week.

The proposed turnout for the new rail line would be located on the BNSF mainline (Stockton Subdivision) at Milepost (MP) 1058.0. The BNSF line currently averages approximately 25 freight and 10 Amtrak trains per day, for a total traffic level of 35 trains per day. Under current plans, traffic to and from the Quebecor facility would be blocked and switched at the Calwa Yard near Fresno, CA at MP 994.0. Each day, a local would be blocked with loaded railcars destined for Quebecor, as well as cars billed to other customers in the vicinity along the BNSF mainline. The local would operate from Calwa Yard and move to either the siding at Merced (MP 1056.1) or Fluhr (MP 1062.9). The local would leave the train on the siding and then proceed to Quebecor with just the loaded cars intended for Quebecor. The local would spot the loaded cars at the Quebecor facility, pick up the empty railcars, then proceed back to the siding, pick up the rest of the train and proceed to deliver railcars to the remaining customers.

D. *Environmental Review*

Representatives of BNSF have consulted with SEA on the environmental review process. By letter dated December 27, 2002, SEA granted BNSF's request for a waiver of the requirement that it submit a six-month notice to SEA. BNSF has also consulted with SEA concerning having the environmental analysis conducted by a third-party consultant, and Myra L. Frank & Associates, Inc. has been appointed by SEA as the third-party consultant.³

³ Under 49 C.F.R. § 1105.10(d), the use of a third-party consultant waives the reporting requirements that would otherwise apply under 49 C.F.R. pt. 1105.

DISCUSSION

A. *The Proposed Construction and Operation Are Presumptively in the Public Interest*

As a result of the liberalization of the “public convenience and necessity” standard by the ICC Termination Act of 1995, the Board has adopted a general presumption that construction projects will be approved. *See Class Exemption for the Construction of Connecting Track Under 49 U.S.C. 10901*, 1 S.T.B. 75, 79 (1996); *accord Dakota, Minnesota & Eastern R.R. Corp. Construction into the Powder River Basin*, Fin. Dkt. No. 33407, at 17 (Dec. 10, 1998).

As the Board recently stated:

Finding that a shipper sustained or is likely to sustain injury from an abuse of market power by its present carrier is not a prerequisite for approval of a build-out. On the contrary, in enacting the ICC Termination Act of 1995, Pub. L. No. 104-88, 109 Stat. 803, Congress intended to facilitate rail construction by changing the statutory standard from requiring approval if the agency finds that a project is consistent with the public convenience and necessity (PC&N) to requiring approval unless the agency finds the project is inconsistent with the PC&N. Under this new standard, proposed rail construction projects are to be given the benefit of the doubt.

The Burlington Northern and Santa Fe Railway Co. – Construction and Operation Exemption – Seadrift and Kamey, TX, Fin. Dkt. No. 34003, at 4 (June 19, 2001) (citation omitted).⁴

B. *The Proposed Construction and Operation Meet the § 10502 Exemption Criteria for Line Constructions Under § 10901*

Construction and operation of a new rail line require prior Board approval pursuant to 49 U.S.C. § 10901. Under 49 U.S.C. § 10502(a), however, the Board must exempt such

⁴ Moreover, the Board has recently reaffirmed that neither “under the exemption criteria of section 10502 nor under the prior approval requirements of section 10901 is there a requirement of a showing of public need for the facilities proposed to be constructed.” *Illinois Central R.R. Co. – Construction and Operation Exemption – In East Baton Rouge Parish, LA*, Fin. Dkt. No. 33877, at 2 (May 25, 2001).

construction from the prior approval requirements of Section 10901 if it finds that: (1) continued regulation is not necessary to carry out the Rail Transportation Policy of 49 U.S.C. § 10101; and (2) either (a) the transaction or service is of limited scope, or (b) regulation is not necessary to protect shippers from the abuse of market power.

