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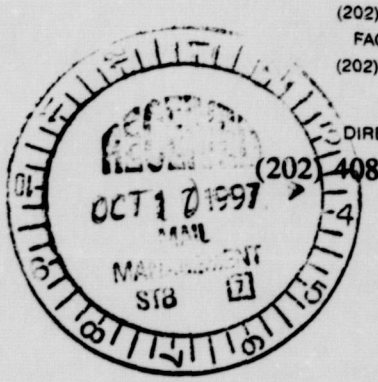
October 7, 1997



Hon. Vernon A. Williams, Secretary
Surface Transportation Board
1925 K Street, N.W., Room 714
Washington, D.C. 20423-0001

Re: Finance Docket No. 33388 (Sub-Nos. 81-84), CSX and Norfolk Southern -- Control and Lease -- Conrail

SUB 81 - 182998
SUB 82 - 182999
SUB 83 - 183000
SUB 84 - 183001

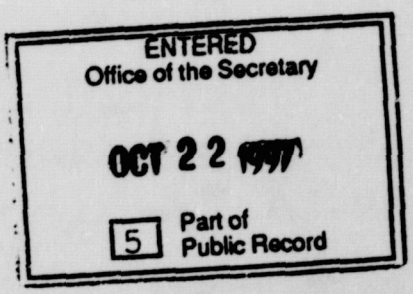
Dear Secretary Williams:

On behalf of Canadian National Railway Company ("CN") and Grand Trunk Western Railroad Incorporated ("GTW"), enclosed is the original signature page to the Verified Statement of Douglas N. Wilson, which was filed on October 1, 1997 as part of CN's Responsive Environmental Report and Verified Statement of No Environmental Impact (CN-11). Due to time constraints, a facsimile of the signature page was attached to the original statement when it was filed on October 1.

Sincerely yours,

L. John Osborn

Enclosure



VERIFICATION

I, Douglas N. Wilson, verify under penalty of perjury that I have read the foregoing statement and the same is true and correct to the best of my knowledge and belief. I further verify that I am qualified and authorized to provide this statement.

Executed this 1st date of october, 1997.

D. N. Wilson

Douglas N. Wilson

Subscribed and sworn to before me by Douglas N. Wilson

this 1st day of October, 1997.

Kenneth R Peel

Notary Public (Kenneth Ronald PEEL)

My commission ~~expires~~: "not applicable."

Sub 84

182280
182281
182282
CN-11 182284

BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 33388 (Sub-Nos. 81-84)

CSX CORPORATION AND CSX TRANSPORTATION, INC., NORFOLK SOUTHERN CORPORATION AND NORFOLK SOUTHERN RAILWAY COMPANY -- CONTROL AND OPERATING LEASES/AGREEMENTS -- CONRAIL INC. AND CONSOLIDATED RAIL CORPORATION -- TRANSFER OF RAILROAD LINE BY NORFOLK SOUTHERN RAILWAY COMPANY TO CSX TRANSPORTATION, INC.

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CANADIAN NATIONAL RAILWAY COMPANY'S RESPONSIVE ENVIRONMENTAL REPORT AND VERIFIED STATEMENT OF NO ENVIRONMENTAL IMPACT

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GRAND TRUNK WESTERN RAILROAD INCORPORATED

Dated: October 1, 1997

BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 33388 (Sub-Nos. 81-84)

CSX CORPORATION AND CSX TRANSPORTATION, INC., NORFOLK SOUTHERN CORPORATION AND NORFOLK SOUTHERN RAILWAY COMPANY -- CONTROL AND OPERATING LEASES/AGREEMENTS -- CONRAIL INC. AND CONSOLIDATED RAIL CORPORATION -- TRANSFER OF RAILROAD LINE BY NORFOLK SOUTHERN RAILWAY COMPANY TO CSX TRANSPORTATION, INC.

CANADIAN NATIONAL RAILWAY COMPANY'S RESPONSIVE ENVIRONMENTAL REPORT AND VERIFIED STATEMENT OF NO ENVIRONMENTAL IMPACT

Pursuant to Decision No. 6 in this proceeding, served May 30, 1997, and the Surface Transportation Board's Environmental Regulations, 49 C.F.R. 1105.7, Canadian National Railway Company ("CN") and Grand Trunk Western Railroad Incorporated ("GTW")[1] hereby submit their Responsive Environmental Report ("RER") and Verified Statement of No Environmental Impact in connection with the relief CN currently intends to seek through a responsive application and related exemption notices/petitions to be filed on October 21, 1997, in response to the primary application filed in this proceeding by CSX, NS and

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[1] Except where the context indicates otherwise, CN as used herein will embrace CN's wholly-owned subsidiary Grand Trunk Corporation ("GTC") and its subsidiary GTW.

Conrail.[2] This submission consists of the following introductory statement and the accompanying Verified Statement of Douglas N. Wilson.

On August 22, 1997, CN filed its Comments and Description of Anticipated Responsive Applications (CN-8), which noted that CN had negotiated a settlement with CSX (a definitive agreement for which is still being developed), and further noted that CN would be seeking certain limited relief on October 21. Also on August 22, 1997, CN filed its Petition for Waiver or Clarification of Railroad Consolidation Procedures (CN-9), which sought waivers in connection with the responsive applications CN anticipated filing. In Decision No. 30, served September 11, 1997, the Board granted CN's petition, including its request for confirmation that the responsive application CN anticipated filing would be minor in scope under the agency's Consolidation Procedures.

As described in CN-8 and in Decision No. 30, CN contemplates the filing on October 21 of a responsive application seeking certain trackage rights (Sub-No. 81) and related applications, petitions for exemption or notices of exemption seeking authority to construct certain connecting tracks at Detroit (Sub-Nos. 82 and 83) and Chicago (Sub-No. 84). The following is a brief summary of the anticipated trackage rights requests and related construction:

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[2] Unless the context indicates otherwise, "CSX" will embrace both CSX Corporation and CSX Transportation, Inc., "NS" will embrace both Norfolk Southern Corporation and Norfolk Southern Railway Company, and "Conrail"will embrace both Conrail Inc. and Consolidated Rail Corporation.

Detroit Area

- Trackage rights over the existing Conrail line from CP Vinewood in Detroit to Stanley Yard in Toledo, a distance of approximately 61 miles, including the right to enter and exit such track at all connecting points.

- To implement the requested trackage rights between CP Vinewood and Stanley Yard, CN proposes to construct connections at two locations within this transportation corridor: (1) between the Conrail line and the CNGT Shoreline Subdivision at a point just south of Conrail's Rouge Yard (really restoration of a previously existing connection), and (2) between the Conrail line and the CNGT Shoreline Subdivision at FN Tower near Trenton, MI, to permit access to/from the CNGT's Flat Rock Yard.

- Trackage rights over the existing Conrail northbound main line between approximately MP 16.5 and MP 18.0 at Trenton, MI, a distance of approximately 1.5 miles, for the purpose of serving Detroit Edison's Trenton Channel power plant.

- To implement the requested trackage rights at Trenton, CN proposes to construct a connection between the Conrail northbound main line and the CNGT Shoreline Subdivision at Trenton.

Chicago Area

- Trackage rights (1) from South Bend, IN (MP 436.9) on the existing Conrail Chicago main line, thence to the diverging Conrail Ivanhoe Branch (MP 482.0/240.7) and to Gibson Yard, Chicago (MP 259.5), a distance of approximately 54 miles, or, in the alternative, (2) from station point Hays, IN (MP 9.2) on the Conrail Kankakee Line (where the CNGT line crosses Conrail) northward to Gibson Yard (MP 3.8), a distance of approximately 5.4 miles.

- To implement the requested trackage rights alternative via Hays, CN would propose to construct a connection at Hays, IN between the CNGT east-west main line and the Conrail north-south main line.

Buffalo Area

- Trackage rights over the existing Conrail lines from CP "H" to CP "Draw," a distance of about 9 miles.

