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Surface Transportation Board

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BY HAND

Ms. Victoria J. Rutson, Chief
Section of Environmental Analysis
Surface Transportation Board
395 E Street, S.W.
Washington, D.C. 20423-0001

**Re: Canadian National Railway Company and Grand Trunk Corporation –
Control – EJ&E West Company (STB Finance Docket No. 35087)**

Dear Ms. Rutson:

I am writing, on behalf of Applicants Canadian National Railway Company and Grand Trunk Corporation (together, "Applicants"; together with their rail carrier subsidiaries, "CN"), to provide you and HDR Engineering, Inc. ("HDR"), with the responses to items 2 through 9 of your Information Request #5, which you sent as an enclosure to your letter of June 3, 2008, to Normand Pellerin of CN. We are still awaiting information necessary to respond to item no. 1 of Information Request #5 (regarding the operation of the Des Plaines River Lift Bridge), but we are responding now to those items for which we have information, and we will provide the response to item no. 1 as soon as possible.

2. What is the current number of switch engines used per day at Kirk Yard and at East Joliet Yard? What would be the number of switch engines required under CN's proposed post acquisition operations plan? What is the total number of switch engine-hours and throttle settings at each rail yard?

EJ&E today has 19 switch engines in service at Kirk Yard. Excluding switching assignments serving the Gary Sheet Mill and Tin Mill (which will be performed by Gary Railway, not EJ&EW, after the Transaction), EJ&E has 9 switching assignments at Kirk Yard that operate 7 days a week, and 2 switching assignments that operate 6 days a week, and 1 switching assignment that operates 5 days a week. Each EJ&E assignment at Kirk Yard is for 8 hours and uses 2 locomotives, for a total of 1,280 locomotive-hours per week, or an average of 182.9 locomotive-hours per day. EJ&E has 6 switch engines in service at East Joliet Yard. It performs 4 switching assignments a day at East Joliet Yard, each of which uses 2 locomotives for 8 hours, for a total of 448 locomotive-hours per week, or 32 locomotive-hours per day.

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CN's plan is for all the yard assignments at Kirk Yard and East Joliet Yard to operate 7 days a week. Thus, the two 6-day and the one 5-day assignments at Kirk Yard would operate 7 days a week after implementation of the Transaction. Also, CN plans to add five new assignments to Kirk Yard and three new assignments to East Joliet Yard, each operating 8 hours and using 2 locomotives. Thus, after implementation of the Transaction, CN would operate 17 yard assignments at Kirk Yard and 7 yard assignments at East Joliet Yard, for a total of 1,904 locomotive-hours per week (or 272 locomotive-hours per day) at Kirk Yard and 784 locomotive-hours per week (or 112 locomotive-hours per day) at East Joliet Yard. (All these plans, it should be noted, are tentative, and CN will not know the final number of switch assignments or change in switch locomotive-hours until after it has implemented the Transaction and observed actual operations in the yards.)

CN does not have the information needed to provide the requested information about throttle settings on yard locomotives. Those settings are not recorded, and are set at the discretion of the train operator, as required by the activities being performed.

3. What is the current total number of switch engines used per day at BRC Clearing Yard, Glenn Yard, Bridgeport [sic; we understand this should be Markham] Yard and Hawthorne Yard? What would be the number of switch engines required under CN's proposed post acquisition operations plan? What is the total number of switch engine-hours and throttle settings at each of these yards?

The daily average numbers of switch engines used for switching operations at the listed Chicago-area yards are: 8 switch engines at Markham; 9 switch engines at Glenn; 4 switch engines at Hawthorne; and 45 switch engines at BRC Clearing.

CN's current plan is to eliminate 5 yard assignments that now operate at Markham Yard 7 days a week, each of which uses 3 locomotives for 10 hours. It also plans to eliminate 1 yard assignment at Hawthorne Yard and 2 yard assignments at Glenn Yard, each of which uses 2 locomotives for 10 hours. This would bring about a reduction of 1,050 locomotive-hours per week (150 locomotive-hours per day) at Markham Yard, 140 locomotive hours per week (7 locomotive-hours per day) at Hawthorne Yard, and 280 locomotive-hours per week (14 locomotive-hours per day) at Glenn Yard. (As is the case with CN's plans for operation of Kirk Yard and East Joliet Yard, discussed in the response to item no. 2, above, all these plans for operation of Markham, Hawthorne, and Glenn yards are tentative, and CN will not know the final number of switch assignments or reduction in switch locomotive-hours until after it has implemented the Transaction and observed actual operations in the yards.)

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As with the yard assignments at Kirk Yard and East Joliet Yard, discussed in the response to item no. 2, above, CN does not have the information needed to provide the requested information about throttle settings on yard locomotives. Those settings are not recorded, and are set at the discretion of the train operator, as required by the activities being performed.

Also, CN is unable to determine the number of switch engines or switch engine-hours that would be required at BRC Clearing Yard after implementation of the Transaction, because CN does not control switching operations at that yard at present and would not make decisions regarding those operations after implementation of the Transaction. Although CN does not have the data to permit it to quantify the reduction in switch engine activity at Clearing Yard that would result from the Transaction, it expects that the reduction would be substantial, because BRC would handle an average of 551.8 fewer CN cars per day.

