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ATTENTION: Surface Transportation Board
RE: STB Finance Docket No. 36500 (CP-KCS Potential Combination)

PFL Petroleum Services Limited hereby files this letter to express its views about the bid by Canadian National ("CN") to acquire Kansas City Southern ("KCS") and to reiterate its support for Canadian Pacific's ("CP") proposed combination with KCS.

PFL represents a tremendous amount of shippers on the KCS and has significant railcar storage positions on the CP and the KCS. We are excited about the DRU that is coming on with Gibson and ConocoPhillips in Q3 and feel that a KCS/CP combination will both enhance the value of our storage and streamline our North South operations for our existing refined product operations and also enhance and streamline any heavy oil and /or dillbit movement through the new North South corridor. A combination of both the CP and KCS is viewed as a positive development for not only PFL but the industry as a whole. 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 and allow us to capitalize on our storage assets by providing better rates to shippers without them experiencing extra switching fees and minimum freight on two separate class one's.

PFL has previously voiced support for the proposed CP/KCS transaction. Based on our experience, we believe that the CP/KCS combination promises to deliver tremendous benefits, including new and better competitive transport options.

PFL is aware of CN's competing bid to acquire KCS. We do not feel that CN's proposed transaction is going to help the shippers, enhance competition, or create value for PFL and its customers to the extent that a CP-KCS merger would.

Although PFL is reliant on CN for transportation services in certain markets, we do, have strong views about the kind of railroad combination that the STB should allow – and indeed expedite – versus the kind of combination that it should not permit to proceed.

The kind of transaction that is in the interests of shippers and the public would:

- ***Not have competitive overlaps*** that reduce the number of independent rail options, even if the railroads might think they can propose "remedies" to overcome the lost competition.
- ***Improve competitive options***, including by adding new single-line routes where other, larger railroads currently dominate.
- ***Not pose a risk of stimulating further industry consolidation***, such as by destabilizing the six large carrier balance in North America



A transaction meeting these criteria is in the public interest and should receive swift Board approval. Quick approval of pro-competitive transactions is critical to helping shippers and other stakeholders reap the benefits sooner rather than later. For transactions that do not meet the three criteria set out above, we would strongly object to the Board allowing the transaction to proceed.

We trust the Board to assess the two proposals for KCS in light of these criteria.

Respectfully submitted,

Curtis R. Chandler, President
PFL Petroleum Services Limited

CC: All Parties of Interest