



Karen Borlaug Phillips
Vice President – North American
Government Affairs

601 Pennsylvania Avenue, NW
Suite 500, North Building
Washington, DC 20004
T 202-347-7816
F 202-347-8237

karen.phillips@cn.ca

June 10, 2009

Mr. Matthew T. Wallen
Director
Office of Public Assistance, Governmental
Affairs & Compliance
Surface Transportation Board
395 E Street, SW
Washington, DC 20423

Dear Director Wallen:

Please find enclosed the status report for the month of May 2009 on operational matters related to CN's acquisition of the major portion of the Elgin, Joliet & Eastern Railway Company (EJ&E), as required in the Board's final decision served December 24, 2009 approving this transaction.

The enclosed report provides information on the following operational matters:

- ***Interchanges:*** the report lists the current interchanges on the EJ&E, providing the year-to-date summary by month (total traffic interchanged at each point and separate pages showing interchange traffic delivered and received) as well as 2009 versus 2008 comparisons for May at each interchange.
- ***Railroad at-grade crossings:*** the report identifies delays at railroad interlockings along the EJ&E line that were caused by CN or others during May 2009.
- ***Accidents and injuries:*** the report provides the date and descriptive information about each FRA-reportable accident and incident that occurred on the EJ&E line or CN lines through Chicago during May 2009, as well as any noteworthy incidents that did not qualify as reportable to the FRA.

- *Street crossing blockages*: the report provides data concerning each instance where a crossing was blocked by a stopped train for 10 minutes or more. CN continues to work aggressively to reduce blockages along the EJ&E line.
- *Train volumes*: the report provides train counts for operations over segments of the EJ&E and CN lines through Chicago during May 2009, as well as an updated chart for April that includes data for EJ&E trains that operated over these lines on April 29 – 30. As noted last month, CN was unable to provide data for those two days in last month's report as we were converting our dispatching system during that time.

As information, with respect to our operations generally on the EJ&E and related activities, we provide the following updates:

- We have not diverted any CN trains onto the EJ&E beyond the one northbound and one southbound train that we moved onto the EJ&E in March.
- On May 22, a link was activated from CN's main web page to an EJ&E construction page (<http://ejeupdates.cn.ca/>), in compliance with Mitigation Condition VM 65. The site contains updates on transaction-related construction projects, with a brief explanation as to what the communities can expect in terms of construction activity. As it may be difficult for citizens to distinguish between activity that is construction-related and other activity, we are also advising of any normal maintenance projects along the line that could generate questions from the general public. As part of his proactive outreach and information-sharing activities, CN's Community Liaison is advising the communities' management teams of the existence of the web site and encouraging them to use it as an information source for local residents and to direct any further inquiries to CN's Public Inquiry line.
- CN Sales & Marketing and Operations officials continued customer integration activities, with more than 20 initial and follow-up face-to-face meetings to date with large customers on the EJ&E. The purpose of these meetings has been to explain the CN/EJ&E integration, discuss customers' service needs, assess the plant switching, and confirm CN's interest in these customers' business.
- The initiation of a new operating system affords us the opportunity to give EJ&E customers access to CN's electronic platform for car ordering and tracing and also provides CN better tools to manage the service on behalf of our customers. To ensure that customers are prepared for the July 1, 2009

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cutover date to CN's SRS operating system, CN has scheduled teams to provide on-site training for the largest customers in June, and group forums for smaller customers. To date, we have 54 confirmed attendees representing 46 EJ&E customers.

- CN offered a transition tariff for EJ&E accounts for our accessorial charges (available at <http://www.cn.ca/documents/shipping-eje-prices-tariffs/eje-9000-a-en.pdf>). This offer was well received, and it gave CN the opportunity to work with those customers with storage or switching needs. The goal is to incent efficient activity for both CN and our customers and provide support and education in advance of any fee assessments.
- Economic conditions have resulted in a considerable decline in traffic volumes from EJ&E customers. CN's approach, which has been well received by the customers, has been to redesign the local switching around a schedule. We have adjusted days of service and frequency to match volumes, and we have the ability to adjust quickly as traffic rebounds.
- CN Police continued working in May with communities and schools in compliance with the mitigation measures imposed by the STB. As an example, a total of 16 Operation Lifesaver presentations were made last month to five schools located within one-quarter miles of the EJ&E tracks, with a total attendance of 1,972 students. Letters offering Operation Lifesaver presentations have also been sent to three schools in Dyer, Indiana identified by the STB.
- CN posted 225 "No Trespassing" signs throughout the EJ&E property from Gary, Indiana to West Chicago, Illinois.