4. Please clarify CN's proposed car classification and train staging functioning in Kirk Yard?

Due to the increased number and length of the trains entering and leaving Kirk Yard, will the south yard in Kirk Yard need to be expanded or will a staging yard need to be constructed on the EJ&E Lakefront Branch Rail Line?

As indicated in the Operating Plan (CN-2 at 218-19), CN intends to transfer car classification and switching activity to Kirk Yard would not happen at once, but would be accomplished in three phases, implemented over the course of two full construction seasons (CN-2 at 215-16). That transfer would proceed in parallel with the phased re-routing of individual CN trains, now moving through Chicago to yards within the EJ&E arc, to routes over EJ&EW to and from Kirk Yard. No precipitate action would be taken that might overload the capacity of Kirk Yard; rather, CN would take sufficient time to "assess both the capabilities of Kirk yard and CN's requirements for its use" before "chang[ing] operating processes at Kirk Yard and upgrad[ing] and expand[ing] the facility to meet those requirements" (*id.* at 218).

If CN finds that construction of 10,000-foot tracks, or expansion of the south yard of Kirk, are necessary for efficient operation of the Yard, then it will make those improvements, but it has not yet approved any plans for upgrading or expansion of any portion of Kirk Yard, other than the crossover track that was described in the Application, plans for which were provided in Exhibit L of my letter to you of January 28, 2008. (Also, CN does not believe that a staging yard will need to be constructed on the EJ&E Lake Front Branch, but that any needed expansion of Kirk Yard can be accommodated within the Yard property.)

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5. How does the EJ&E currently switch the East Joliet Yard; from the north end or from the south end of the yard?

Should the Board approve the transaction please clarify how CN proposes to change rail yard operations to effectively interface with this increase in train traffic? Also, how does CN plan to operate a train 10,000 feet long through the East Joliet Yard?

CN understands that EJE switches from both the north and south end of the yard, with the majority of the switching occurring on the south end of the yard.

As explained in the Operating Plan (CN-2 at 218), after acquisition of EJ&EW, CN intends to assess the capabilities of East Joliet yard and make changes there as appropriate to accommodate increased yard activity (but without expanding the yard, which is land-locked). CN does not expect to have any specific plans for changes at East Joliet Yard until after it has acquired experience with operating the yard. Long trains needing to traverse East Joliet Yard as currently configured would not move on tracks used for switching, but would instead use the run-through track (South 35) on the west side of the Yard.

6. Does CN have any plans to expand inter-modal activities at Markham Yard either in the near or long-term future?

CN's plans are for Markham Intermodal Terminal to handle its current level of intermodal traffic, plus the new intermodal traffic that CN expects to move from the Port of Prince Rupert Container Terminal when Phase 1 of the Terminal is operating at full capacity. (CN expects to handle the additional traffic from Prince Rupert regardless of whether the Transaction is approved or implemented.) As explained in my response to item 20 of SEA's first Information and Data Request (provided in my letter to you of January 28, 2008), CN has not finalized any plans for alternation of the Markham Intermodal Terminal to accommodate this traffic growth, other than construction of a new gate, plans for which were provided in Exhibit D of my letter to you of February 15, 2008.

7. Can CN provide train data information for this segment [i.e., CN's segment between Hayford and Elsdon]?

At present, the only CN train using the Hayford-Elsdon segment is a local (number 510) that serves two shippers located at Elsdon Yard. This train, which runs between Hawthorne Yard and Elsdon, moves an average of 1.6 times a day over the Hayford-Elsdon segment. Operation of this train, like the operation of all CN local trains, would be unaffected by the CN/EJ&EW Transaction.

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8. Does CN have any plans to develop a system-wide CTC network?

We assume that this question asks whether CN plans to install a CTC network over the entire EJ&EW. At this time, CN has no such plans, and it believes that the signal system currently in place on EJ&E will be sufficient to allow efficient movement of the traffic that it anticipates will be handled on the EJ&EW lines. It is possible, however, that CN may extend CTC to EJ&EW lines where it is not now in place, if its observations of operations on those lines after implementation of the Transaction indicates that such a network is appropriate.

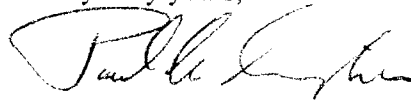
9. Does CN have any plans to modify or alter either of these two bridge structures [i.e., the EJ&E railroad bridge of Illinois State Route 171 (Collins Road) and the 16th Street Bridge over Deep Run Creek and CN's Joliet Subdivision] as a result of the construction of the Joliet connection should the proposed transaction be approved?

CN has confirmed that its plans for construction for the proposed connection at Joliet has no plans to alter either the EJ&E railroad bridge over Collins Road or the 16th Street Bridge as a result of construction of the proposed connection at Joliet.

* * * * *

If you have any questions regarding any of these responses, please let me know, and we will provide you whatever additional information is needed.

Very truly yours,



Paul A. Cunningham
Counsel for Canadian National Railway Company
and Grand Trunk Corporation

cc: John H. Morton
Normand Pellerin