

HARKINS CUNNINGHAM LLP

Attorneys at Law

1700 K Street, N.W.
Suite 400
Washington, D.C. 20006-3804
Telephone 202.973.7600
Facsimile 202.973.7610

CN-26

March 3, 2008

BY E-FILING

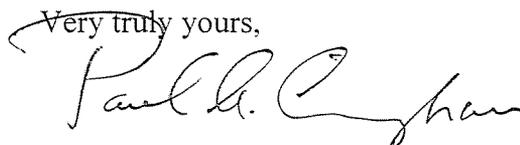
The Honorable Anne K. Quinlan, Esq.
Acting Secretary
Surface Transportation Board
Office of the Secretary
395 E Street, S.W.
Washington, DC 20423-0001

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

Dear Ms. Quinlan:

Enclosed for filing in the above-referenced docket is the Applicant's Reply to the Board's Order to Show Cause.

Very truly yours,



Paul A. Cunningham

Counsel for Canadian National Railway Company
and Grand Trunk Corporation

Enclosure

Cc: All parties of record

BEFORE THE
SURFACE TRANSPORTATION BOARD

STB Finance Docket No. 35087

CANADIAN NATIONAL RAILWAY COMPANY
AND GRAND TRUNK CORPORATION
– CONTROL –
EJ&E WEST COMPANY

APPLICANTS' REPLY TO THE BOARD'S ORDER TO SHOW CAUSE

Sean Finn
CANADIAN NATIONAL RAILWAY
COMPANY
P.O. Box 8100
Montréal, QC H3B 2M9
(514) 399-5430

Paul A. Cunningham
David A. Hirsh
James M. Guinivan
HARKINS CUNNINGHAM LLP
1700 K Street, N.W., Suite 400
Washington, D.C. 20006-3804
(202) 973-7600

Theodore K. Kalick
CANADIAN NATIONAL RAILWAY
COMPANY
Suite 500 North Building
601 Pennsylvania Avenue, N.W.
Washington, D.C. 20004
(202) 347-7840

*Counsel for Canadian National Railway Company
and Grand Trunk Corporation*

March 3, 2008

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

STB Finance Docket No. 35087

CANADIAN NATIONAL RAILWAY CORPORATION
AND GRAND TRUNK CORPORATION
– CONTROL –
EJ&E WEST COMPANY

APPLICANTS' REPLY TO THE BOARD'S ORDER TO SHOW CAUSE

Canadian National Railway Company and Grand Trunk Corporation (together "CN" or "Applicants") respectfully respond to the Board's order in Decision No. 7 in this proceeding ("Order") directing CN to file for construction authority for each of the six connecting tracks described in Applicants' Railroad Control Application (CN-2), or to show cause why authority is not needed for one or more of these construction projects. In response, CN will herein show cause: CN did not file applications for approval of those projects, or notices of or petitions for exemption, because these are not jurisdictional projects for which such approval or exemption is required.

The Application explains that the proposed acquisition of control would provide CN with "a way to link its five Chicago rail lines more efficiently." STB Finance Docket No. 35087, CN-2 at 200 (Novak V.S.). By joining "the EJ&EW arc to CN's intersecting rail lines, CN would be able to use that arc to route its trains between CN corridors. This would improve fluidity on the CN system and the rest of the Chicago rail network by moving CN trains off of crowded lines in center-city Chicago and dispersing them along

the EJ&EW arc on the periphery of the Chicago metropolitan area.” *Id.* at 201. As a result, CN traffic that is moving today will do so more efficiently.

In order fully to realize these efficiencies, CN contemplates constructing improvements to the existing connections between CN and EJ&EW at four points: Munger, IL; Joliet, IL; Matteson, IL; and Griffith, IN. CN also contemplates construction of an improved connection at Ivanhoe, IN, between EJ&EW and a CSXT line to permit a more efficient interchange of traffic. Finally, CN contemplates constructing a connection at Kirk Yard to permit a more efficient interchange between EJ&EW and NS than the present EJ&E-NS interchange at Pine Yard, two miles away.

CN would undertake these projects only if the Board approves its proposed acquisition of control of EJ&EW. The projects, therefore, are related to and dependent on the Transaction. Accordingly, they were described and illustrated in the Operating Plan in the Application, and they are subject to the Board’s environmental review pursuant to 49 C.F.R. §§ 1105.6(b)(4)(i), 1105.6(d). Inclusion of the projects in the Board’s environmental review does not depend upon Board jurisdiction under Section 10901; it is required because the Board’s environmental review must extend to direct and indirect effects of the action it is considering (*see* 40 C.F.R. §§ 1502.16(a), (b), 1508.8).

1. The New Construction is not Subject to the Board’s Jurisdiction under Section 10901

The Board’s jurisdiction under Section 10901 with respect to construction that will occur as the result of an approved control transaction is determined as it would be in the case of any other construction. *See Missouri Pac. R.R. and So. Pac. Transp. Co. – Construction and Operation Exemption – Avondale, LA*, STB Finance Docket No. 33123 slip op. at 3 (STB served July 11, 1997) (“*Avondale*”) (applying ordinary jurisdictional

tests to construction of crossover tracks to “facilitate” operations of newly consolidated railroads, and of third carrier that had been granted trackage rights in the control proceeding).

As the Board and its predecessor, the Interstate Commerce Commission (ICC), have long recognized, the proper jurisdictional test looks to the direct physical effects of the construction: Does the new track give new physical access to a territory or to particular shippers? *Avondale, supra*, at 2 (“An extension or addition to a rail line occurs when a construction project enables a carrier to penetrate or invade a new market.”) (citing *Texas & Pac. Ry. v. Gulf, Colo. & Santa Fe Ry.*, 270 U.S. 266 (1926)). The newly accessed shippers or territory may be nearby or remote, but if the shippers or territory that may benefit from the greater efficiencies are not newly physically accessed by the proposed construction, there is no jurisdiction. *City of Stafford, TX v. S. Pac. Transp. Co.*, Finance Docket. No. 32395 (ICC served Nov. 8, 1994), *aff’d sub nom. City of Stafford v. ICC*, 69 F.3d 535 (5th Cir. 1995) (construction of new parallel double track that would improve operating efficiency not jurisdictional where the parallel line would serve no new territory or shippers; fact that it would be constructed within existing right-of-way not dispositive).

Jurisdiction does not hinge on whether the proposed construction will occur within or outside of existing railroad right-of-way. Thus, the ICC decided *City of Stafford* on the issue of market penetration even though the proposed construction would have been within an existing right of way. And in *Union Pac. R.R. Co. – Petition for Declaratory Order – Rehabilitation of Miss.-Kan.-Tex. R.R. Between Jude and Ogden Junction, TX*, 3 S.T.B. 646, Finance Docket No. 33611 (STB Served Aug. 19, 1998)

(“*New Braunfels*”) the Board held that UP’s proposed construction of a roughly parallel line that, at points, was up to 1.75 miles from the existing UP right of way, was not within the Board’s jurisdiction. Indeed, the Board specifically rejected New Braunfels’ argument on this point. 3 S.T.B. at 651 & n.6.]

The ICC and the Board have repeatedly rejected that an efficiency gain by itself triggers Board jurisdiction over line construction. As discussed by the ICC shortly before enactment of the ICC Termination Act of 1995 (“ICCTA”):

The assertion of Commission jurisdiction – beyond the extension of facilities into new territories – to encompass a change in the competitive environment as a result of a relocation or an improvement in facilities would mark a great and unwarranted expansion of the agency’s jurisdiction.

City of Detroit v. Canadian Nat’l Ry., 9 I.C.C.2d 1208, 1219-20 (1993) (rejecting jurisdiction over construction of new tunnel parallel to old one; the new tunnel, by enabling transit of double stack containers, “may attract additional shippers” but “will neither open up new traffic routes nor expand into new traffic territory”) (“*Sarnia*”), *aff’d sub nom. Detroit/Wayne Cy. Port Auth. v. ICC*, 59 F.3d 1314 (D.C. Cir. 1995).

“Congress did not intend that our jurisdiction would be triggered any time there is an increase in efficiency or an improvement in a carrier’s competitive position.” *Avondale*, *supra*, slip op. at 3.

More recently, after the enactment of ICCTA, in *Port Auth. of NY and NJ – Petition For Declaratory Order*, STB Finance Docket No. 34428 (STB served Jan. 21, 2004) (“*Port Authority*”), the Board found non-jurisdictional the construction of a 3,650-foot connector track between an abandoned rail line and an existing, active line. The

Board reiterated that “a carrier may, without additional authority from the agency, construct facilities to better provide a service it is already authorized to provide.” *Id.*, slip op. at 5. The connector “would directly connect two crossing lines, where traffic can now move over a less direct route.” *Id.*¹

Here, CN’s proposed construction would not physically provide CN or EJ&EW with access to any new territory or new shippers and is thus non-jurisdictional. See, Joint Verified Statement of Gerald P. Radloff and David A. Stuebner (“Joint VS”) and Verified Statement of Gordon T. Trafton II (“Trafton VS”). No shipper, transload facility, or team track is located on any of the track to be constructed. The track would not provide physical access to any shipper that is today not physically served by CN or EJ&E or allow CN or EJ&EW to physically serve a new territory. *Id.* The construction would simply provide improved connections thereby facilitating more efficient movements. See, Trafton VS, Exhibit B.²

CN’s view of these connections is consistent with that taken by CN, other carriers, and the Board in other control proceedings in which applicants planned comparable connections, regarding which neither they nor the Board asserted jurisdiction. In the CN/IC control proceeding, for example, CN explained that if its control of Illinois Central Railroad Company were to be approved, CN would construct an improved connection between the GTW and BRC lines at Hawthorne, IL, and that regardless of the

¹ The connector line in *Port Authority* was built to enable the reactivation of an abandoned line, and was expected to result in the shift of truck traffic to the rail route and substantial economic growth in the affected communities. *Id.* at 3. The Board found the construction to be non-jurisdictional nonetheless.

² CN’s study of the traffic impacts of the transaction is consistent with this conclusion. It did not and could not find diversions of traffic to new shippers not served by CN or EJ&E, because the proposed new construction does not provide access to new shippers. The study found only modest extended hauls for shippers that CN and EJ&E could already serve. See CN-2, at 196-97 (Stuebner V.S.).

outcome of the regulatory proceeding, it would construct an improved connection between the CN and GTW lines at Markham, IL. 2 Railroad Control Application 160-61 (CN/IC-7), *Canadian Nat'l Ry. – Control – Ill. Cent. Corp.*, STB Finance Docket No. 33556 (filed July 15, 1998). Neither CN, the Board, nor any party claimed that these new connections were within the Board's jurisdiction under 49 U.S.C. § 10901. Additionally, given the extensive litigation in the CN/IC proceeding, adverse parties had ample opportunity and incentive to argue to the contrary. That no party even raised the argument strongly suggests that, even in the absence of a definitive Board decision, the connections at issue were not jurisdictional.

Similarly, the applicants in the UP/SP proceeding identified a long list of rail connections that they planned to construct if the Board approved their transaction, and neither the applicants nor the Board, nor any of the many other parties in that heavily litigated proceeding, suggested that any of those connections fell within the Board's jurisdiction under Section 10901. 3 Railroad Merger Application 225-28 (UP/SP-24), *Union Pac. Corp. – Control and Merger – S. Pac. Rail Corp.*, Finance Docket No. 32760 (filed Nov. 30, 1995).

The Board's decision in *CSX Corp. and CSX Transp., Inc., Norfolk S. Corp. and Norfolk S. Ry. – Control and Operating Leases/Agreements – Conrail, Inc. and Consolidated Rail Corp.*, (Finance Docket No. 33388), Decision No. 9 (STB served June 12, 1997) ("*Conrail*"), is not to the contrary. There, CSX and NS, prospective applicants for approval of control and division of Conrail, sought, for a number of crossover tracks, waivers of the requirement that all directly related applications be filed concurrently with the application for control they intended to file. The prospective applicants invoked

jurisdiction there in order to facilitate their goal of commencing construction prior to the Board's eventual decision on the control application (and thus may have needed to invoke Board authority to permit an environmental review on the proposed construction separate from and sooner than the environmental review that would be part of the prospective application proceeding itself). The Board's decision in that proceeding was not a holding regarding its jurisdiction, which was not contested,³ and which was not even discussed in the opinion.

Unlike the case in *Conrail*, there was no need here for an early or separate environmental review with respect to the construction projects related to CN's proposed acquisition of EJ&EW; CN was not proposing to begin construction of those projects prior to the filing of or approval of its Application; and, as discussed above, the projects would be (and are) subject to the environmental review as part of the Board's consideration of that Application. Hence there was no need for CN to invoke the Board's jurisdiction as to construction projects which will not open new markets.

The absence of Board jurisdiction here is underscored by Congress's purpose in enacting the approval requirement contained in what is now Section 10901. That purpose was to protect the adequacy of the Nation's rail system. *Texas & Pac. Ry., supra*, 270 U.S. at 266, 277. To that end, Section 10901 is designed to maintain the financial resources of carriers by preventing the building of unnecessary rail lines, where the effect could be to impair the financial capacity of the constructing carrier, or of another carrier

³ Unlike CN/IC and UP/SP, in which parties might be expected to challenge the Applicants' treatment of construction as non-jurisdictional, the Applicants' affirmative assertion of jurisdiction in CSX/NS/Conrail was much less likely to draw objections.

that presently serves the new shippers or new territory, to the ultimate detriment of the public interest. *Id.*, at 277, 278; *Sarnia, supra*, 9 I.C.C.2d at 1216.

That protective function has no role here. As the cases recognize, Congress did not intend to impose regulation when private capital is ready to commit to investments that will increase railroad efficiency but not provide physical access to new shippers or new territory. The economics of CN's proposed projects do not depend upon competitive success with new shippers in a new market, and do not threaten the financial well-being of CN or any other carrier.⁴ Absent such factors, the considerations that prompted Congress to authorize the agency to examine the possible risk to railroad capital and consequent detriment to the public interest will almost always be missing. The new construction would simply enable CN and EJ&E to do more efficiently what they are doing today, in each case by "directly connect[ing] two crossing lines" to facilitate flows that can now move over a less direct route." *Cf. Port Authority*, slip op. at 5. These investments reduce, rather than increase, financial risk.

Finally, Applicants note that the fact that these connections are not jurisdictional has not, and will not impose any constraint on the Board's opportunity to assess the environmental impacts of the construction, or the merits of the control transaction itself. For these reasons the Board should determine that it does not have jurisdiction over the proposed constructions that were the subject of its order in Decision No. 7.

⁴ Even if the Board might wish to retain the option to assert jurisdiction in a rare case where the financial well-being of a carrier might be at issue or there might be other "policy issues of national import," *S. Pac. Transp. Co. – Petition For Declaratory Order – Extension Of Rail Line*, Finance Docket. No. 30568, slip op. at 9 (ICC served Mar. 29, 1985) (dictum), this is not such a case. The construction projects will not threaten the financial well-being of any other carrier or otherwise raise issues of national, or even regional or local, import.

Respectfully submitted,



Sean Finn
CANADIAN NATIONAL RAILWAY
COMPANY
P.O. Box 8100
Montréal, QC H3B 2M9
(514) 399-5430

Paul A. Cunningham
David A. Hirsh
James M. Guinivan
HARKINS CUNNINGHAM LLP
1700 K Street, N.W., Suite 400
Washington, D.C. 20006-3804
(202) 973-7600

Theodore K. Kalick
CANADIAN NATIONAL RAILWAY
COMPANY
Suite 500 North Building
601 Pennsylvania Avenue, N.W.
Washington, D.C. 20004
(202) 347-7840

*Counsel for Canadian National Railway Company
and Grand Trunk Corporation*

March 3, 2008

Attachment 1

Joint Verified Statement of
Gerald P. Radloff and David A. Stuebner

JOINT VERIFIED STATEMENT
OF
GERALD P. RADLOFF
AND
DAVID A. STUEBNER

We are

- Gerald P. Radloff, Assistant Vice President, Sales for CN Worldwide North America, a subsidiary of Canadian National Railway Company. In this proceeding, I testified previously as to advantages that existing shippers will gain from the operating changes that CN plans to make as a result of the CN/EJ&EW Transaction and how the Transaction would have no adverse effects on competition. See CN-2 at 59-77.
- David A. Stuebner, Manager, Network Strategies. In this proceeding, I have testified previously that CN would gain extended hauls for 9,737 carloads of traffic as a result of full implementation of the proposed Transaction. See CN-2 at 191-97.

As we understand the question posed by the Board's Order in Decision No. 7 in this proceeding, it is whether any of the connections being proposed by CN to improve the efficiency of CN/EJ&E operations following the Transaction would permit CN/EJ&E to "invade or penetrate new markets." Decision No. 7 slip op. at 2, *citing Texas & Pac. Ry. v. Gulf, Etc., Ry.*, 270 U.S. 266, 278 (1925). The answer to that question, quite simply, is no.

Two aspects of that answer merit a short elaboration.

First, after the Transaction, most of the traffic that we expect to move over CN/EJ&E will be traffic that moves today via the same carriers and to/from the same origins and destinations, but with a potentially different route through the Chicago area. The proposed improved connections described in the Application would merely help CN and

EJ&E move that traffic more efficiently. The improved connections would not lead to CN or EJ&E carrying new traffic not now accessible by either railroad.

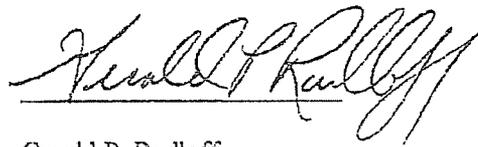
Second, as explained in the Verified Statement of David A. Stuebner, in addition to the traffic that would continue moving by the same carriers over the same routes outside of the Chicago area, CN expects to see a limited amount of traffic (9,737 carloads per year or roughly 26 cars per day), move with a longer length of haul over the combined CN/EJ&E system outside of the Chicago area. None of this traffic, however, involves a movement from an origin or to a destination that cannot be served either by CN or EJ&E today. Moreover, although perhaps not strictly relevant to the Board's jurisdictional inquiry, we note that if the Board approves the Transaction, we expect that this "extended haul" traffic would move over the combined CN/EJ&E system whether or not the connections that are at issue here are built. We expect this result because the efficiency benefits of operating over a single system, together with the efficiency benefits of moving around Chicago over EJ&E (as opposed to operating over CN's lines through Chicago) would be sufficient to induce these extended hauls whether or not the proposed connections were built.

For these reasons, we believe that the new connections would not provide CN any new ability to "invade or penetrate new markets." They would not permit CN (including EJ&E) to serve any new shippers or markets, nor would they divert any traffic in markets not already served by the CN and EJ&E.

VERIFICATION

I, Gerald P. Radloff, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement.

Executed on March 3, 2008.

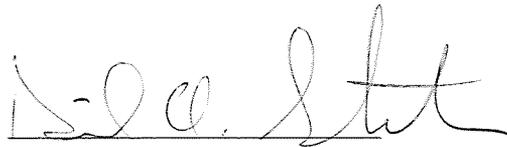
A handwritten signature in cursive script, appearing to read "Gerald P. Radloff", written over a horizontal line.

Gerald P. Radloff

VERIFICATION

I, David A. Stuebner, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement.

Executed on March 1, 2008.

A handwritten signature in cursive script, appearing to read "D.A. Stuebner", written over a horizontal line.

David A. Stuebner

Attachment 2

Verified Statement of
Gordon T. Trafton II

VERIFIED STATEMENT
OF
GORDON T. TRAFTON II

My name is Gordon T. Trafton II. I am the Senior Vice-President, Southern Region for Canadian National Railway Company. I am responsible for the Southern Region's Operations, Mechanical, Sales and Engineering functions.

I am familiar with the proposed connections described in the Railroad Control Application, and I understand that the Board has ordered CN to show cause why Board authority is not needed for one or more of these construction projects. As I understand the Board's decisions, authority is required only when "a construction project enables a carrier to penetrate or invade a new market." To the best of my knowledge, none of the proposed connections would enable CN to penetrate or invade a new market; nor is that CN's intent in proposing their construction.

An extension to new markets would permit the development of new opportunities to compete for traffic from new origins and/or to new destinations that we cannot serve today. None of these connections offers such an opportunity.

Instead, if the Board were to approve the Transaction, we would merely be utilizing the portions of EJ&E to be acquired to move more efficiently the traffic to and from shippers that CN and EJ&E serve today. As further explained in the Joint Verified Statement of Gerald P. Radloff and David A. Stuebner, the traffic for which CN found potential extended hauls as a result of the efficiencies that are expected to result from the Transaction are all to or from points that CN or EJ&E can serve today. If the Transaction were approved, all of this traffic – both traffic expected to continue moving via the same carriers and traffic for which CN/EJ&E may gain an extended

haul – could and would move between the same origins and the same destinations with or without the proposed connections. The re-routing of these movements, from routes that now traverse various lines within Chicago, to routes that incorporate a portion the EJ&E to circumnavigate Chicago is illustrated in the schematic drawings contained in Exhibit A.

What the proposed connections offer is an extra dimension of efficiency beyond that to be achieved by creating a single CN/EJ&E system and re-routing traffic around, rather than through, Chicago. This extra dimension of efficiency is illustrated by the diagrams in Exhibit B. For example, they show how the proposed connection at Munger would allow eastbound CN trains to travel southbound on the EJ&E line without having to cross over the EJ&E line, stop, reverse over the existing connection at 10 miles per hour, and then proceed.¹ The other connections would likewise improve the efficiency of existing movements of traffic but would not enable CN to penetrate or invade a new market.

¹ CN is aware that there are land acquisition issues for the particular proposed connection at Munger. If those issues cannot be satisfactorily resolved, CN may either forego a connection in the area of Munger or propose an alternative connection. CN anticipates that any alternative connection would serve the same purpose as the proposed Munger connection and therefore remain non-jurisdictional.

VERIFICATION

I, Gordon T. Trafton II, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement.

Executed on March 2, 2008.

