



Wednesday, April 21st, 2021

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The Honorable Cynthia T. Brown
Chief, Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, SW
Washington, DC 20423

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Office of Proceedings
April 21, 2021
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Public Record

Re: Finance Docket No. 36500 – Reply to Objections to KCS Waiver

My name is Brad Chase of Bison Transport and my business address is 1001 Sherwin Road, Winnipeg Manitoba. I am Sr. Vice President of Logistics and Multimodal. In my role, I am responsible for Brokerage, Intermodal and Warehouse Operations.

Bison Transport has previously submitted to the Board a letter supporting approval of the proposed CP-KCS combination, and I have attached a copy of that letter for the Board's convenience. As expressed in our previous letter, Bison Transport supports swift approval of the CP-KCS combination because of the significant benefits we expect to realize from this transaction.

Bison Transport is aware that several parties have filed objections to the application of the pre-2001 merger rules to the CP-KCS transaction under the "waiver" issued in 2001 for transactions involving KCS. Bison Transport wishes to reply to those objections by urging the Board not to revoke the KCS waiver. The pre-2001 rules provide the Board and all interested parties all the tools that are needed to fully evaluate the proposed transaction.

We are fully cognizant of the Board's mandate to ensure that Class I mergers are in the public interest, and do not risk significant disruptions in the railway system. From our perspective, the unique nature of the CP-KCS transaction alleviates the concerns that motivated the new rules adopted in 2001. Reviewing the CP-KCS combination under the tried and true pre-2001 merger standards will prevent undue delay, while still allowing for a thorough public interest assessment by the Board.

As we have mentioned in our March 24th letter, the end-to-end CP-KCS transaction will improve service options, with new single-line hauls and broader access to markets across North America. In contrast, CN's network holds unique single-line access to markets in Canada like Prince Rupert, British Columbia; Halifax, Nova Scotia; New Orleans, Louisiana; Mobile, Alabama; and Jackson, Mississippi. By



creating a CN network that adds the coverage of KCS' network, their competitive behavior will become even more punitive. This combination would reduce competition in the Canada/US/Mexico corridor. They would be able to leverage access to intermodal markets in the Southern USA and Mexico that will force shippers to pay more to move goods on their network in Canada and the US Midwest that is subject to more competition through a CP-KCS transaction. Furthermore, with their control over key markets and transportation lanes, CN will have no incentive to improve service. Ultimately it will be consumers that will suffer as a result of CN's market dominance. This simply cannot happen.

Our experience shows us that single-line rail service options are far superior to public and private fleets. The unique synergies of a CP-KCS combination promise significant public benefits to Bison Transport and similarly situated shippers, which we are eager to see realized as soon as possible, without the delays and additional burdens that would result from applying the 2001 rules for the first time ever to this transaction.

Nothing about the CP-KCS transaction raises the kinds of concerns that would flow from a merger of the much larger Class I railroads. The issues should be simple – the transaction improves competitive options and service – and any concerns any party has should be easy to address under the pre-2000 rules. The 2001 rules were designed for much more complex transactions raised much more serious issues, and they should not be tested out in this case.

Bison Transport and our shipping partners are looking forward to a stronger CPKC network that will increase our access to diversified market opportunities. As such, we urge the Board to apply the KCS waiver provision it thoughtfully included in its 2001 Major Merger Rules. An elongated period of review will delay and potentially reduce the positive synergies this merger promises. The KCS waiver will allow the Board to conduct a thorough but efficient and fair review and allow for the benefits of the new CPKC network to come to fruition more quickly.

Bison Transport is additionally concerned that applying the 2001 Major Merger Rules to the CP-KCS merger, a transaction the rules were not designed for, would lead to precedent with unintended consequences and might also create an easier path for some other Class I merger proposals that would be problematic in ways CP-KCS is not. The CP-KCS merger is unlike other Class I merger combinations, in that it is a straightforward transaction between the two smallest U.S. Class I railroads, and it promises substantially more benefits than risks to the public interest. We also know that this transaction, among all possible Class I mergers, is unique in not posing any serious concerns about lost competition, service disruption, or other harms. Interpreting and applying the 2001 rules to this transaction could encourage other Class I railroads to see an easier path for their own Class I merger proposals without the same unique benefits of the CP-KCS transaction.



For these reasons, Bison Transport urges the Board to maintain the KCS waiver and reject calls to revoke it, and to proceed to review and approve the CP-KCS proposed combination as expeditiously as possible. We look forward to seeing CPKC as a stronger competitor in the industry.

Yours sincerely,

A handwritten signature in black ink that reads "Brad Chase". The signature is written in a cursive, flowing style.

Brad Chase
Senior Vice President, Logistics and Multi Modal

CC: All Parties of Record



SHIPPER SUPPORT LETTER

ATTENTION: Surface Transportation Board

My name is Brad Chase, I'm the SVP of Bison Transport. In my role, I am responsible for all Intermodal, Warehousing and Logistics Operations across North America.

Bison Transport is a significant user of CP for Intermodal move domestic Canada and Cross Border into the US. We have grown our Intermodal business substantially with CP as a result of their best in class service and collaborative approach to business efficiency and growth.

Bison Transport fully supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

Bison Transport has a primary business of over the road truck load transportation serving customers in Canada, The United States and Mexico. Our Intermodal business is a complement to our over the road business. We believe strongly that the needs of our customers to have alternatives to optimize their freight needs could be well served in this transaction. While trucking companies typically oppose rail freight evolving we do support this merger to expand market reach for our customers.

We have contracts today with both the CP and KCS railroads. This combination will make the cross border shipping much more efficient and effective to serve customers. The capability to ship straight through from Canada to points in the US and to Mexico will truly help our customers with their overall needs, specifically those we cannot effectively serve with road operations.

This will also strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of cross border rail loads from approximately 200 per month to ideally over 1000.

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...because we're people driven!



- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency by creating a much higher utilization of our assets.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without any major service disruptions.

For these reasons, Bison Transport is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Bison Transport urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Brad Chase, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 24, 2021.

A handwritten signature in cursive script that reads "Brad Chase".

Brad Chase, Senior Vice President of Logistics and Multi-Modal