The legislative history of the exemption provisions, as well as ICC, Board and court decisions, demonstrate that the Board should apply the exemption provision broadly, and that the proposed line to the Quebecor facility is the type of transaction for which the exemption provision was designed. *See, e.g., American Trucking Ass'ns v. ICC*, 656 F.2d 1115, 1119 (5th Cir. 1981) (the ICC is charged with the responsibility of actively pursuing exemptions for transportation and service that comply with the section's standards); H.R. Rep. No. 96-1430, at 105 (1980) (the ICC is charged with removing "as many as possible of the Commission's restrictions"). In addition, approval of this line construction pursuant to exemption authority is consistent with the Board's practice on recent similar competitive build-out proposals. *See, e.g., San Jacinto Rail Limited Construction Exemption and The Burlington Northern and Santa Fe Railway Company Operation Exemption – Build-Out to the Bayport Loop Near Houston, Harris County, TX*, Fin. Dkt. No. 34079 (Aug. 28, 2002); *Midwest Generation, LLC – Exemption from 49 U.S.C. 10901 – For Construction in Will County, IL*, Fin. Dkt. No. 34060 (March 21, 2002); *The Burlington Northern and Santa Fe Railway Co. – Construction and Operation Exemption – Seadrift and Kamey, TX, supra*; *Illinois Central R.R. Co. – Construction and Operation Exemption – In East Baton Rouge Parish, LA, supra* (Oct. 25, 2001); *Entergy Arkansas and Entergy Rail – Construction and Operation Exemption – White Bluff to Pine Bluff, AR*, Fin. Dkt. No. 33782 (May 4, 2000); *Ellis County Rural Rail Transportation District – Construction and Operation Exemption – Ellis County, TX*, Fin. Dkt.

No. 33731 (Feb. 15, 2000); *Southern Electric R.R. Co. – Construction and Operation Exemption* – *West Jefferson, AL*, Fin. Dkt. No. 33387 (July 16, 1997); *Hastings Industrial Link R.R. – Construction and Operation Exemption – Hastings, NE*, Fin. Dkt. No. 32984 (Dec. 10, 1996).

As explained in detail below, the proposed rail line construction and operation comply with the Section 10502 exemption criteria and accordingly should be exempted from the requirements of obtaining Board approval under Section 10901.

1. An Exemption Will Promote the Rail Transportation Policy

Regulation of the construction and operation of this approximately 850 foot rail line is not necessary to carry out the Rail Transportation Policy expressed in Section 10101. Rather, granting an exemption (as opposed to subjecting the proposed project to burdensome regulation) will promote significant provisions of the Rail Transportation Policy and will not run counter to any of the Rail Transportation Policy's goals.

First, the granting an exemption for the construction of the proposed rail line is consistent with the mandate of Sections 10101(1), 10101(4), and 10101(5) that the Board ensure the development and continuation of a sound rail transportation system with effective competition and coordination between rail carriers that will allow competition and the demand for service to establish reasonable rates and service terms. Specifically, the proposed line will increase the bargaining power of the otherwise captive Quebecor facility and provide alternative rail service options to the facility. Steinbach V.S. at 2. Conversely, the failure to grant the exemption would freeze the current price and service arrangements to the facility and promote inefficiencies.

Second, consistent with Sections 10101(2) and 10101(7), an exemption will minimize the need for federal regulatory control over the rail transportation system and reduce regulatory barriers to entry. Specifically, an exemption here will promote these policies by minimizing the time and administrative expense associated with the construction and commencement of

operations. Regulatory barriers to new capacity and infrastructure improvements in particular should be minimized where possible in order to promote and maintain stable economic growth in this sector of the economy.