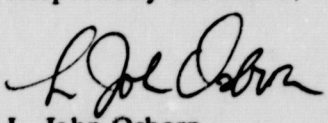
As discussed in the accompanying Verified Statement of Douglas N. Wilson, none of the trackage rights to be requested by CN would, if granted, result in changes in carrier operations that would exceed the thresholds established in 49 C.F.R. 1105.7(e) (4) or (5). Thus, CN's responsive application seeking trackage rights meets the exemption criteria of 49 C.F.R. 1105.6(c)(2), and no RER is required in connection with such application. This conclusion is based, in part, upon a view that a shift of existing rail traffic among generally parallel tracks in an established and heavily used transportation corridor at Detroit would not constitute an "increase in rail traffic" on "any segment of rail line" within the meaning of section 1105.7(e)(5), and could not have any significant environmental impact.

Mr. Wilson's verified statement also includes an RER for the proposed construction of certain connecting tracks related to the trackage rights sought Detroit and Chicago. He demonstrates that the proposed connections are limited in scope, and that the construction will be entirely on existing railroad property. Thus, construction of the proposed connections will have no significant impact on the environment.

In its August 22 comments submitted as part of CN-8, CN stated that it intends to propose the creation of a beneficial "paired track" arrangement at Detroit, from Milwaukee Jct. on the north side of Detroit to FN Tower on the south. As discussed by Mr. Wilson, CN has determined that it will not ask the Board to formally impose such a paired track arrangement as a condition to the Conrail acquisition, since this type of arrangement ultimately will be most effectively implemented if it is achieved through voluntary negotiations, which will be fostered through a grant of the trackage rights CN seeks. Thus, there is no need at this time to study the environmental effects of a fully implemented paired

track arrangement (the effects would be favorable, but potentially would include the construction of an additional connection or connections within the Detroit transportation corridor, the specifics of which cannot be determined without further negotiations among CSX, NS and CN). However, CN does commit that, if its Detroit area trackage rights request is granted (the full Vinewood-Stanley Yard request, or at least the Vinewood-FN portion), CN will grant reciprocal trackage rights to CSX and NS between Vinewood and FN, so that the efficiency of rail operations through Detroit can be enhanced for the benefit of all concerned parties.

Respectfully submitted,



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Attorneys for:
CANADIAN NATIONAL RAILWAY COMPANY
GRAND TRUNK WESTERN RAILROAD INCORPORATED

Dated: October 1, 1997

BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 33388 (Sub-Nos. 81-84)

CSX CORPORATION AND CSX TRANSPORTATION, INC., NORFOLK SOUTHERN CORPORATION AND NORFOLK SOUTHERN RAILWAY COMPANY -- CONTROL AND OPERATING LEASES/AGREEMENTS -- CONRAIL INC. AND CONSOLIDATED RAIL CORPORATION -- TRANSFER OF RAILROAD LINE BY NORFOLK SOUTHERN RAILWAY COMPANY TO CSX TRANSPORTATION, INC.

VERIFIED STATEMENT OF DOUGLAS N. WILSON
AND
RESPONSIVE ENVIRONMENTAL REPORT

My name is Douglas N. Wilson. I am Manager Special Projects of Canadian National Railway Company ("CN")[1]. My business address is 277 Front Street West, Suite 801, Toronto, Ontario, M5V-2X7.

I am submitting this statement in order to address the environmental effects that would result from favorable Surface Transportation Board action on CN's anticipated application seeking trackage rights in response to the primary application and on certain related CN requests for authority to construct and operate connecting tracks. As I will demonstrate, none of CN's requests would have a significant effect on the environment. I first will show that the proposed trackage rights will not result in changes that will exceed the Board's environmental thresholds, and therefore will have no significant environmental impact. I then will present a

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[1] Except where the context indicates otherwise, CN as used herein generally will embrace CN's wholly-owned subsidiary Grand Trunk Corporation ("GTC") and its subsidiary Grand Trunk Western Railroad Incorporated ("GTW"). I generally will refer to track owned by GTW as "CNGT" lines.

Responsive Environmental Report ("RER") for the modest construction projects CN proposes to undertake in the event its trackage rights requests are granted. The RER shows that construction of the proposed connections will have no significant environmental effects.

A. **Statement of No Significant Environmental Impact For Proposed Trackage Rights**

In Finance Docket No. 33388 (Sub-No. 81), CN will seek trackage rights over existing Conrail lines in the vicinity of Detroit, Chicago and Buffalo. The requested trackage rights are minor in scope. The justification for and public benefits of these trackage rights will be described more fully on October 21. For present purposes, I describe below the general nature of each request, and the reasons why each request will have no significant environmental impact.

Detroit Area

CN will seek trackage rights over the existing Conrail line from CP Vinewood in Detroit to Stanley Yard in Toledo, a distance of approximately 61 miles, including the right to enter and exit such track at all connecting points. CN also will seek trackage rights between CP Vinewood and FN Tower near Trenton, MI, a distance of approximately 12.8 miles. The Vinewood-Stanley Yard request fully encompasses the Vinewood-FN request. The separate Vinewood-FN request focuses on merger-related congestion in the Detroit area, and would need to be addressed only if the Board were not persuaded to grant the full CN trackage rights request from Vinewood to Stanley Yard. (As discussed in the accompanying RER, CN would construct certain connecting tracks in order to utilize these trackage rights.)

Attachment 1 to my statement is a map showing the principal rail lines in the Detroit area. On this map, the Conrail line over which CN seeks trackage rights is shown from the

north end of the area to a point just south of FN Tower, from which the Conrail line then extends south through Monroe, MI to Toledo. Attachment 2 to my statement is a map showing the principal rail lines in the Toledo area. On this map, the Conrail line over which CN seeks trackage rights is shown entering Toledo from the north, passing through Alexis and Airline Junction, crossing the Maumee River, and extending on to Stanley Yard.

The trackage rights CN seeks are a necessary response to the primary application, and will provide a number of important benefits. First, the trackage rights are needed to ensure that CN will have efficient connections at Toledo with both CSX and NS, given the substantial changes in terminal operations planned at Toledo as a result of their proposed acquisition of Conrail. Second, the requested trackage rights will enable CN to avoid increased congestion at Detroit that will result from the proposed acquisition of Conrail -- particularly congestion from Ecorse Junction to Delray, including the NS-owned drawbridge across the River Rouge. Finally, a grant of the requested trackage rights would constitute an important first step toward implementation of a "paired track" arrangement at Detroit, from Milwaukee Jct. on the north to FN Tower on the south.

CN will not ask the Board to formally impose a paired track arrangement as a condition to the Conrail acquisition, since this type of arrangement ultimately will be most effectively implemented if it is achieved through voluntary negotiations. However, CN does commit that, if its trackage rights request is granted (the full Vinewood-Stanley Yard request, or at least the Vinewood-FN portion), CN will grant reciprocal trackage rights to CSX and NS between Vinewood and FN, so that the efficiency of rail operations through Detroit can be enhanced for the benefit of all concerned parties.

I hereby certify that a grant of trackage rights to CN over the existing Conrail line between Vinewood and Stanley Yard, or between Vinewood and FN Tower, will not result in changes in operations that would exceed the Board's environmental thresholds established in 49 C.F.R. 1105.7(e) (4) or (5). Specifically, as to energy consumption, I certify that the requested trackage rights will not cause diversions from rail to motor carriage of more than (A) 1,000 rail carloads a year, or (B) an average of 50 rail carloads per mile per year for any part of the affected lines. I further certify that, as to air quality, the requested trackage rights will not (even if the involved lines are located in nonattainment areas) result in either (A) an increase in rail traffic of at least 50 percent (measured in gross ton miles annually) or an increase of at least three trains a day on any segment of rail line, (B) an increase in rail yard activity of at least 20 percent (measured by carload activity), or (C) an average increase in traffic of more than 10 percent of the average daily traffic or 50 vehicles a day on a given road segment.