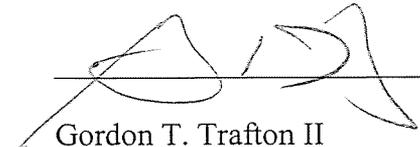
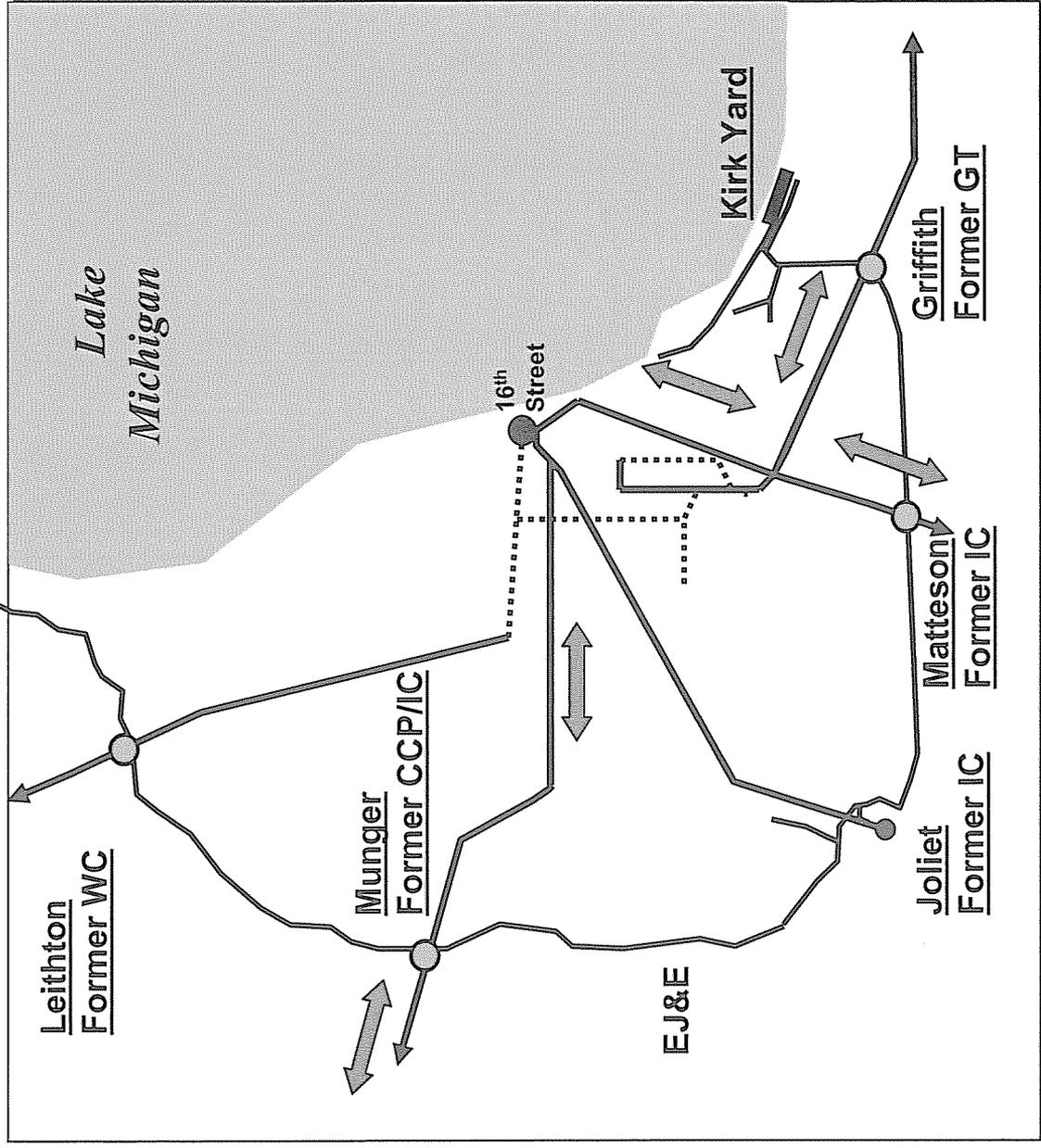

Gordon T. Trafton II

Exhibit A

To the Verified Statement of
Gordon T. Trafton II

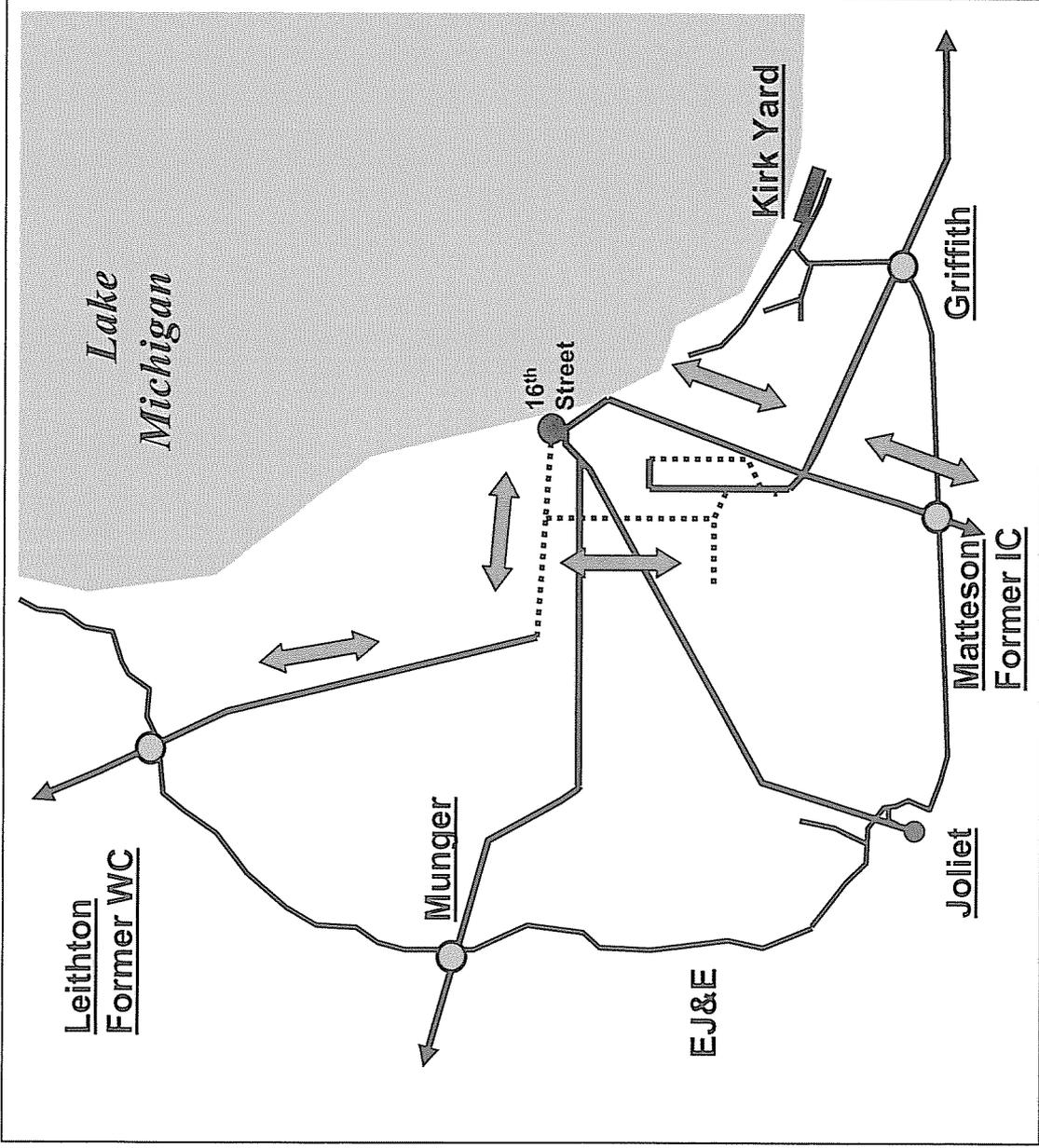
Pre-Transaction:

Traffic to and from Iowa to the south or east on the CN



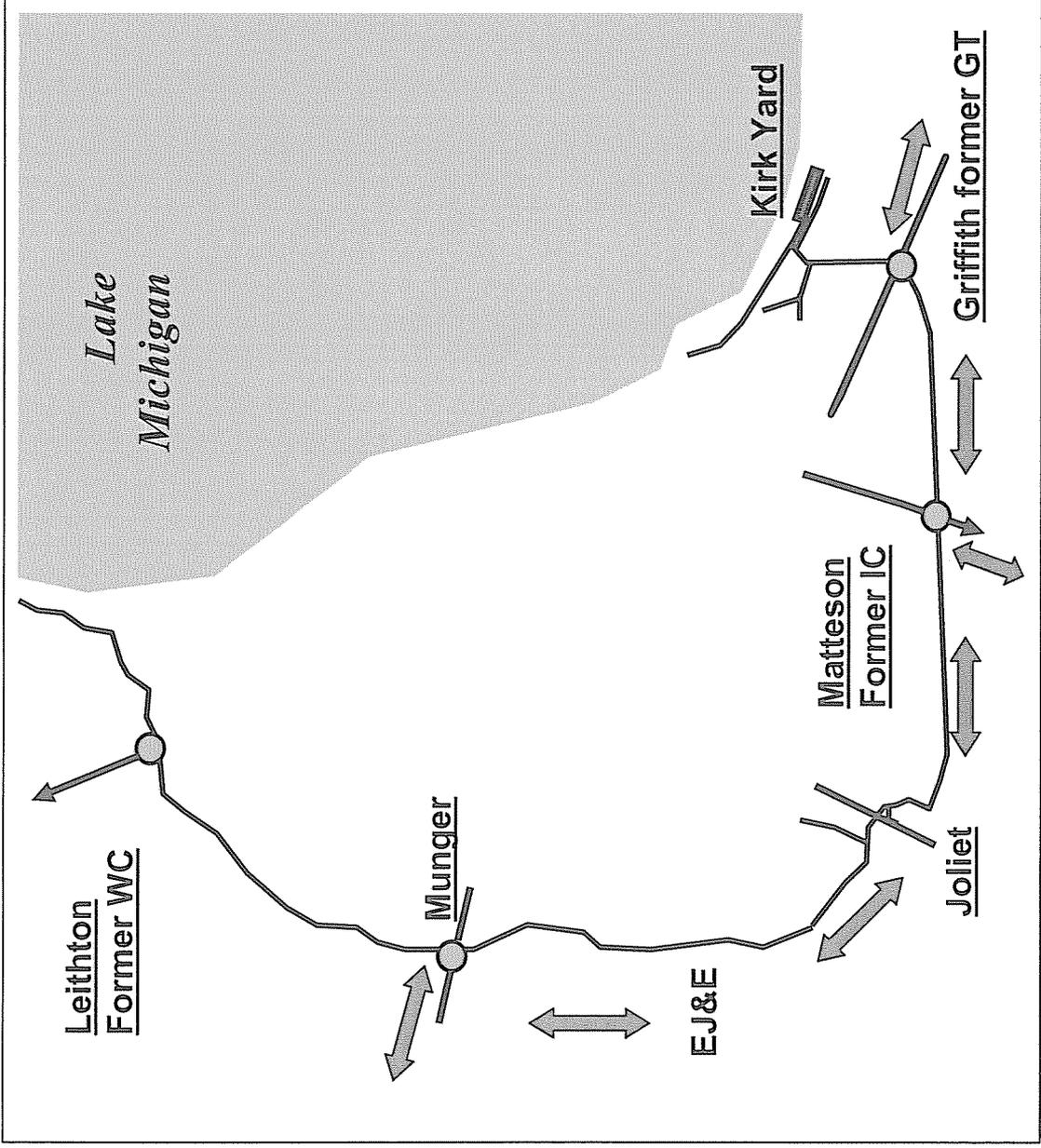
Traffic to and from Iowa going to and from the former IC south or the former GT to the east goes through Chicago on existing CN tracks

Pre-Transaction: north-south traffic on the CN



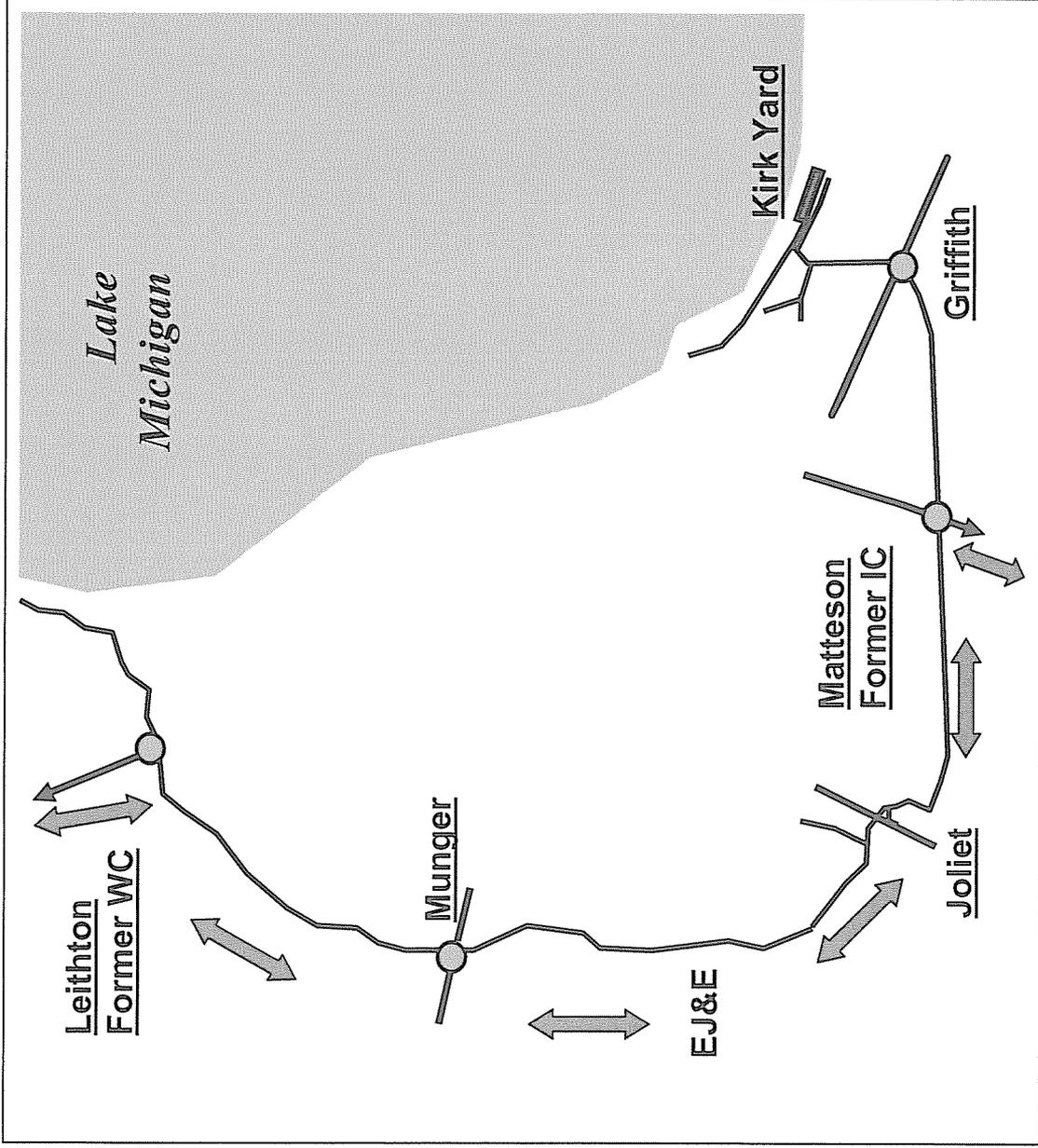
Traffic from and to the former WC going from and to the former IC goes through Chicago by existing trackage rights on the IHB or BRC

Post-Transaction – Traffic to and from Iowa to the east and south



Traffic to and from Iowa going to and from the former IC south or the former GT could go around Chicago on the EJ&E using existing connections

Post-Transaction: north-south traffic

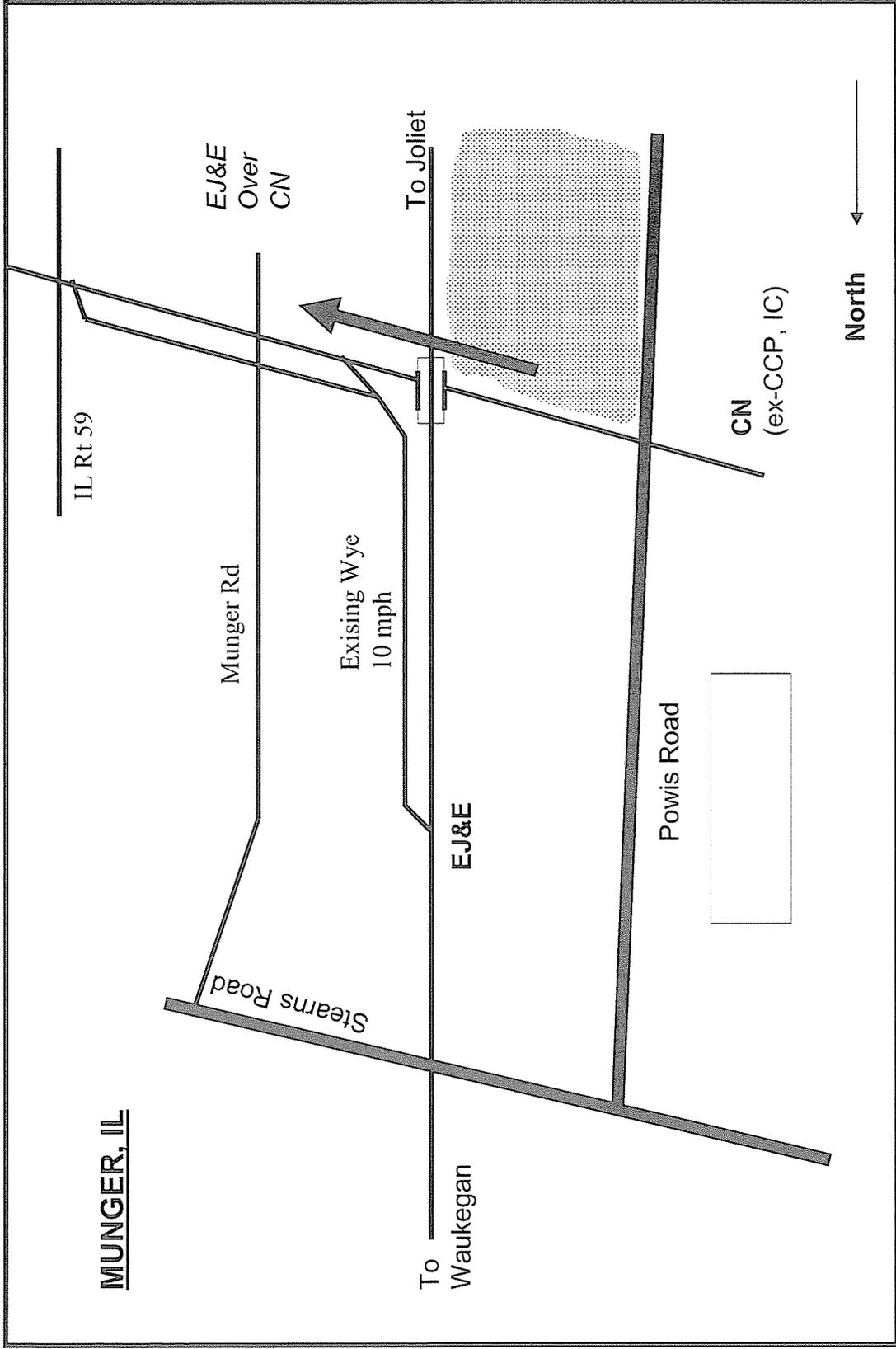


Traffic to /from the former WC going to and from the former IC could go around Chicago on the EJ&E using existing or new connections

Exhibit B

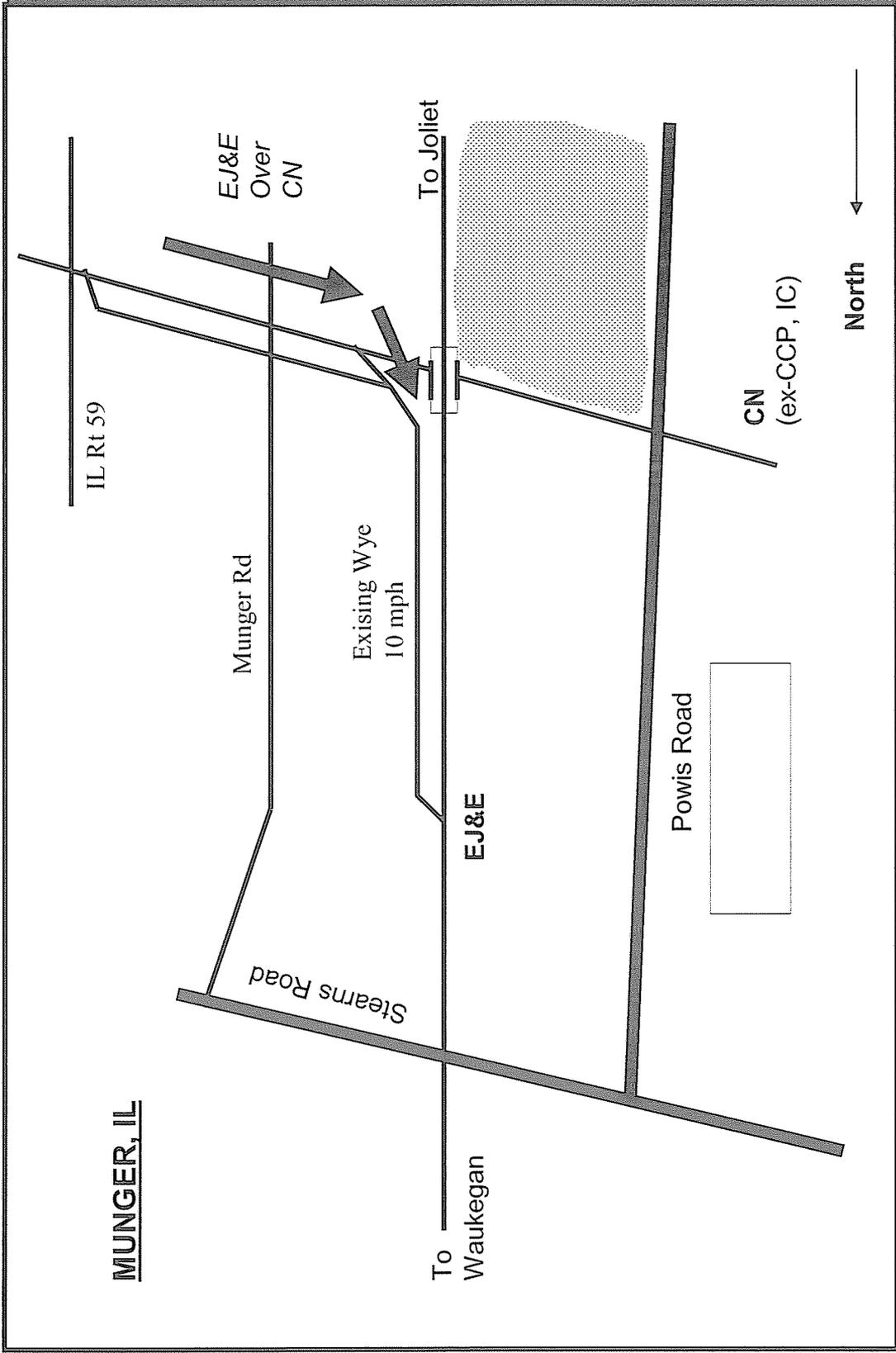
To the Verified Statement of
Gordon T. Trafton II

Munger – Post-Transaction without new connection (1)



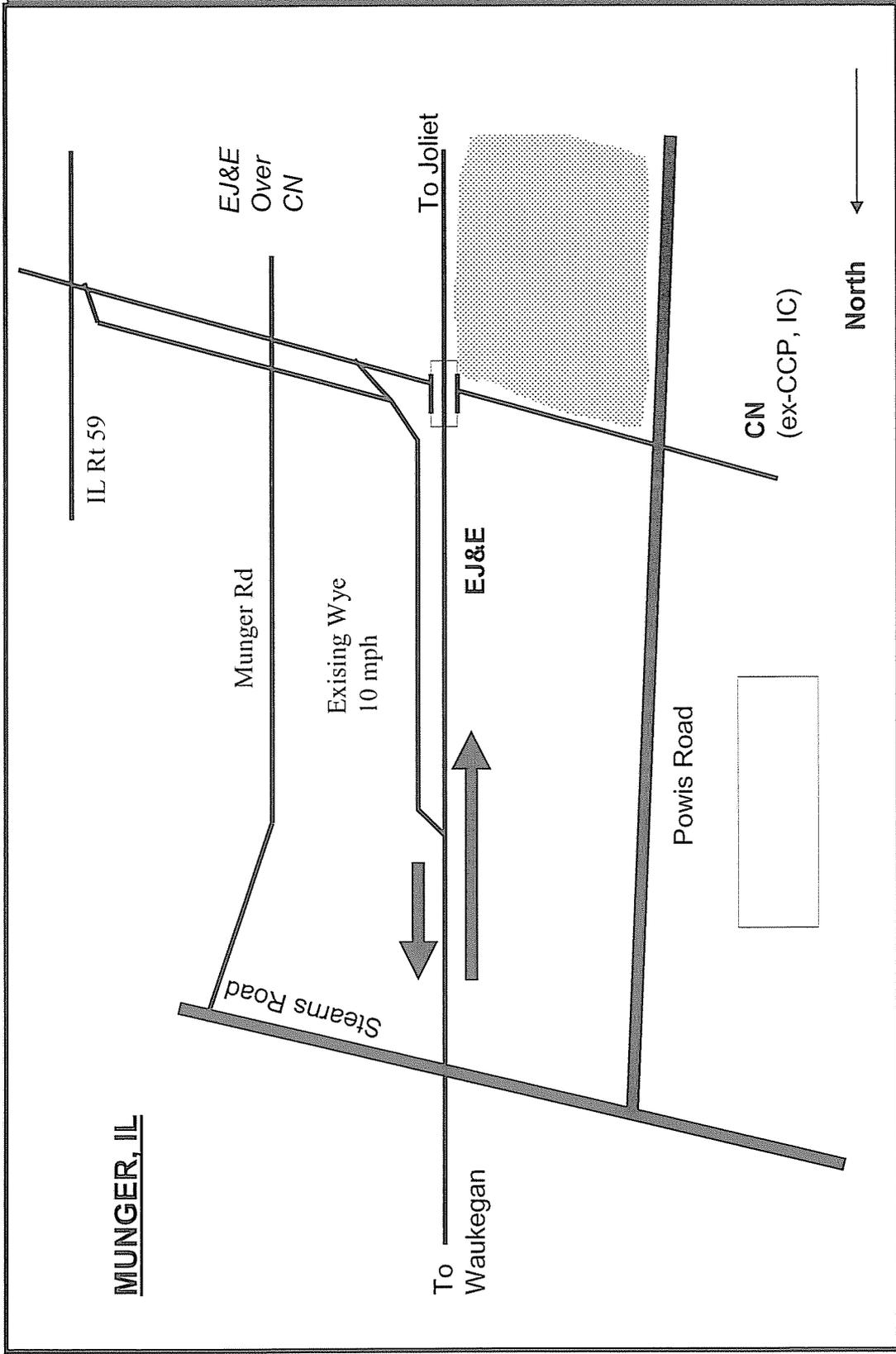
An Eastbound train would go under the EJ&E to use the existing connection to go south or north

