



December 21, 2007

By Electronic Filing

Vernon A. Williams, Secretary  
Surface Transportation Board  
395 E Street, S.W.  
Washington, D.C. 20423-0001

**Re: STB Finance Docket No. 35087  
Canadian National Railway Company and Grand Trunk Corporation -  
Control - EJ&E West Company**

Dear Secretary Williams:

My name is Leslie Moll, and I am the Manager of Logistics and External Processing Procurement for ArcelorMittal USA ("ArcelorMittal"). I am writing to express ArcelorMittal's support for the December 17th Petition for Reconsideration of Indiana Harbor Belt Railroad Company ("IHB") and to join in IHB's request that the Board treat the Canadian National Railway Company's proposed transaction as a "significant" transaction and the alternative request that the Board extend the Procedural Schedule.

**Background on ArcelorMittal**

With its affiliates, ArcelorMittal is the largest steel producer in North America and the largest integrated steel producer in the United States. It serves a broad U.S. manufacturing base. The company was formed in April 2005 and consists of the former Ispat Inland Inc. and the former International Steel Group. It has operations in 12 states.

My job is to procure transportation and external processing services for all ArcelorMittal affiliates in the U.S., including the ones who are Parties of Record in this proceeding. My responsibilities include purchasing transportation services to handle inbound, outbound and inter-company shipments of raw materials and steel products to and from ArcelorMittal's U.S. plants. Transportation purchases account for approximately \$680 million in annual expenditures, and of that amount, rail transportation accounts for 39%, or \$268 million.

**ArcelorMittal's Immediate Concerns**

Generally, ArcelorMittal is concerned that the CN Application does not explain how either part of the divided Elgin, Joliet & Eastern Railway Company -- either the part that CN will own and operate or the

remnant that United States Steel will retain -- will meet the rail transportation service needs of our numerous facilities in and near the Chicago terminal. We have made our concerns known to CN and asked CN to address a number of specific questions. Although CN has assured us that it will address our concerns and respond to our questions, we do not yet have CN's responses and cannot afford to assume that CN's responses will be satisfactory. Meanwhile, the clock is ticking on the very short Procedural Schedule that the Board has set.

More specifically, ArcelorMittal is concerned that the scaled-down Gary Railway will not be in a position to provide adequate service to ArcelorMittal's ArcelorMittal Gary plate mill (owned by ArcelorMittal Indiana Harbor Inc.). The ArcelorMittal Gary plate mill is located on the rail line that will be operated by the Gary Railway. I am confident that United States Steel, the seller of most of the EJ&E and the owner of the remnant carrier Gary Railway, made adequate provision for its own railroad service and routings, but I am less sure that the Gary Railway will have adequate resources, incentive and commercial access to provide the ArcelorMittal Gary plate mill with the service and routing options it needs and has today. The Application describes the current EJ&E as a "subsidiary of a major integrated steel producer, whose operations are oriented primarily to the needs of that producer." Application at 17. I do not agree with that characterization of the current EJ&E. However, I am concerned that if this transaction is approved, the scaled-down Gary Railway will be oriented to the needs of its parent and our competitor, United States Steel.

ArcelorMittal also is concerned that CN will not be as interested in providing competitive rail service to our Indiana Harbor Works East plant on the portion of the EJ&E that CN will acquire. ArcelorMittal has two major facilities located within the Indiana Harbor & Ship Canal, located on the south shore of Lake Michigan, near East Chicago, IN. Our facility on the east side of the Indiana Harbor Port main canal, the Indiana Harbor Works East plant, is served by the IHB and the EJ&E on rail line owned by the IHB. The Indiana Harbor Works East plant ships by rail approximately 5 million tons of steel products per year; in addition we have inbound raw material receipts of 11.5 million tons with over 2 million tons received by rail each year. Today, the two railroads compete head to head for our rail business. I am very concerned that if this transaction is approved, CN will not vigorously compete for our business and we will be left with only one effective rail service provider. The Application is replete with explanations of how CN will use the EJ&E lines it acquires to complete its North American rail network, but bereft of any information on how it will meet the needs of Chicago area shippers. For example, EJ&E owns a fleet of covered and open hoppers and gondolas that are a critical element in its service to the Indiana Harbor East plant. This fleet will be retained by the Gary Railway and the CN Operating Plan does not provide any information on how it will meet our car supply needs.

These are but two specific examples. ArcelorMittal has more than a half-dozen other facilities in or near the Chicago terminal, or dependent on effective IHB rail service, including the I/N Kote and I/N Tek facilities at New Carlisle, IN, and facilities at Riverdale and Hennepin, IL. I would like to be able to

carefully evaluate the impacts of the CN transaction on IHB and ask IHB how changes in the Chicago terminal arising from the CN transaction will affect its ability to provide services. The Application does not provide sufficient detail for ArcelorMittal to conduct this evaluation and, as explained in its Petition, IHB is not in a position to answer my questions because the Application does not include a local operating plan.

For the reasons stated in the IHB Petition and for the additional reasons stated above, ArcelorMittal hereby joins in IHB's request that the Board treat CN's proposed transaction as a "significant" transaction and IHB's alternative request that the STB extend the Procedural Schedule.

Respectfully submitted,



**Leslie K. Moll**  
**Manager, Logistics and External Processing Procurement**  
**ArcelorMittal USA**  
**Procurement and Supply Chain**  
**3300 Dickey Road 4-442**  
**East Chicago, IL 46312**  
**T 219-399-5381**  
**F 219-399-6851**