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SERVICE DATE - MARCH 13, 1998

SURFACE TRANSPORTATION BOARD

DECISION

STB Finance Docket No. 33556

CANADIAN NATIONAL RAILWAY COMPANY, GRAND TRUNK CORPORATION,  
AND GRAND TRUNK WESTERN RAILROAD  
INCORPORATED—CONTROL—ILLINOIS CENTRAL CORPORATION, ILLINOIS  
CENTRAL RAILROAD COMPANY, CHICAGO, CENTRAL AND PACIFIC  
RAILROAD COMPANY, AND CEDAR RIVER RAILROAD COMPANY

AGENCY: Surface Transportation Board.

ACTION: Decision No. 2; Notice of prefiling notification.

SUMMARY: Pursuant to 49 CFR 1180.4(b), Canadian National Railway Company (CNR), Grand Trunk Corporation (GTC), and Grand Trunk Western Railroad Incorporated (GTW),<sup>1</sup> Illinois Central Corporation (IC Corp.), Illinois Central Railroad Company (ICR), Chicago, Central and Pacific Railroad Company (CCP), and Cedar River Railroad Company (CRRC)<sup>2</sup> have notified the Surface Transportation Board (Board) of their intent to file an application seeking authority under 49 U.S.C. 11323-25 for the acquisition of control, by CNR, through its indirect wholly owned subsidiary Blackhawk Merger Sub, Inc. (Merger Sub), of IC Corp., and through it of ICR and its railroad affiliates, and for the resulting common control by CNR of GTW and its railroad affiliates and ICR and its railroad affiliates.

The Board finds this to be a major transaction as defined in 49 CFR part 1180.

ADDRESSES: An original and 25 copies of all documents must refer to STB Finance Docket No. 33556 and must be sent to the Surface Transportation Board, Office of the Secretary, Case Control Unit, ATTN: STB Finance Docket No. 33556, 1925 K Street, N.W., Washington, DC 20423-0001. In addition, one copy of all documents in this proceeding must be sent to Administrative Law Judge David Harfeld, Federal Energy Regulatory Commission, Office of Administrative Law Judges, 888 First Street, N.E., Suite 11F, Washington, DC 20426 [(202) 219-2514; FAX: (202) 219-3289] and to each of Applicants' representatives: (1) Paul A. Cunningham, Esq., Harkins Cunningham, 1300

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<sup>1</sup> CNR, GTC, and GTW, and their affiliates, are referred to collectively as CN.

<sup>2</sup> IC Corp., ICR, CCP, and CRRC, and their affiliates, are referred to collectively as IC. CN and IC are referred to collectively as Applicants.

19th Street, N.W., Suite 600, Washington, DC 20036-1609; and (2) William C. Sippel, Esq., Oppenheimer Wolff & Donnelly, Two Prudential Plaza, 45th Floor, 180 North Stetson Avenue, Chicago, IL 60601-6710.

FOR FURTHER INFORMATION CONTACT: Julia M. Farr, (202) 565-1613. [TDD for the hearing impaired: (202) 565-1695.]

SUPPLEMENTARY INFORMATION: In the notice of intent (CN/IC-1) filed February 12, 1998, Applicants state that, on February 10, 1998, CNR, Merger Sub, and IC Corp. entered into an Agreement and Plan of Merger under which Merger Sub will acquire up to 75% of the common stock of IC Corp. in a cash tender offer, which was to begin on or about February 13, 1998. That stock, and any other IC Corp. stock acquired by CN, will be placed in a voting trust pending review of the merger by the Board. Applicants further state that, after consummation of the tender offer and requisite approval by the shareholders of IC Corp., Merger Sub will merge with and into IC Corp., with IC Corp. as the surviving corporation. As a result of that merger, all independent shareholders of IC Corp. will receive either CNR stock or a combination of CNR stock and cash in exchange for their stock in IC Corp. Upon consummation of the merger, the stock of Merger Sub held by CNR will become the sole issued and outstanding stock of IC Corp., and CNR will place that stock in the independent voting trust pending review and approval of the control transaction by the Board. If and when the Board takes final and favorable action, the voting trust will be dissolved, and CNR will assume control of IC Corp. and, through it, of CCP, CRRC, and their railroad affiliates.

Applicants state that they will use the year 1996 as the base year for purposes of their impact analysis to be filed in the application, and that they anticipate filing their application on or before June 12, 1998.

The Board finds that this is a major transaction, as defined at 49 CFR 1180.2(a), as it is a control transaction involving two or more Class I railroads. CNR, through its wholly owned subsidiary GTC, presently controls GTW, a Class I railroad, and, under the proposed transaction, CNR proposes to acquire common control of ICR, also a Class I railroad. The application must conform to the regulations set forth at 49 CFR part 1180 and must contain all information required therein for major transactions, except as modified by any advance waiver.<sup>3</sup> The carriers are also required to submit maps with overlays that show their existing routes and those of their competitors.

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<sup>3</sup> The ICC Termination Act of 1995, Pub. L. No. 104-88, 109 Stat. 803, requires that we consider the effect of the proposed transaction "on competition among rail carriers in the affected region or in the national rail system." 49 U.S.C. 11324(b)(5). Applicants are reminded to include analysis on both elements of this criterion in their competitive analyses.

Electronic Submissions. In addition to submitting an original and 25 copies of all paper documents filed with the Board, the parties shall also submit, on diskettes or compact discs, copies of all textual materials, electronic workpapers, data bases and spreadsheets used to develop quantitative evidence. Data must be submitted on 3.5 inch IBM-compatible floppy diskettes or compact discs. Textual materials must be in, or convertible by and into, WordPerfect 7.0. Electronic spreadsheets must be in, or convertible by and into, Lotus 1-2-3 97 Edition, Excel Version 7.0, or Quattro Pro Version 7.0.

The data contained on the diskettes or compact discs submitted to the Board may be submitted under seal (to the extent that the corresponding paper copies are submitted under seal), and will be for the exclusive use of Board employees reviewing substantive and/or procedural matters in this proceeding. The flexibility provided by such computer data is necessary for efficient review of these materials by the Board and its staff.

The electronic submission requirements set forth in this decision supersede, for the purposes of this proceeding, the otherwise applicable electronic submission requirements set forth in our regulations. See 49 CFR 1104.3(a), as amended in Expedited Procedures for Processing Rail Rate Reasonableness, Exemption and Revocation Proceedings, STB Ex Parte No. 527, 61 FR 52710, 52711 (Oct. 8, 1996), 61 FR 58490, 58491 (Nov. 15, 1996).<sup>4</sup>

Selection of Administrative Law Judge. The Board assigns and authorizes Administrative Law Judge David Harfeld to entertain and rule upon all disputes concerning discovery in this proceeding.

This action will not significantly affect either the quality of the human environment or the conservation of energy resources.

It is ordered:

1. The parties shall submit all pleadings both in the required paper form and also as computer data contained on diskettes or compact discs.
2. This proceeding is assigned to Administrative Law Judge David Harfeld for handling of all discovery matters and the initial resolution of all discovery disputes.
3. In addition to filing pleadings with the Board and with Applicants' representatives, parties must send a copy of all filings and documents to Administrative Law Judge David Harfeld.
4. Administrative Law Judge David Harfeld shall be added to the service list in this proceeding and a copy of this decision shall be served on Administrative Law Judge Harfeld.

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<sup>4</sup> A copy of each diskette or compact disc submitted to the Board should be provided to any other party upon request.

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5. This decision is effective on the service date.

Decided: March 6, 1998.

By the Board, Chairman Morgan and Vice Chairman Owen.

Vernon A. Williams  
Secretary