The Board and its predecessor the ICC have repeatedly found that rail construction and operation projects promote the Rail Transportation Policy by allowing for competition and encouraging the provision of more efficient transportation service. *See, e.g., San Jacinto Rail Limited Construction Exemption and The Burlington Northern and Santa Fe Railway Company Operation Exemption – Build-Out to the Bayport Loop Near Houston, Harris County, TX, supra*, at 6; *Midwest Generation, LLC – Exemption from 49 U.S.C. 10901 – For Construction in Will County, IL, supra*, at 8; *The Burlington Northern and Santa Fe Railway Co. – Construction and Operation Exemption – Seadrift and Kamey, TX, supra*, at 4; *Entergy Arkansas and Entergy Rail – Construction and Operation Exemption – White Bluff to Pine Bluff, AR, supra*, at 3; *Missouri Pacific R.R. Co. – Construction and Operation Exemption – Harris and Chambers Counties, TX*, Fin. Dkt. No. 32571 at 4 (June 30, 1995); *Gateway Western Ry. Co. – Construction Exemption – St. Clair County, IL, Gateway Western Ry. Co. – Petition Under 49 U.S.C. 10901(d)*, Fin. Dkt. Nos. 32158 and 32158 (Sub-No. 1), at 10 (May 11, 1993) (noting that the Board has “made findings in a series of construction [exemption] cases that the rail transportation policy favors the construction of new rail lines”); *accord Burlington Northern R.R. Co. – Construction and Operation Exemption – Macon and Randolph Counties, MO*, 9 I.C.C. 2d 1161, 1166-1169 (1993), *aff’d sub nom. Missouri Mining, Inc. v. ICC*, 33 F.3d 980 (8th Cir. 1994).

Additionally, in today’s competitive environment, the market adequately determines the value of a potential rail construction project. As a result, there is no need for regulatory oversight to determine if the proposed project is economically sound and meets a transportation

need. Further, there is no need for regulatory review to protect an incumbent carrier from the effects of competition. See, e.g., *San Jacinto Rail Limited Construction Exemption and The Burlington Northern and Santa Fe Railway Company Operation Exemption – Build-Out to the Bayport Loop Near Houston, Harris, County, TX*, *supra*, at 7; *Midwest Generation, LLC – Exemption from 49 U.S.C. 10901 – For Construction in Will County, IL*, *supra*, at 8; *Illinois Central R.R. Co. – Construction and Operation Exemption – In East Baton Rouge Parish, LA*, *supra*, at 5; *Missouri Pacific R.R. Co. – Construction and Operation Exemption – Harris and Chambers Counties, TX*, *supra*, at 4.

The proposed project is straightforward and simple. It involves an 850 foot build-in to the Quebecor facility, and Quebecor strongly supports the project. Construction and operation of the line raise no concerns which might justify Board scrutiny under Section 10901. As with most construction and operation projects, an exemption from regulatory review (excepting environmental review and regulation) will advance a number of goals of the Rail Transportation Policy, including minimizing the need for federal regulatory control, ensuring the development and continuation of a sound rail transportation system, allowing competition and demand for service to establish transportation rates and service terms, and encouraging the efficient management of railroads. None of the goals of the Rail Transportation Policy will be hindered by the granting of this Petition.

In conclusion, formal and potentially protracted Board approval pursuant to Section 10901 is not necessary to carry out the goals of the Rail Transportation Policy. In fact, to require such approval by means other than exemption, with its attendant expense and risk of delay, will undermine the aims of the Rail Transportation Policy.

2. The Transaction is Limited in Scope and Regulation is Not Needed to Protect Shippers from the Abuse of Market Power

The second test for exemption is stated in the alternative – either the transaction must be of limited scope or the Board must find that regulation of the transaction is not needed to protect shippers from the abuse of market power. Although required to satisfy just one of these alternatives, the proposed new line satisfies both.