Please contact me if you or your colleagues have any questions on this report or need additional information on CN's Chicago area operations.

Sincerely,



Karen Borlaug Phillips
Vice President – North American
Government Affairs

Enclosure

Accidents and Incidents

**Accidents on CN tracks inside of the EJ&E "Arc" and on EJ&E Tracks
May 2009 data for June 2009 report**

<u>Event date</u>	<u>Subdivision Name</u>	<u>Description</u>
<u>CN - Inside of EJ&E "Arc"</u>		
05/15/09	Joliet	CN loaded manifest train, while working in Glenn Yard, derailed three cars. Investigation revealed that switch was thrown by person or persons unknown while the train was in motion, resulting in low speed derailment. No releases or injuries.
05/24/09	Elsdon	NS train operating on NS track near CN's Railport Yard experienced an accident and derailment that fouled CN track and bridge, requiring CN repairs.
<u>EJ&E</u>		
05/31/09	Leithton	After adding two cars to a track in Joliet Yard, upon pulling out, crew found train consist was not all coupled together. Upon investigation, crew found damage to one car, suspect caused by an undetected switching problem the previous night. No releases or injuries.

**Injuries on CN tracks inside of the EJ&E "Arc" and on EJ&E Tracks
May 2009 data for June 2009 report**

<u>Event date</u>	<u>Subdivision Name</u>	<u>NARRATIVE</u>
<u>CN - Inside of EJ&E "Arc"</u> 05/06/2009	Chicago	After experiencing difficulty in starting locomotive for normal duty activities, inhaled smoke coming from electrical cabinet as employee opened cabinet to check circuit breakers. No long-time or permanenet damage to lungs.
05/07/2009	Chicago	While performing normal track work, rail unexpectedly came free due to heat-induced rail stress and struck two employees, causing bone fractures and other bodily injuries.
<u>EJ&E</u> 05/19/2009	Lakefront	Employee sprained ankle after losing balance and falling while exiting cab of work truck.

