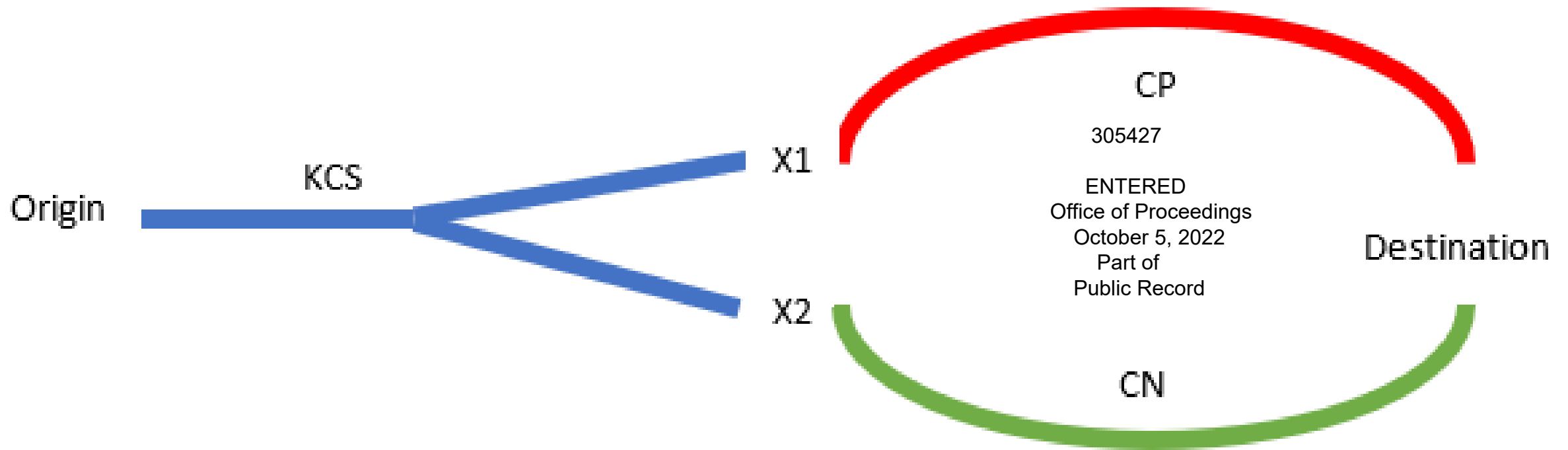




Competitive Impact of CP/KCS Merger

Scenario Assumptions

- Captive to KCS at Origin
- CP and CN serve Destination either directly or via Interswitching
- Pre-merger KCS is neutral as to CP and CN
- Post-merger CPKC can exercise long-haul rights to foreclose CN competition

Remedies

Prescribe Bottleneck Rate to X2

- KCS-CP Route = 1000 miles
- KCS-CP Rate = \$10,000 = \$10 per mile
- KCS to X2 Route = 500 miles
- KCS to X2 Bottleneck Rate = \$10 x 500 miles = \$5000

Mileage Prorate Illustration

	A	B	C	D
1		Pre-merger Joint Rate	Post-merger Long Haul Rate (no decrease)	Post-merger Long Haul Rate (20% decrease)
2	Total rate	\$3,000	\$3,000	\$2,400
3	KCS division (Cols. C & D = (Row 2/Row 5) * Row 6	\$1,200	\$1,000	\$800
4	CN division (Row 2 - Row 3)	\$1,800	\$2,000	\$1,600
5	Total miles	3000	3000	3000
6	KCS gateway miles	1000	1000	1000

This chart is based upon the illustration in Applicants' Reply, Vol. I, pp. 120-21 (filed July 12, 2022)