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302188

ATTENTION: Surface Transportation Board

RE: STB Finance Docket No. 36500

CP-KCS Potential Combination

ENTERED
Office of Proceedings
April 28, 2021
Part of
Public Record

Sprague Operating Resources LLC hereby files this letter to express its concerns to the bid by CN to acquire KCS and state its support for the CP-KCS combination.

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. We are served at our Searsport, Maine marine terminal by the CP, and this merger would expand our rail capabilities and allow us to serve new markets for us.

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. Specifically, if CN were to acquire KCS, NOT only will we be deprived of the benefits of the CP/KCS deal, but we will also suffer a reduction of competition in key areas by virtue of CN acquiring KCS.

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,

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Zampano".

Mike Zampano
Director, Industrial Fuels Sales & Asphalt Marketing
April 28, 2021
CC: All Parties of Record