Street Crossing Blockages

**Crossing Blockages of Ten or More Minutes Caused by Stopped Trains
(May 2009)**

Number	Date	Train Symbol	Community	Crossing	Delay	Approx. Time	Comments
1	5.05.2009	IDW #607	Chicago Heights	Wentworth Ave.	10 min.	0340	Transportation. Train stopped to make a 30-car setout on Hill Track at Chicago Heights. Corrective Action - addressed with crew
2	5.05.2009	M34371-03	Bartlett	Army Trail Rd.	20 min.	1515	Transportation/CP. CP did not provide signal at control point for Spaulding causing train (9,400 feet) to block crossing. Crew advised CP that crossing was blocked. Corrective Action - followed up with CP management to address
3	5.07.2009	IDW # 620	Joliet	N. Rowell Ave.	60 min.	1906	Transportation/Emergency. Train (106 loads, 0 empties 14,000 tons, 6,000 feet) stalled going up hill leaving Joliet. Helper power was blocked for 35 minutes due to another train in emergency on Metra. Corrective Action - modified power assignment plan.
4	5.07.2009	A44681-07	Bartlett	Stearns Rd.	16 min.	2109	Transportation. Train (138 cars (93 loads, 45 empties), 8,155 feet, 12,334 tons) stopped to throw switches off the main, then Supervisor Locomotive Engineer (SLE) stopped train for an efficiency test. Corrective Action - Power switches will be in place Aug 14; until then switches will be lined before train arrives when train length exceeds 6,450 feet (the length between Munger and Stearns Road). SLE has been advised to be cognizant of where to perform efficiency tests so as to avoid blocked crossings.
5	5.13.2009	A44681-13	Plainfield	Van Dyke Rd.	19 min.	0124	Transportation. Train (7 cars, 2,550 feet, 2,770 tons) stopped to pick up 4 cars off Walker siding. Corrective Action - implemented new process to avoid future blockages.
6	5.15.2009	M39731-15	Chicago Heights	Euclid Ave.	10 min.	2157	Transportation. Markham Trainmaster advised train (129 cars (47 loads, 82 empties), 8,400 feet) to pull down to Western Ave to meet the cab, but cab was not there when train arrived. Corrective Action - addressed with crew
7	5.16.2009	CMQ-NA-16	Joliet	N. Rowell Ave.	13 min.	1345	Transportation/Metra. UP empty coal train (120 empties, 6651 feet) departing CN stopped to wait for signal from Metra Rock Island. Corrective Action - addressing with Metra.
8	5.17.2009	M39731-17	Matteson	Main St.	21 min.	2305	Transportation. Train (120 cars (39 loads, 81 empties), 7,947 feet) pulled off of Main 2 onto Chicago Subdivision and swapped crews with M396. Corrective Action - addressed with crew.
9	5.17.2009	G-51-17 (870)	Bartlett	W. Bartlett Rd.	15 min.	2324	Transportation/CP. CP conductor stopped train (121 loads, no empties) in crossing to line switches at Spaulding Yard. After stopping, the conductor secured the rear of the train and cut to clear the crossing. Corrective Action - revised operating procedures with CP.
10	5.18.2009	Kirk Yard #1	Chicago Heights	Wentworth Ave.	18 min.	1839	Transportation/UP. Train pulled to signal at Chicago Heights to get signal behind UP cross-traffic. CN dispatcher was informed that UP train had to stop and flag road crossings, causing UP train to hold diamond unexpectedly. Corrective Action - addressed with UP personnel.
11	5.26.2009	IDW #714	Joliet	Division St. Essington Dr.	13 min.	0213	Safety/Emergency. Train (134 empties, 7,236 feet, 2,896 tons) stopped while conductor cleared debris after train hit large spool of wire on the tracks

