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April 22nd, 2021

ATTENTION: Surface Transportation Board

RE: STB Finance Docket No. 36500
CP-KCS Potential Combination

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Western Asphalt Products hereby files this letter to express its concerns to the bid by CN to acquire KCS and re-iterate its support for the CP-KCS combination.

As expressed in our initial letter to the Board dated March 28, 2021, we support swift approval of the CP-KCS combination because of the significant benefits the combination would bring, including expanded markets and port options, improved service options, and invigorated transportation competition. Western Asphalt would benefit from the CP and KCS merger with direct access to US refineries for asphalt cement, latex, refined fuel products, emulsifiers etc.

By contrast, a CN acquisition of KCS would lead to a reduction in competition and deprive shippers of the many tangible benefits offered by the CP/KCS deal.

We will be harmed by the reduction in competition that would result from a CN acquisition of KCS. With CN being the largest rail carrier in Canada, they control the railways; if they don't want to ship a commodity they simply refuse to service your siding. CP is open for business and tries to work with the customer anyway they can. It does not help competition with the largest carrier CN getting larger, for the marketplace to be competitive the smaller carrier needs to grow to provide a more level playing field in their scope and size.

From our perspective, the only combination involving KCS that is in the public interest is the one that CP has proposed. Unlike the CP/KCS combination, the acquisition of KCS by CN would result in harm to competition because the two railroads today serve many locations and shippers in common. Indeed, they operate parallel lines between Baton Rouge and New Orleans and Eastern Mississippi; they both serve grain and other shippers in large swaths of the Midwest and Southern United States; and they both reach the port of Mobile, Alabama. Even more fundamentally, between the Upper Midwest and Gulf Coast, a CN/KCS combination would reduce the number of independent routing options from four to three.

We expect a combined CPKC network to offer seamless, single-line service that will improve our transportation options and provide a better alternative to the options that already exist. A CN-KCS combination would limit competitive carrier options to markets and ports south of Kansas City.

Respectfully submitted,



Dean Arnill
President
Western Asphalt
Products April 22, 2021

CC: All Parties of Record