My conclusion is based in part on the nature and location of the involved tracks, particularly those between Vinewood and FN Tower. The existing Conrail and CNGT lines between Vinewood and FN Tower run closely parallel to each other, and form a major rail transportation corridor. This corridor generally consists of five main line tracks, two of which are owned by Conrail and three of which are owned by CNGT (its double-track Shoreline Subdivision and single-track River Subdivision).[2] Between Conrail's Rouge Yard and FN Tower, the Conrail double track line lies on the inside of this corridor, and is bordered by

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[2] Between West Detroit on the north and a point near Conrail's Rouge Yard on the south, the CNGT Shoreline Subdivision consists of trackage rights over an NS-owned line, including the drawbridge across the River Rouge.

CNGT's Shoreline Subdivision on the west and by CNGT's River Subdivision on the east. For a good part of the distance along this corridor, the Conrail and CNGT lines are separated by just pole lines drainage ditches and rail maintenance access roads, and the rail lines are within stone's throw of each other.

South of FN Tower, CNGT's Shoreline Subdivision runs generally parallel to the Conrail line, both of which enter Toledo from the north. From FN Tower, CNGT's former DT&I line runs southwesterly to Flat Rock, MI, and then to a point of connection at Diann with the Ann Arbor Railroad, over which CN holds trackage rights to operate to Toledo. The Ann Arbor line connects with the Conrail line at Alexis, OH, just north of Toledo, generally parallel to and west of the Conrail line.

It is my judgment that a shift of traffic among the parallel tracks within this established, heavily used Detroit rail corridor would not constitute an "increase in rail traffic" on "any segment of rail line" within the meaning of section 1105.7(e)(5), and could not have any significant environmental impact. In my view, the clear intent of the regulation is to identify increases in rail traffic at a particular location that would be likely to have a significant effect on air quality. A shift of traffic from one track to another within the same corridor does not constitute an increase in traffic at a particular location and, given the proximity of the tracks, could not have a significant effect on air quality. Indeed, if the proposed trackage rights were to have any environmental effects at all, they presumably would be favorable because the proposal would result in reduced delays and dwell time for locomotives operating through the corridor, and a shift of some traffic from the two outside tracks (CNGT) to the two inside tracks (Conrail), which are further from adjoining residential

neighborhoods (where they exist). Thus, I conclude that, at least as to the Vinewood-FN segment, the environmental thresholds do not apply. While the distance between CN's DT&I line and the FN-Stanley Yard segment of Conrail's line is not so short as to make them part of the same corridor, I demonstrate below that the environmental thresholds would not be exceeded for that segment.

CN currently holds certain restricted, non-permanent trackage rights to operate over the Conrail line from CP Vinewood to Stanley Yard. Under these trackage rights, CN currently operates one train in each direction on a daily basis. If CN's request for permanent, unrestricted trackage rights between CP Vinewood and Stanley Yard were granted, CN would reroute certain existing trains in order to make efficient use of the trackage rights. The resulting changes in traffic levels can best be discussed by separately considering the following segments of Conrail line (train pairs are treated as a separate train in each direction):

- Alexis - Stanley Yard: CN would add approximately 2.0 trains per day on this segment, both of which would enter/leave the line at Alexis on movements via Flat Rock. An existing CNGT train operates all the way from Vinewood to Stanley Yard, and another existing CNGT train enters/exists via Alexis to reach Stanley Yard. This segment currently handles approximately 12 trains per day, and is projected by primary applicants to handle approximately 15 trains per day, so the addition of 2.0 trains per day by CN clearly will have no significant environmental effects.

- FN - Alexis: As noted above, CN currently operates two trains per day over this segment, which move to/from Stanley Yard. This Conrail segment currently handles approximately 16 trains per day, and is projected by primary applicants to handle approximately 19 trains per day. The rights requested would not lead to the imminent addition of any more trains to this segment.
- Vinewood - FN: As discussed above, this segment of Conrail's line is part of a busy rail transportation corridor consisting of parallel Conrail and CN operations. According to the primary applicants, Conrail currently operates 12-13 trains per day over this segment, and the primary applicants project that this will increase to 15-16 trains per day.[3] CN, with a grant of permanent and unrestricted trackage rights, would reroute 10 trains per day from its adjacent tracks to this Conrail line segment, most of which would enter or exit the segment at FN, thereby relieving the congested NS River Rouge track by equal measure. As noted earlier, it is my judgment that a shift of traffic from CNGT tracks to parallel Conrail tracks within this busy corridor can have no significant environmental impact, and is not the type of change in traffic density that is intended to trigger the Board's environmental thresholds.

CN also seeks trackage rights over the existing Conrail northbound main line between approximately MP 16.5 and MP 18.0 at Trenton, MI, a distance of approximately 1.5 miles, for the purpose of serving Detroit Edison's Trenton Channel power plant, which is located within the Detroit Shared Assets Area. A grant of such trackage rights would enable CSX, in

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[3] These estimates are believed to exclude 8-12 CP trains.

conjunction with CN, to provide balanced competition to NS for this traffic. A grant of such trackage rights would have no significant effect on the environment. This proposal would not result in an increase in the number of trains, but merely a rerouting of those trains over generally parallel lines (3 trains each way per week).

Chicago Area

CN will seek trackage rights (1) from South Bend, IN (MP 436.9) on the existing Conrail Chicago main line, thence to the diverging Conrail Ivanhoe Branch (MP 482.0/240.7) and to Gibson Yard, Chicago (MP 259.5), a distance of approximately 54 miles, or, in the alternative, (2) from station point Hays, IN (MP 9.2) on the Conrail Kankakee Line (where the CNGT line crosses Conrail) northward to Gibson Yard (MP 3.8), a distance of approximately 5.4 miles. In each instance, the trackage rights would be over Conrail lines to be acquired by NS. (As discussed in the accompanying RER, if the trackage rights were granted from Hays, CN would construct a connecting track at that point between the CN and Conrail lines.)

Gibson Yard is operated by the Indiana Harbor Belt Railway ("IHB"), and serves as central point for interchanging pre-blocked auto traffic between eastern and western carriers. CN today reaches Gibson Yard via an alternate route, but that route will be impaired by congestion resulting from the proposed acquisition of Conrail by CSX and NS. The requested trackage rights, each of which involves Conrail lines to be acquired by NS, are needed to preserve an efficient access by CN to IHB's Gibson Yard.

CN currently operates one train per day of finished vehicles to Gibson Yard. (There is no reverse train movement; instead, the power is simply deadheaded to IHB's Blue Island

Yard.) Upon a grant of the requested trackage rights, this one train per day would be routed to Gibson Yard either over the Conrail line from South Bend or the Conrail line from Hays.

The requested trackage rights would have no significant environmental impact, regardless of whether the rights were granted from South Bend or from Hays. The Conrail line between South Bend and Gibson Yard is part of a high density main line that currently handles approximately 90 trains per day, so the addition of one train per day obviously would have no environmental impact. The Conrail Kankakee Line between Hays and Gibson Yard currently handles an average of approximately 6.8 trains per day, so the addition of one train would fall well short of the Board's environmental thresholds.

Buffalo Area

CN will seek trackage rights over the existing Conrail lines from CP "H" to CP "Draw," a distance of about 9 miles. Today CN connects with NS at Buffalo via overhead trackage rights that NS holds over the Conrail line extending generally from Black Rock, at International Bridge, to NS' Tifft Yard near CP "Draw." Traffic between CN and NS currently is interchanged on the Canadian side of International Bridge at Fort Erie and at Robbins (a siding just west of Fort Erie). CN also has the right to run to Buffalo Junction Yard and Tifft Yard for direct interchange with NS, but this right derives from a tri-party agreement whereby, for operating convenience, CN has the ability to utilize the trackage rights NS holds over Conrail. Given the realignment of Conrail assets being proposed, and in order to ensure preservation of the direct CN-NS interchange at Buffalo in the future, CN will seek trackage rights in its own name over this Conrail line (which will be acquired by CSX).

