

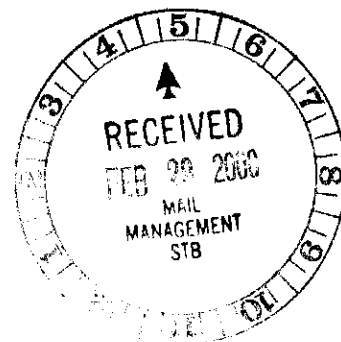
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Vernon A. Williams, Secretary
 U.S. Surface Transportation Board
 1925 'K' Street, N.W.
 Washington, D.C. 20423-0001

Dear Secretary Williams:

I am writing to express concern over the announced merger between the Burlington Northern Santa Fe Corporation (BNSF) and the Canadian National Railway Company (CN). The proposed merger concerns me for two reasons.

First, the mergers in the rail industry over the last decade have had a negative impact on competition. The merger that created BNSF and the merger of the Southern Pacific with the Union Pacific (UP) led to delays for shippers. For UP, that meant spending \$1 billion to alleviate delays and congestion in their railroad. The shrinking number of railroads has left shippers with decreasing choices when congestion occurs. The Board needs to seriously consider the impact a BNSF-CN merger would have on shippers.

Second, the merger of the BNSF and CN will likely lead to more mergers. The prevailing mentality of "who can build the biggest railroad" will likely lead the UP to seek further mergers, to which the BNSF will respond, and so on. Eventually, all of this consolidation will invite calls for increased regulation to ensure the railroads do not engage in monopolistic activities. This would not be good for the industry or its customers.

The four other major railroads in North America have indicated that it is premature and potentially damaging to the industry to consider another round of rail mergers at this time. Given the potential impact on the industry, as well as the impact on shippers, the Board must carefully consider any major railroad merger.

Sincerely,

Scott R. Baugh
 Assembly Republican Leader