Munger – Post-Transaction without new connection (2)



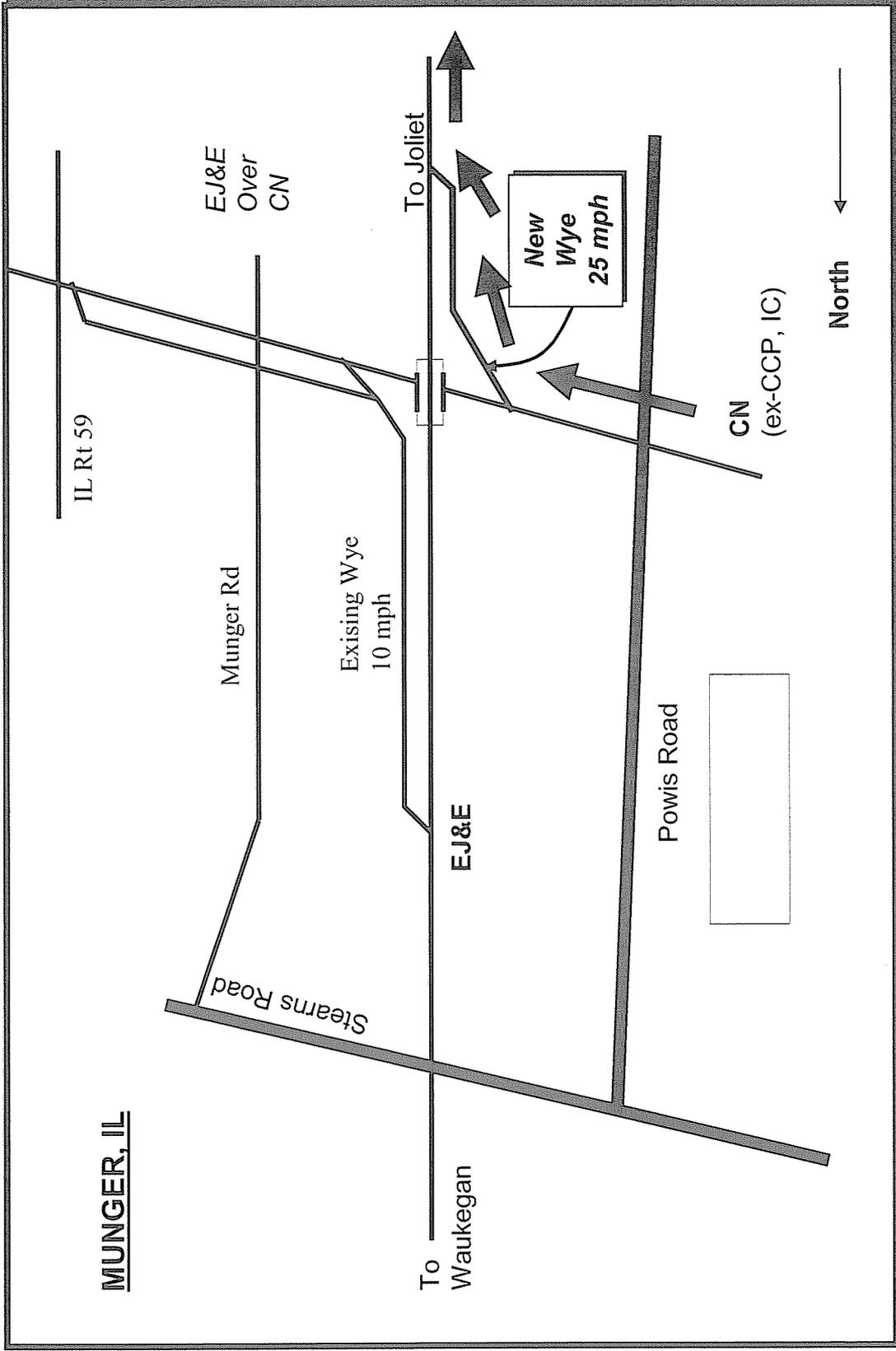
The train would stop to hand throw the switch blocking Munger Rd and may block Route 59

Munger – Post-Transaction without new connection (4)



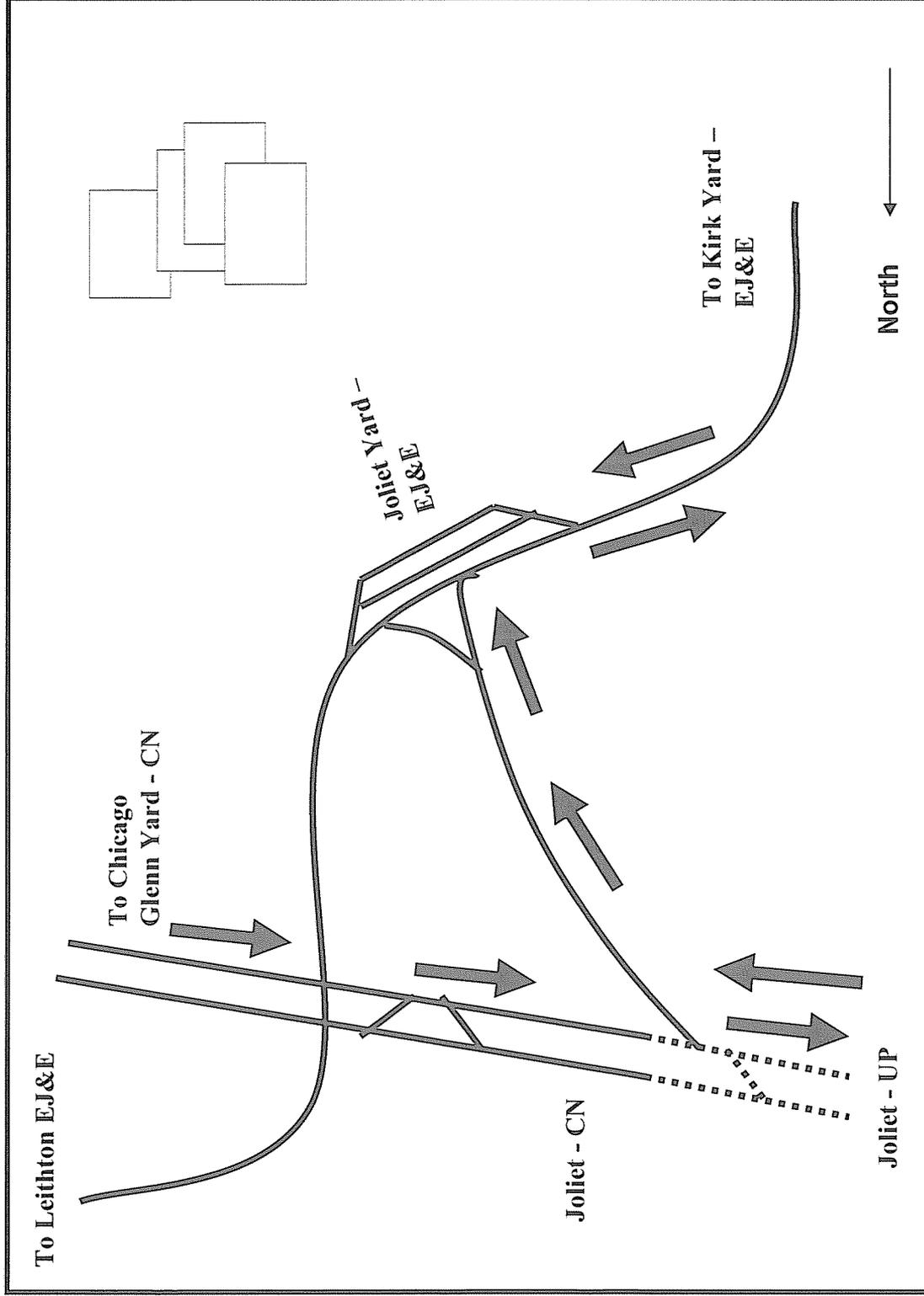
After backing on to the EJ&E main, blocking Stearns Rd, Train would continue south

Munger – Post-Transaction with new connection



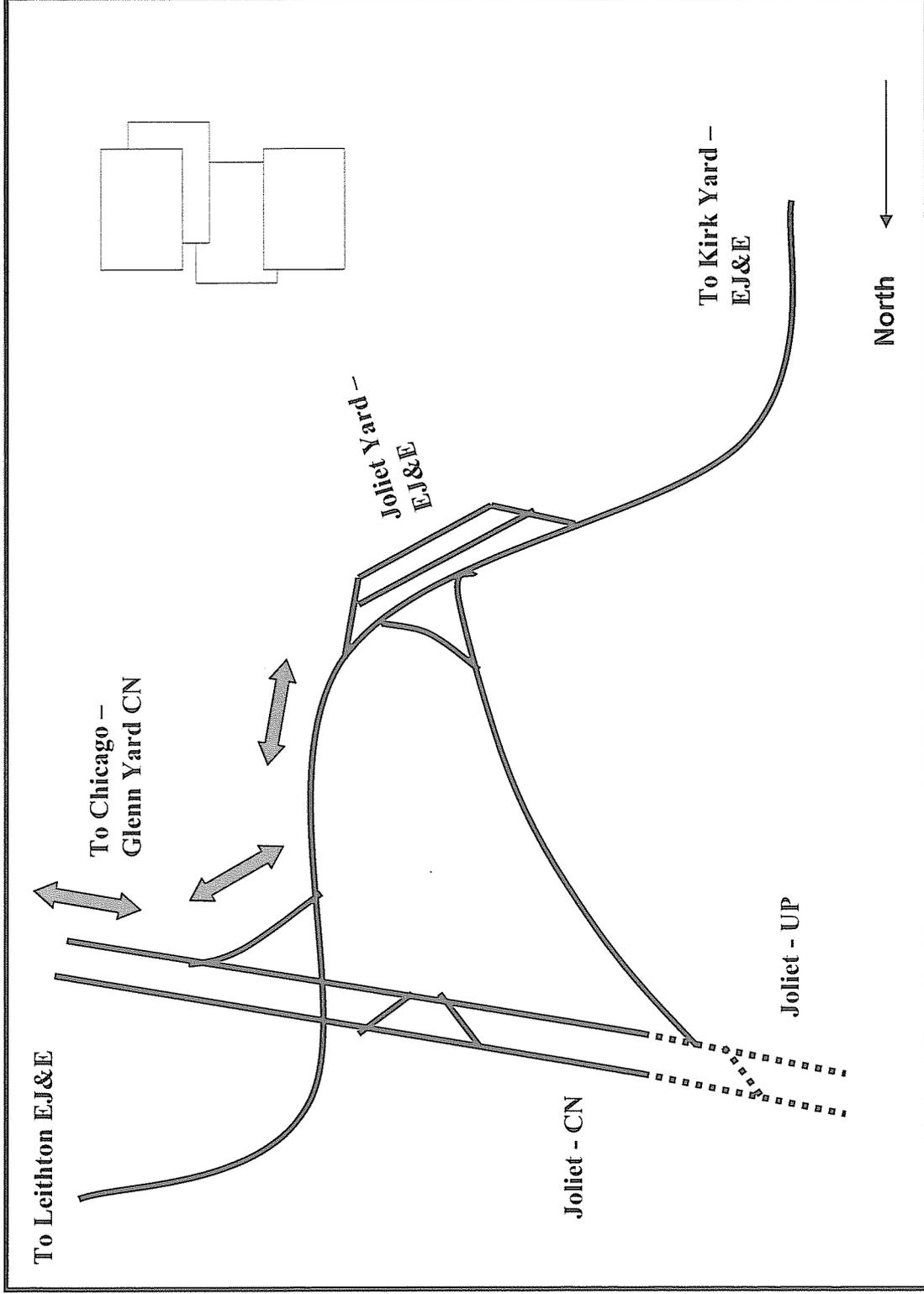
New Munger connection eliminates backup movements for south bound trains from Iowa

Joliet area – Post-Transaction – without new connection



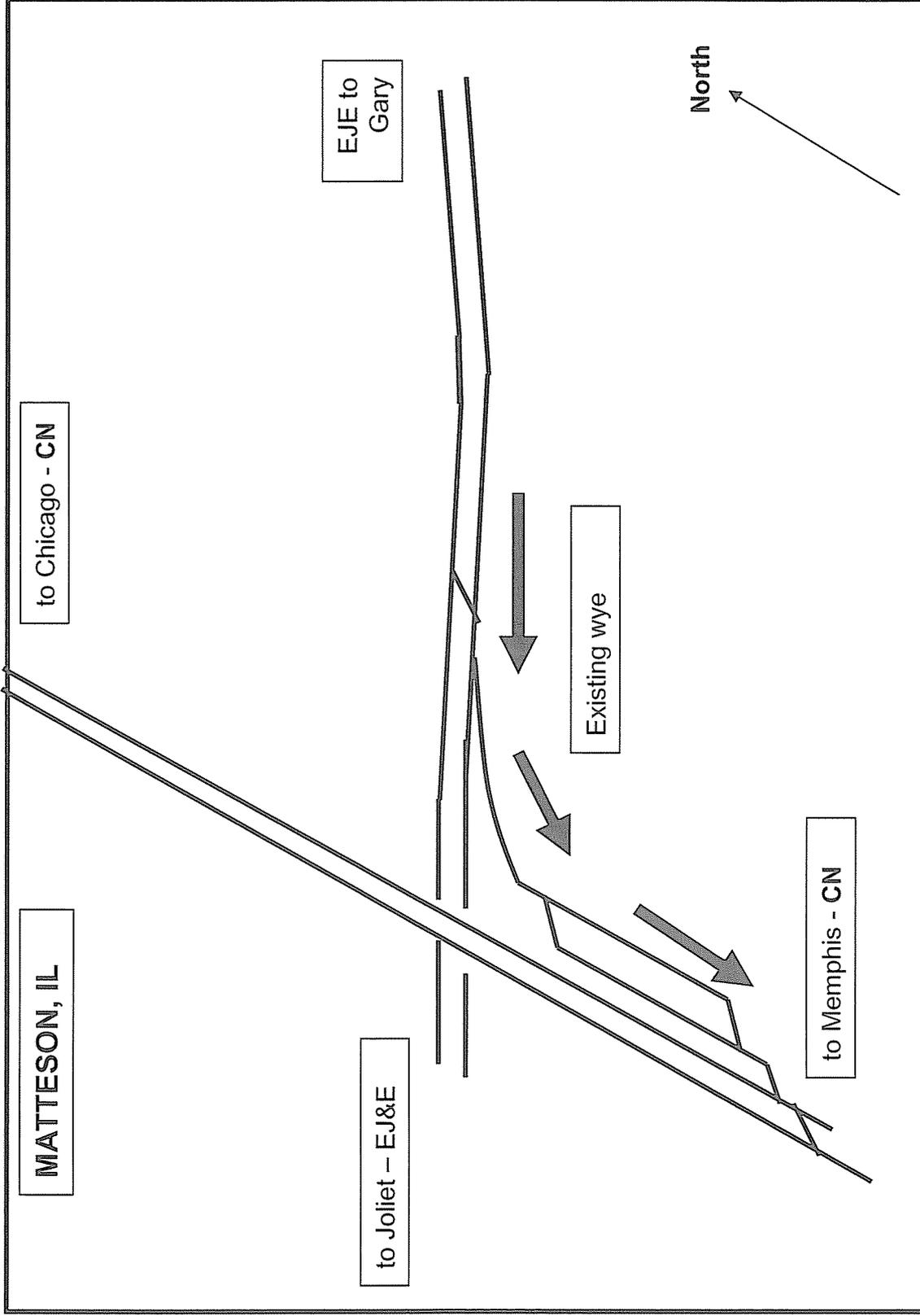
Traffic could be moved between CN's Glenn yard and EJ&E's Joliet yard by an existing connection on the UPRR via existing trackage rights.

Joliet Area – Post-Transaction with new connection



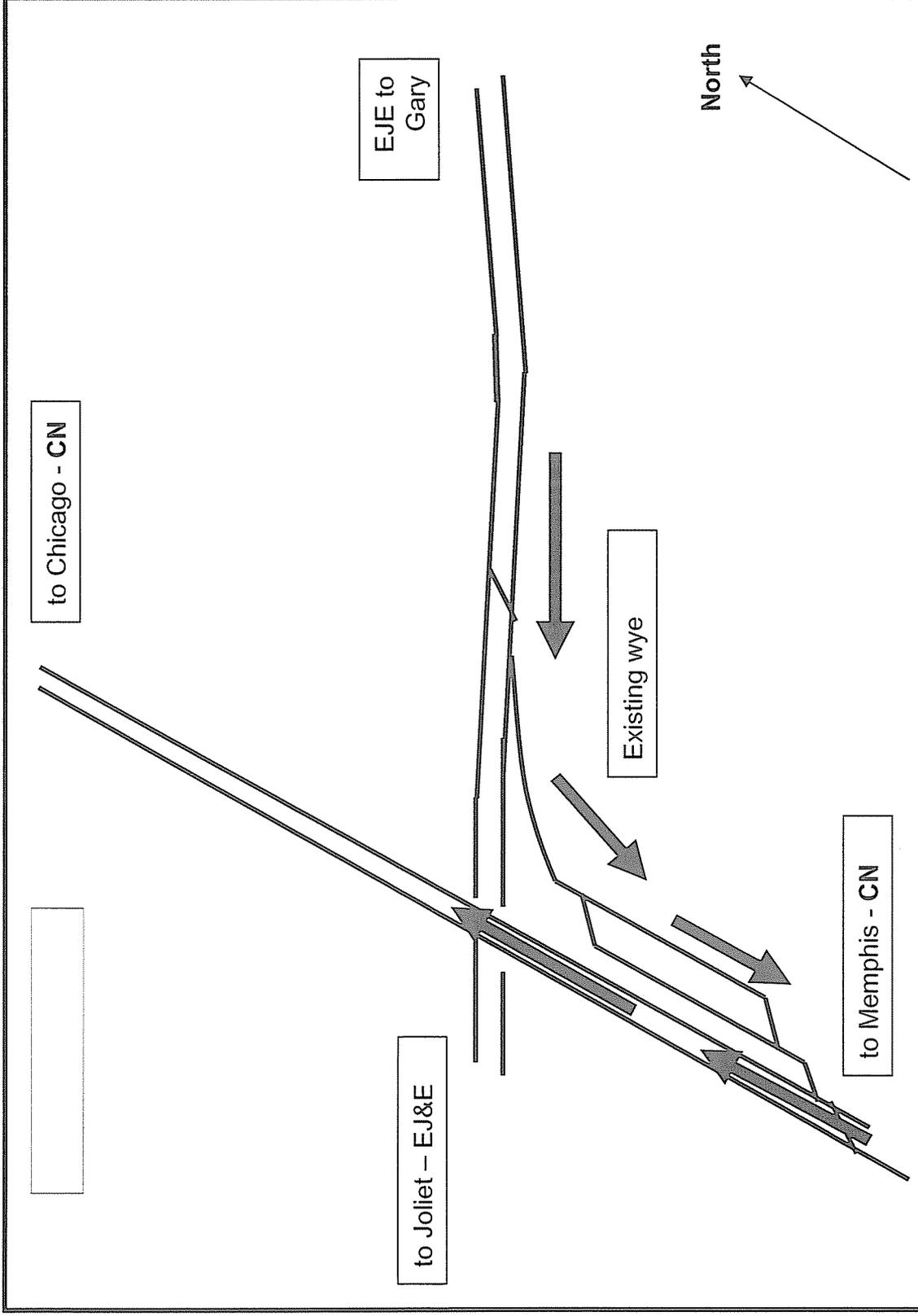
Moves could be shorter and more direct

Matteson – Pre-Transaction without new connection (1)



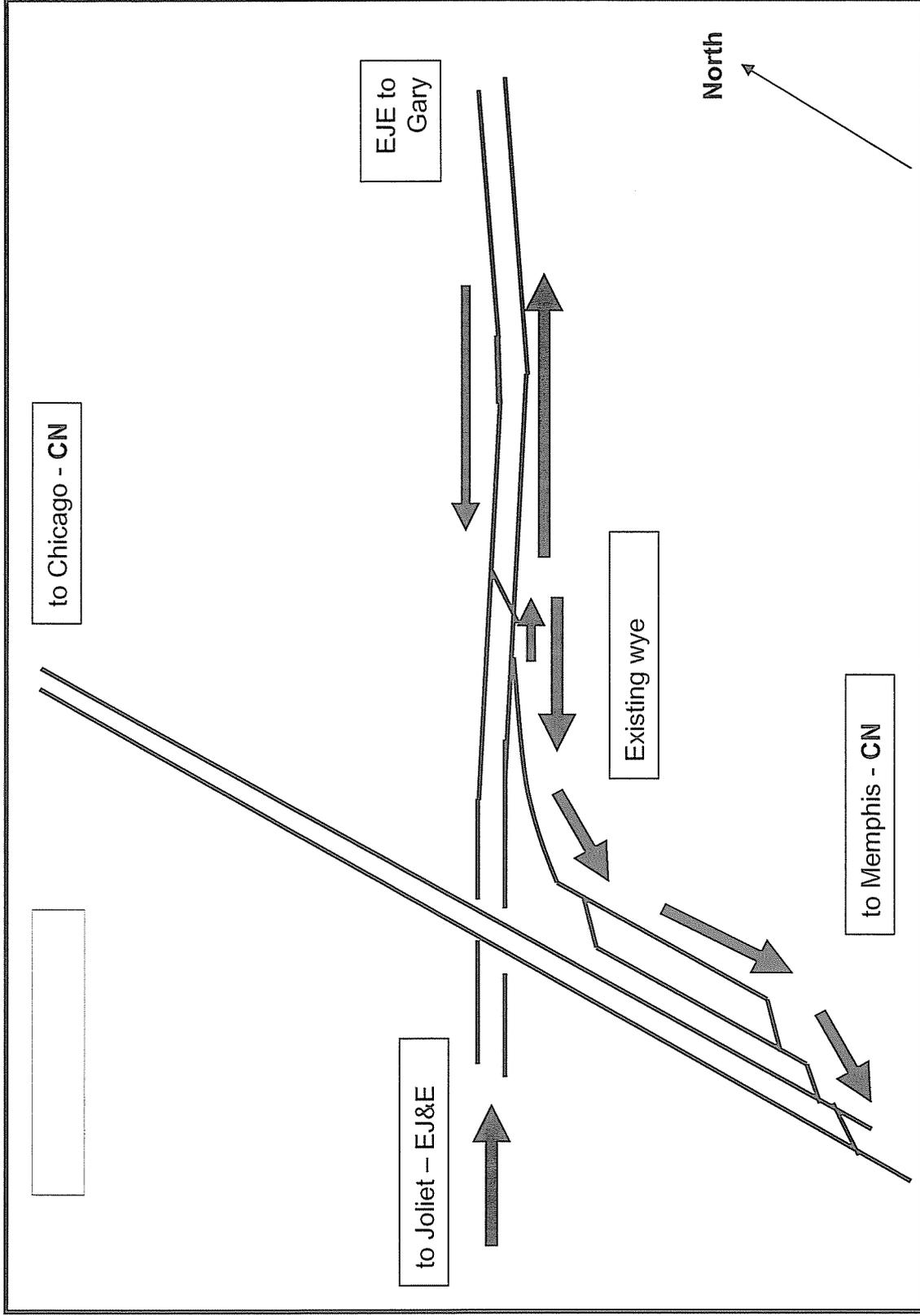
West bound train off the EJE going south would have a direct move.

