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December 2, 2011

Ms. Lucille L. Marvin
Director
Office of Public Assistance,
Government Affairs, and Compliance
Surface Transportation Board
395 E Street S.W.
Washington, DC 20423

Re: November 3, 2011 Derailment - Bartlett, IL
STB Finance Docket No. 35087

Dear Director Marvin:

This responds to your November 17, 2011 letter requesting information about the November 3, 2011 derailment that occurred on track owned and operated by the Elgin, Joliet and Eastern Railway Company (EJ&E) near Bartlett, IL. Our investigation into the causes of the derailment, as well as the independent investigation by the Federal Railroad Administration (FRA), with which we are fully cooperating, continues. The information provided below is the most current we have regarding the derailment, the resumption of operations, and other related efforts.

The derailment occurred at milepost 37.5 on EJ&E's Leithton Subdivision in Bartlett, at a location known on the EJ&E as "Spaulding." At Spaulding, EJ&E's single-tracked main line[1] runs in a north-south direction and crosses over three east-west tracks operated by Regional Transportation Authority of Northeast Illinois (Metra) over which Soo Line Railroad, a subsidiary of Canadian Pacific Railroad Company (CP), holds freight trackage rights. Only CN affiliate railroads and Union Pacific Railroad Company (UP) have operating rights on EJ&E's main line tracks at this location, but UP

[1] The CN main line track is comprised of 132-pound rail up to and through the freight diamond, and 136-pound rail through the two Metra diamonds.

has not operated trains on these tracks since May 2011. As it was prior to CN's acquisition of EJ&E, the Spaulding interlocking is remotely operated by CP, so there is no tower operator or anyone else present full time at the interlocking, while EJ&E maintains the three diamonds at the interlocking. EJ&E dispatches operations on its main line track from CN's Regional Operations Center, located in the company's principal U.S. administrative and operational offices in Homewood, IL.

The derailment occurred at approximately 5:10 AM. The weather conditions included intermittent rain and temperatures around 50 degrees. A northbound 120-car EJ&E train originating in Gary, IN and headed for Fond du Lac, WI (Train Number A49191-02) consisting of 48 empties, two hazardous materials residue cars, and 70 loads including four cars carrying hazardous materials (either sodium hydroxide or ferric sulfate), derailed as it operated through the Spaulding interlocking. Twenty-two cars derailed, including two of the loaded hazardous materials cars. Several cars filled with scrap and old railroad ties caught fire, possibly as a result of the derailment severing a propane fuel line that feeds a switch heater. All three crossing diamonds in the interlocking and the adjacent track were damaged. However, no hazardous materials were released as a result of the derailment. No personal injuries have been reported to CN from either our employees or the public. No evacuation occurred in Bartlett or elsewhere.

Metra's operations were interrupted on the day of the derailment, but it was able to detour passengers around the derailment site by bus. To minimize the time passenger rail lines were out of service, by 2:00 AM the next morning CN had inserted rail on Metra's southernmost track to provisionally substitute for the damaged diamond so that the track would be ready for morning commuter service. As a result, Metra was able to resume passenger rail service on the morning of November 4, 2011, though with some delays operating through the Spaulding interlocking.

EJ&E's freight operations were restored on a limited basis by 3:00 AM on November 5, 2011. Cleanup efforts and track repairs (including replacement of the three diamonds damaged in the derailment) were completed by November 15, 2011. Normal passenger and freight operations on the Metra line through the interlocking have now fully resumed. With repair and service restoration now complete, CN does not foresee any further changes to its operations or infrastructure as a result of this derailment.

As the cleanup of the derailment was occurring on the morning of November 3, CN followed appropriate procedures to impound physical evidence, document and secure the scene, and commence review of the evidence and information to

determine possible causes of the derailment. FRA investigators and community emergency responders were on the scene that morning, and CN fully cooperated with them. Additionally, FRA met with senior CN staff in Homewood on November 16, 2011 to review available information regarding the derailment. These continuing investigations by the FRA and CN are still in the preliminary stages and no definitive conclusions have been reached at this time. One preliminary theory is that a rail in or around one of the crossing diamonds may have been damaged, which may have caused or contributed to the derailment. On October 31, 2011, three days prior to the derailment, a rail flaw detector vehicle operated by one of the leading companies for such services with whom CN contracts tested EJ&E's main line through the Spaulding interlocking. CN is reviewing the results of those tests with the contractor and the FRA to evaluate the scope and results of the inspection and, if a rail flaw was detected, whether and how it might be related to this derailment.

