

## HOW CN's EJ&E OBLIGATIONS MAY AFFECT US

Dealing with EJ&E mitigation provides a terrific incentive for CN to suppress short haul traffic originating and terminating on former Wisconsin Central lines. This incentive is not going to go away anytime soon. It is one of the outstanding reasons why WisDOT should respond to STB's invitation, in the order approving CN/EJ&E control, to bring STB's attention to unintended consequences of CN/EJ&E control affecting service and competition on former WC lines.

Recent news and CN's initial response to problems Counting Crossing Delays in the EJ&E Suburbs are not encouraging.

STB directed CN "to come before the Board and explain the significant differences between information on street-crossing blockages that CN provided to the Board and the results of an independent audit conducted by the Board." The difference between CN's report of 14 blockages in November and December 2009 and the 1,457 reported by STB's independent consultant is not trifling.

Filling in for CN's CEO at the STB hearing, April 26, 2010, to introduce part of CN's response was Gordon T. Trafton, II, Special Advisor to CN's Leadership Team. Trafton has nearly 32 years of railroad experience, including nearly 14 at Illinois Central Railroad and CN, where he served as Sr. VP Southern Region, in charge of most of CN's U.S. operations. Most recently, as Sr. VP Strategic Acquisitions and Integration, he is leading integration of CN and EJ&E. So, Trafton probably knows what he is talking about. His statement before the STB, in relevant part, however, was not at all reassuring:

Even accounting for a potential range of error, the data demonstrate that significant numbers of ACWD activations of 10 minutes or more are neither new nor unusual on the EJ&E. And, based on my experience, they are typical of railroad operations in metropolitan areas. . . .

We work hard to keep our trains moving as safely, efficiently and quickly as possible. That is the best way to serve our customers and run an efficient railroad. However, especially in the Chicago area, the only place in the U.S. where six Class I railroads meet, **delays and slow trains are, unfortunately, often unavoidable.** [Emphasis added.]

In other words, these problems are not going away. These problems will continue indefinitely into the future as will the pressure from the Chicago suburbs for mitigation.

**Why does this matter to us?** It's all about incentives. We need to assure CN has no incentive to limit competition for our traffic in order to meet its EJ&E obligations.

**Under the auspices of: Wisconsin Paper Council, Wisconsin Manufacturers & Commerce, and Michigan Forest Products Council**