Matteson – Pre-Transaction without new connection (2)



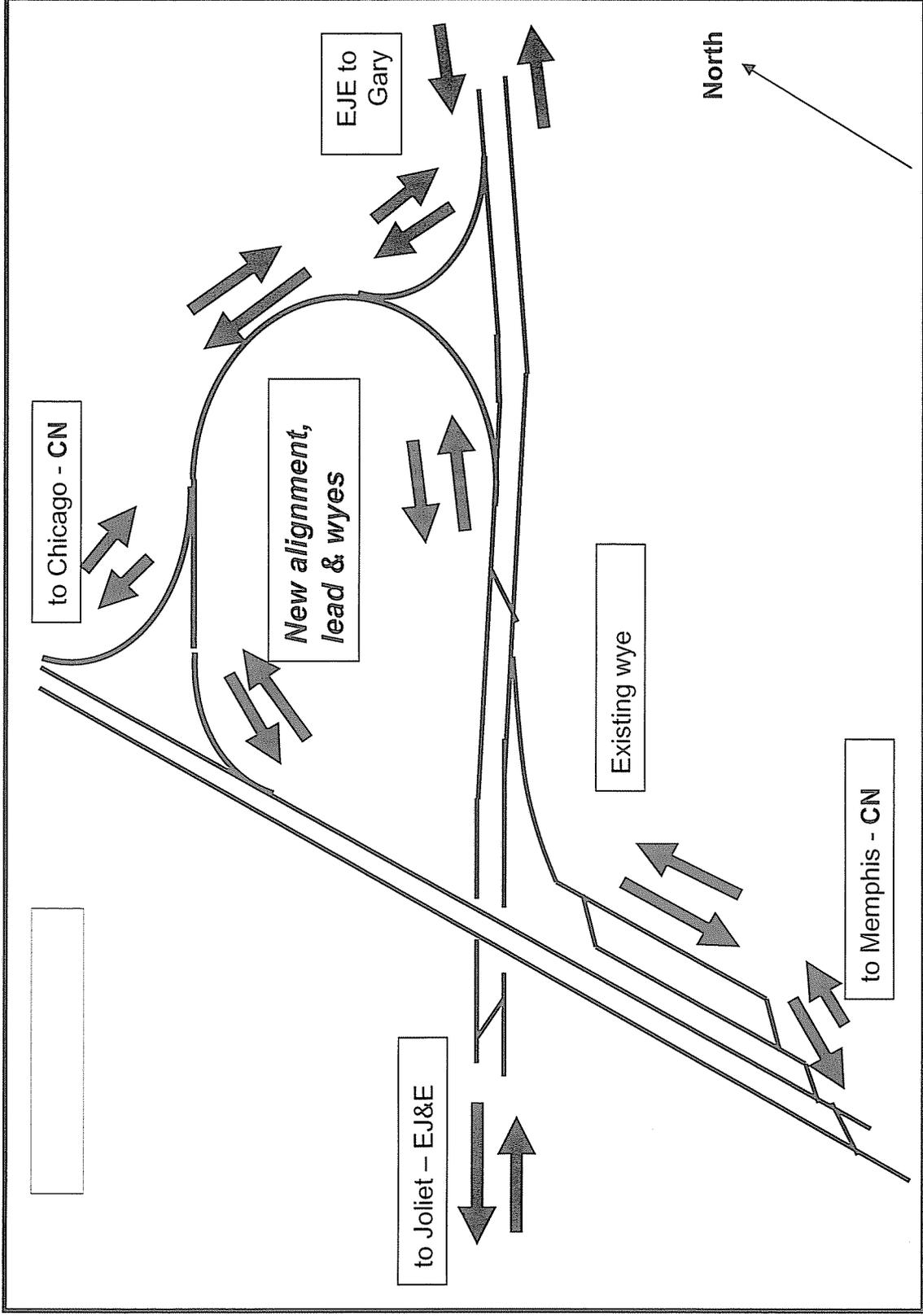
Traffic from the north or west (as shown) off the EJE would use the existing connection to the yard at Matteson; the locomotive would be run around the train to make a move to the north (as shown) or south

Matteson – Post-Transaction without new connection (3)



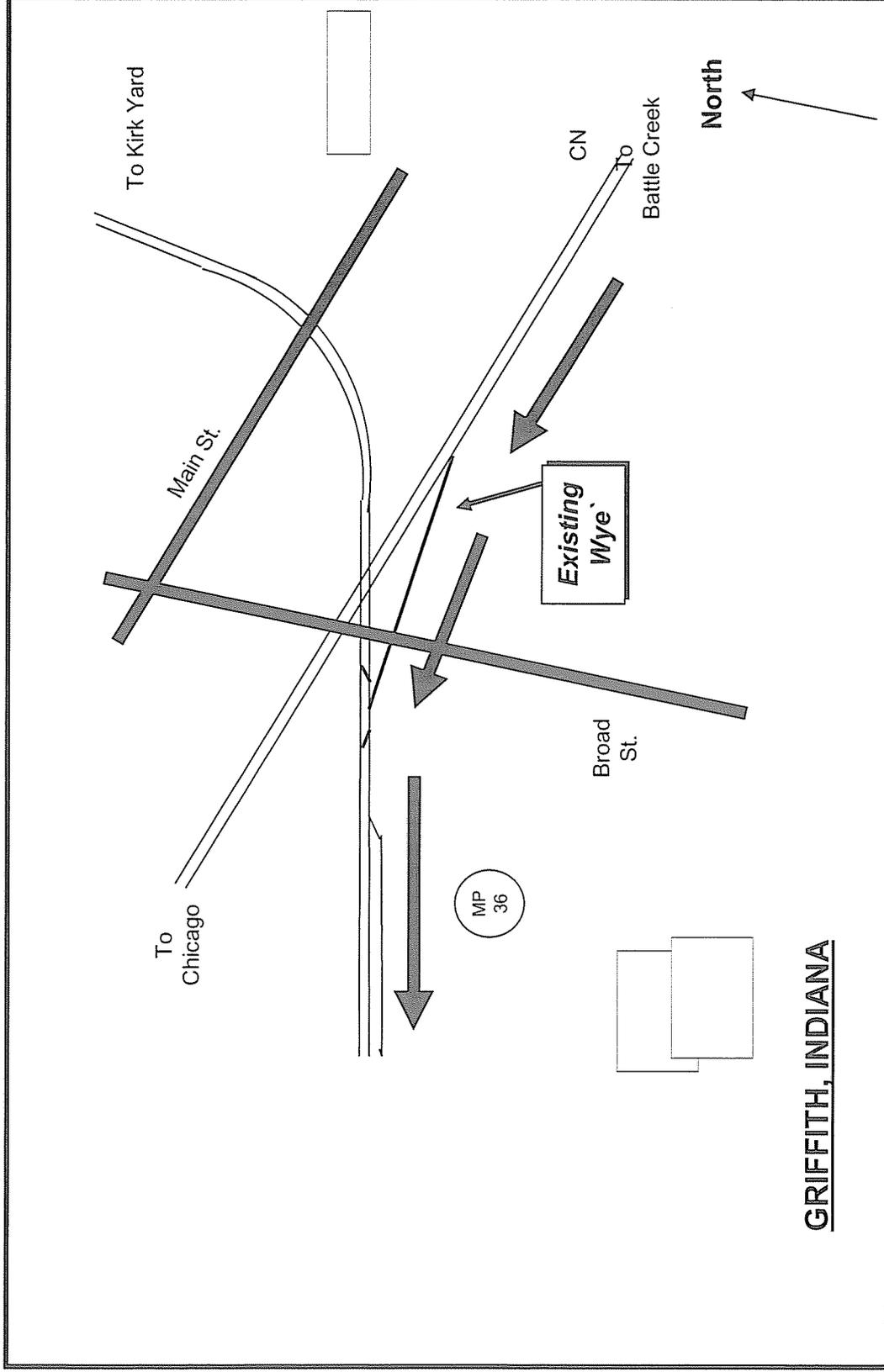
Traffic from the north or west on the EJ&E going south would be pushed past the connection, using the existing connection, then the locomotive would be run around the train to pull the train south on the CN.

Matteson – Post-Transaction with new connection



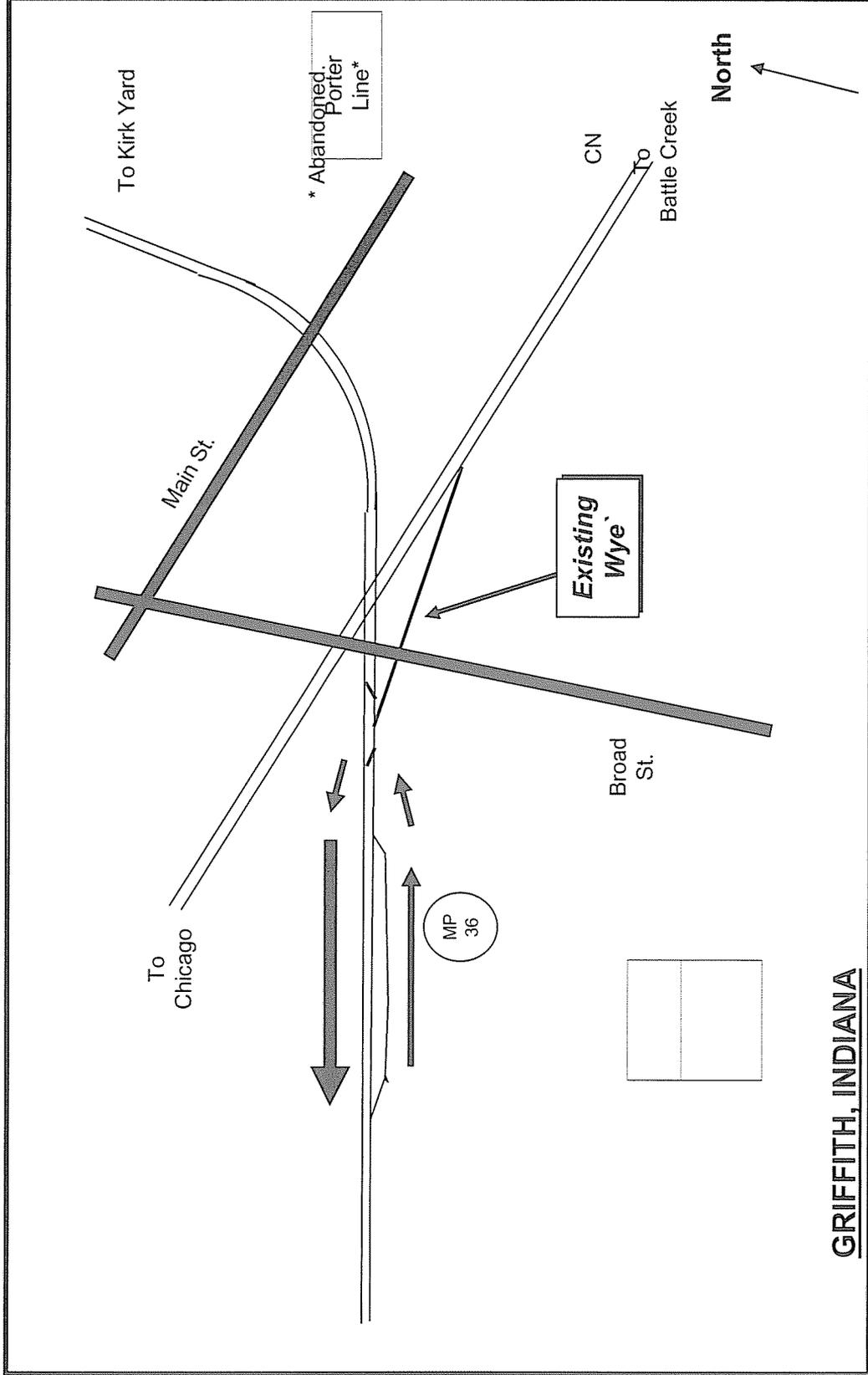
Direct moves could be made from every direction

Griffith – Post-Transaction without new connection



Trains from Michigan going to Kirk yard would use existing connection to get on EJE main line

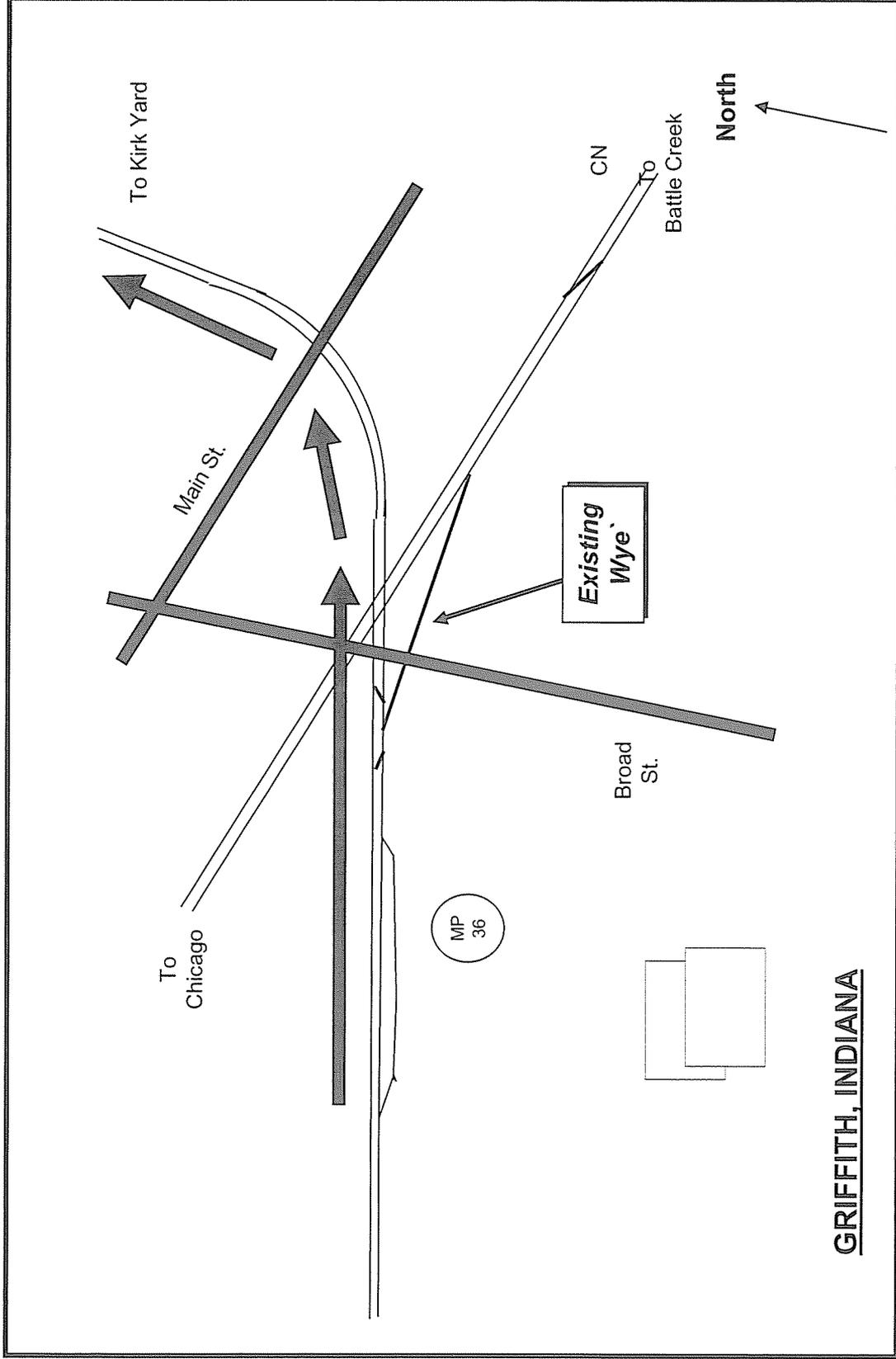
Griffith – Post-Transaction without new connection (2)



GRIFFITH, INDIANA

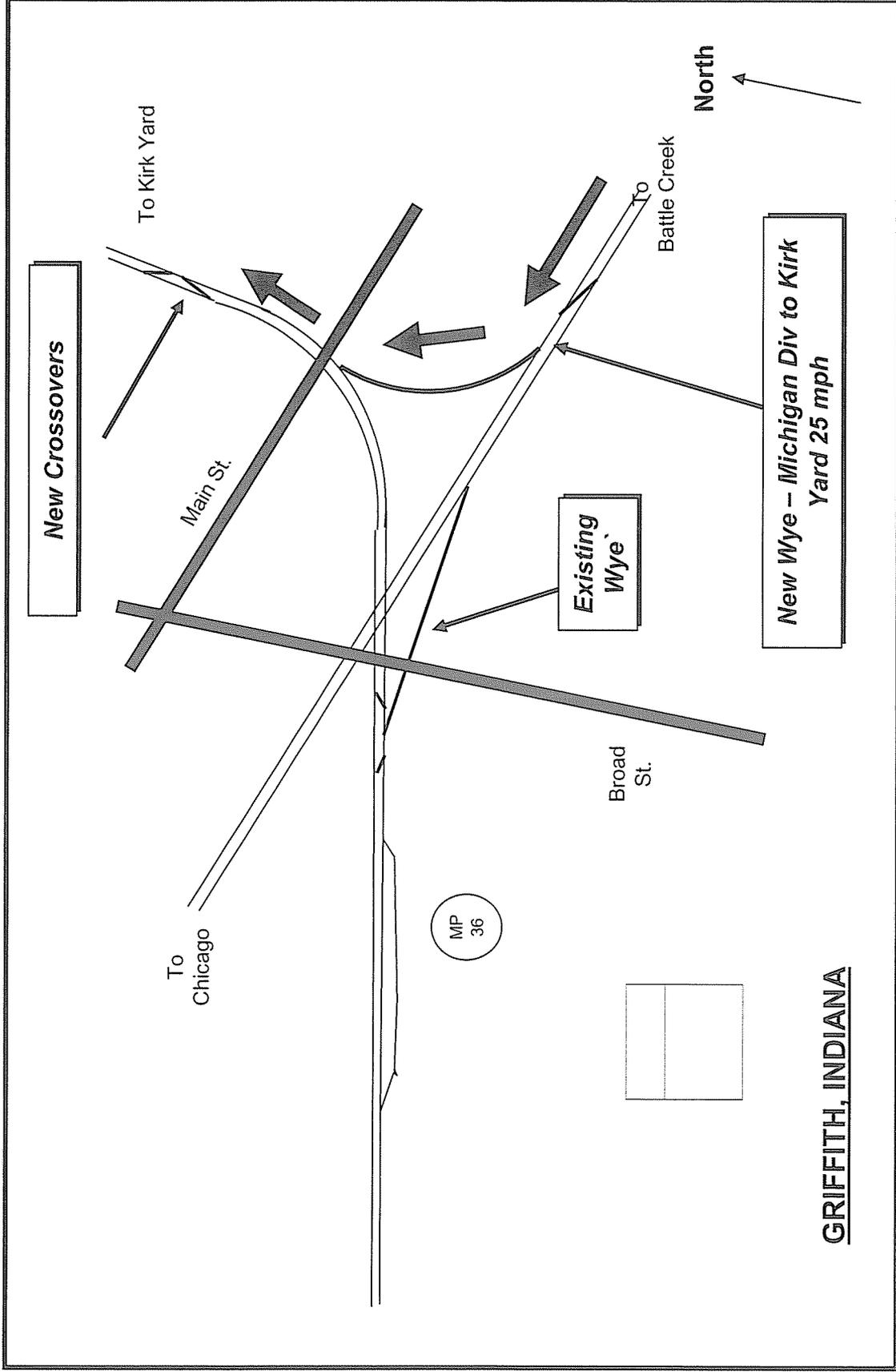
To go to Kirk yard the locomotive would be taken off the west end of the train, moved to the east end of the train to pull the train to Kirk yard

Griffith – Post-Transaction without new connection (3)



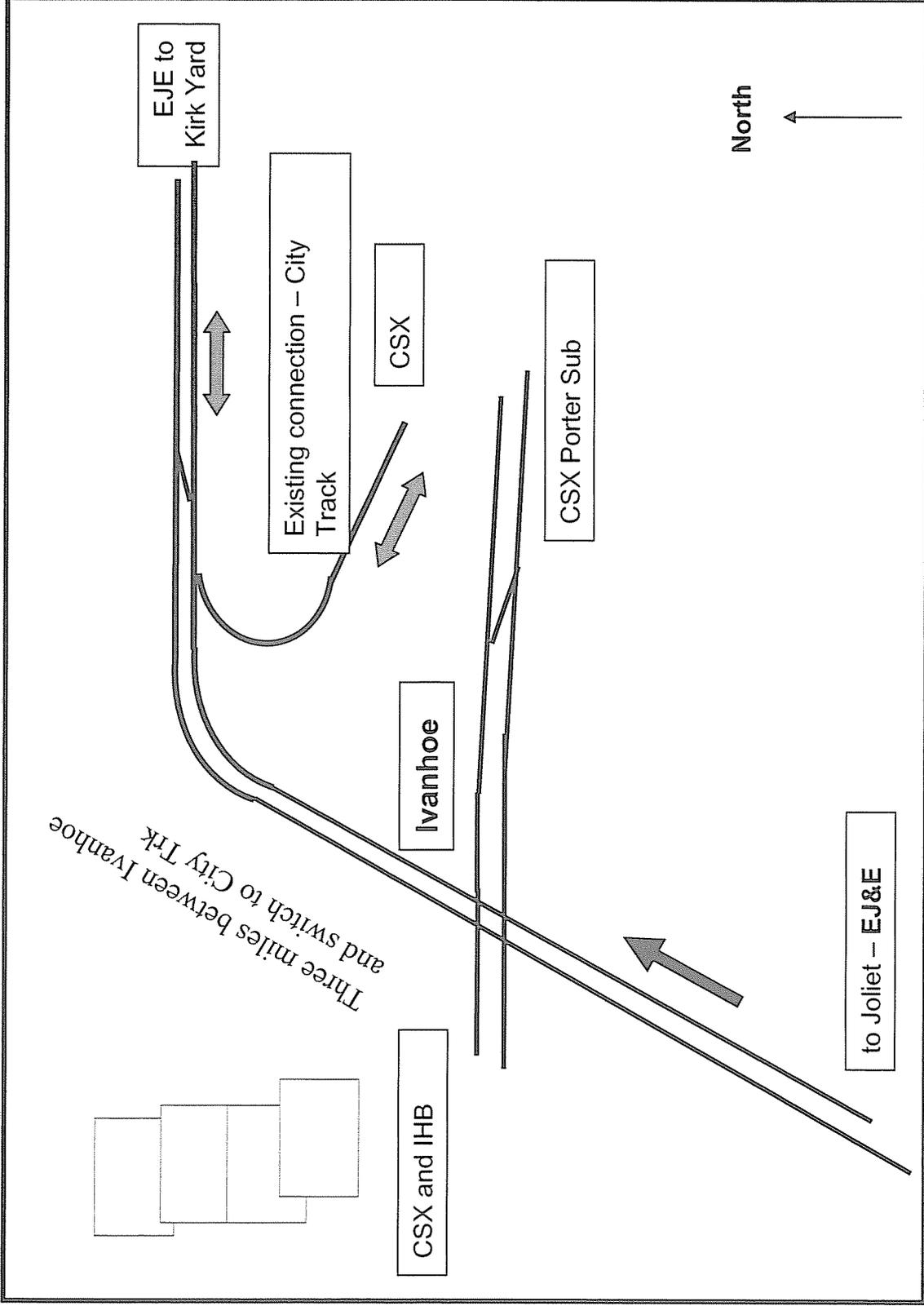
Train could then proceed to Kirk yard

Griffith – Post-Transaction with the connections



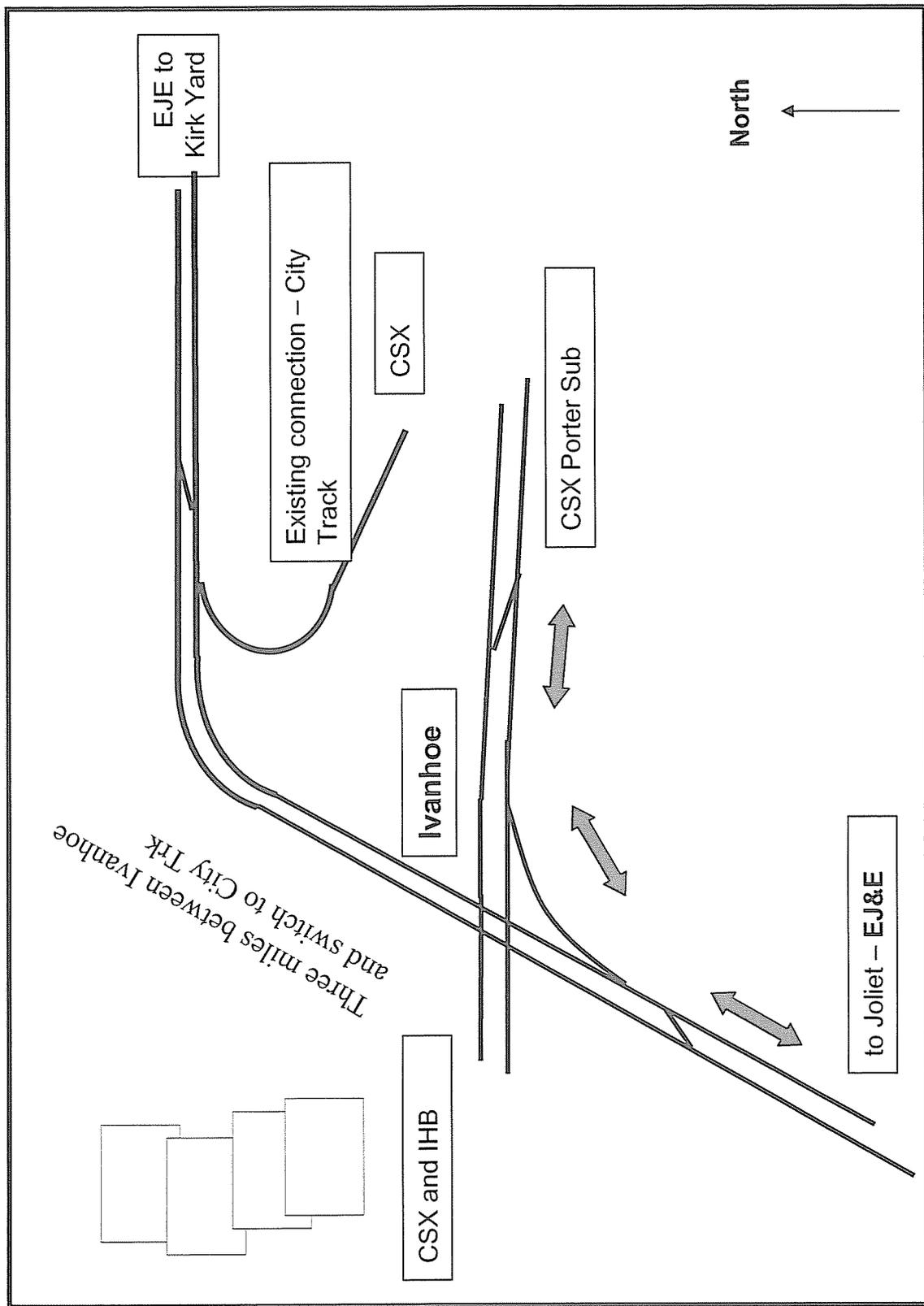
Trains from Michigan would make a direct move to Kirk yard