As for CN's emergency response to the incident, early on November 3 CN dispatched a CN Public Affairs manager to the scene, who assumed the role of Public Information Officer under the unified command structure set up on scene. The CN Public Affairs manager coordinated with public information officers and other officials from Elgin and Bartlett and held a joint news conference at approximately 10:30 AM to review the derailment, the response to it, and the interruption of commuter service. The news conference included the Elgin Fire Chief, the Department's incident commander, the Bartlett Police Chief, a Metra public information officer, and the CN Public Affairs manager. News agencies from across Chicago attended, including all five local TV stations and all three major newspapers. At that news conference, the public was informed that no hazardous materials had spilled, that clean up efforts were underway, that Metra passenger service would soon be restored, and that the derailment did not pose a danger to the public. CN also responded to media inquires throughout the day regarding the incident and noting that no dangerous goods had been spilled and no evacuations had been ordered.

In the hours immediately after the incident, CN's Government Affairs officers also reached out to officials at various levels of government, including the offices of the STB. As part of that outreach, a CN Government Affairs representative contacted Elgin city officials by phone and met with them in Bartlett's City Hall to provide updates on the derailment and the response. CN representatives also contacted the offices of appropriate members of the Illinois Congressional delegation to update them on the incident and CN's response.

CN is committed to safe and responsible operations on the EJ&E. As outlined in the November 8, 2011 letter from CN's Executive Vice President and Chief Operating Officer Keith Creel to Senator Durbin, which was previously provided to the Board, from the time CN began operating EJ&E's main lines in February 2009 CN has invested over $30 million on rail, ties, ballast and related materials to upgrade EJ&E's track structure. CN has also installed three wheel impact load detectors (which are designed to detect broken or cracked wheels on passing trains), 17 rail lubricators (which reduce the friction generated by wheels on trains operating on curved track), and two new hot box detectors (which detect and alert crews to overheated axle bearings, a potential precursor to derailments) in addition to seven detectors already in place on the line that we have upgraded. These and other measures, such as the installation of noise abatement walls and infrastructure related to establishing grade crossing quiet zones, represent another $18 million investment into the EJ&E property. The above investments are in addition to the $105 million CN has spent on improved connections, double tracking and other infrastructure projects designed to integrate EJ&E with our four other railroads operating in and around Chicago, all designed to move our trains safely and efficiently through this critical corridor.

We also continually monitor our tracks and equipment along the EJ&E using advanced technology and other means in ways that meet or exceed Federal requirements. In addition to performing at least the required twice weekly "visual" inspections (49 C.F.R. § 213.333) and once per month "walking" inspections of crossing diamonds and other track structures (49 C.F.R. § 213.235), CN uses sophisticated electronic "rail flaw detection" (RFD) technology to inspect EJ&E's Leithton Subdivision track every 22 days (approximately every 3.6 million gross tons), a rate that greatly exceeds FRA's requirement to inspect this track by RFD devices once every 365 days or at 40 million gross tons, whichever comes first (49 C.F.R. § 213.237).[2]

Lastly, while Bartlett is one of the few EJ&E communities with which we do not have a voluntary mitigation agreement, we continue to implement and comply with all STB-ordered mitigation conditions, including safety measures, which apply to all communities along the EJ&E arc, including Bartlett. These include, among others, compliance with Association of American Railroads "key train" and "key route" guidelines for trains carrying certain types or volumes of hazardous materials, compliance with U.S. Department of Transportation and Department of Homeland Security hazmat regulations, compliance with all OSHA, FRA and state operational

[2] "Rail flaw detection" equipment is offered by several national contractors and uses several different technologies, but generally involves using ultrasonic means of assessing the integrity of the rail head, web and base from equipment mounted on a hi-rail vehicle.

safety regulations, provision of hazmat training at the rail industry's Pueblo, CO training center upon request (provided to Bartlett Fire Department personnel), and the provision upon request of emergency response drills.

Please contact me if you have any questions or require further information. We will continue to update you as further information on the derailment becomes available.

Sincerely,

Karen Borlaug Phillips

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