The requested trackage rights will result in no increase or decrease in traffic over any line segment. Traffic being interchanged between CN and NS already is being handled by NS over the involved Conrail line. From an operating standpoint, the only effect of the proposed trackage rights will be that the same traffic might be handle by CN over the same Conrail line for interchange with NS at Buffalo Junction Yard and/or Tifft Yard.

B. Responsive Environmental Report For Proposed Construction

The following information is provided in compliance with Decision No. 6:

(1) Executive Summary

In order to implement trackage rights to be requested through its responsive application, CN proposes to construct certain connecting tracks in the Detroit and Chicago areas, as follows:

- (Sub-No. 82): Detroit Area/Vinewood-FN Trackage Rights -- Four short connecting tracks to provide access between the Conrail Northbound and Southbound Main Lines and CNGT's Shoreline Subdivision, as shown on Attachments 1 and 3, all within the Detroit Shared Assets Area. Two connections would be built at approximately MP 46.0 of the Shoreline Subdivision, just south of Dearoad/Cooledge Highway and Conrail's Rouge Yard. Two connections would be built at approximately MP 37.0 of the Shoreline Subdivision, just north of FN Tower.
- (Sub-No. 83): Detroit Area/Trenton Channel Power Plant -- One short connecting track at Trenton, MI, to provide access between the Conrail

Northbound Main Line and CNGT's Shoreline Subdivision, as shown on Attachment 4. This connection, together with the related trackage rights over approximately 1.5 miles of Conrail's line, will provide balanced rail competition for movements to Detroit Edison's Trenton Channel power plant, which is located within the Detroit Shared Assets Area.

- (Sub-No. 84): Chicago Area/Hays Connection for Access to Gibson Yard -- One short connecting track at Hays, where the CNGT east-west main line crosses the Conrail north-south Kankakee Line, in the City of Highland, IN (Lake County), as shown on Attachment 5. This connection is needed to implement one of CN's two alternative trackage rights requests to provide access to IHB's Gibson Yard, on the southeast side of Chicago.

All of the proposed connections would be constructed within existing railroad rights-of-way or on adjacent railroad-owned land. The connections at Detroit would be built within an existing, heavily used rail transportation corridor. The connection in the Chicago area would be built in an undeveloped area. As to each of the connections, the proposed construction would have no significant effect on the environment.

(2) Purpose and Need for Agency Action

The construction and operation of an extension to a railroad line requires Board approval under 49 U.S.C. 10901, unless the Board grants an exemption pursuant to 49 U.S.C. 10502. The construction of connecting tracks between the lines of different railroads, particularly for the purpose of implementing trackage rights, generally is regarded as construction within the scope of section 10901. Under 49 C.F.R 1150.36, the Board has

adopted a class exemption for the construction and operation of connecting tracks within existing rail rights-of-way, or on land owned by connecting railroads, but the class exemption does not eliminate the need for environmental reporting.

(3) Description of Responsive Applications and Related Operations

As discussed elsewhere in this statement, CN intends to seek certain trackage rights in response the proposed acquisition of Conrail by CSX and NS. In order to implement the proposed trackage rights in the Detroit and Chicago areas, CN intends to construct and operate over certain connecting tracks.

The Vinewood-FN Connecting Tracks would be used to implement CN's request for trackage rights between Vinewood and Stanley Yard, and more specifically that portion of the trackage rights between Vinewood and FN Tower. There is an existing connection between the Conrail line and the CNGT Shoreline Subdivision at Vinewood, which would be used in conjunction with these trackage rights. CN proposes to reconstruct the former connection at Conrail's Rouge Yard, and proposes the construction of new connecting tracks just north of FN Tower. This latter connection will permit the movement of CN trains between the Conrail line and the portion of CNGT's River Subdivision that extends to Flat Rock.

The Trenton Channel Connecting Track will be used in conjunction with requested trackage rights to establish a CSX-CN route for the movement of coal to Detroit Edison's Trenton Channel power plant, in competition with the direct NS route that will exist after the proposed acquisition of Conrail.

The Hays Connecting Track will be needed to implement the second of CN's alternative requests for trackage rights to preserve efficient access to Gibson Yard. The

connection would enable trains moving westbound on CN's main line to turn north on Conrail's Kankakee Line.

(4) Description of Affected Environment

(a) Vinewood-FN Connecting Tracks

The site is located within an existing rail transportation corridor in the Detroit area. Two connections would be built at approximately MP 46.0 of the Shoreline Subdivision, just south of Dearoad/Cooledge Highway and Conrail's Rouge Yard. Two connections would be built at approximately MP 37.0 of the Shoreline Subdivision, just north of FN Tower.

Each of these proposed connecting tracks will be built on land that is currently railroad-owned and utilized for railroad operations; therefore, zoning for the site currently accommodates railroad uses. None of the connecting tracks will cross any public roads. There are no existing structures on the site. Since the construction will take place on railroad property in the midst of an existing, heavily used transportation corridor, the construction is highly unlikely to have any impact on vegetation, wildlife, or historical or cultural resources.

(b) Trenton Channel Connecting Track

The site is located within an existing rail transportation corridor in the Detroit area at Trenton, MI, between the Conrail Northbound Main Line and CNGT's Shoreline Subdivision, and adjacent to Detroit Edison's Trenton Channel power plant. The power plant itself lies to the east of the rail corridor, adjacent to the Trenton Channel of the Detroit River. The dumper for the power plant, to which CN seeks access, lies within the rail corridor between Conrail's Northbound and Southbound Main Lines. A conveyor takes coal from the dumper across three parallel railroad tracks to the power plant.

The proposed connecting track will be built on land that is currently railroad-owned and utilized for railroad operations; therefore, zoning for the site currently accommodates railroad uses. The connecting track will not cross any public roads. There are no existing structures on the site. Since the construction will take place on railroad property in the midst of an existing, heavily used transportation corridor, the construction is highly unlikely to have any impact on vegetation, wildlife, or historical or cultural resources.

(c) Hays Connecting Track

The site is southeast of Chicago in the City of Highland, IN (Lake County), at the crossing of the CNGT east-west main line and the Conrail north-south Kankakee Line, about 1,400 feet west of Kennedy Avenue. The proposed connecting track would be built in the northeast quadrant of this crossing. At one time there was a connecting track in the southeast quadrant, but it was removed some years ago. A creek runs in a generally north-south direction and is carried by large culvert under the both Conrail and CNGT lines in the vicinity of the crossing. However, the proposed connection will not need to cross this creek.

There is residential development along Kennedy Avenue, but the site of the proposed connection is undeveloped railroad-owned property, and therefore the zoning for the site should accommodates railroad uses. The vegetation on the site is not unique, and the potential for wildlife is limited. There are no structures on the site. Given the proximity of the site to existing, active rail lines, the proposed construction is unlikely to have any effect on historical or cultural resources.

(5) Description of Alternatives

(a) Vinewood-FN Connecting Tracks

No build alternatives were identified to implement the proposed CN trackage rights. (CN has identified certain additional construction that might be undertaken to fully implement a paired track arrangement at Detroit, but the imposition of such an arrangement is not within the scope of the requested action, and the location for any such additional connecting tracks can best be identified though negotiations among the railroads participating voluntarily in such a paired track arrangement.)

Under the no-action alternative, CN would not have access to the Conrail line through Detroit and would not be able to avoid the increased congestion that will result from the proposed acquisition of Conrail. None of the potential environmental effects associated with the proposed construction would occur, but any such potential effects are minimal. At the same time, the benefits of more efficient rail operations at Detroit would not be achieved, and any beneficial effects of moving trains away from residential areas and reducing locomotive delays and dwell times would be forfeited.

(b) Trenton Channel Connecting Track

No build alternatives were identified to implement the proposed CN trackage rights.

Under the no-action alternative, CN would not have access to the Conrail Northbound Main Line, and therefore could not, in conjunction with CSX, provide service for coal movements to the dumper of Detroit Edison's Trenton Channel power plant, in competition with the direct NS route. None of the potential environmental effects associated with the

proposed construction would occur, but any such potential effects are minimal. At the same time, the benefits of competitive rail service to this power plant would not be achieved.

