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Office of Proceedings
June 4, 2021
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TO: The Honorable Martin J. Oberman - Chairman

U.S. Surface Transportation Board

395 E Street SW

Washington, DC 20423

RE: Docket No FD36514 - Canadian National Railway Company, Grand Trunk Corporation, and CN's Rail Operating Subsidiaries - Control - Kansas City Southern, The Kansas City Southern Railway Company, Gateway Eastern Railway Company, and the Texas Mexican Railway Company

Dear Mr. Oberman,

I am writing not only as a concerned citizen but someone who has 25+ years of practical railroad experience with both Canadian Pacific Railway and two years of experience with the Iowa Interstate

Railroad Company plus many, many years of studying the railroad industry since my youth to voice my great concern with the proposed Voting Trust plan to be submitted by Canadian National to obtain control of Kansas City Southern/Kansas City Southern De Mexico and also advance their actual merger plan as well. This proposed CN - KCS/KCSM transaction not only features a number of irregularities with it but a thorough review of their proposal clearly reveals that their plan is blatantly anti-competitive that would have serious ramifications that would affect not only shippers and communities but other railroads as well and this is certainly not in the public interest. I would like to lay-out a review of these concerns that are present with the CN proposal.

(1) First, a proposed CN-KCS/KCSM combination would effectively reduce the number of routing options from the upper Midwest to the Gulf Coast from four to three. In essence, where a shipper currently has options of BNSF, UP and CN; all with their own routes from origin to destination, along with a CPRS/KCS combination over the Kansas City gateway, CN control of KCS/KCSM would effectively eliminate CPRS participation from traffic moving in the various upper Midwest - Gulf Coast O/D pairs. As a result, shippers would then almost certainly be subject to higher rates in the various affected lanes because of the new pricing power that a CN - KCS/KCSM combination would have. In particular, agricultural producers and shippers in states such as North Dakota, South Dakota, Minnesota and Iowa that are currently served by CPRS would definitely be impacted in a negative way as they would be paying higher rates for grain and grain products shipments as CPRS would no longer have the "friendly" connection of KCS at the Kansas City gateway.

(2) Second, CN's proposal would mean much more likely congestion at the Chicago gateway despite the fact that CN has the former EJE (Elgin, Joliet & Eastern) under its fold now. In CN's case, no matter if traffic to and from western Canada or eastern Canada destined for or originating from KCS points, it HAS to travel through the Chicago gateway - more specifically - to CN's Kirk Yard for classification. CN does not have the benefit of being able to bypass the Chicago gateway like CPRS does and increasing traffic at an already-congested Chicago gateway cannot be in the public interest.

(3) When you look at a map of CN's and KCS' systems, it becomes obvious that both CN and KCS already compete head-to-head for a large amount of traffic at a number of places as STB has already acknowledged. CN has made false claims that competition is limited to a "handful" of shippers between Baton Rouge, LA and New Orleans, LA. CN and KCS have parallel lines between these two points serving a large number of shippers that would have their options reduced in a CN - KCS/KCSM combination. Moreover, CN's recent notification that it would be willing to divest itself of one of these two parallel lines while retaining rights on the divested line does absolutely nothing to reduce this concern. On another front, both CN and KCS already serve a large number of shippers in western Iowa and eastern Nebraska, at Jackson, Mississippi, at East St. Louis, Illinois, at Springfield, Illinois and both also serve the port of Mobile, Alabama as well.

(4) CN has a history of over promising and then vastly underperforming and not delivering on promises made to shippers. Even more significant in my humble opinion is their lack of market development on certain areas of their own system; particularly on the former IC/ICG/CC Iowa Division mainlines to Council Bluffs, Sioux City and Cedar Rapids. Being very familiar with the former IC/ICG/CC Iowa Division as a native of northeast Iowa, I have seen firsthand how CN has done a good job of rehabilitating these lines only to fail in marketing and developing business on these lines. As an example, the vast majority of commodities moving on its Iowa lines currently includes grain and ethanol traffic. However, there is also a vastly untapped potential for meat and meat products that CN has ignored since it purchased this territory with its acquisition of Illinois Central in the late 90s and removed the intermodal facilities that

existed on the Iowa Division lines. With the removal of those intermodal facilities on its former IC/ICG/CC Iowa Division, CN is not providing opportunities for these meat and meat products shippers in central and western Iowa for Chicago and markets east of there. Just as important, CN does not offer opportunities for a large shipper such as Quaker Oats in downtown Cedar Rapids the ability to ship finished cereals and other products via intermodal to not only Chicago but markets beyond the Chicago gateway. Given this specific example that I've pointed out, it is very likely that CN would not leverage other opportunities if it were, God forbid, given the opportunity to absorb a (basically) parallel KCS system.

Fortunately, the Board DOES already have an option in front of it that eliminates all the concerns that I've outlined.