Ivanhoe – Post-Transaction without new connection



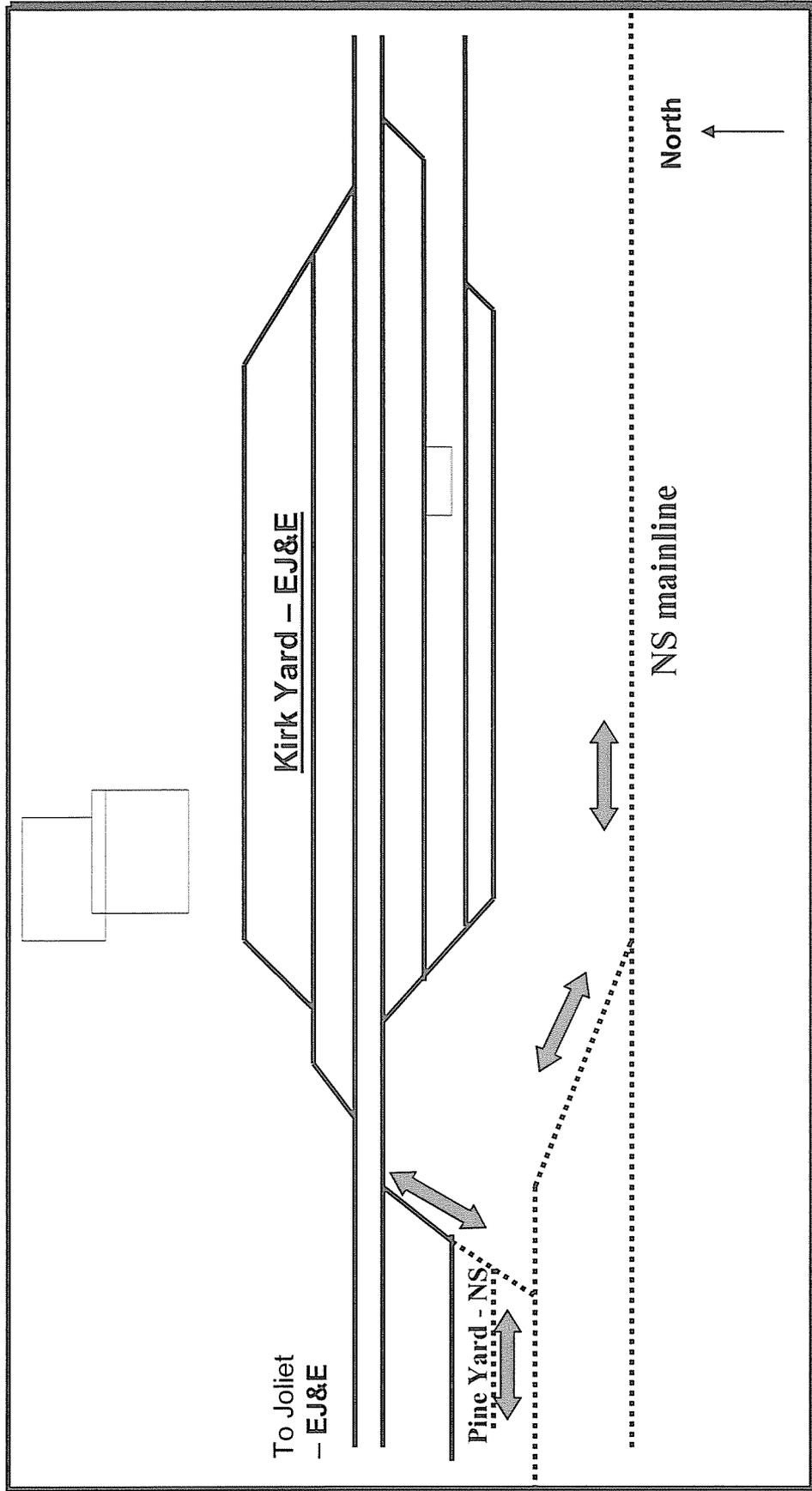
Interchange would be off the city track

Ivanhoe – Post-Transaction with new connection



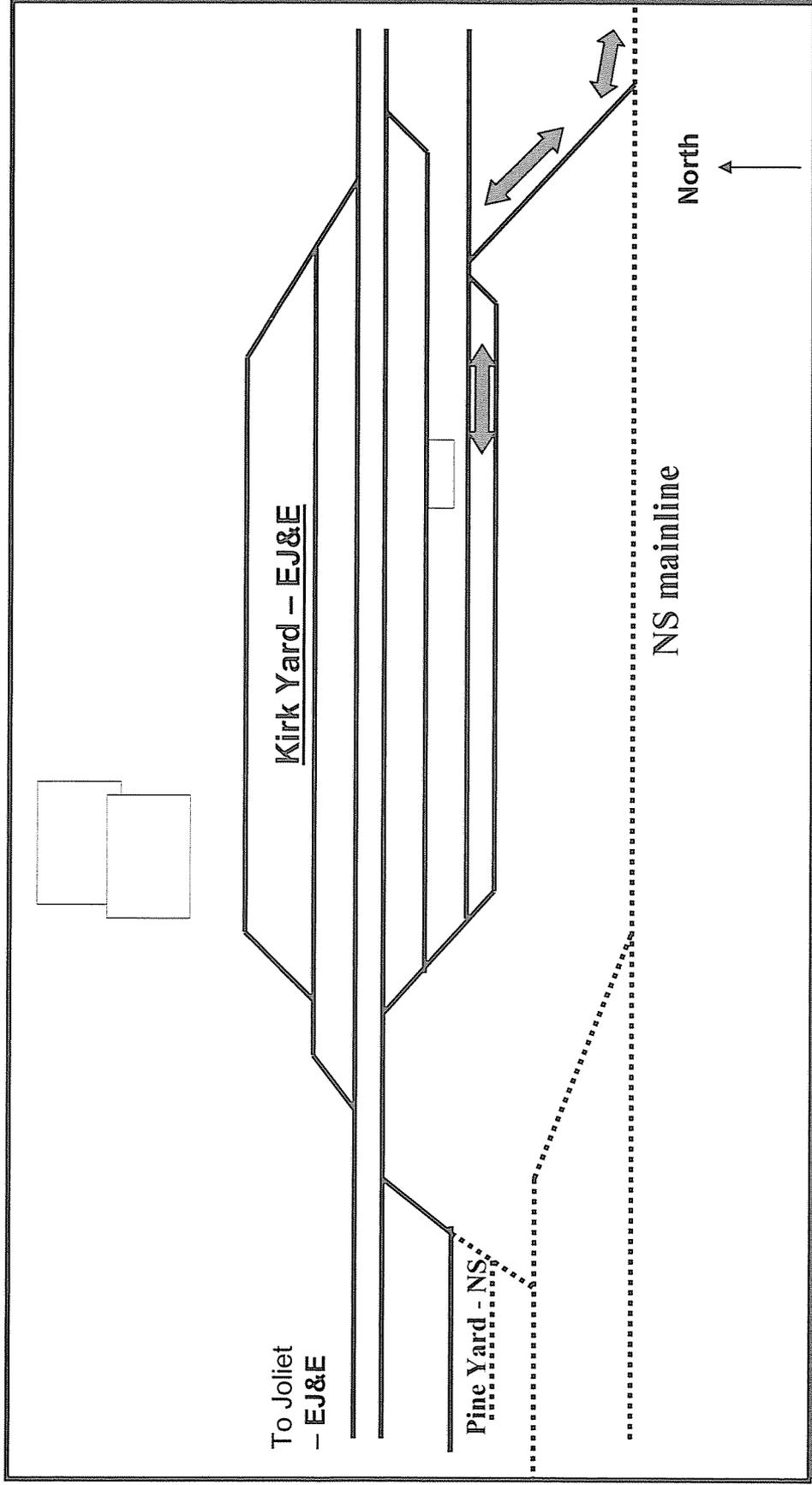
Interchange would be more efficient.

Kirk Yard – Post-Transaction without new connection



The EJE NS interchange would be at the existing Pine yard that is at the west end of Kirk Yard

Kirk Yard – Post-Transaction with new connection



With the new connection, trains could be built for the NS that would leave directly from Kirk Yard onto the NS mainline

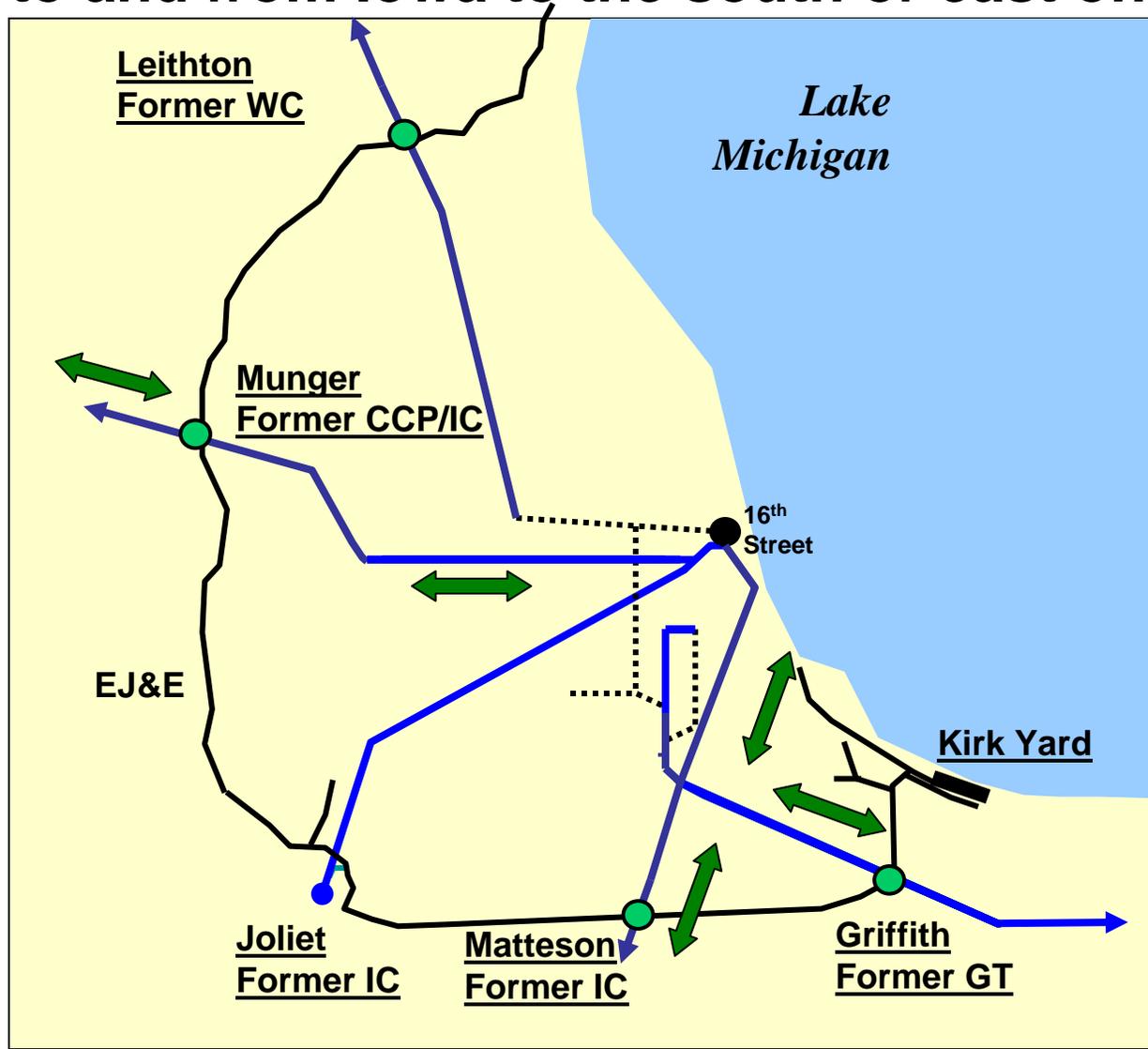
CERTIFICATE OF SERVICE

I certify that I have this 3rd day of March, 2008, served copies of the foregoing Applicants' Reply to the Board's Order to Show Cause (CN-26) upon all known parties of record in this proceeding by first-class mail or a more expeditious method.



Christine A. Mellen

Pre-Transaction: Traffic to and from Iowa to the south or east on the CN



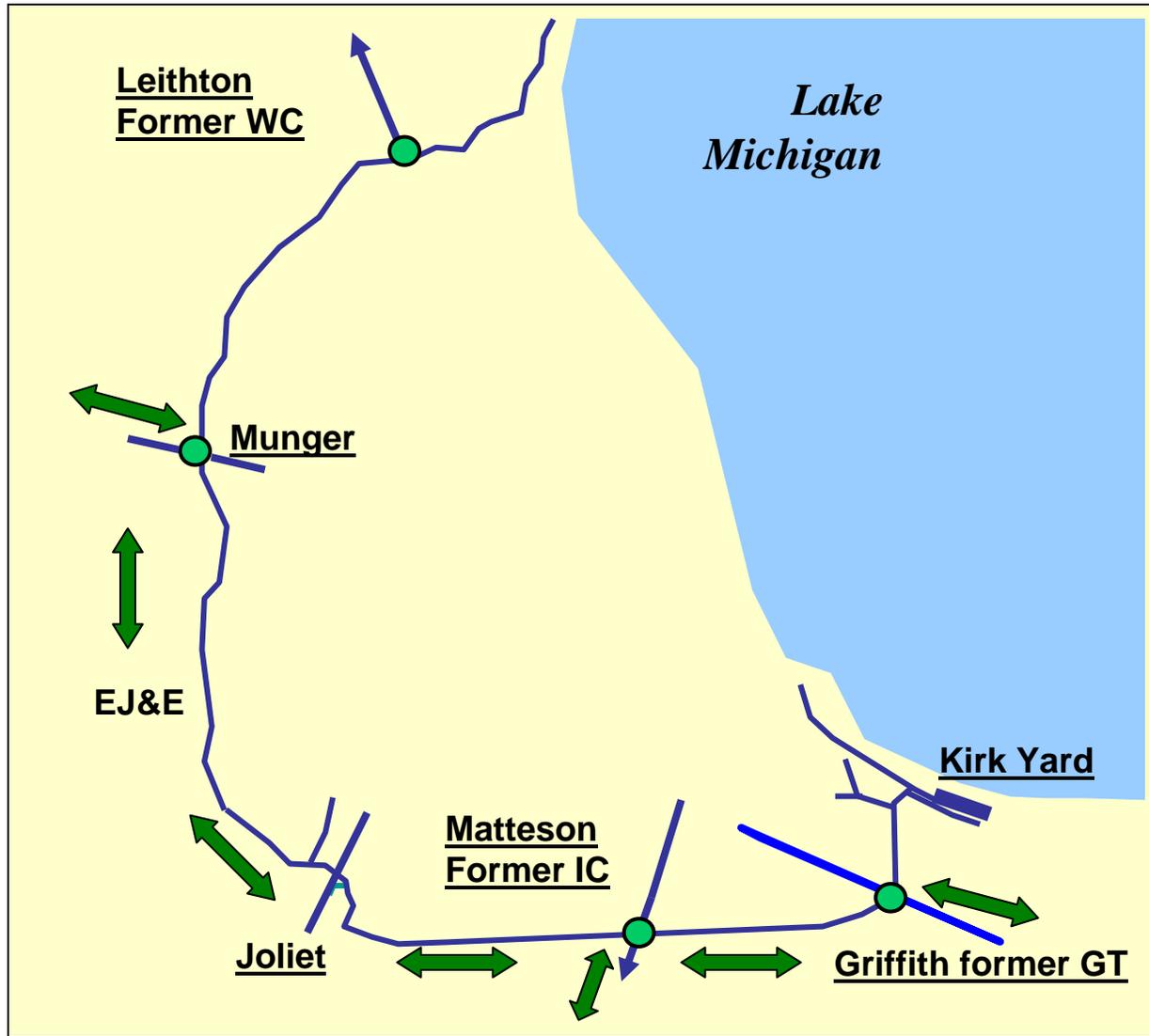
Traffic to and from Iowa going to and from the former IC south or the former GT to the east goes through Chicago on existing CN tracks

Pre-Transaction: north-south traffic on the CN



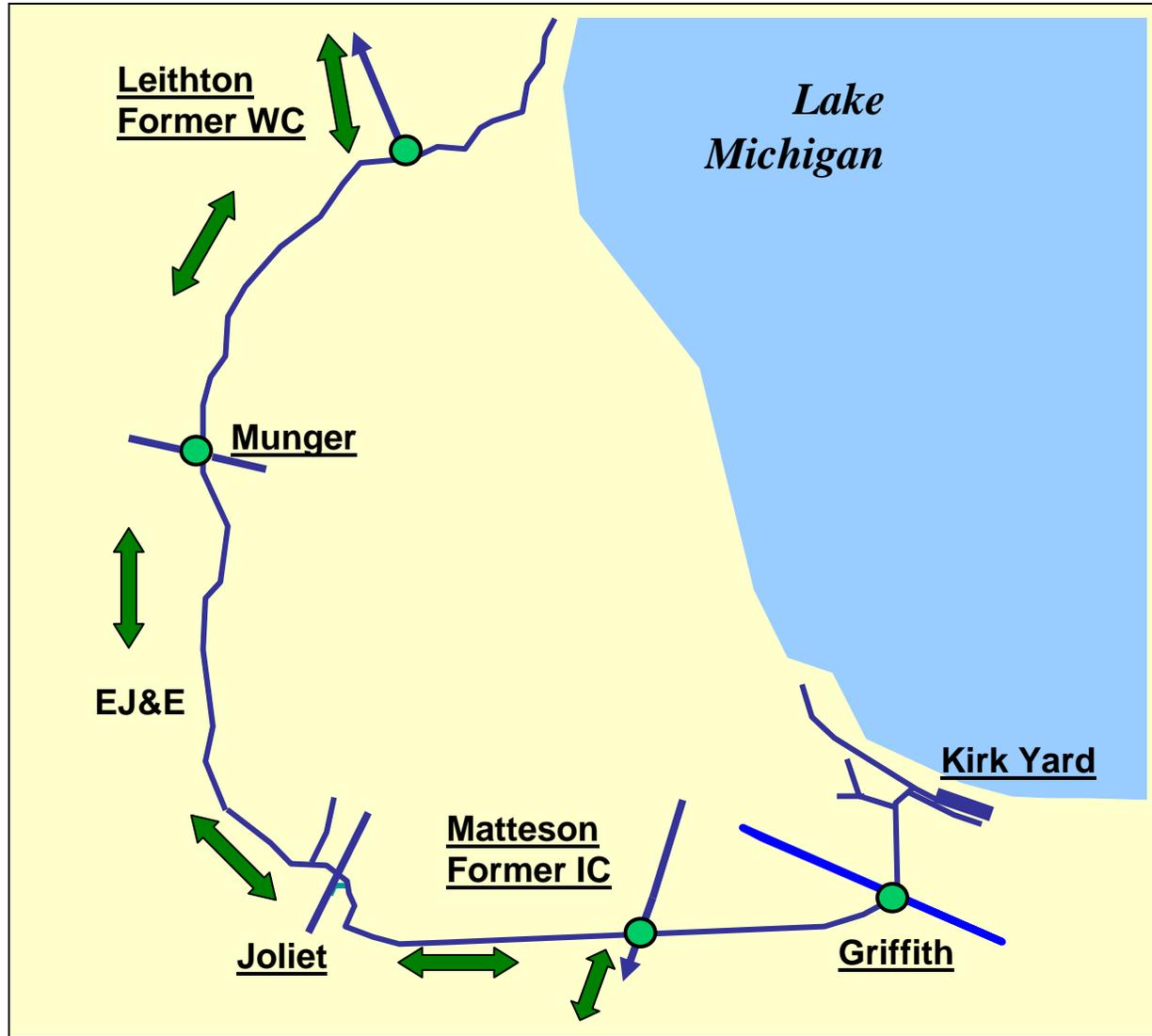
Traffic from and to the former WC going from and to the former IC goes through Chicago by existing trackage rights on the IHB or BRC