(c) Hays Connecting Track

No build alternatives were identified to implement the proposed CN trackage rights from Hays. However, CN will request alternative trackage rights, over the Conrail line from South Bend, which could be implemented without new construction. Given the volume of traffic currently moving over the Conrail line from South Bend, the addition of one CN train per day to this line would have no environmental impact. However, it is possible that NS, the prospective owner of the Conrail line from South Bend, would prefer that any new CN access to Gibson Yard be via the lower density Kankakee Line from Hays, for which a connection is needed.

(6) Analysis of Potential Environmental Impacts

For the reasons discussed elsewhere in this report, the construction of the proposed connecting tracks has only a minimal potential for site specific environmental impact, and will have no overall significant environmental impact. In each instance, the proposed construction involves short connecting tracks to be built on existing railroad property. In the Detroit area, the construction would take place within an existing, heavily used rail transportation corridor. In the Chicago area, the construction would take place on undeveloped land adjacent to existing rail lines.

(7) Proposed Mitigation

The proposed construction of each of these connections would result in minimal or no impact to land uses, water resources, biological resources, air quality, noise, cultural

resources, transportation, and safety. In consideration of these minimal impacts and as a matter of sound construction practices, CN proposes to undertake the following mitigation measures:

Land Use

Adjacent properties disturbed during construction activities will be restored to pre-construction conditions. Heavy equipment will not be permitted on sensitive resources surrounding the construction area. Should disturbance to sensitive resources be unavoidable, Best Management Practices will be employed to minimize impact to those resources.

Water Resources

Erosion and sedimentation control measures will be employed during construction activities to minimize impact on water resources near the construction activities. Erosion will also be minimized by disturbing the smallest area possible at the site and by revegetating any disturbed areas immediately following construction activities. Any culverts in the area will be kept clear of debris to avoid flooding, in accordance with federal, state and local regulations. Necessary permits will be obtained if construction activities require the alteration of or work in wetlands, ponds, lakes or streams or if these activities cause soil or other materials to effect the water resources.

Biological Resources

The regrowth of vegetation in disturbed areas will be encouraged through stabilization of disturbed soils and reseeding. Should environmental altering-activities occur, follow-up agency consultation with the appropriate state DNR and the United States Fish and Wildlife Service will be conducted.

Air Quality

All applicable federal, state and local regulations regarding the control of fugitive dust will be followed as well as using control methods such as water spraying.

Noise

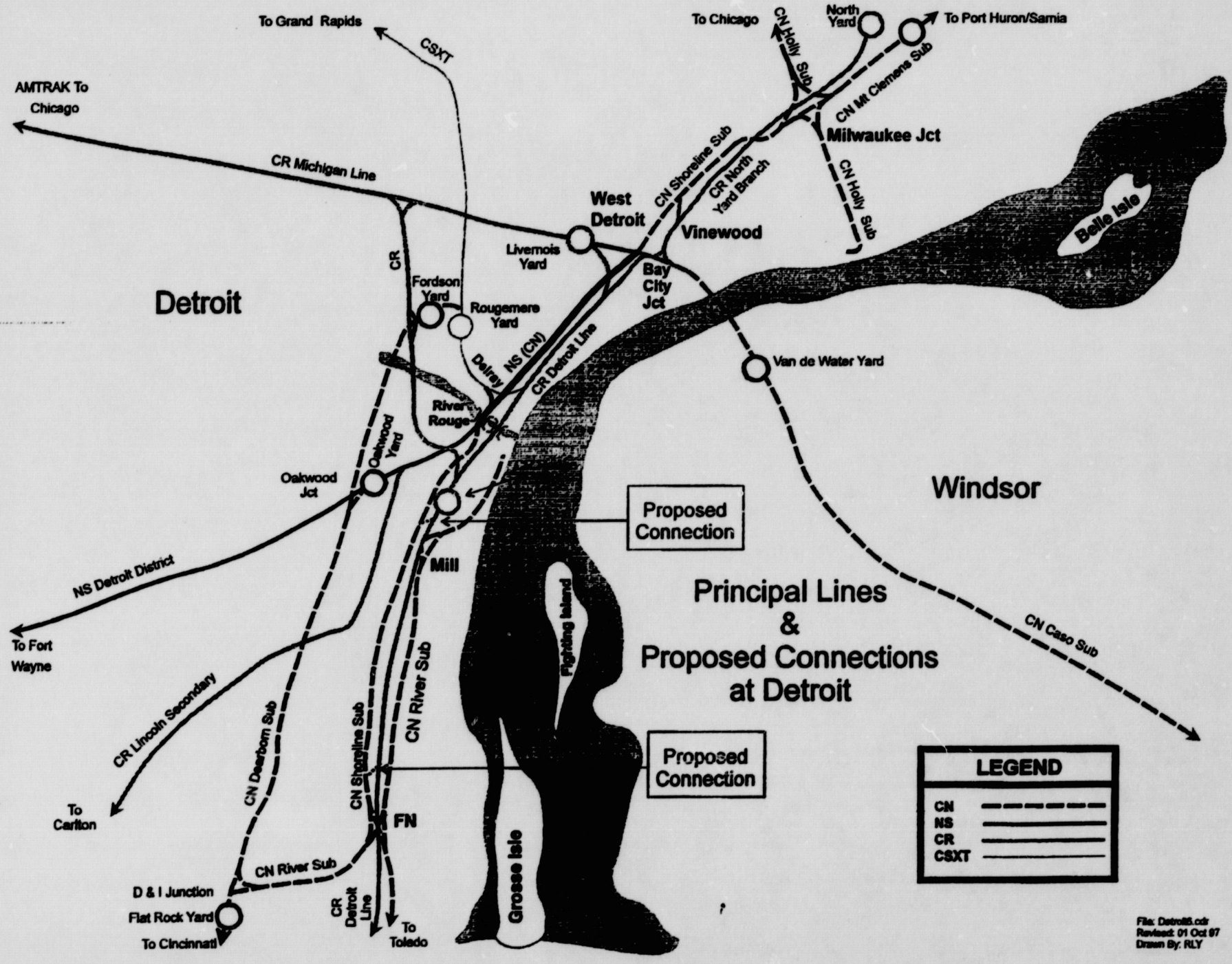
Temporary noise from construction equipment will be controlled through the use of work hour controls and maintenance of muffler systems on machinery.

Historic and Cultural Resources

In the event that potentially significant resources are discovered during the course of the project, the appropriate State Historic Preservation Office will be notified and procedures recommended by the SHPO will be implemented. This may include halting construction until the significance of the site can be evaluated and the impact to the significant values of the site can be mitigated or reduced.