Train Volumes

AVERAGE DAILY TRAIN COUNTS ON CN & EJ&E SEGMENTS FOR MAY 2009

Rail Line Segment Description				Freight - Trains/Day		
Road	Segment Number	From Station	To Station	Base	May	Dif
BRC	1	Rockwell St	Hayford	2.2	1.9	-0.4
BRC	2	Hayford	Clearing East	5.6	4.9	-0.8
BRC	3	Clearing East	55th St	5.6	6.8	1.2
BRC	4	55th St	Lemoine	10.1	6.8	-3.3
BRC	5	Lemoine	Hawthorne Crossing	10.1	6.8	-3.3
BRC	6	Hawthorne Crossing	Cicero	8.1	4.0	-4.1
BRC	7	Cicero	14th St	7.1	4.0	-3.1
BRC	8	14th St	Cragin	3.6	3.2	-0.5
BRC	9	Clearing West	55th St	4.5	0.0	-4.5
CN	1	Matteson	Markham	12.6	5.8	-6.8
CN	2	Markham	Harvey	21.1	16.4	-4.6
CN	3	Harvey	Riverdale	8.4	5.7	-2.8
CN	4	Riverdale	Wildwood	8.4	5.5	-2.8
CN	5	Wildwood	Kensington	8.4	5.5	-2.8
CN	6	Kensington	94th St	8.4	5.6	-2.8
CN	7	94th St	67th St	6.4	5.6	-0.8
CN	8	67th St	16th St	6.4	5.6	-0.8
CN	9	16th St	Bridgeport	4.6	5.2	0.7
CN	10	Bridgeport	Belt Crossing	2.5	2.2	-0.3
CN	11	Belt Crossing	Hawthorne	4.5	5.0	0.5
CN	12	Hawthorne	Broadview	4.4	6.3	1.8
CN	13	Broadview	Munger	3.0	3.2	0.2
CN	14	Bridgeport	Lemoine	2.1	3.1	1.0
CN	15	Lemoine	Glenn Yard	2.1	3.0	1.0
CN	16	Glenn Yard	Argo	5.8	4.8	-1.0
CN	17	Argo	Lemont	1.8	2.8	1.0
CN	18	Lemont	Joliet	1.8	1.8	0.0
CN	19	Madison St	Forest Park	3.5	0.2	-3.3
CN	20	Forest Park	B12	3.5	0.9	-2.6
CN	21	B12	Schiller Park	19.3	9.8	-9.5
CN	22	Schiller Park	Leithton	19.1	10.2	-8.9
CN	23	Griffith	Thornton Jct	22.1	9.9	-12.2
CN	24	Thornton Jct	CN Jct	19.5	9.1	-10.5
CN	25	CN Jct	Blue Island	14.9	3.0	-11.9
CN	26	Blue Island	Hayford	3.4	1.1	-2.3
CPRS	1	Cragin	B12	3.6	3.4	-0.3
CSXT	1	46th St	Madison St	3.3	0.9	-2.4
IHB	1	Dolton	Gibson	1.6	0.8	-0.8
IHB	2	Blue Island	Ridge	9.6	3.8	-5.8
IHB	3	Ridge	CP Canal	9.6	3.8	-5.8
IHB	4	CP Canal	Broadview	10.2	4.9	-5.3
IHB	5	Broadview	CP Hill	11.6	7.1	-4.6
IHB	6	CP Hill	Norpaul	12.1	6.1	-6.0
IHB	7	Norpaul	B12	12.1	6.1	-6.0
UP	1	Thornton Jct	Yard Center	2.6	1.1	-1.5
UP	2	Yard Center	Dolton	1.6	0.8	-0.8
EJE	15	Rondout	Leithton	3.2	0.5	-2.7
EJE	14	Leithton	Spaulding	5.3	3.4	-1.9
EJE	13	Spaulding	Munger	5.5	1.7	-3.7
EJE	12	Munger	West Chicago	4.4	2.6	-1.7
EJE	11	West Chicago	East Siding	10.7	4.8	-5.9
EJE	10	East Siding	Walker	15.7	8.6	-7.1
EJE	9	Walker	Bridge Junction	18.5	8.6	-9.9
EJE	8	Bridge Junction	Rock Island Jct	18.5	9.5	-8.9
EJE	7	Rock Island Jct	Matteson	6.4	4.3	-2.1
EJE	6	Matteson	Chicago Hts	8.6	5.6	-3.0
EJE	5	Chicago Hts	Griffith	10.2	5.7	-4.6
EJE	4	Griffith	Van Loon	7.6	3.3	-4.3
EJE	3	Van Loon	Ivanhoe	9.7	3.3	-6.4
EJE	2	Ivanhoe	Cavanaugh	9.8	3.3	-6.5
EJE	1	Cavanaugh	Gary	11.8	4.6	-7.2
EJE	0	Gary	Indiana Harbor	3.5	0.0	-3.5
EJE	-1	Indiana Harbor	Hammond	1.8	0.0	-1.8
EJE	-2	Hammond	South Chicago	0.9	0.0	-0.9

Train Volumes
(April 2009 Revised)

AVERAGE DAILY TRAIN COUNTS ON CN & EJ&E SEGMENTS FOR APRIL 2009

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BRC	2	Hayford	Clearing East	5.6	6.0	0.3
BRC	3	Clearing East	55th St	5.6	8.0	2.3
BRC	4	55th St	Lemoyne	10.1	8.0	-2.1
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EJE	10	East Siding	Walker	15.7	9.8	-6.0
EJE	9	Walker	Bridge Junction	18.5	13.6	-4.9
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EJE	4	Griffith	Van Loon	7.6	3.9	-3.8
EJE	3	Van Loon	Ivanhoe	9.7	5.1	-4.5
EJE	2	Ivanhoe	Cavanaugh	9.8	5.1	-4.7
EJE	1	Cavanaugh	Gary	11.8	6.1	-5.7
EJE	0	Gary	Indiana Harbor	3.5	0.0	-3.5
EJE	-1	Indiana Harbor	Hammond	1.8	0.0	-1.8
EJE	-2	Hammond	South Chicago	0.9	0.0	-0.9