Post-Transaction – Traffic to and from Iowa to the east and south



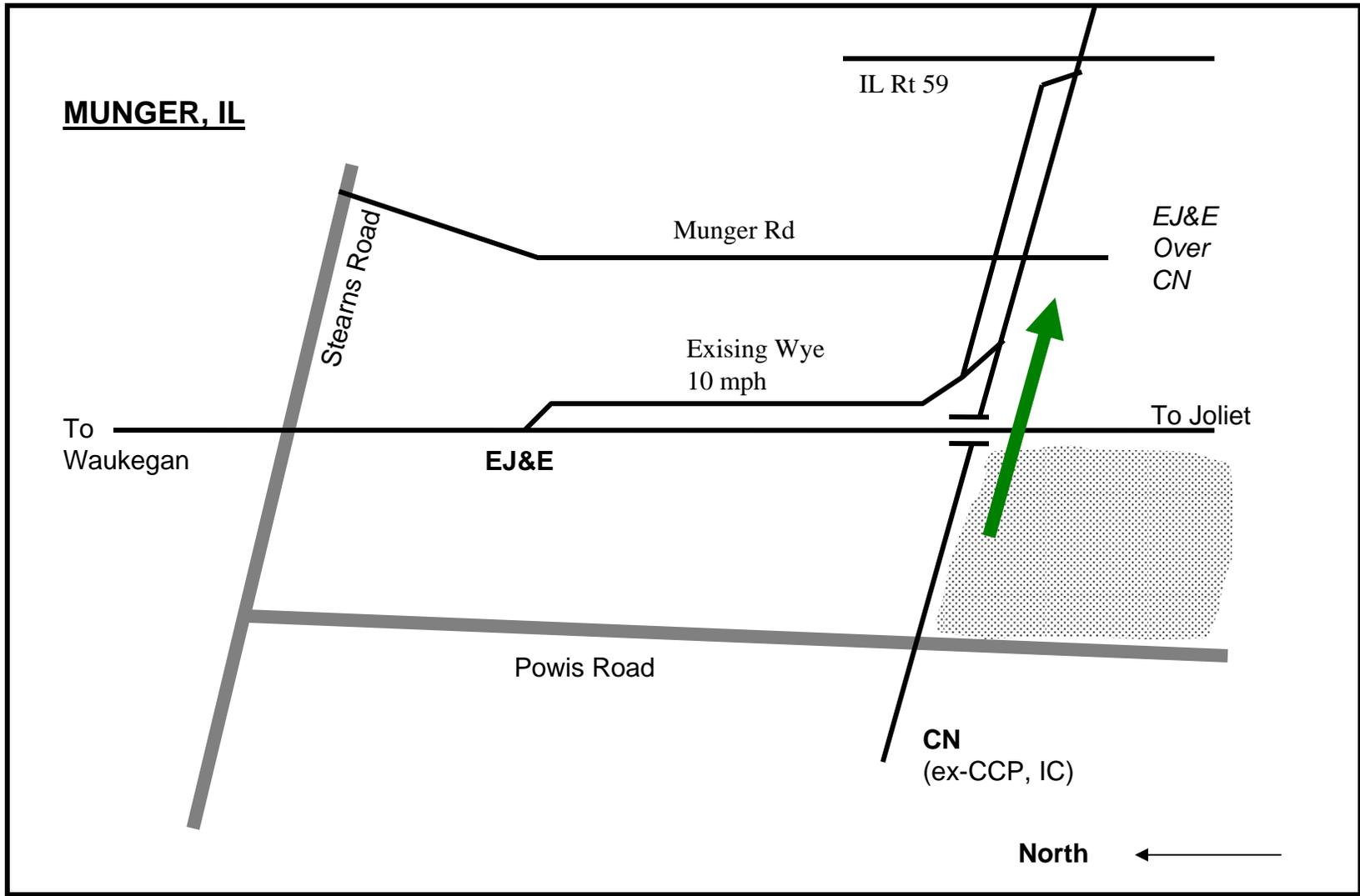
Traffic to and from Iowa going to and from the former IC south or the former GT could go around Chicago on the EJ&E using existing connections

Post-Transaction: north-south traffic



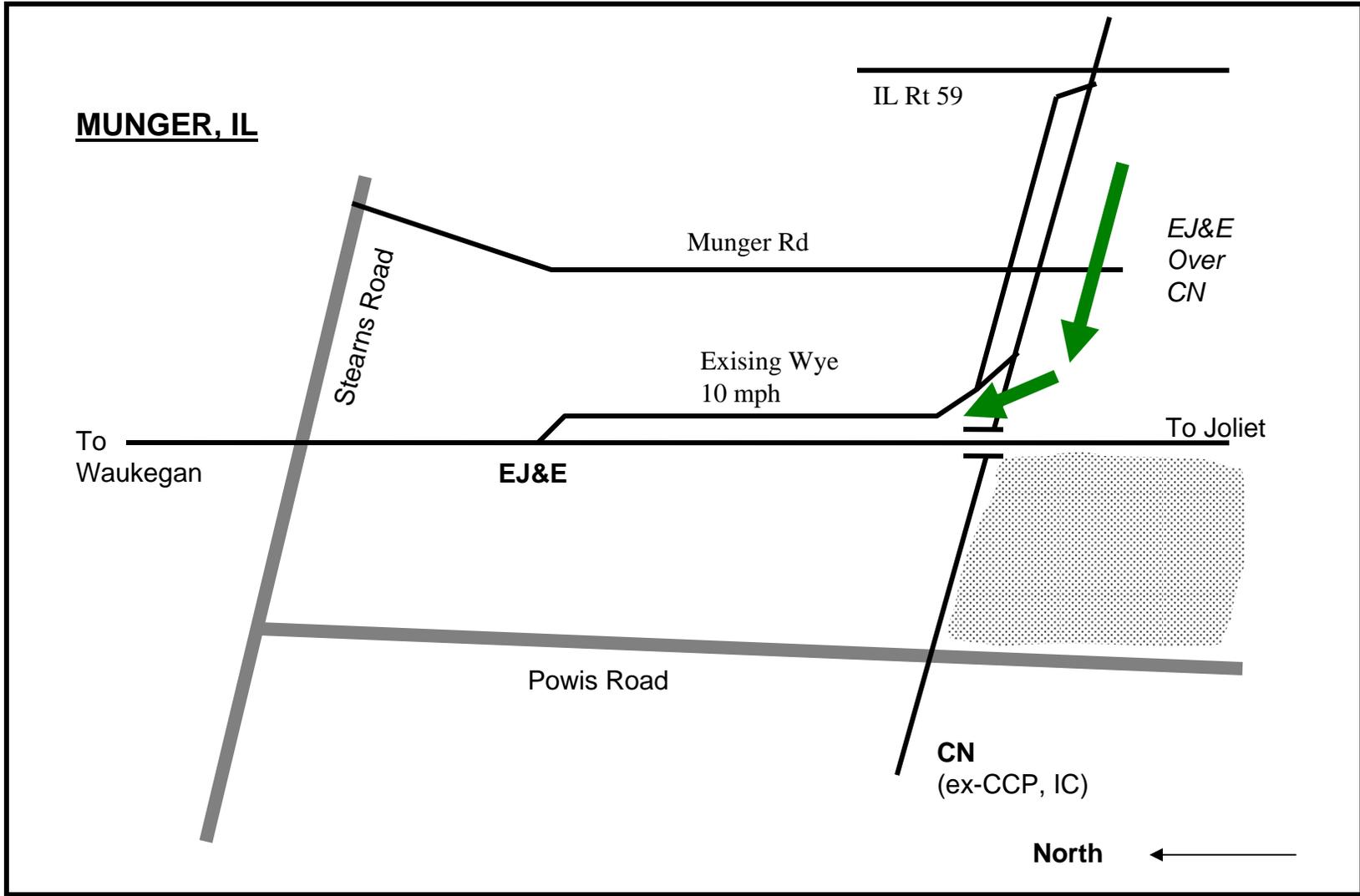
Traffic to /from the former WC going to and from the former IC could go around Chicago on the EJ&E using existing or new connections

Munger – Post-Transaction without new connection (1)



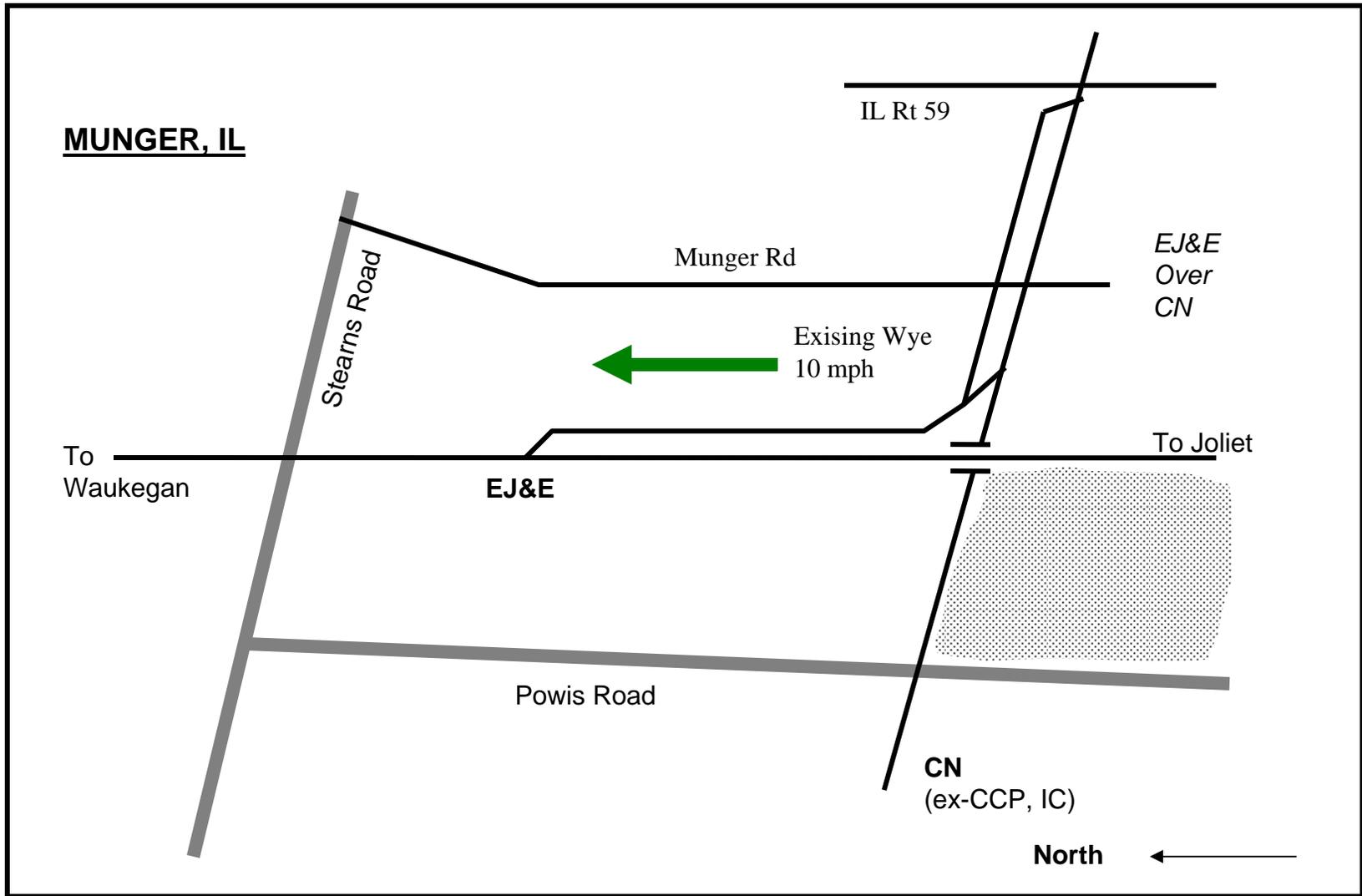
An Eastbound train would go under the EJ&E to use the existing connection to go south or north

Munger – Post-Transaction without new connection (2)



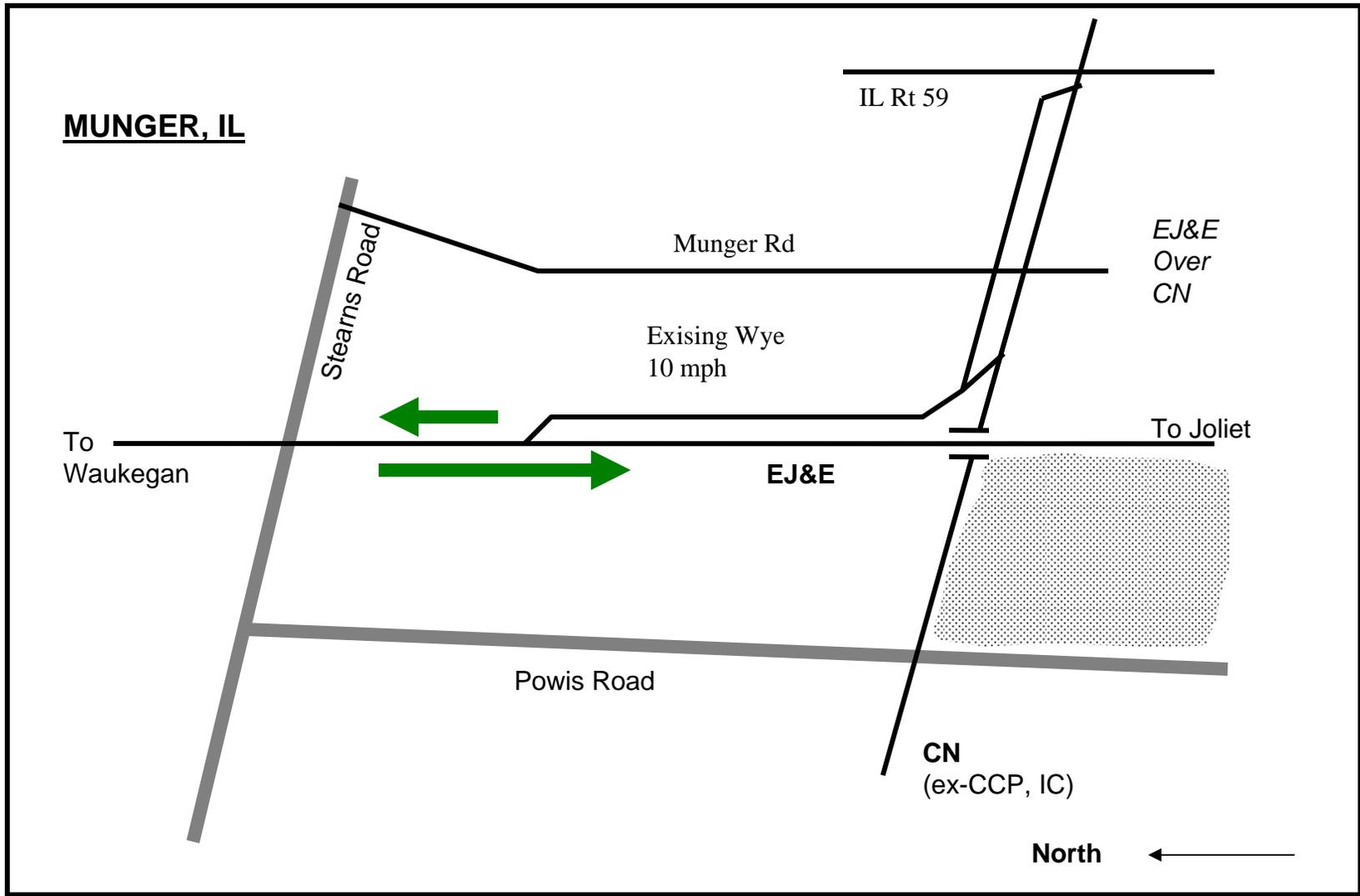
The train would stop to hand throw the switch blocking Munger Rd and may block Route 59

Munger – Post-Transaction without new connection (3)



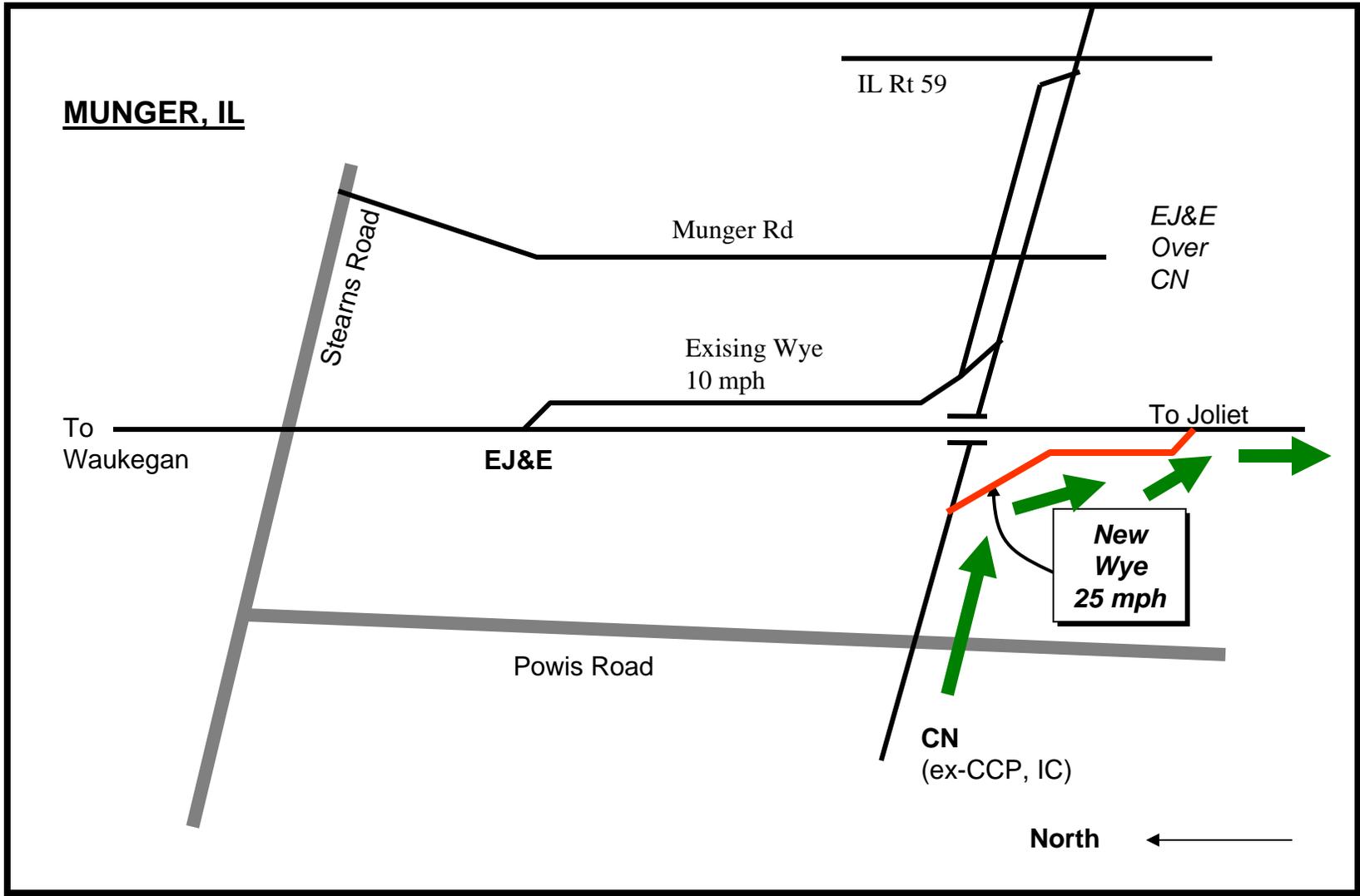
Train would back thru existing connection at 10 mph

Munger – Post-Transaction without new connection (4)



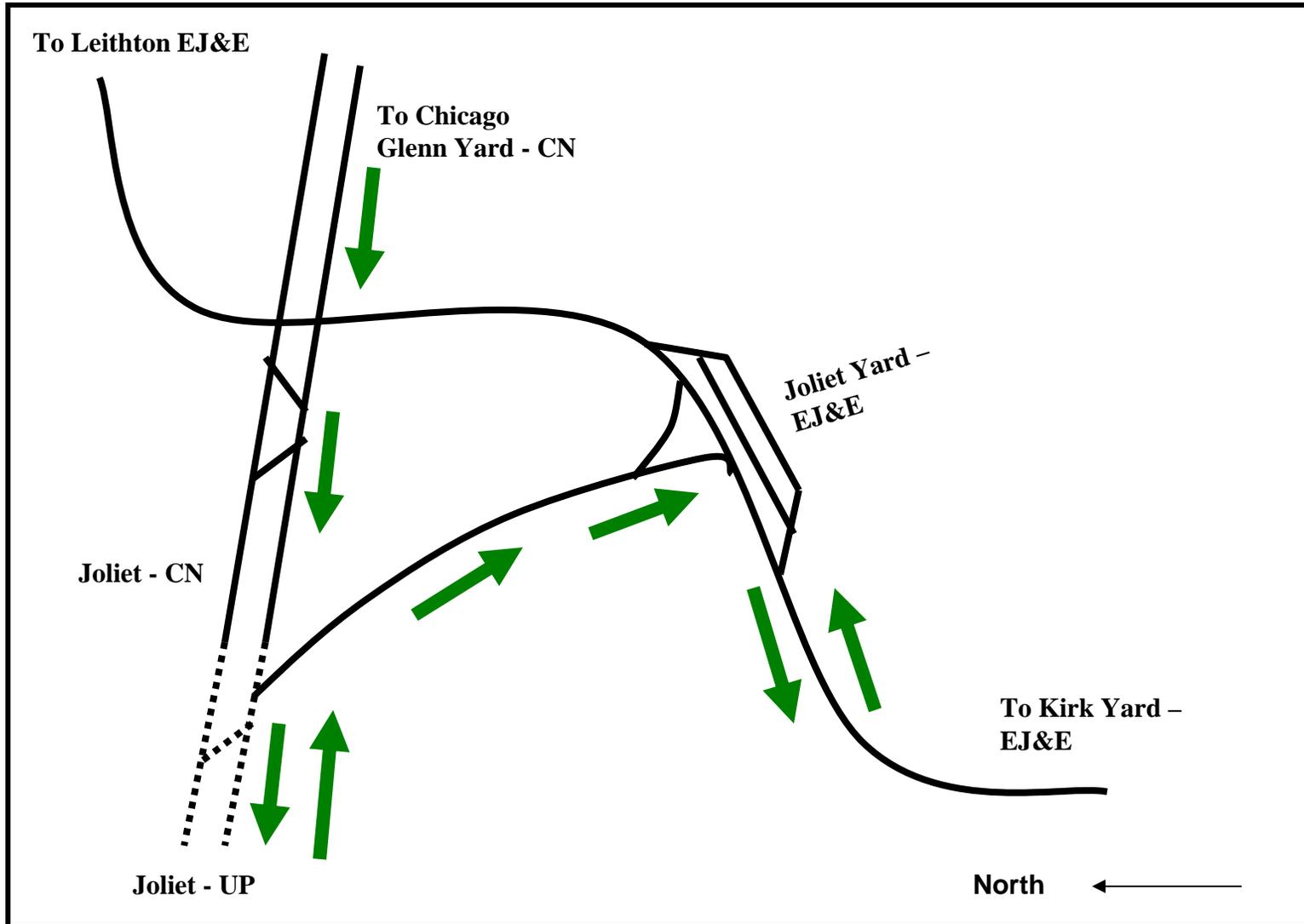
After backing on to the EJ&E main, blocking Stearns Rd, Train would continue south

Munger – Post-Transaction with new connection



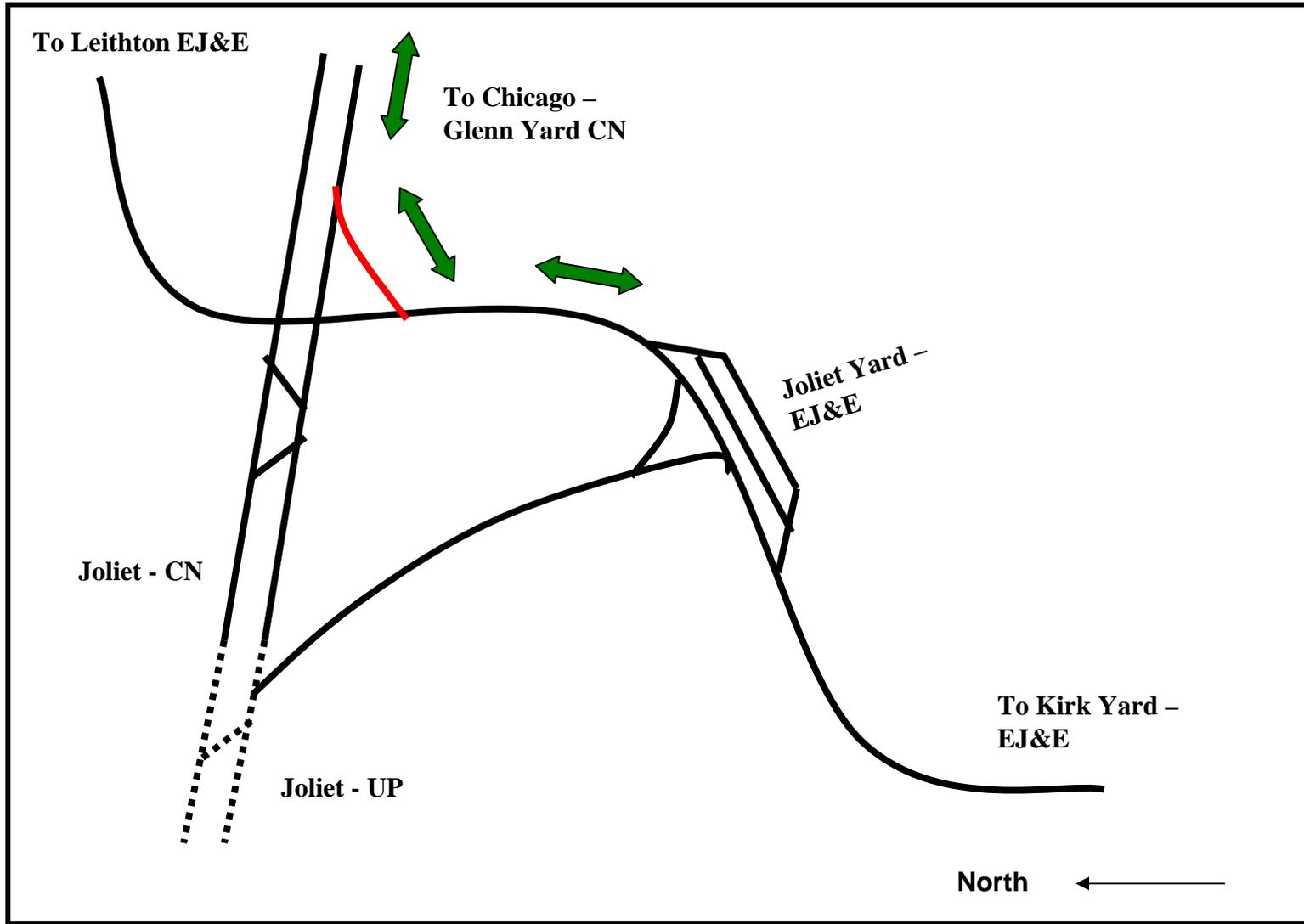
New Munger connection eliminates backup movements for south bound trains from Iowa

