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**Comments by Duncan Russell
Questioning the Proposed
CN Purchase of the EJ&E**

**West Aurora High School
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Each railroad merger or acquisition that is reviewed by the STB is unique and deserves to be considered on the basis of the individual pros and cons. Some M&A's have tremendous macro-economic consequence such as when the C&O linked with the LN. Other linkages such as the one we are discussing today are primarily micro-economic in effect. It will mainly impact the greater Chicago area and therefore it deserves consideration on the basis of its micro-economic impact. I will pose a number of questions about the proposed purchase of the EJ&E. I will also answer each of the questions as a resident of an affected Chicago suburb.

My first question has to do with benefits. What benefits accrue to me or my community as a result of the CN purchase? Absolutely none. In the simplest terms this acquisition would be a huge inconvenience, costing me time, sleep and higher taxes.

My second question has to do with the good faith efforts the CN has made to negotiate satisfactory solutions to mitigate the noise and interchange issues? The answer to this is no they have not. In fact, one of the communities that I contacted laughed at me when I asked if any negotiations were on-going with the CN. The CN has no intention of being a good corporate citizen. In fact, the CEO of the CN has stated he doesn't think any rail/roadway problems that result from the CN take-over will require abatement. He is wrong.

This brings me to my third question. As I read your draft EIS, you state that "the Board has not received any negotiated agreements from the affected communities. Well if the CN reaches no agreement with Aurora regarding the four affected grade crossings (you don't mention Diehl Road in your summary study that is the fourth Aurora rail crossing heavily used by truck transportation) and the Board approves the acquisition without any satisfactory agreements being in place, what incentive will the CN have continue to talk with Aurora? The answer is none. More, much more, must be demanded of the CN before approving this.

This brings me to my fourth question. It pertains to the "quiet zone" opportunity. Some towns including Aurora are pursuing the quiet zone status. My question is what good is the quiet zone status if the volume of rail freight increases to the point (and it will according to your study) where whistles become necessary to protect the public from harm? The answer is nothing at all. Quiet zones will become redundant.

This brings me to my fifth question which has to do with the towns, villages and cities of the Western suburbs that have grown up along a lightly used EJ&E rail line. People bought and built homes in anticipation of continued light use. The CN is proposing to turn the EJ&E into a major beltway for rail freight. Had people known such a usage change was feasible, do you think they would have invested in residential real estate near the EJ&E? I think we all know the answer is no. You already have one congested residential corridor running through Chicago that experiences heavy rail freight. Allowing this acquisition to proceed will create a similar congested corridor in the Western suburbs. The economic loss resulting from the decreased residential values in Aurora, Barrington and Plainfield and other Western suburbs will not be offset by gains

in residential values elsewhere in the Chicago area as your study suggests. You are mistaken if you believe this will happen.

This brings me to my sixth and final question. In your EIS, you state that mitigation at the 15 grade crossings would appropriately be funded by a combination of entities (local communities, state and federal governments) and not by the applicant alone. Why? Who benefits from this takeover? Is it the public or is it a private Canadian enterprise? The answer is the private Canadian enterprise. I travel across the four affected grade crossings in Aurora and I periodically get stopped by slow moving freight trains that now ply the EJ&E. Without mitigation, the situation in Aurora, with a 600% increase freight traffic, will be a nightmare. Since the CN is causing the nightmare, it is only fair that the CN pay the majority of the mitigation expense. In fact, the formula I would suggest is 1/7 for local the communities (including state and federal) and 6/7 for the CN. I arrived at this allocation using the proposed increase in the volume of rail freight over current levels.

To state, as you have in the EIS, that the rail/roadway crossings in Aurora are "pre-existing conditions" misrepresents the situation. Mitigation is not required under current circumstances at Aurora rail crossings. An occasional railroad inconvenience is something we live with. However, after rail freight increases 600%, mitigation will be necessary. Why should Aurora pay for this? Make those that benefit pay the bill.

This proposed \$300 million acquisition of the EJ&E by the CN is really not a \$300 million project. It is very close to a \$2 billion project when all of the environmental fixes are factored in. If the CN had to pay their fair share of the mitigation expenses (about 6/7 or 87%), their project cost would balloon from \$300 million to \$1.8 billion. I submit to you that the CN would walk away from this acquisition if they had to pay their fair share. This project only goes forward if the taxpayer picks up 90% of the total bill. I submit to you that the taxpayer has no interest in spending \$1.8 billion dollars so the CN railroad can buy the EJ&E. The CN is betting that the Board will continue with their past practice of making the taxpayer foot bill. This is wrong. Why should a private business investment realize a taxpayer subsidy of 90%? Let this investment stand on its own merits and make the CN pay their fair share.