

**SURFACE TRANSPORTATION BOARD
OPEN VOTING CONFERENCE
MARCH 21, 2003**

*The Burlington Northern and Santa Fe Railway Company—Construction and Operation
Exemption—Merced County, CA, STB Finance Docket No. 34305*

**STATEMENT OF CHRISTA L. DEAN, ATTORNEY ADVISOR,
OFFICE OF PROCEEDINGS**

The Burlington Northern and Santa Fe Railway Company (BNSF) has filed a petition for exemption to construct and operate an 850-foot railroad line in Merced, CA. The draft decision before you today would grant a conditional exemption under 49 U.S.C. 10502 from the prior approval requirements of 49 U.S.C. 10901, subject to your further consideration of the environmental impacts of the proposal and the issuance of a final decision after completion of the environmental review process.

The purpose of the construction is to connect BNSF's main line between Stockton and Bakersfield, CA, to a printing facility operated by Quebecor World Inc. (Quebecor), in Merced. Today, the facility is served exclusively by the Union Pacific Railroad Company (UP), and the proposed build-in by BNSF would provide Quebecor with a competitive rail option to UP.

The proposed construction would be located alongside an existing railroad corridor, and would cross one public road, Santa Fe Road, as well as the existing UP loop track that currently provides service to the Quebecor facility. BNSF projects that it will provide rail service 6 days a week, consisting of one inbound shipment of paper per day, using 6-8 boxcars, and corresponding outbound traffic that would be primarily empty boxcars.

The draft decision finds that detailed scrutiny of the proposed construction and operation under 49 U.S.C. 10901 is not necessary to carry out the rail transportation policy. Rather, an exemption under 49 U.S.C. 10502 will promote that policy and afford Quebecor access to additional rail service via BNSF; consequently, the construction and operation will increase competition. The draft decision also finds that regulation of this transaction is not necessary to protect shippers from the abuse of market power. Quebecor has asked BNSF to build this line, and fully supports the proposal.

That concludes my statement. If you have any questions, we will be happy to answer them.