Joliet area – Post-Transaction – without new connection



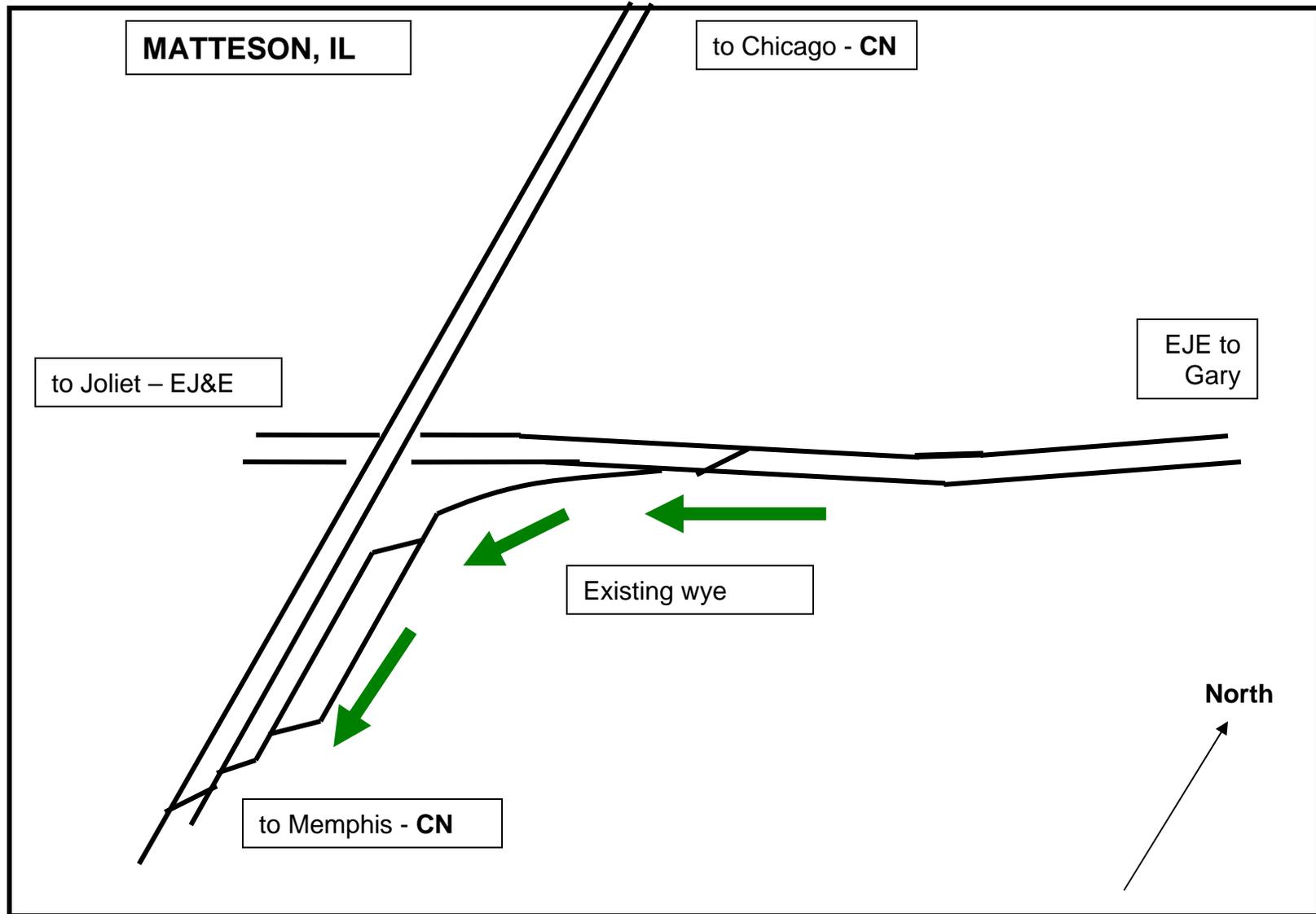
Traffic could be moved between CN's Glenn yard and EJ&E's Joliet yard by an existing connection on the UPRR via existing trackage rights.

Joliet Area – Post-Transaction with new connection



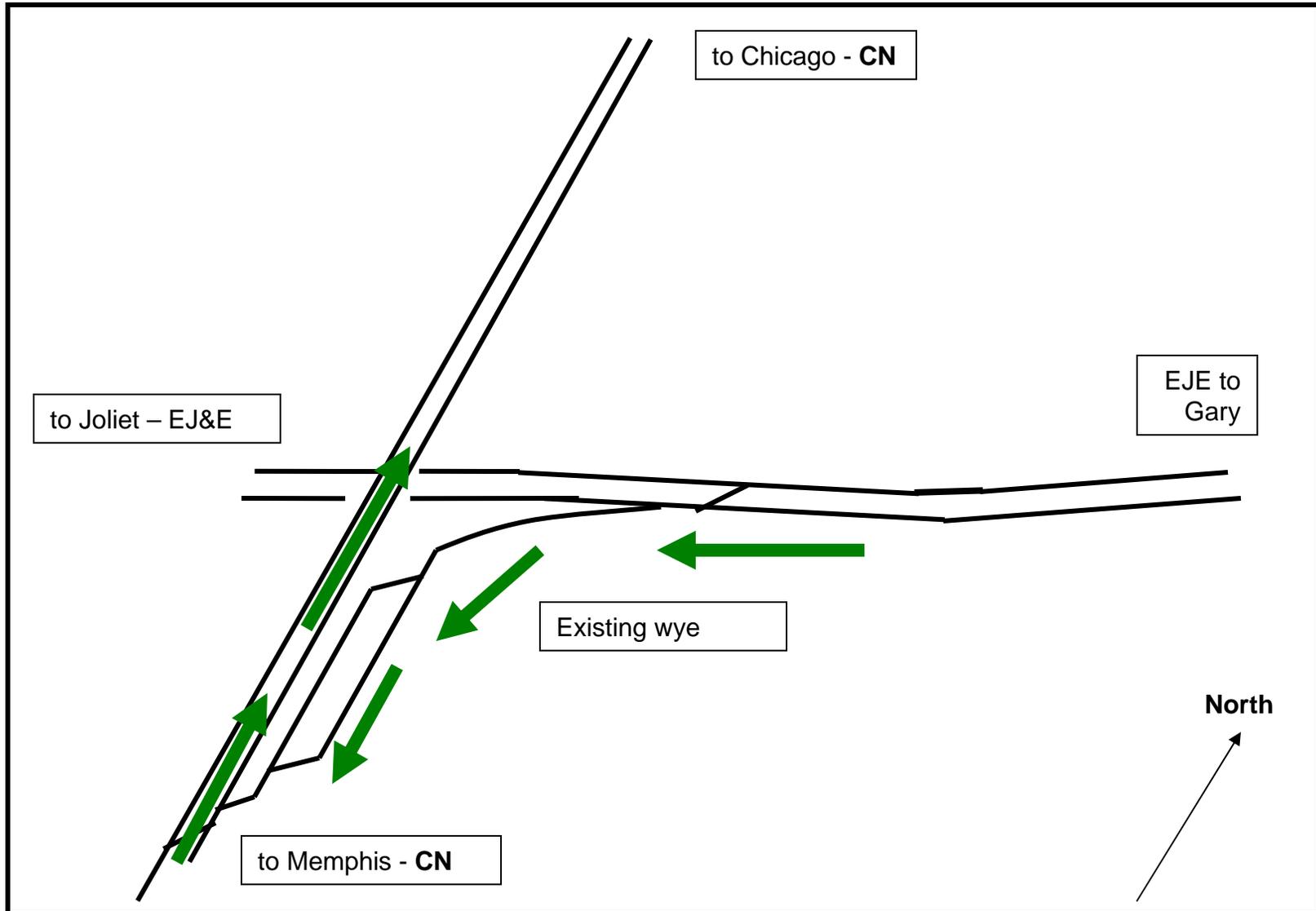
Moves could be shorter and more direct

Matteson – Pre-Transaction without new connection (1)



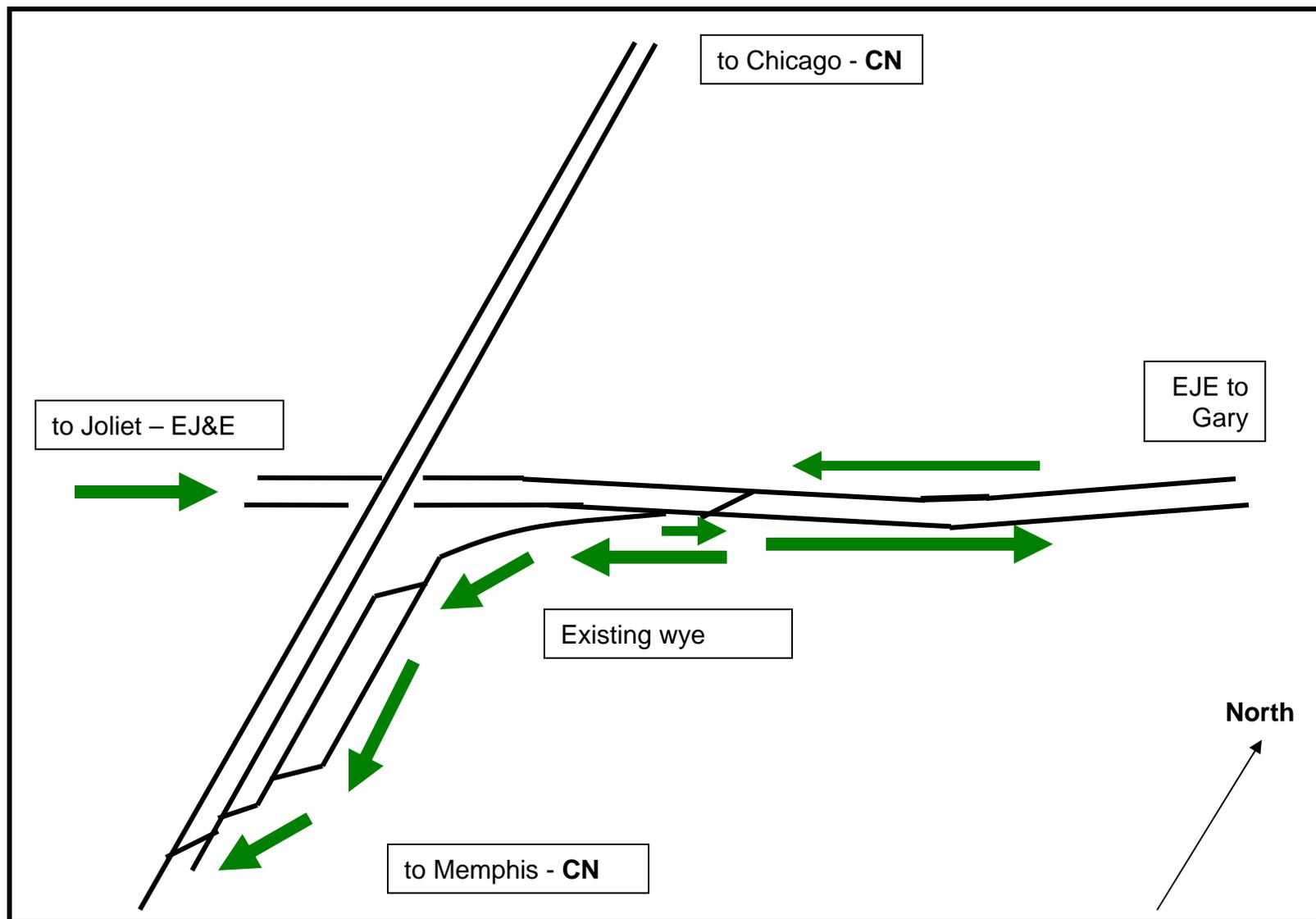
West bound train off the EJE going south would have a direct move.

Matteson – Pre-Transaction without new connection (2)



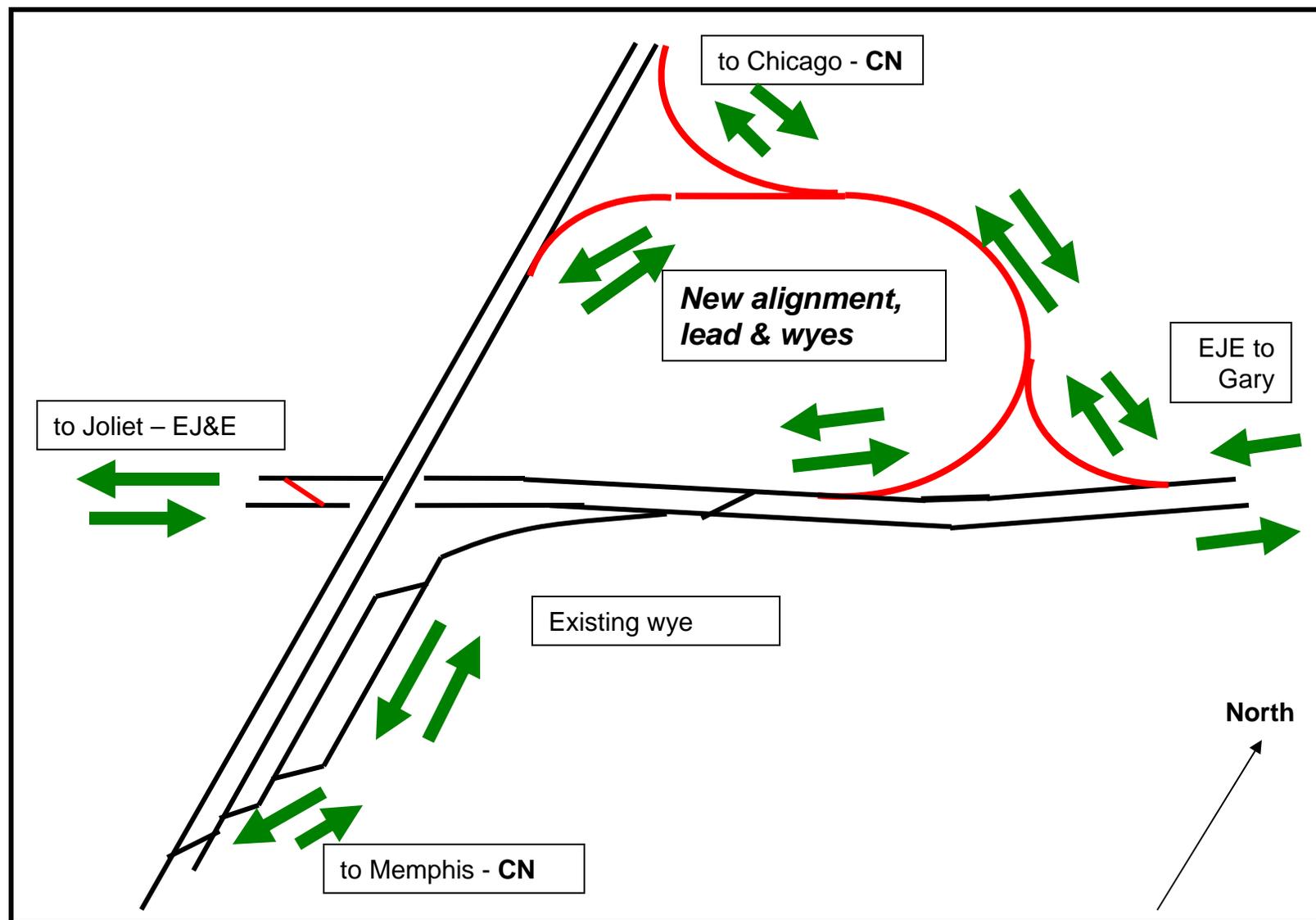
Traffic from the north or west (as shown) off the EJE would use the existing connection to the yard at Matteson; the locomotive would be run around the train to make a move to the north (as shown) or south

Matteson – Post-Transaction without new connection (3)



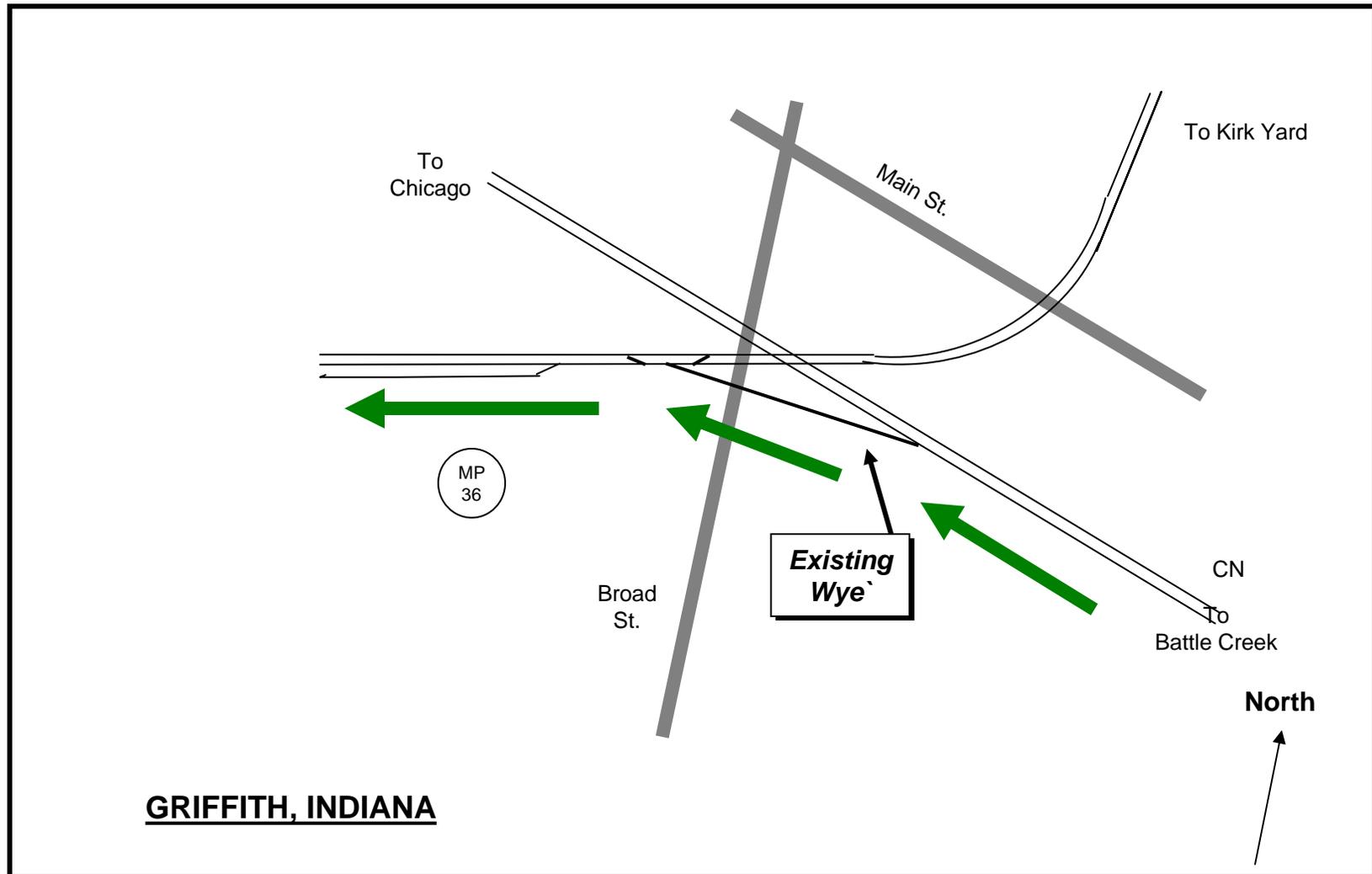
Traffic from the north or west on the EJ&E going south would be pushed past the connection, using the existing connection, then the locomotive would be run around the train to pull the train south on the CN.