Transportation and Safety

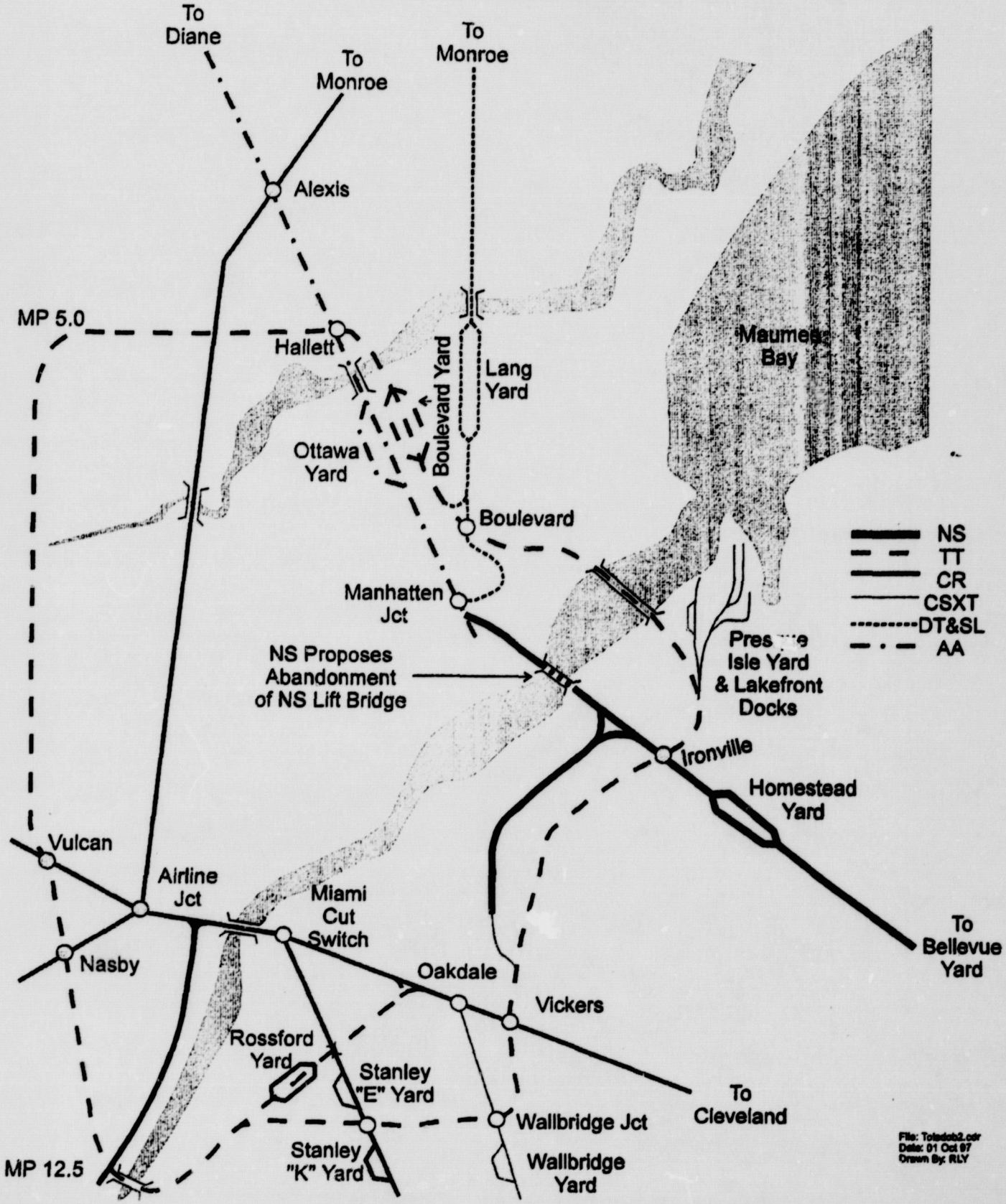
All roads disturbed during construction activities will be restored according to state or local regulations. Signs and barricades will be utilized, as necessary, to control traffic disruptions during construction activities. All hazardous materials generated during construction activities will be transported in accordance with the U.S. Department of Transportation Hazardous Materials Regulations (47 C.F.R. Parts 171-174 and 177-179). If any hazardous materials are encountered during construction activities, the appropriate response and remediation measures will be implemented.



