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March 31, 2014

Mrs. Victoria Rutson
Director, Office of Environmental Analysis
Surface Transportation Board
395 E. Street, S.W.
Washington, D.C. 20423

Re: Docket No. FD-35522, *CSX Transportation, Inc. –Acquisition of Operating Easement—Grand Trunk Western Railroad Company* – Quarterly Report No. 3

Dear Mrs. Rutson:

Pursuant to condition VM 45 imposed by the Surface Transportation Board (the “Board”) in *CSX Transportation, Inc. –Acquisition of Operating Easement—Grand Trunk Western Railroad Company*, Docket No. FD 35522 (STB served February 8, 2013), CSX Transportation, Inc. (“CSXT”) is submitting its third quarterly report on the progress of, implementation of, and compliance with the mitigation measures for a period December 1, 2013 through February 28, 2014.

Enclosed is a chart describing the mitigation measures, the implementation deadlines, the process, and the status. Changes in the status from the second quarter chart filed on December 31, 2013, are in red.

In compliance with voluntary mitigation measure (“VM”) 45, CSXT will close the third quarter on May 31, 2014, and send you the fourth quarterly report by June 30, 2014.

During the third quarter, there have been activation failures at the four crossing signals in Evergreen Park. CSXT is aware of this problem and has had regular meetings with community representatives, has met with members of the STB, and conducts weekly meetings with a group of staff at the Board to keep them informed of the status of the crossings.

At the start of the third quarter there were several false activations of gates, causing them to close without a train present. These false activations have mostly been resolved. However, trains are still running at 10 mph, roughly taking 9 minutes to clear a crossing. These trains cannot move faster through the crossings until the crossings are repaired.

CSXT plans to repave the problem crossings in the second quarter of 2014, weather permitting. The attached email from CSXT Regional Vice President Tom Livingston to appropriate elected representatives in the Chicago area includes CSXT’s original schedule for crossing repairs and the schedule that was revised because of the severe winter in Chicago.

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CSXT anticipates that these crossing improvements will cost approximately \$1.2 million in the second quarter, in addition to other capital costs that CSXT has budgeted.

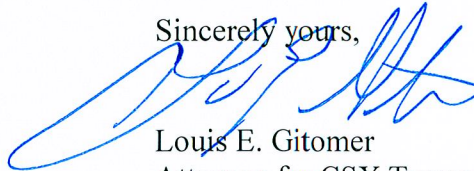
Despite having a plan in place, CSXT has not been able to execute its plan because of the unusually harsh Chicago area winter and the unusually high amount of snowfall. Grade crossing repairs cannot be made when the surface is wet and/or frozen. Moreover, the temperature must be above 32 degrees. In an average winter, Chicago receives 34.6 inches of snow, while this winter Chicago has received 80.0 inches of snow as of March 26, 2014. The mean temperature in Chicago from December through February has been 18.8 degrees Fahrenheit, the third lowest since 1872. www.crh.noaa.gov/lot/?n=CHI_winter_temps. Weather conditions have prevented CSXT from making the required repairs to the four grade crossings. However, as explained in Mr. Livingston's email, CSXT believes that it will be able to begin work beginning the second week of April, weather permitting.

The unusually high snow totals and number of below freezing days in the Chicago area have caused disruptions across all transportation modes during this winter, including rail. These disruptions are a direct result of the weather and would have occurred even if this transaction had not taken place. In a recent RT&S article <http://www.rtands.com/index.php/freight/class-1/create-keeps-chicago-rail-moving.html>, Mr. Bill Thompson, CREATE program manager with the Association of American Railroads noted that recent challenges in completing CREATE projects include this year's tough winter. While explaining the status of several projects, Mr. Thompson explained that a "severe winter has slowed progress" on projects currently under construction.

Throughout 2014, CSXT plans to invest approximately \$7.7 million to improve train operations on the Elsdon Subdivision.

If you have any questions, please contact me.

Sincerely yours,



Louis E. Gitomer
Attorney for CSX Transportation, Inc.

Enclosure

From: Livingston, Tom
Sent: Monday, March 17, 2014 8:39 PM
To: Livingston, Tom
Subject: Revised CSX Elsdon Schedule Due to weather/asphalt supply

Subject: CSX Elsdon subdivision, Chicago Division, Evergreen Park/19th Ward Signal-Crossing Improvement Schedule ([Revised 3/18/14](#))

To:

Honorable Kelly Burke, Illinois House of Representatives
Mike Daley, Chief of Staff, Senator Richard Durbin
Honorable Bill Cunningham, IL Senate
Jerry Hurkes, Chief of Staff, US Representative Daniel Lipinski
Honorable Fran Hurley, Illinois House of Representatives
Honorable Matt O'Shea, Alderman, 19th Ward
Honorable Jim Sexton, Mayor, Evergreen Park, Illinois
Reverend Stanley Watkins, Chief of Staff, US Representative Bobby Rush

Fr: CSX Transportation

Dt: March 18, 2014

CSX Transportation's Chicago Division engineering leadership has begun the construction of panels for continued renovation of the Elsdon subdivision line. The next phase of the work will begin in Evergreen Park and the 19th Ward of Chicago as soon as asphalt plants open. We are advised that this could occur as late as April 15th. We have filed permit applications with the City of Chicago for 103rd Street and 87th Street crossing work first. Therefore, we are revising the schedule to reflect a later start date due to access to asphalt. Should the plants open earlier, we will want to move up the timing of the work. We are sorry for the delay but we will be ready to proceed as soon as possible.

CSX Evergreen Park-19th Ward Elsdon Schedule (revised)

- | | |
|---|--|
| • Mar 24 th (now April 9 th) | 103rd Notification of Closure |
| • Mar 31st (now April 16 th) | 103rd Street Crossing Improvements, 100% |
| Closure, 8 days | |
| • April 7th (now April 17 th) | 87th Notification of Closure |
| • April 14th (now April 24 th) | 87th Street Crossing Improvements, 100% |
| Closure, 8 days | |
| • April 15th (now April 25 th) | 94 th /Kedzie Notification of Closure |
| • April 21st (now May 2 nd) | 94 th /Kedzie Street Improvements, 100% |
| Closure, 8 days | |
| • April 22nd (now May 3 rd) | 95th Street Notification of Closure |

- April 28th (now May 9th) days 95th Street Improvements, 100% Closure, 8
- April 29th (now May 10th) 99th Street Notification of Closure
- May 5th (now May 17th) Closure, 8 days 99th Street Crossing Improvement, 100%
- May 6th (now May 18th) 119th Street Notification of Closure
- May 12th (Now May 27th) days 119th Street Improvement, 100% Closure, 8

The public can continue to contact our 1-877-835-5279 number or the ones posted at each of our crossings. Once we gain greater information on the opening of the asphalt plants, the rest of the schedule can be calibrated from our first crossing project at 103rd Street.

Thomas Livingston, Regional Vice President – Midwest

CSX Transportation, Inc. – State Relations Government Affairs

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Email: Tom.Livingston@csx.com