First, the proposed construction is limited in scope. The entire rail line to be constructed and operated is approximately 850 feet in total length. The line is in close proximity to existing rail infrastructure. Under Board precedent applying Section 10502(a), a rail line of such length is – essentially by definition – limited in scope. *Midwest Generation, LLC – Exemption from 49 U.S.C. 10901 – For Construction in Will County, IL, supra* (4007 feet); *The Burlington Northern and Santa Fe Railway Co. – Construction and Operation Exemption – Seadrift and Kamey, TX, supra* (7.5 miles); *Missouri Pacific R.R. Co. – Construction and Operation Exemption – Harris and Chambers Counties, TX, supra* (10.5 miles); *Burlington Northern R.R. Co. – Construction and Operation Exemption – Macon and Randolph Counties, MO, supra* (17 miles); *The Elk River R.R. – Construction and Operation Exemption – Clay and Karawha Counties, WV, Fin. Dkt. No. 31989* (May 28, 1992) (30 miles); *PSI R.R., Inc. – Construction Exemption – Gibson County, IN, Fin. Dkt. No. 32010* (Feb. 24, 1992) (13 miles); *Southern Electric Generating Co. – Petition for Exemption – Construction of a Rail Line in Shelby County, AL, Fin. Dkt. No. 31498* (Sept. 19, 1989) (7.5 miles); *Louisville & Jefferson County Riverport Auth. and CSX Transp., Inc. – In Jefferson City, KY, Fin. Dkt. No. 31136* (Dec. 22, 1987) (6.7 miles).

Second, the proposed line is designed to protect shippers from the abuse of market power, and therefore regulation of the construction and operation is not needed to protect shippers from the abuse of market power. Indeed, the very fact that Quebecor actively supports the

construction of the line dispels any notion that shipper protection from abuse of market power is warranted. The proposed line, when completed, will provide the Quebecor facility with increased rail transportation options and thus will assist Quebecor in protecting itself from market power abuses. *See Midwest Generation, LLC – Exemption from 49 U.S.C. 10901 – For Construction in Will County, IL, supra*, at 8 (“[t]he proposed transaction would provide . . . an additional rail transportation option, and thus would enable shippers to realize the benefits of increased railroad competition”); *Entergy Arkansas and Entergy Rail – Construction and Operation Exemption – White Bluff to Pine Bluff, AR, supra*, at 7; *Southern Electric R.R. Co. – Construction and Operation Exemption – West Jefferson, AL, supra*; *Southern Gulf Ry. Co. – Construction and Operation Exemption – In Calcasieu Parish, LA*, Fin. Dkt. No. 32321, at 4 (Sept. 9, 1993) (construction and operation of a new rail line to serve a utility coal shipper held not to subject shippers to carrier market power abuses).

C. The Exemption Should be Conditionally Granted

BNSF requests that the Board conditionally grant the requested exemption authority subject to completion of the environmental review process. BNSF recognizes the requirements set forth in the regulations at 49 C.F.R. § 1105 for the Board to undertake an independent environmental evaluation in connection with the exemption petition. As stated above, a third-party consultant has been appointed by the SEA, and the environmental review is underway.

The conditional approval of the exemption with the effective date to coincide with the completion of the Board’s environmental review is necessary for several reasons. For instance, BNSF must finalize details relating to the engineering of the proposed project, procure equipment and materials for the proposed project, plan and arrange construction contracts, and work towards the completion of the environmental analysis and other related permitting requirements for the proposed project. Because each of these tasks involves substantial

commitment and expenditure of resources by BNSF, it must have some level of assurance that regulatory approval is obtainable before undertaking the tasks.

A conditional approval of the exemption would also be in accord with the law and Board precedent. *See Illinois Commerce Comm'n v. ICC*, 848 F.2d 1246 (D.C. Cir. 1988); *San Jacinto Rail Limited Construction Exemption and The Burlington Northern and Santa Fe Railway Company Operation Exemption – Build-Out to the Bayport Loop Near Houston, Harris County, TX*, *supra*, at 7; *Midwest Generation, LLC – Exemption from 49 U.S.C. 10901 – For Construction in Will County, IL*, *supra*, at 10; *The Burlington Northern and Santa Fe Railway Co. – Construction and Operation Exemption – Seadrift and Kamey, TX*, *supra*, at 4 (The Board has “consistently handled rail construction applications or exemption requests by first considering the transportation issues and later addressing the environmental issues”); *Entergy Arkansas and Entergy Rail – Construction and Operation Exemption – White Bluff to Pine Bluff, AR*, *supra*, at 4. The Board recently reaffirmed its policy in this regard in December of 2000. *See Great Salt Lake and Southern R.R., L.L.C. – Construction and Operation – In Tooele County, UT*, Fin. Dkt. No. 33824, at 5-6 (Dec. 15, 2000).