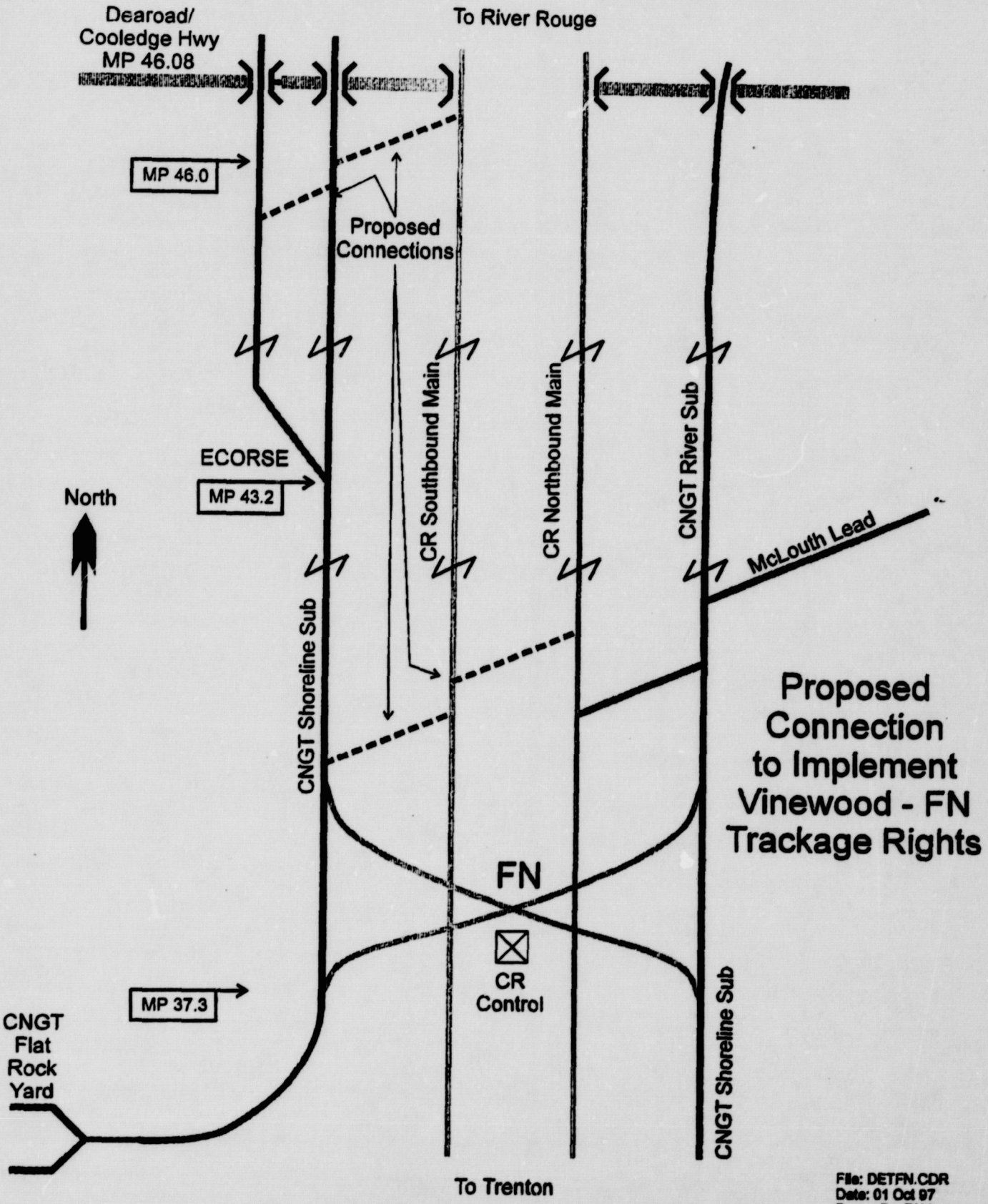
ATTACHMENT #1

ATTACHMENT #2

Principal Lines at Toledo, Ohio

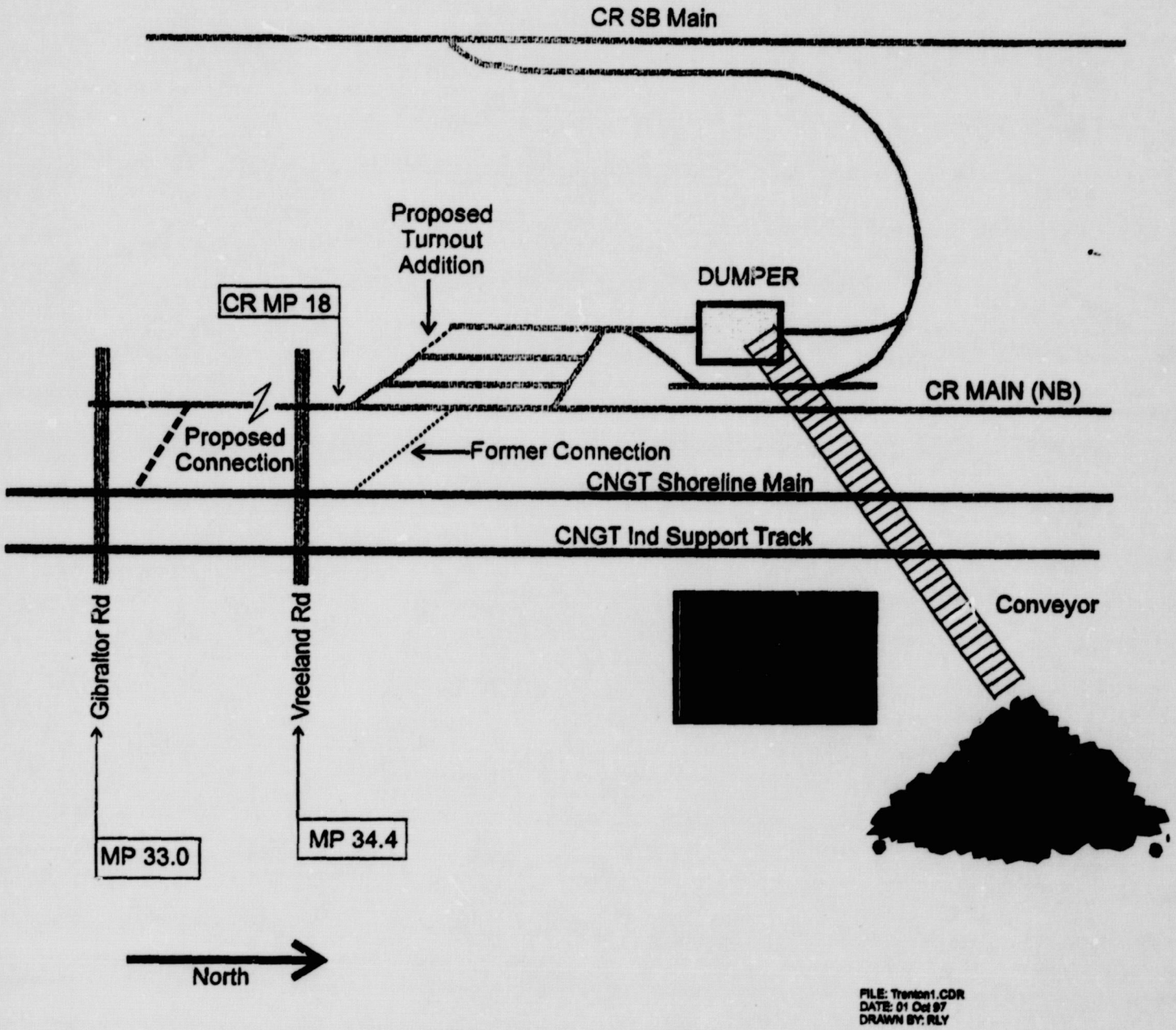


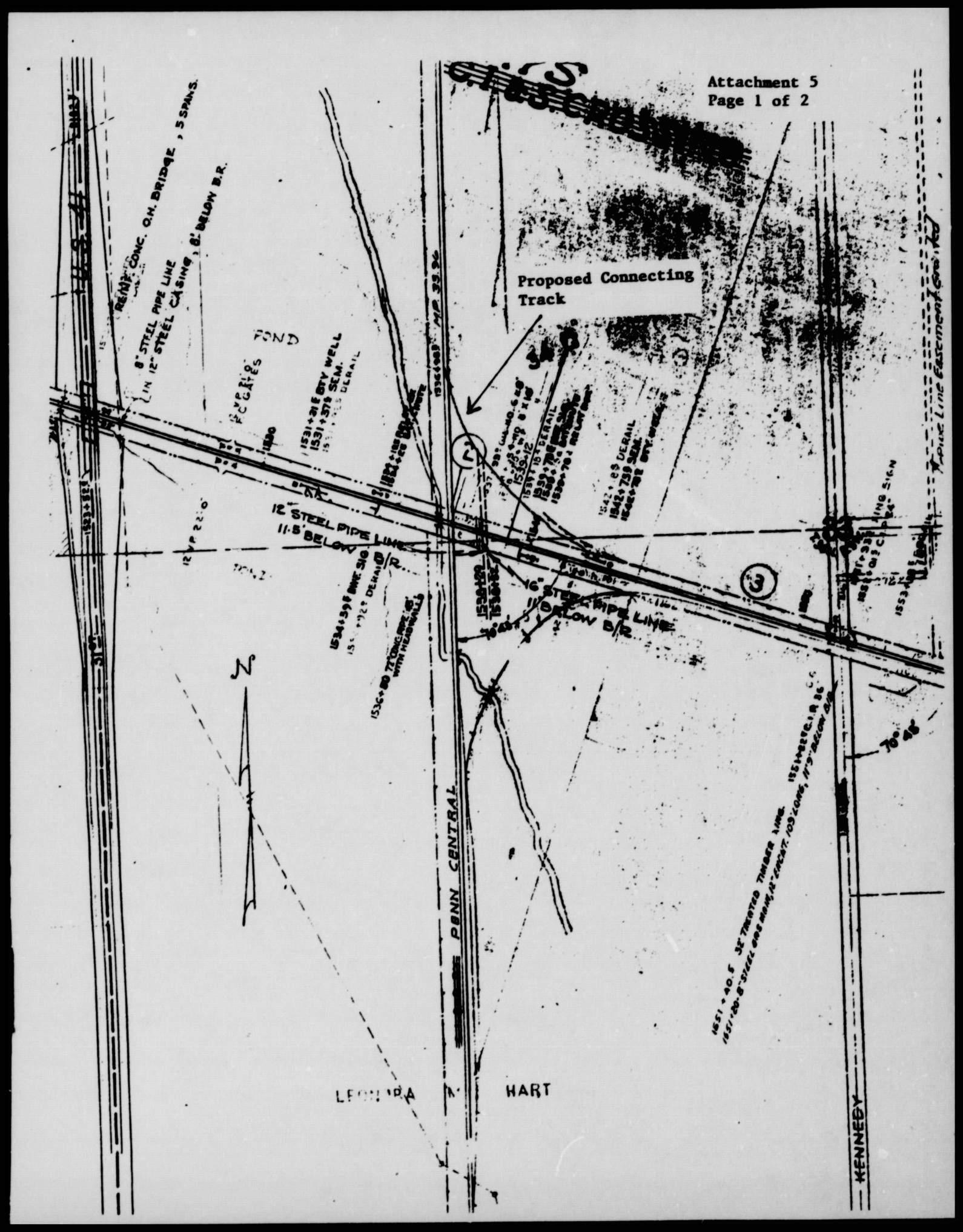
ATTACHMENT #3

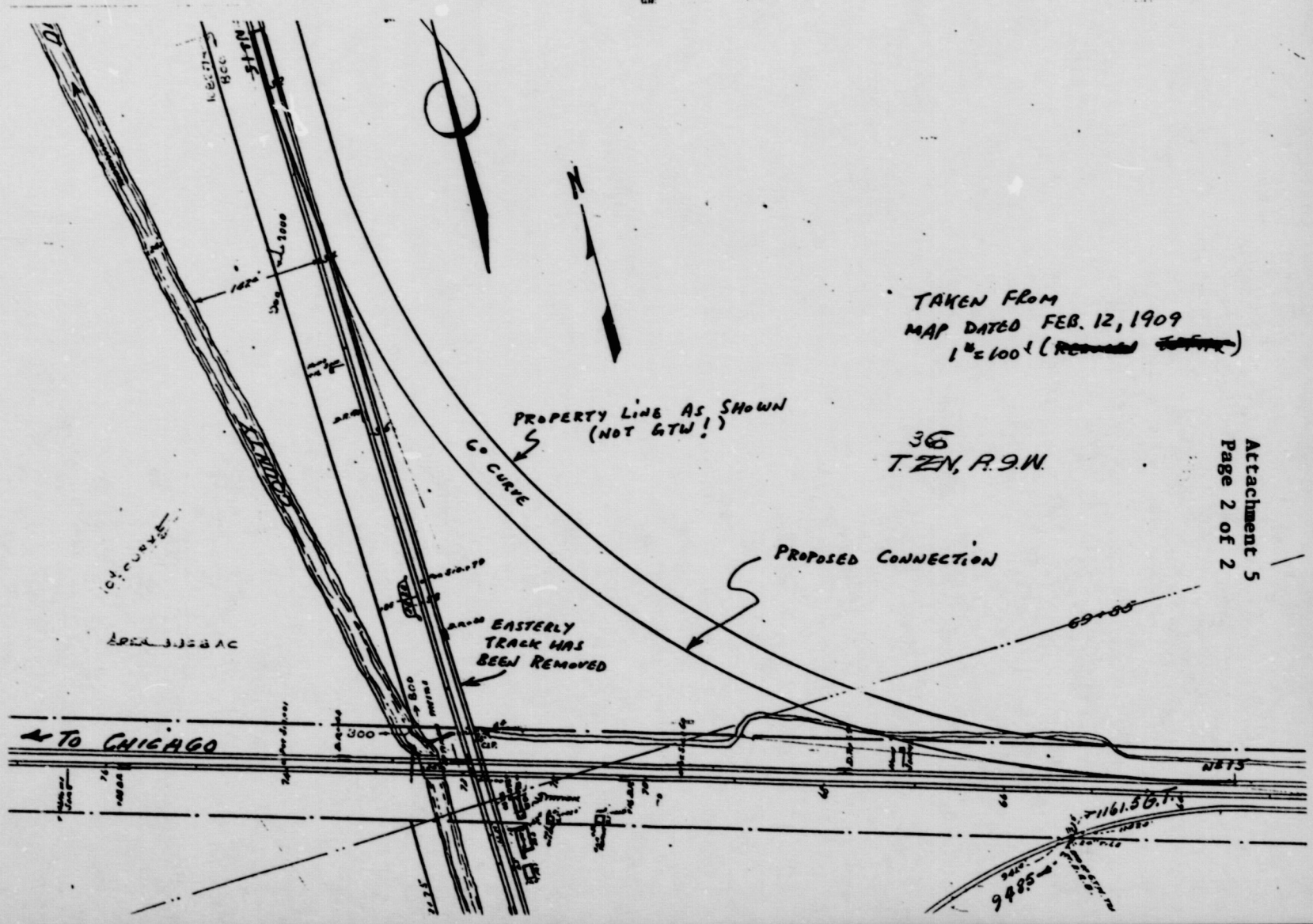


ATTACHMENT #4

Proposed Connection to Implement Access to Detroit Edison Trenton Channel Plant




Proposed Connecting Track
PENN CENTRAL
KENNEBEC
HART
12" STEEL PIPE LINE 11.5' BELOW
16" STEEL PIPE LINE 11' BELOW B/R
8" STEEL PIPE LINE IN 12" STEEL CASING, 8' BELOW B.R.
REINF. CONC. OH. BRIDGE, 3 SPANS
POND
PEGRATES
N



Attachment 5
Page 2 of 2

VERIFICATION

I, Douglas N. Wilson, verify under penalty of perjury that I have read the foregoing statement and the same is true and correct to the best of my knowledge and belief. I further verify that I am qualified and authorized to provide this statement.

Executed this 1st date of october, 1997.

D. N. Wilson

Douglas N. Wilson

Subscribed and sworn to before me by Douglas N. Wilson

this 1st day of October, 1997.

Kenneth R Peel

Notary Public (Kenneth Ronald PEEL)

My commission expires: not applicable.

Certificate of Service

The undersigned hereby certifies that on this 1st day of October, 1997, he served a true copy of the foregoing on counsel for all known parties by first-class mail, postage prepaid. He further certifies that, in compliance with 49 C.F.R. 1105.7(b), copies were served on the following:

U.S. National Park Service
1849 C Street, N.W.
Washington, D.C. 20240

U.S. Soil Conservation Service
Independence Ave. at 12th & 14th Sts., N.W.
Washington, D.C. 20241

Mayor
City of Highland
3333 Ridge Road
Highland, IN 46322

Lake County Board of Commissioners
Crown Point Government Center
2293 N. Main Street
Crown Point, IN 46307

U.S. Army Engineer Division, North Central
111 N. Canal Street
Chicago, Illinois 60606-7206

U.S. Army Engineer District, Detroit
P.O. Box 1027
Detroit, MI 48231-1027

U.S. Fish and Wildlife Service
Region 3
One Federal Drive
Federal Building
Fort Snelling, MN 55511

U.S. Environmental Protection Agency
Region 5
77 West Jackson Boulevard
Chicago, Illinois 60604

State Clearinghouse
State Budget Agency
212 State House
Indianapolis, IN 46204

Environmental Protection Agency
Department of Environmental Management
P.O. Box 6015
100 N. Senate Avenue
Indianapolis, IN 46206-6015

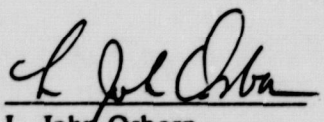
Manager, Federal Project Review
Southeast Michigan Council of Governments
660 Plaza Drive, Suite 1900
Detroit, MI 48226

Department of Natural Resources
Box 300028
Lansing, MI 48909

