

R. D. Lee, General Chairperson
E. C. Kosinski, Asst. General Chairperson (E)
E. R. Belew, Vice General Chairperson
K. L. Serres, Vice General Chairperson
J. P. Ciemny, GCA Secretary



General Committee of Adjustment GO-049

302613

June 28, 2021

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

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Office of Proceedings
June 28, 2021
Part of
Public Record

Sent via Electronic Filing

Re: STB Docket No. FD 36514 – Canadian National Railway – Control – Kansas City Southern

Dear Madam,

As a General Chairperson of SMART-Transportation Division, representing rail employees on CP (CMQR), CSXT (including the B&O Chicago Terminal Railroad), and several other Class III railroads (WATCO and Genesee and Wyoming Properties), I am writing to communicate our position and the reasons we urge the STB to reject the proposed CN voting trust.

Whereas, in our view, the approval of the CN voting trust by the STB could cause a threat for the entire railway industry – especially those connecting in Chicago – and quite possibly will negatively impact our involved SMART-TD members. Further, approval of the CN voting trust proposal could harm employees of both KCS and CN due to the amount of debt CN will carry and the real possibility that the CN transaction would fail the regulatory test in the end.

When looking at the public financials aspects, CN has stated they intend on carrying significant additional debt of approximately \$19B in addition to their current debt and when factoring in the KCS current debt that load that will then exceed \$30B. This factor has potential to impact jobs, infrastructure and maintenance improvements that will negatively affect employees, shippers, and most importantly public safety.

The CN/KCS transaction is the opposite of an end-to-end merger and would be anti-competitive due to the overlap of existing rail lines and affected customers. The CN already has a high-capacity mainline route from Chicago, IL straight to New Orleans, LA, therefore with CN acquiring KCS there would be no need for parallel routes such as the KCS line from Kansas City through to New Orleans.

By comparison, CPR has a route that extends south only as far as Kansas City, MO. This is CPR's only connection with the KCS. Therefore, rejecting the CN voting trust appears to offer better options for rail shippers and we would further anticipate a pro-growth environment in both business and jobs for SMART-TD members.

If the CN voting trust and proposed merger were granted approval, I would anticipate that job losses on either CN or KCS would ultimately occur because the transaction would require either a sale or abandonment of duplicative rail lines. The consequences for SMART-TD members would therefore be uncertain, adverse, and certainly contrary to the public interest.

Accordingly, for the reasons described above, I encourage the STB to thoroughly consider the implications on this proposed transaction. Consequently, on behalf of the members of the SMART-Transportation Division that I represent, I urge the Board to reject CN's motion to approve its proposed voting trust.

Respectfully Submitted,

A handwritten signature in black ink that reads "Richard D. Lee". The signature is written in a cursive, flowing style.

Richard D. Lee
General Chairperson, SMART-Transportation Division

Attachment

CC: All Parties of Record



—	CN	CN Railway
—	BNSF	BNSF Railway
—	CSX	CSX Transportation
—	KCS	Kansas City Southern
—	KCSM	Kansas City Southern de México
—	UP	Union Pacific
—	NS	Norfolk Southern
—	CP	Canadian Pacific
- - -		Interstate or Highway
—		Mississippi, Ohio and Illinois Rivers