Accordingly, BNSF respectfully requests the Board to issue an order conditionally granting this Petition, subject to the issuance of a final Board decision after all environmental reviews have been completed.

CONCLUSION

For the foregoing reasons, BNSF respectfully requests that the Board grant this Petition for Exemption to authorize BNSF to construct and operate the approximately 850 foot rail line without the need of a full application pursuant to 49 U.S.C. § 10901 in order to provide the Quebecor facility as well as any other present and future facilities that connect with the proposed

line with competitive rail service. BNSF also requests that the Petition be conditionally granted subject to the completion of the environmental review process.

Respectfully submitted,

Erika Z. Jones / als

Richard E. Weicher
Sarah Whitley Bailiff

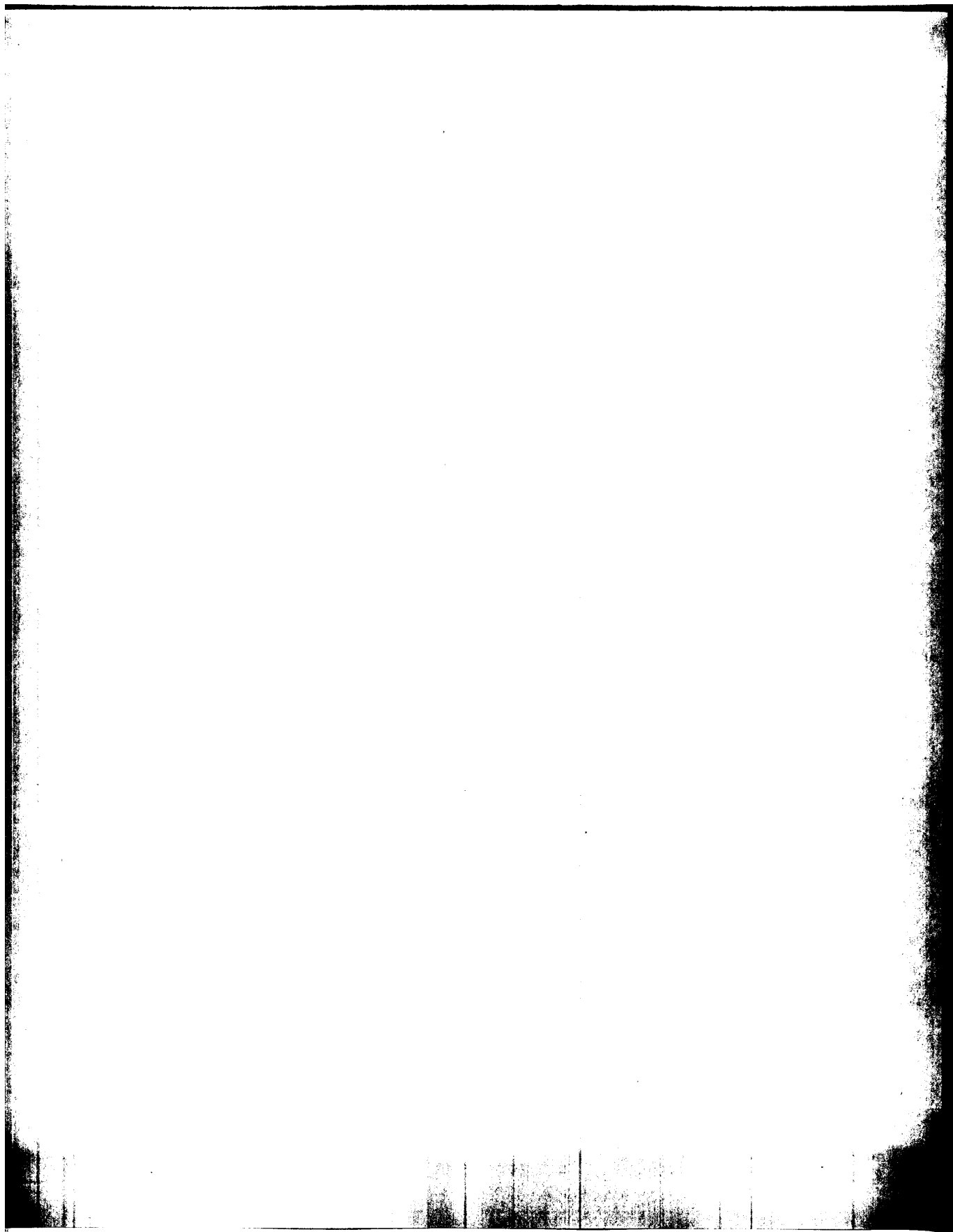
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Attorneys for The Burlington Northern and Santa Fe Railway Company

