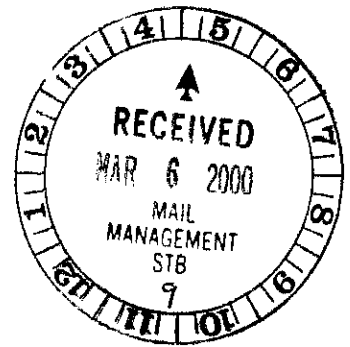


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STATEMENT OF BELSON SCRAP & STEEL, Inc.  
1685 N. Route 50  
Bourbonnais, Illinois 60914



Ex Parte No. 582  
Public Views on Major Rail Consolidations  
U.S. Surface Transportation Board  
Washington, D.C.

I am here today to voice our company's opposition to the proposed CN/IC, BNSF merger.

Our company is a medium size, family-owned business located on the Illinois Central line in Bourbonnais, Illinois, fifty-five miles south of Chicago. Our company's access to dependable, uninterrupted rail service is essential to the operation and ongoing viability of our business. Currently, rail service constitutes approximately thirty percent of our annual transportation volume.

To give you some history, before the merger of the CN and IC, we experienced what we considered "adequate" service from the IC. Presently, in the relatively short time since the CN/IC merger, we have seen significant decreases in the level of service. These decreases include a sudden inability of the carrier to supply equipment for loading on a timely basis and a 50 percent reduction in the switching frequency to our plant. This has resulted in the delay of deliveries of much needed raw materials and late shipments of products to our customers.

As a point of fact, these service cutbacks commenced long before the merger was finalized as both railroads initiated their new policies in anticipation of easy government approval. We have, on numerous occasions, met with or had conversations with representatives of the CN/IC, and have done everything they have recommended in order to alleviate this situation. As we have come to expect, the CN/IC never held up their end of a bargain. Their theme for today seems to be "less is more." Of course, this theme does not include lower rates, they continue to escalate; all the while CN/IC representatives continue to tell us how their merger has improved service and saved money.

We are convinced that our current rail transportation problems are a direct result of the CN/IC merger, particularly since the onset of our problems coincided with the joining of the two entities. These problems are inevitable when you join two companies with incompatible systems, and who are determined to cut both service and staff levels. One would think that issues of this nature would have been addressed prior to the two companies merging, and certainly before approval was granted by government agencies, if for nothing else but to preserve an adverse effect on business and commerce. It is quite apparent this was not the case.

Having worked in the U.S. and Canada, I have direct knowledge of how both the CN and BNSF operate and interact with their customers. In Canada the CN was widely considered poorly

operated, with an apathetic work force who had little or no regard for their customers and whose excessive rate structures were not justified by the level of service provided. Many companies avoided their use whenever possible. Based on this knowledge, our company knew that if the CN/IC merger was approved, and I must say we opposed that merger as well, the CN's practices and attitudes would surely migrate south, permeating the IC. We now know our concerns were well founded.

The BNSF, on the other hand, takes a different approach. Rather than cutting back service to their small and medium customers, they simply ignore them altogether, refusing to supply, or invest in, needed equipment and support, or eliminating service altogether. Since these businesses are not of large size and cannot put up much of a fight, this practice has continued for years with virtually no opposition. Eventually there will be little or no equipment to service the needs of small and medium-size businesses and they will be forced to seek other transportation or not survive. Being that most smaller businesses are, in reality, captive to one rail service provider, their options are nil. The BNSF keeps mustering out data which they say shows that their rates have decreased since their merger with the Santa Fe. I believe that this is a result of the reduction or elimination of service to small to medium-size shippers who paid much higher than average rates.

We feel if this merger is approved, our company, along with others, will experience further reductions in this vital transportation link we have with our customers, increasing the cost to operate our businesses and adversely affecting our competitiveness in the marketplace. It is clearly evident that no railroad merger in recent memory has benefitted business or the consumer. To the contrary, recent mergers have disrupted commerce, drastically reduced access and quality of rail service, placed undue hardships on business and increased costs to consumers.

We know the short-term effects recent railroad mergers have had. The promise that continuity between merging railroads would bring much improved service and that economies of scale would result in lower rates, has not been the reality. We feel, until such time as the long-term effects of previous rail mergers can be learned, no further ones should be approved.