

**Effingham
RailRoad
company**

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Ms. Phillis Johnson-Ball
STB Finance Docket No. 35807
Surface Transportation Board
395 E Street, S.W.
Washington, DC 20423-0001

Re: Comments on Draft Environmental
Impact Statement in Docket No. 35807.

Dear Ms. Phillis Johnson-Ball:

This letter contains the comments of the Effingham Railroad Co. (the Effingham) on the draft environmental impact statement (DEIS) issued July 25, 2008 by the Surface Transportation Board's Section on Environmental Analysis in Docket No. 35807, Canadian National Railway Company (CN) and Grand Truck Corporation – Control – EJ&E West Company. The Effingham has supported the proposed transaction from its outset and continues to do so after our review of the DEIS. In fact, this detailed and well structured document supports many of the reasons that both the Effingham, and I in my personal capacity, believe that the public interest requires that CN obtain a better route for its traffic in the Chicago area. CN's proposed acquisition of the EJ&E would accomplish this without any impact on competition for local or through traffic in the greater Chicago area.

The Effingham is a short line switching railroad located in Effingham, Illinois with a significant amount of industrial and forest products related traffic. Much of this traffic moves from points north and west of Chicago to the Canadian National's line between New Orleans and Chicago. As pages 2-2, 2-3 and 2-4 of the DEIS explain, this traffic moves to the eastern side of Chicago and most must move through the more central portions of the highly congested Chicago Terminal District. The Effingham's cars routinely encounter delays of 24 hours before they can be switched through that district. In fact, delays of two or three days have become common. Based on Effingham's experience, 24 hours is a conservative estimate of the time that the transaction would save for moving its traffic through the Chicago area as most of the Terminal District would be by-passed.

While Effingham's traffic has grown in recent years, the present delays to Effingham's traffic increase our shippers' inventory and product delivery costs and materially hurt the competitive position of the Effingham region. This is particularly true for raw materials coming for Canadian points and finished products moving to points in the upper mid-West and to points served by rail

carriers to the East such as the Norfolk Southern. The type of shipments incurring excessive delays include particleboard, flour, printing paper and lumber. The general Effingham business community must have a reduction in such serious inefficiencies if it is to compete effectively with other domestic and international suppliers and manufacturers. Obviously, we cannot control the situation in the Chicago area and are dependent on CN, and the Board, to provide the solutions.

The CN intends to shift the bulk of its traffic onto the EJ & E's lines, thus developing CN with a continuous rail route around Chicago that would connect the five CN lines radiating from Chicago (DEIS at 1-8). Effingham's traffic could now be switched at East Joliet Yard for western and northern traffic and Kirk Yard for more easterly bound traffic (DEIS at 2-36). Of equal importance is that some of Effingham's traffic could be blocked for through movements further down the line in Illinois and move on through trains from the north western points on the CN's system. This would materially improve Effingham's and its shipper's position even with the lower train speeds that occur in metropolitan areas.

Effingham appreciates that this case has become a difficult one for the Board and its staff due to concerns about increased noise and grade crossing congestion. It is not very often that a Board proceeding makes *The Economist*, the world's premier weekly on the relationship between political and economic decision making. *The Economist* notes that Beijing does not have to deal with local communities like Barrington, Illinois, to make socially important capital decisions, and rightly so. However, it also notes that failure to address the rail congestion in the Chicago area will materially affect the growth of the Chicago area as a whole, and by implication, the country as whole. The article also notes that the current Congressional opposition would have the unintended consequences of favoring local interests over regional ones and discouraging private investment. (*The Economist*, September 13th-19th 2008, Volume 388, Number 8597, at 37). The Effingham fully agrees with this well regarded authoritative source.

Effingham concludes that the DEIS contains a detailed and responsible evaluation of the possible noise and congestion impacts of proposed transaction. The DEIS concludes that the former are serious in one area and that these can be mitigated through a limited application of sound barriers. What is troubling is the apparent expectation of local communities that any increased grade crossing congestion be completely eliminated, or that increased train operations will be the major source of highway congestions. Page 4.3-34 contains a level of service table for major streets that might be impacted by the transaction. In 2015 the ADT (average daily traffic) from overall roadway traffic results in a level of service of D, E, and F on many streets. However, only three crossings operate below a level of service B in 2015 as a result of the transaction. Thus, while it is true that all but three crossings experience some decline, most remain at the B level or better. This

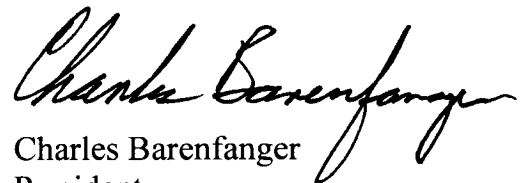
suggests that the community concerns with rail-highway grade crossing congestion are considerably overblown. Finally, the overall indirect and cumulative effects are considered minimal to modest at worst. (DEIS Chapter 5).

The DEIS does not make detailed recommendations on the solution, but an obvious start is that CN cannot bear all the costs of any congestion mitigation nor should it have to. CN has already proposed to improve train operations to reduce grade crossing congestion at the two crossings that would experience an F rating in 2015 as a result of the proposed transaction. (DEIS at 6-5). The same two intersections are also the ones with the highest predicted accident rates (DEIS at 6-15), which again speaks to CN's responsible approach to these issues. The DEIS also suggests a range of additional mitigation that may result in relatively modest additional expense to CN and may prove necessary to achieve the proposed transaction's very desirable rail improvements in the Chicago metropolitan area.

However Effingham strongly believes that CN should not be required to bear any burden beyond the joint public and private sector approaches to grade crossing matters that now exist in most states. Moreover, if the Board elects to impose additional mitigation measures, these must be carefully prioritized to assure that the expenditures address the most serious problems in an orderly and efficient fashion. Neither CN nor the public can afford an unseemly rush to the trough by competing local jurisdictions without regard to the benefits that would be obtained by the Chicago metropolitan area, and the rail industry, as a whole.

Thank you for the opportunity to comment on the Section of Environmental Analysis's thorough and balanced evaluation of the potential impacts from this proposed transaction given its direct importance to the Effingham's well being.

Sincerely yours,

A handwritten signature in black ink, reading "Charles Barenfanger". The signature is fluid and cursive, with the first name "Charles" and last name "Barenfanger" clearly distinguishable.

Charles Barenfanger
President
Effingham Railroad Co.