Date: January 14, 2003



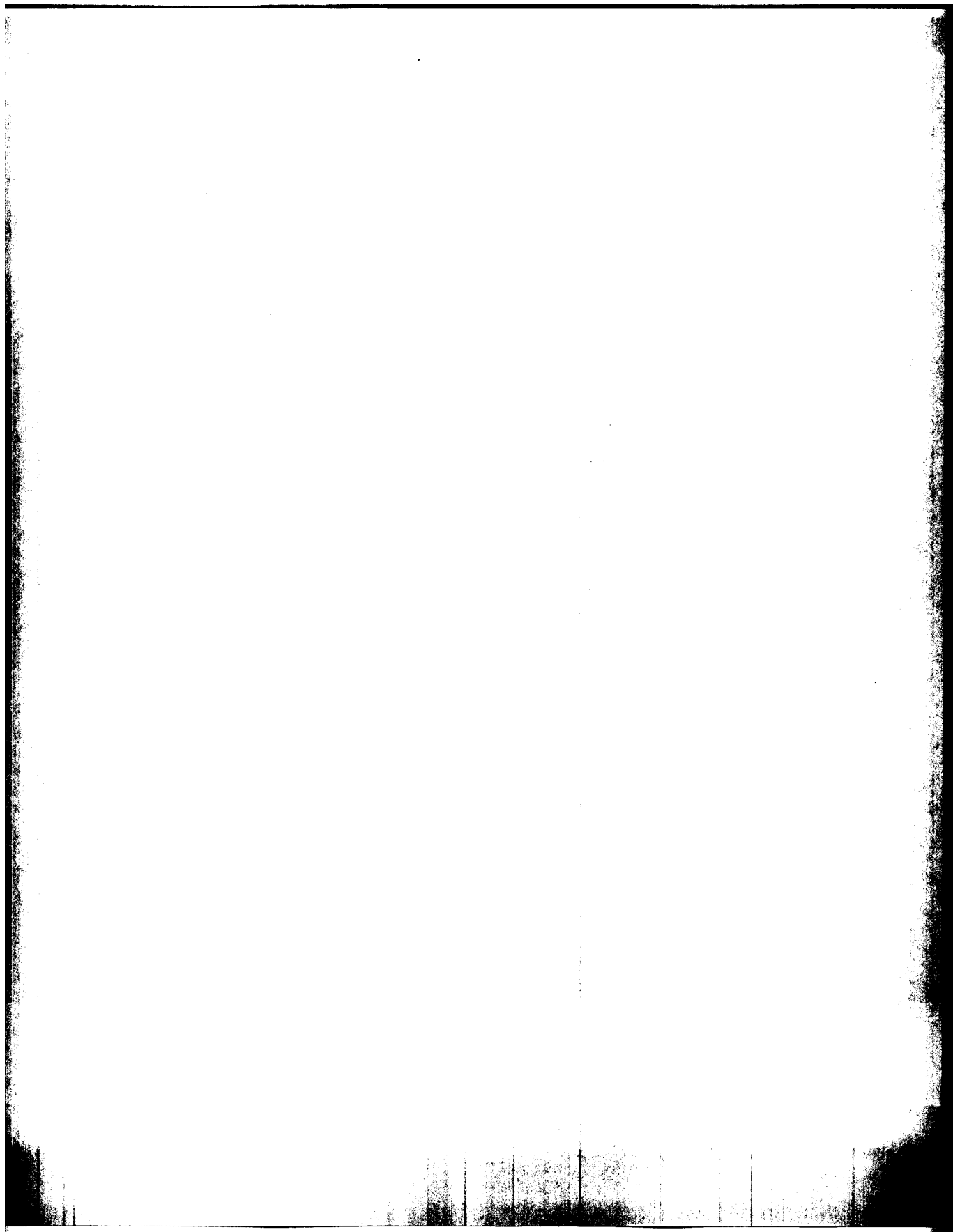


BNSF



BURLINGTON NORTHERN
AND SANTA FE
RAILWAY COMPANY
ENVIRONMENTAL BACKGROUND

PROPOSED ALIGNMENT
PROPOSED TRACK TO SERVE
QUEBECOR INDUSTRIES - MERCED
DECEMBER, 2001





Quebecor World

Verified Statement
of
Eric Steinbach

January 13, 2003

My name is Eric Steinbach. I am employed by Quebecor World (USA) Inc. ("Quebecor") as Vice President, General Manager. My office address is 2201 Cooper Avenue, Merced, California, 95348.

I joined Quebecor in 1995. My current responsibilities include managing the Merced facility. In addition, I am directly responsible for all commercial activities related to the proposed construction of the rail line at Merced, CA further discussed in this Verified Statement.

The purpose of this Verified Statement is to describe the Quebecor World Merced facility and its need to secure competitive two-carrier rail service to that complex in order to maintain its ability to participate fully in the increasingly competitive world and domestic markets.

Quebecor and its affiliates comprise the leading print media services company in North America and in the world. The company is a leader in most of its major product categories, which include magazines, inserts and circulars, books, catalogs, specialty printing and direct mail, directories, digital pre-media, logistics, mail list technologies and other value-added services. The company has approximately 40,000 employees working in more than 160 printing and related facilities in the United States and throughout the rest of the world.

Quebecor World - Merced Facility

Quebecor's Merced facility is the largest printing facility on the West Coast. It is one of the largest employers in Merced County, and it operates 24 hours a day, seven days a week, 365 days a year. The facility utilizes significant volumes of paper in its printing processes, and this paper is transported by rail to the facility in large rolls.

At present, only one rail carrier serves the Merced plant – the Union Pacific Railroad ("UP"). UP owns the only rail tracks leading in and out of the facility. Quebecor has requested BNSF to provide service to its Merced facility, and BNSF has determined that it is economically feasible to construct a rail line that would provide direct alternative competitive rail service to the facility.

Quebecor World

Need For Two-Carrier Service

The new line will provide the Quebecor facility with two-carrier price and service competition. This will enable Quebecor to improve service to its customers, and to improve its competitive position in its markets. In addition, the new line will provide Quebecor with a service alternative if there are any future service disruptions that may be caused by strike or natural disaster. Further, BNSF has an extensive single-line service system which would offer Quebecor single-line service opportunities in the western two-thirds of the United States in addition to those now offered by UP.

VERIFICATION

I, Eric Steinbach, verify under penalty of perjury under the laws of the United States that the foregoing is true and correct to the best of my knowledge, information and belief.

Executed on January 13, 2003.



Eric Steinbach