Matteson – Post-Transaction with new connection



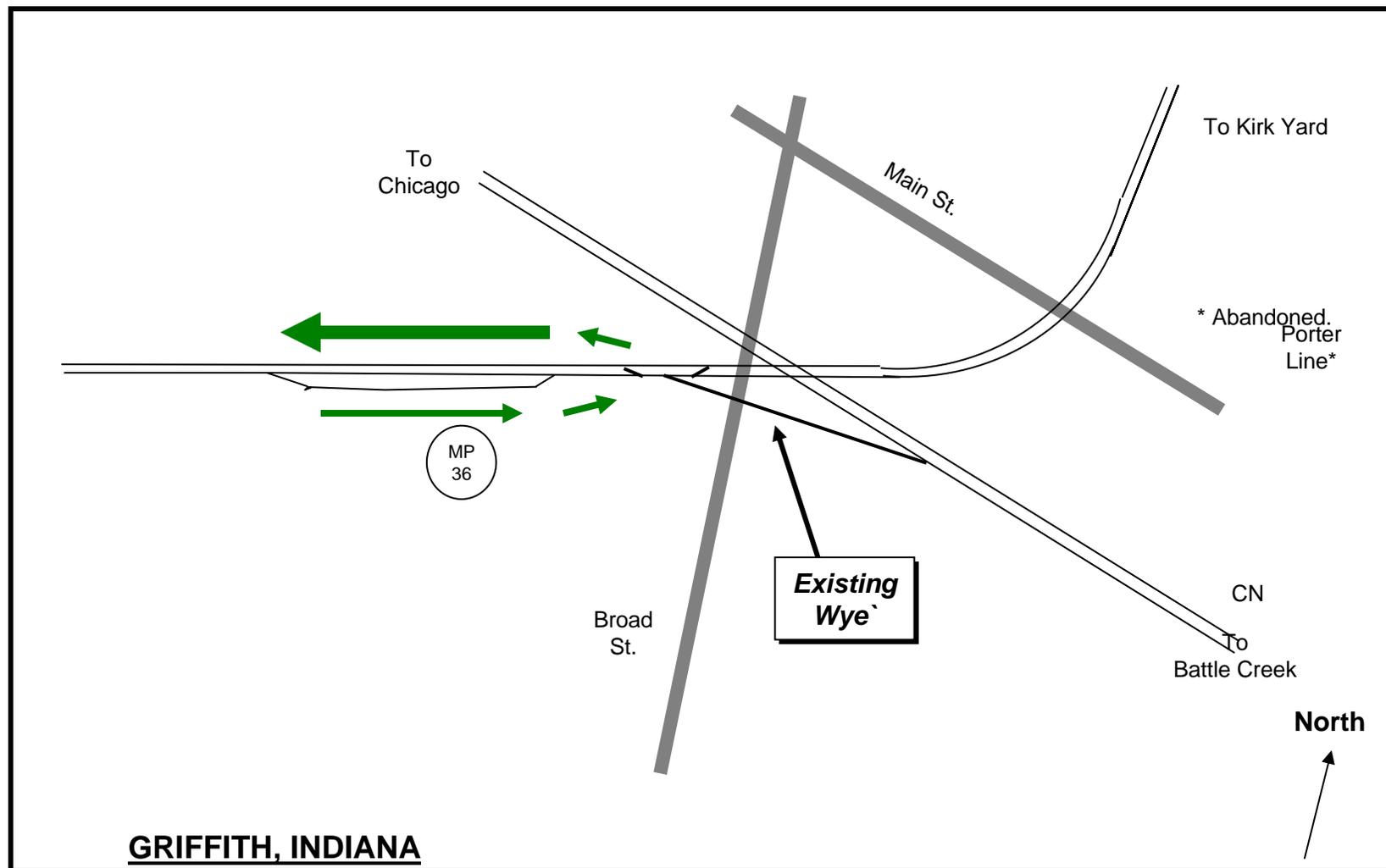
Direct moves could be made from every direction

Griffith – Post-Transaction without new connection



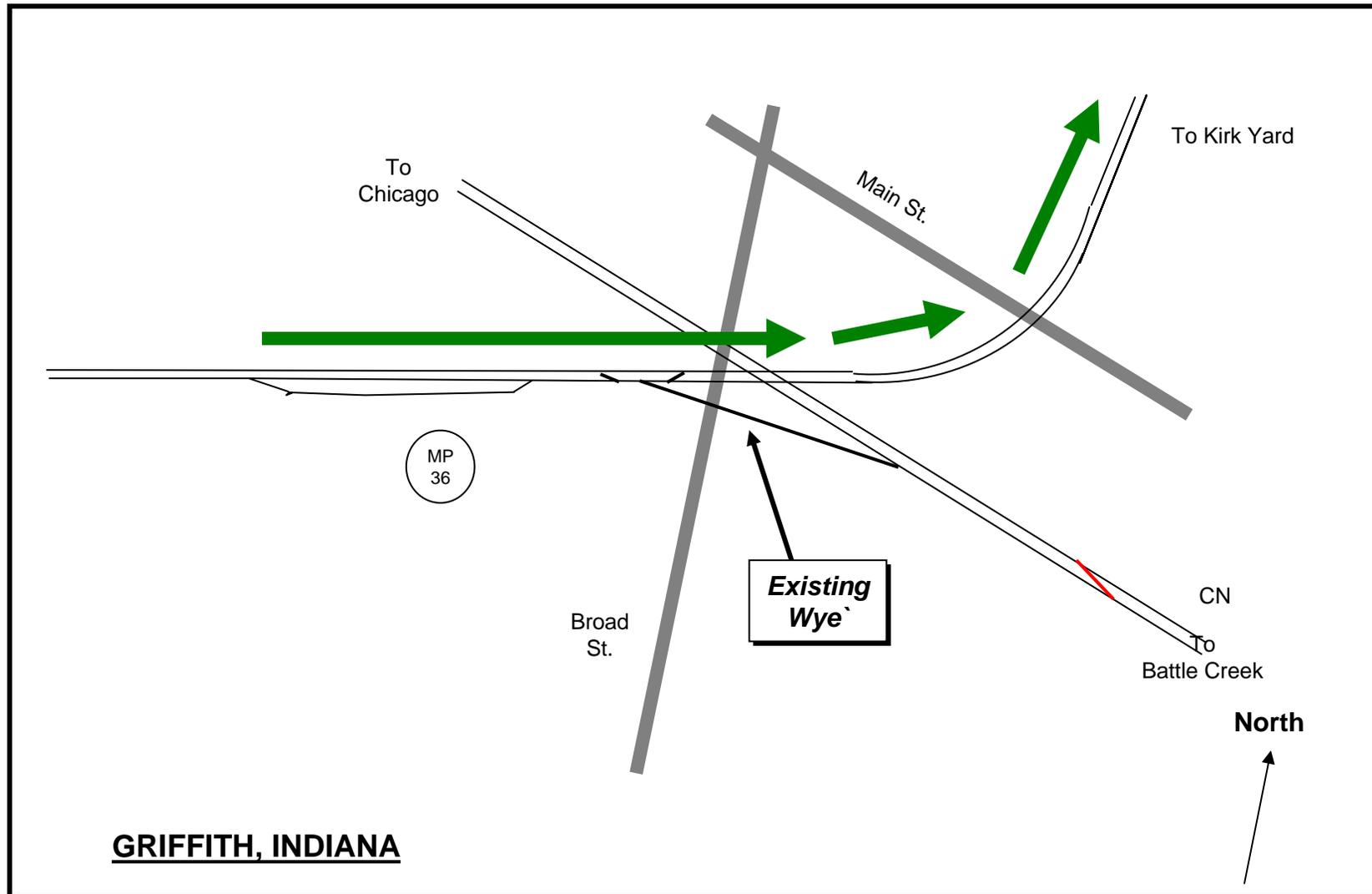
Trains from Michigan going to Kirk yard would use existing connection to get on EJE main line

Griffith – Post-Transaction without new connection (2)



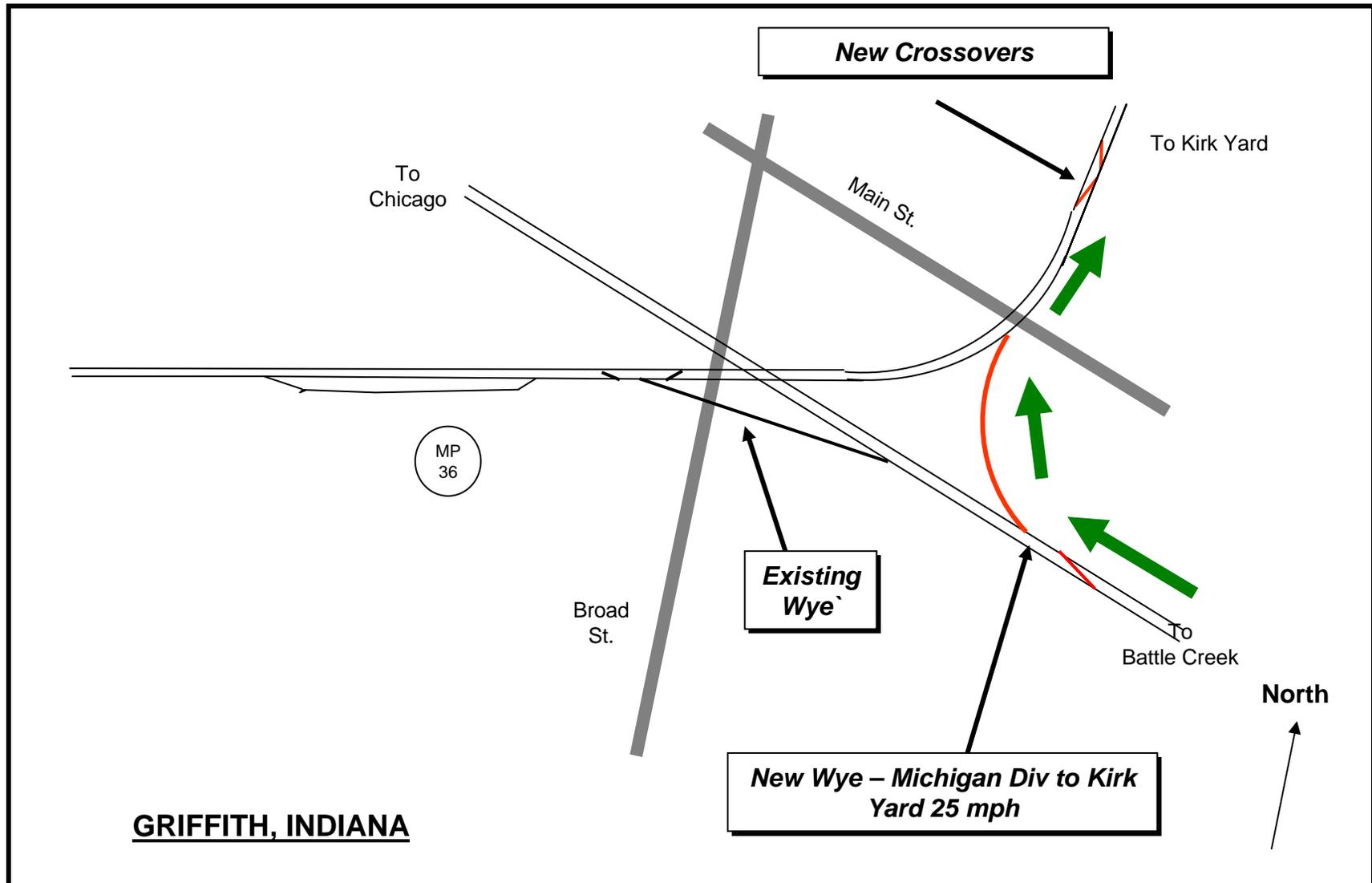
To go to Kirk yard the locomotive would be taken off the west end of the train, moved to the east end of the train to pull the train to Kirk yard

Griffith – Post-Transaction without new connection (3)



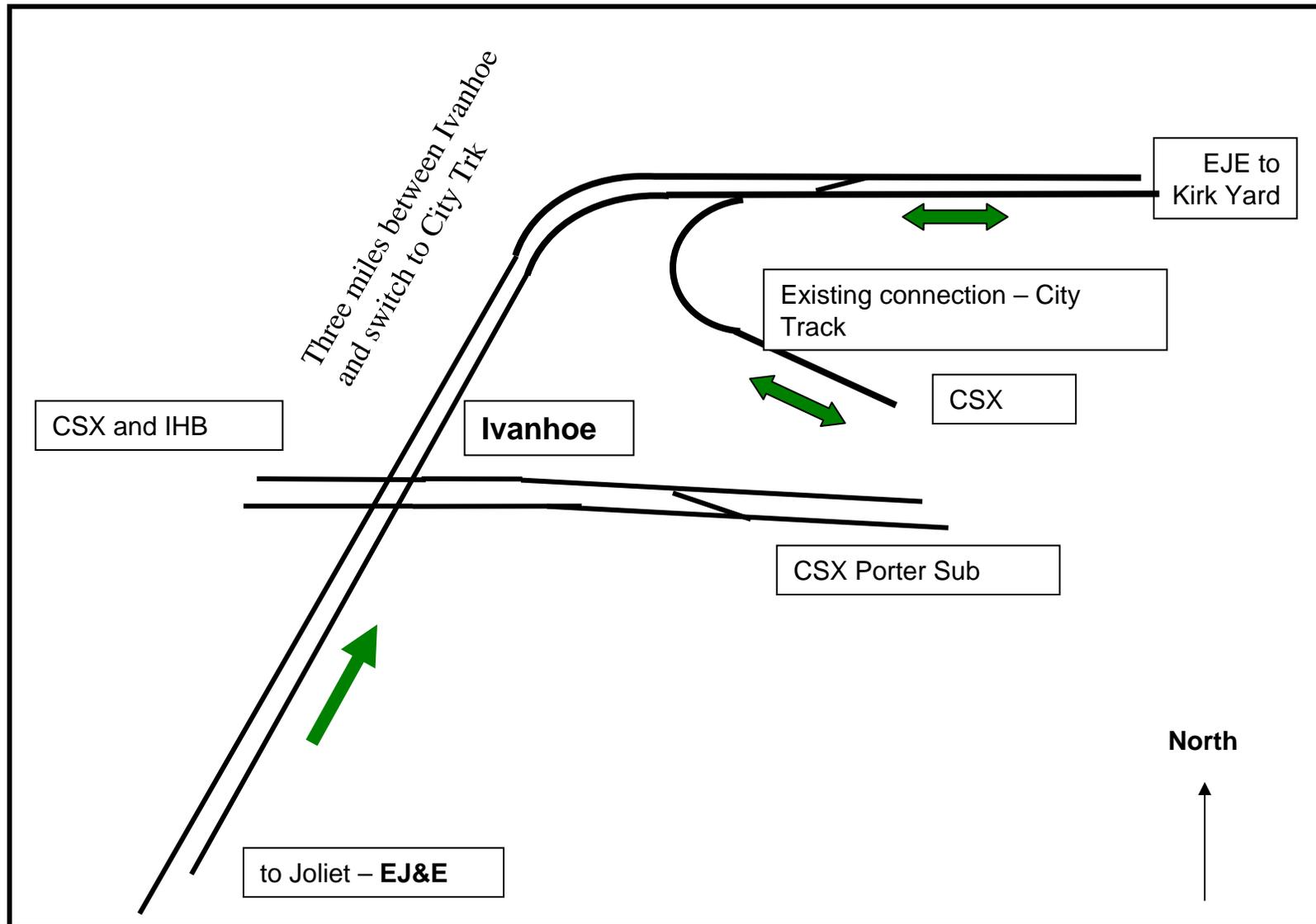
Train could then proceed to Kirk yard

Griffith – Post-Transaction with the connections



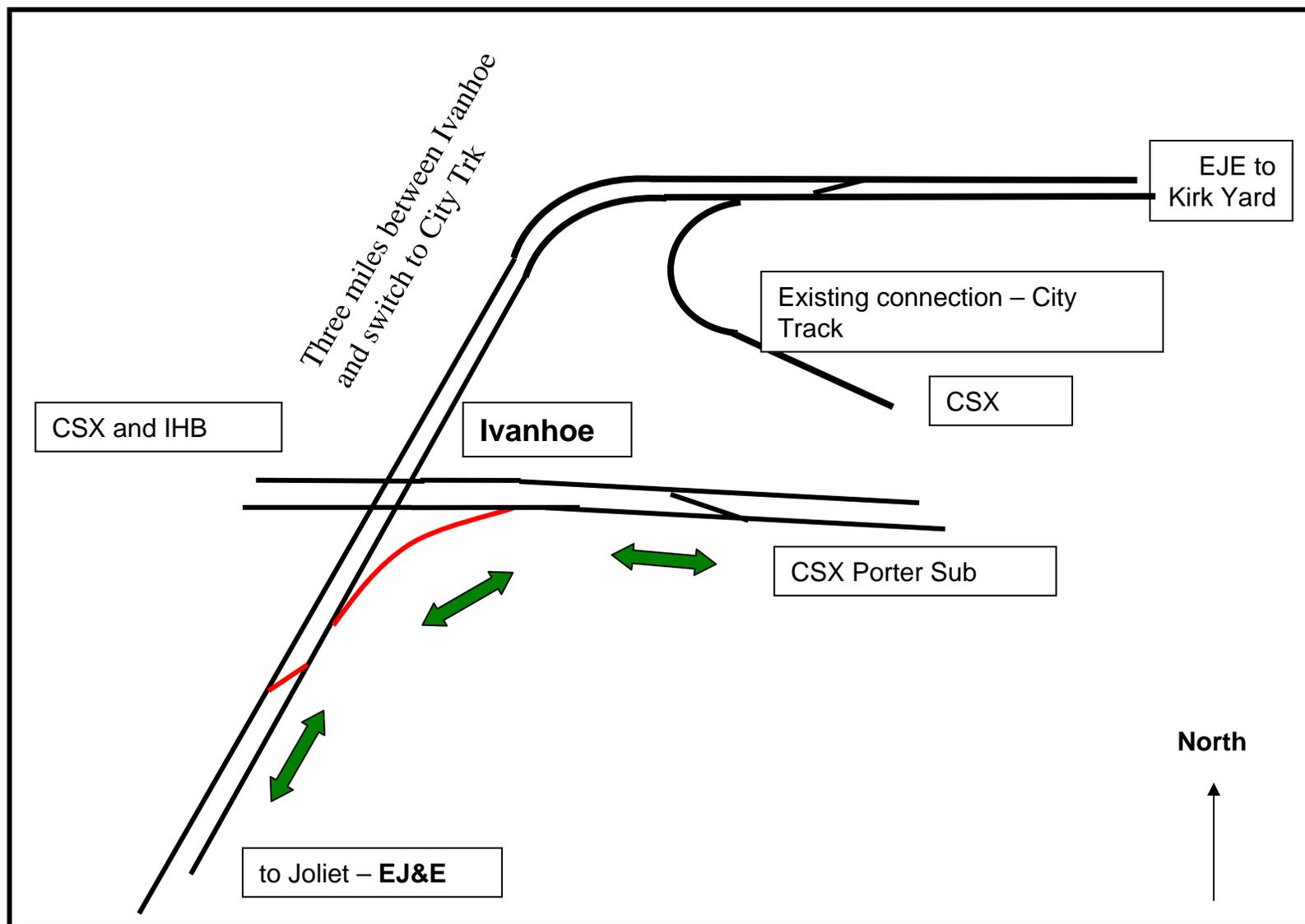
Trains from Michigan would make a direct move to Kirk yard

Ivanhoe – Post-Transaction without new connection



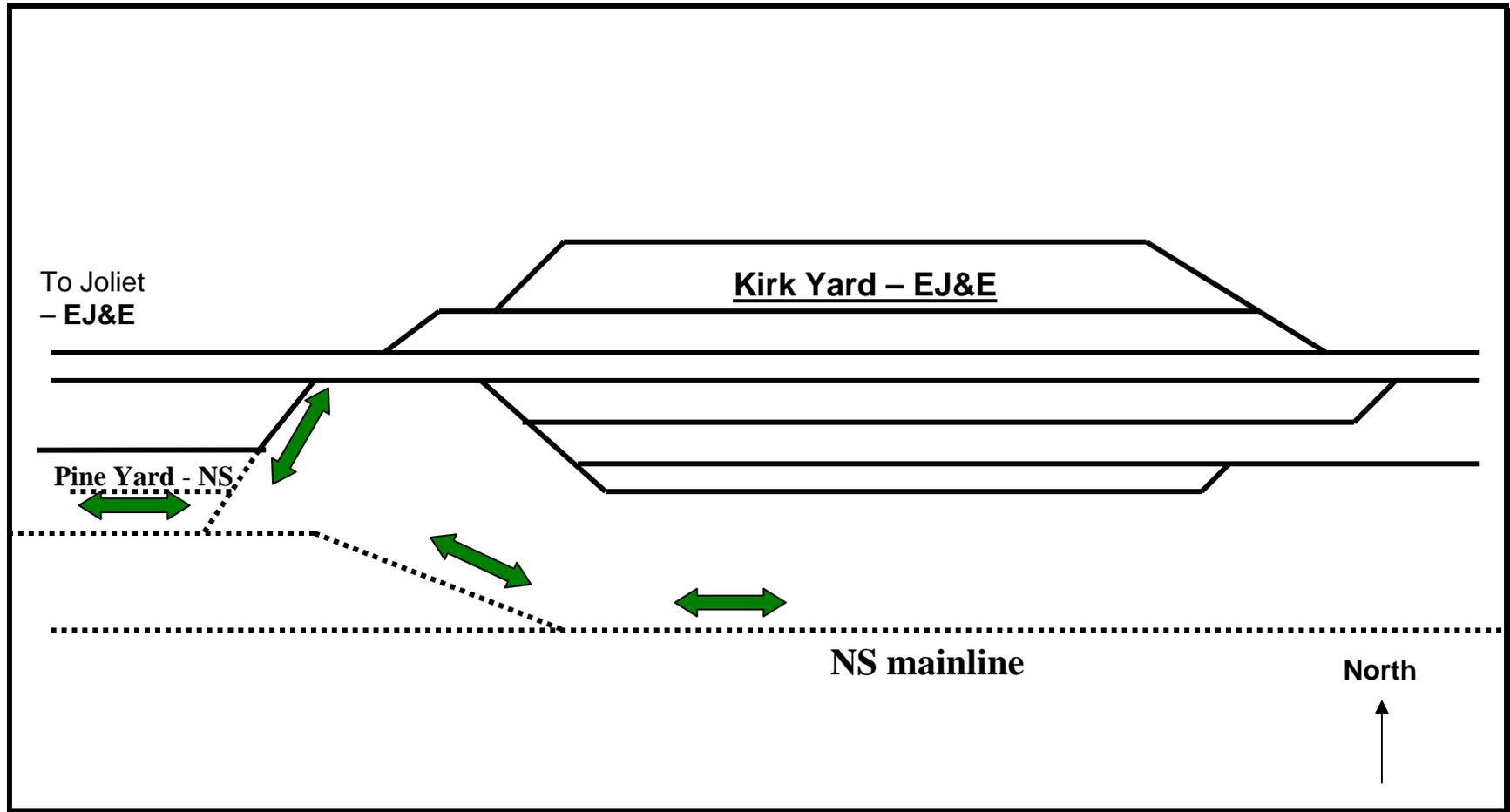
Interchange would be off the city track

Ivanhoe – Post-Transaction with new connection



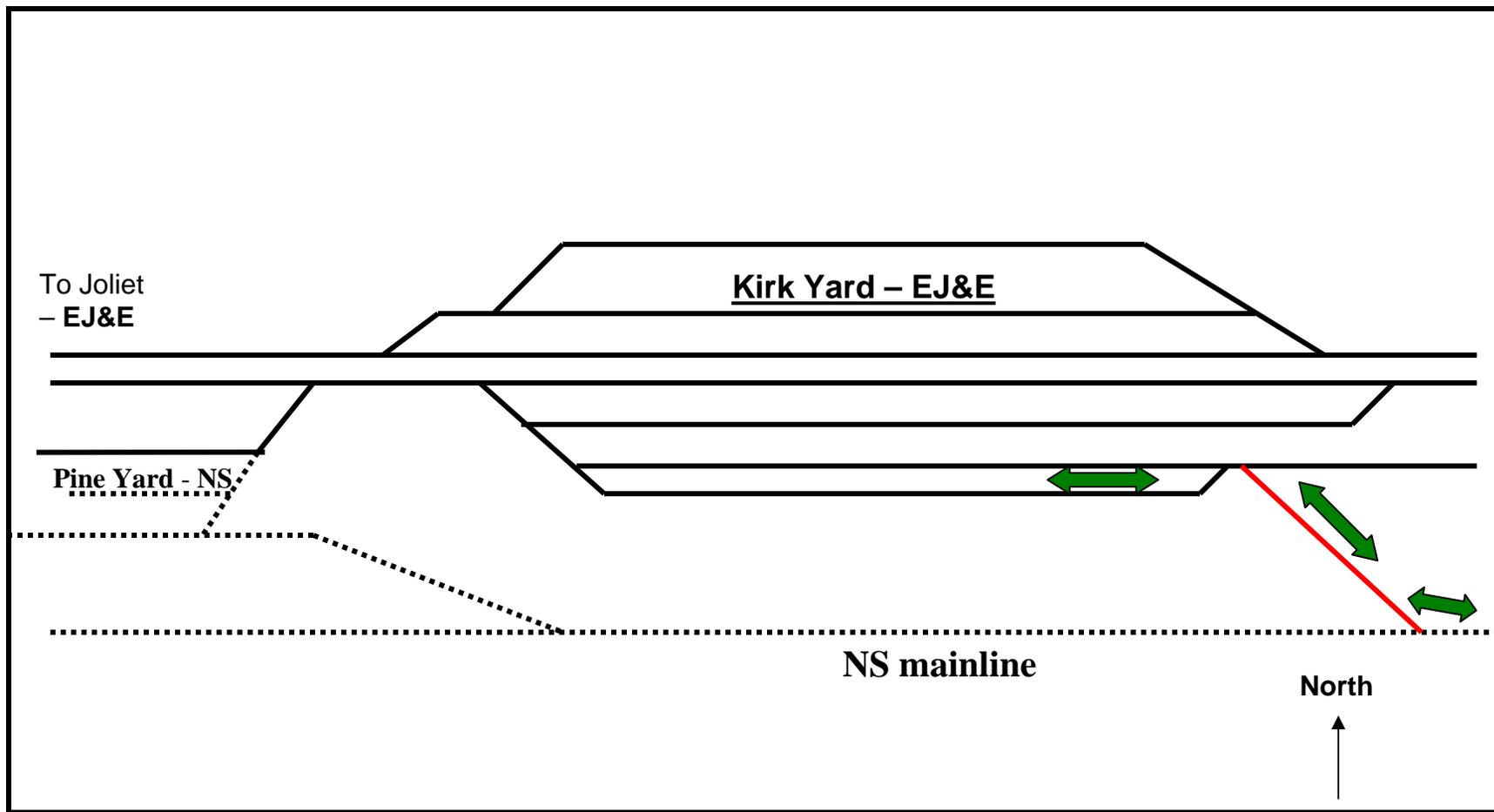
Interchange would be more efficient.

Kirk Yard – Post-Transaction without new connection



The EJE NS interchange would be at the existing Pine yard that is at the west end of Kirk Yard

Kirk Yard – Post-Transaction with new connection



With the new connection, trains could be built for the NS that would leave directly from Kirk Yard onto the NS mainline