NOAA
National Geodetic Survey, N/NGS12
1315 East-West Highway
Silver Spring, Maryland 20910-3282

Indiana Department of Transportation
Railroad Division
100 North Senate Avenue
Suite N901
Indianapolis, IN 46204-2219

Michigan Department of Transportation
Freight Services & Safety Division
P.O. Box 30050
425 West Ottawa
Lansing, MI 48909



L. John Osborn

TOWN OF HIGHLAND

Highland Municipal Building • 3333 Ridge Road
Highland, Indiana 46322
219-838-1080 • Fax 219-972-5097

HIGHLAND
Population 23,696
Incorporated in 1910

26 November 1997

Hon. Vernon A. Wi[illiams], Secretary
Surface Transporta[tion] Board
1925 K Street, N.W. [Ro]om 714
Washington D.C. [20]423-0001

84

Re: Finance D[ocke]t No. 33388 (Sub-Nos. ~~81-84~~), CSX and Norfolk Southern -- Control and Lease -- C[onr]ail

Dear Secretary Wil[liams]:

The Town of Hig[hland], Indiana is in receipt of the "Responsive Environmental Report and Verified Statemen[t] No Environmental Impact (CN-11) prepared on behalf of Canadian National Railway ("CN") and Grand Trunk Western Railroad Incorporated ("GTW") by Sonnenschein Nath Rosenthal. Not being clear as to the intent of the document, I am hoping that CN and G[T]W soliciting our comments relative to work that may be conducted within our community.

According to the [re]port, amongst other projects, CN and GTW are planning a rail connection between their line[s] a crossing in Highland, Indiana, (Sub-No. 84) described on page 11 and page 24 and illust[rated] on attachment 5 of the report. Of concern to the Town of Highland is the condition and ma[inte]nance of the drainage ditch along the north side of the GTW line between Kennedy Avenue the existing Conrail line. The ditch not only serves the railroad right-of-way but handles [drai]nage from Kennedy Avenue south of the GTW and the Hoosier Prairie, a Department of N[atura]l Resources nature preserve. Further, if the proposed connection is installed, a drain[age] culvert needs to be installed beneath the new line.

We have, on prev[ious] occasions, requested that the ditch be cleared to improve drainage flow. At this time, we re[spect]fully request that this work, clearing and cleaning the railroad ditch, be incorporated in [the] plans for track expansion. We also request that the culvert pipe to be installed beneath [the] new connection be sized appropriately.

If you have any [ques]tions or comments relating to this response, please call me at (219) 972-5069.

Sincerely,

John M. Bach
Director of Publ[ic] Works

pc: L. John[son], Sonnenschein Nath & Rosenthal