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March 29, 2021

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The Honorable Martin J. Oberman
Chairman
Surface Transportation Board
395 E Street SW
Washington, DC 20423

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Dear Chairman Oberman:

Re: FD 36500, CP-Control-KCS

Watco operates 41 Class III short line railroads and one Class II regional railroad across the United States. Ten of those railroads connect with either CP or KCS. One, the Kaw River Railroad (KAW), connects with both CP and KCS at Kansas City, along with all of the other railroads serving that important terminal.

We enthusiastically support the proposed combination of CP and KCS and urge the Surface Transportation Board to approve it as expeditiously as possible. The transaction promises to provide new, more competitive services to the customers served by Watco's railroads and expand their market reach throughout North America. CP and KCS are both good partners to the railroads with which they connect, providing reliable and efficient service and supporting the needs of our customers. CP's commitment to operational excellence and execution gives us great confidence that the combination of these railroads, which connect only at the single point of Kansas City, will be implemented without disruption to the reliable service our customers are provided today.

The Watco railroads that connect with KCS and CP serve a wide array of customers and commodities. Listed below are the eight railroads with connections with KCS and not CP:

1. Alabama Southern Railroad (ABS) connects at Artesia, MS
2. Arkansas Southern Railroad (ARS) connects at Heavener, OK and Ashdown, AR
3. Baton Rouge Southern Railroad (BRS) connects at Brooklawn, LA
4. Louisiana Southern Railroad (LAS) connects at Gibsland, Pineville and Sibley in Louisiana
5. Mississippi Southern Railroad (MSR) connects at Newton, MS
6. South Kansas & Oklahoma Railroad (SKOL) connects at Pittsburg, KS
7. Timber Rock Railroad (TIBR) connects at DeRidder, LA
8. Vicksburg Southern Railroad (VSOR) connects at Vicksburg, MS

These railroads originate and terminate a wide variety of commodities that move via KCS to a wide array of destinations. The new CPKC network will have dramatically expanded reach offering new

single-line routes to important markets in the Upper Midwest and throughout Canada. For example, on the Alabama Southern Railroad (ARS), steel plate will have greater access to northern markets and Canadian crude oil will have greater outlets to coastal American refineries. The combination will be good for Watco's online customers, and therefore good for Watco. Additionally, we operate KCS-owned Dallas Zacha Terminal through a long-term lease.

One of our railroads connect with CP and not KCS. The Wisconsin & Southern Railroad (WSOR) serves northeastern Illinois and southern Wisconsin and connects with CP at Chicago and at Janesville and Milwaukee, Wisconsin. (Watco also provides switching services at one location served by CP in Canada.) WSOR serves agricultural and industrial customers throughout southern Wisconsin and northern Illinois. WSOR already has direct connections with other Class 1 railroads at Chicago, and knows first-hand the advantages for our customers of the single-line routes those railroads offer to and from points in the South Central United States. The proposed CPKC creates a new competitive option that will serve our customers well, especially for grain and other commodities moving to South Central States, and for the first time on a single-line basis, deep into Mexico.

One of our railroads, the KAW connects with both KCS and CP in Kansas City, along with all of the other Class 1's serving that important terminal. We know first-hand that the connection between CP and KCS is an efficient one with a direct connection through the shared Knoche yard. Their network configuration will help make implementation of new combined services very easy, without disruption to the busy and important Kansas City terminal.

We also know first-hand there is no negative competitive implications with CP and KCS both reaching Kansas City; CP heads north, KCS heads south and they are not competitive alternatives for KAW-served customers. Instead, a combined CPKC system with expanded service offerings across their integrated network will provide better options for our customers whichever markets they are trying to reach.

The Watco Team and its undersigned railroads look forward to CP and KCS being allowed to deliver the benefits their combination promises, and we encourage the Board to approve the transaction without unnecessary delay and burden.

Sincerely,

Alabama Southern Railroad (ABS)
Alabama Warrior Railway (ABWR)
Ann Arbor Railroad (AA)
Arkansas Southern Railroad (ARS)
Austin Western Railroad (AWRR)
Autauga Northern Railroad (AUT)
Baton Rouge Southern Railroad (BRS)
Birmingham Terminal Railway (BHRR)
Blue Ridge Southern Railroad (BLU)
Bogalusa Bayou Railroad (BBAY)
Boise Valley Railroad (BVRR)
Cicero Central Railroad (CERR)
Colorado Pacific Railroad (COPR)
Decatur & Eastern Illinois Railroad (DREI)

Dutchtown Southern Railroad (DUSR)
Eastern Idaho Railroad (EIRR)
Elwood Joliet & Southern Railroad (EJSR)
Geaux Geaux Railroad (GOGR)
Grand Elk Railroad (GDLK)
Great Northwest Railroad (GRNW)
Ithaca Central Railroad (ITHR)
Jacksonville Port Terminal Railroad (JXPT)
Kanawha River Railroad (KNWA)
Kansas & Oklahoma Railroad (KO)
Kaw River Railroad (KAW)
Louisiana Southern Railroad (LAS)
Lubbock & Western Railway (LBWR)
Mission Mountain Railroad (MMT)
Mississippi Southern Railroad (MSR)
Palouse River & Coulee City Railroad (PCC)
Pecos Valley Southern Railway (PVS)
Pennsylvania Southwestern Railroad (PSWR)
San Antonio Central Railroad (SAC)
Savannah & Old Fort Railroad (SVHO)
South Kansas & Oklahoma Railroad (SKOL)
Stillwater Central Railroad (SLWC)
Swan Ranch Railroad (SRRR)
Texas & New Mexico Railway (TXN)
Timber Rock Railroad (TIBR)
Vicksburg Southern Railroad (VSOR)
Wisconsin & Southern Railroad (WSOR)
Yellowstone Valley Railroad (YSVR)

Cc: All parties of record.