That option, Mr. Chairman, is the proposal submitted by Canadian Pacific Railway for a CPRS - KCS/KCSM combination in March 2021. This proposal would allow the two smallest of the current Class I railroads to combine their systems - a combination that would STILL be the smallest Class I railroad and still smaller than rival Canadian National. I know that the many benefits of this proposed combination have been laid out already but I wanted to point out the most obvious ones.

(1) Perhaps most important, a CPRS - KCS/KCSM combination would go a long way in creating new and stronger competitive options against already strong networks that include BNSF, UP and, of course, CN. For the grain growing regions and grain shippers of the Dakotas, Minnesota and Iowa, this is just incredibly huge as a CPRS - KCS/KCSM combination will effectively give grain growers and shippers new options that simply didn't exist before; especially if they are currently beholden to BNSF, UP and/or CN in shipping grain to the Gulf region. And with the Laredo, Texas gateway, these same grain producers and shippers will now have a single-line option for shipments of grain to Mexico. As someone who grew up in Iowa and knows a thing or two about how grain moves, this possibility is incredibly exciting for shippers in my home state as I'm sure it would be for the rest of the upper Midwest as well.

(2) A CPRS - KCS/KCSM combination would also naturally new single-line offerings for shippers of other commodities as well on both properties. There are countless examples that could be listed here but I would personally like to expand on one in particular - intermodal. With a CPRS - KCS/KCSM combination, you would now have new intermodal lanes such as Montreal - Chicago - Mexico City, Chicago - Dallas (to offer shippers another option in a hotly-contested market served by both BNSF and UP), Twin Cities - Dallas, Twin Cities - New Orleans along with lanes radiating to KCSM's port facility at Lazaro Cardenas in Mexico. Just as important, these new opportunities benefit BOTH domestic and domestic cross-border as well as international container shipments. This would mean a boost for BOTH trailer and container traffic which would be huge for a combined CPRS - KCS/KCSM system; particularly when you consider that trailers are perhaps one of the fastest growing segments of traffic of all railroads right now - certainly here in the United States. Needless to say, intermodal shippers would benefit greatly with new options unavailable to them before in a CPRS - KCS/KCSM combination.

(3) In a CPRS - KCS/KCSM combination, there would be NO shippers that would be left out or left with a reduction in options to carriers to choose from. On the contrary, shippers of all commodities would now have available to them so many more options - certainly with CPRS + KCS/KCSM alone - than they ever had before. But a CPRS - KCS/KCSM combination goes beyond just that. This proposed combination is about growth - plain and simple. Not only do shippers benefit from this combination but this combination would mean new opportunities for employees on both properties. And this combination would mean so much for communities and cities located on CPRS and KCS/KCSM networks. As a native

of northeast Iowa, I think about how communities such as New Albin, Lansing, Marquette/McGregor, Guttenberg and Dubuque would benefit from such a combination; not to mention those communities in the grain-producing areas in north-central and northwest Iowa as well. This proposed CPRS - KCS/KCSM combination is truly one of those rare win-win opportunities for all.

(4) Finally, Mr. Chairman, one other item that doesn't get talked about as much as it should is just how incredibly well the CPRS and KCS/KCSM combinations fit together physically. I've already pointed out how CN and KCS go head-to-head in many areas in the South; particularly in Louisiana and Mississippi. And how the CN's proposal is predicated on a combined system running all traffic to and from Canada over the Chicago gateway - specifically Kirk Yard. But CPRS and KCS feature none of those problems whatsoever. In fact, CPRS and KCS come together in one place and one place only - in America's Heartland in Kansas City, Missouri in an almost perfect hand-in-glove fit. And I want to take this particular matter even further to illustrate my point. CPRS and KCS not only share the same yard facility in Kansas City (Knoche Yard) but also have an advantage that CN can never replicate - the ability to easily and seamlessly hand over through trains to each other right there at Airline Junction/West Wye Tower. This ability has been demonstrated countless times over with unit trains of crude oil, sand and grain over nearly a twelve-year period and has proven incredibly beneficial for both systems. When you have the ability to do this with ease as CPRS and KCS have done, it's easy to see how and why a combined CPRS - KCS/KCSM combination would make so much sense - not only for shippers but for employees, communities and the rest of the railroad industry as well.

I know you've already stated some of your reservations about future railroad mergers and while I can fully understand and appreciate your concerns on this subject, this combination of CPRS - KCS/KCSM just makes so much sense for everyone involved. I would submit to you, Mr. Chairman, that if you stand back and take a look at a railroad map; particularly of CPRS and KCS/KCSM, you'll begin to understand and appreciate why this proposed combination - perhaps more than any other in years and decades past - makes so much incredible sense. It is precisely for this reason that I also respectfully submit to you, Mr. Chairman, that a proposed CN - KCS combination has so many perils associated with it and so many long-lasting negative implications for not only CPRS - but the rest of the railroad industry and shippers and communities alike - that CN's proposal simply does not serve the public interest and its Voting Trust proposal must be denied. I respectfully ask you to consider my concerns and the items I have laid out before you in rendering your Decision.

Sincerely,
Alex Nagel

cc: All Parties of Record