

Administrator

1200 New Jersey Avenue, SE Washington, DC 20590

Federal Railroad Administration

DEC 15 2011

Mr. Daniel R. Elliott III Chairman Surface Transportation Board 395 E Street SW Washington, DC 20423

Dear Chairman Elliott:

As we discussed during our November 9, 2011, phone call, the Federal Railroad Administration (FRA) is committed to assisting the Surface Transportation Board (Board) whenever you require safety-related data for the Board's proceedings and other needs. To that end, FRA staff produced a report compiling available FRA safety data regarding the portion of the Canadian National Railway (CN) formerly operated as the Elgin, Joliet and Eastern Railway (EJE). That report is enclosed.

CN assumed ownership and operation of EJE on February 1, 2009. The enclosed report is an update on the safety performance and recent compliance history regarding CN's track maintenance and operation of the EJE system. Ultimately, the report concludes that based on FRA's inspection results, CN track inspectors are performing adequate inspections of the tracks of the former EJE property, and CN is maintaining these tracks to a level exceeding FRA standards.

Finally, I should note that while you asked us to provide information regarding two derailments near Elgin during this calendar year, we were able to find only one such incident, which occurred on November 3, 2011. An analysis of reportable incidents and accidents on the EJE rail lines, from 2006 to 2011, indicates a very low accident rate compared to the rest of the rail industry. According to FRA's Safety Data Web site, the only reportable mainline derailment was the November 3, 2011, incident, and there have been few yard derailments on the former EJE properties. FRA's investigation of that derailment is ongoing. We will submit a detailed report once the investigation is completed.

I appreciate your interest in this important transportation matter. If you have further questions regarding this report or if there are other concerns before the Board requiring

additional safety information, please do not hesitate to contact me. We look forward to working with you.

Sincerely,

Joseph C. Szabo Administrator

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Enclosure

Canadian National Railway (CN) Safety Performance and Compliance Report Elgin, Joliet and Eastern Railway Corridor

Introduction

On February 1, 2009, the Canadian National Railway (CN) assumed ownership and operation of the Elgin, Joliet and Eastern Railway (EJE). This report is an update on the safety performance and recent compliance history regarding CN's track maintenance and operation of the EJE system. The former EJE lines are split into four operating subdivisions, two of which carry the bulk of the overhead freight traffic destined for Chicago and northwest Indiana. The Leithton Subdivision is approximately 74 miles long, extending from Waukegan to Joliet, Illinois. The Matteson Subdivision is approximately 48 miles in length, extending from Joliet to Kirk Yard near Gary, Indiana. Both subdivisions are FRA Class 4 track segments that allow freight trains to operate from 41 to 60 mph. FRA regulations that apply to each class of track are the same for all lines, regardless of whether they carry hazardous materials. CN limits the operating speed on both subdivisions to 45 mph. These subdivisions are constructed of 115- and 136-pound continuous welded rail (CWR) with wood crossties and crushed granite ballast. This is comparable to the construction of most heavy haul lines. There is no passenger service on any EJE subdivision.

Since the acquisition of EJE, CN has had only one mainline derailment involving the former EJE. This derailment occurred near the town of Bartlett, Illinois, on November 3, 2011. FRA is investigating the cause of the derailment and will submit a detailed report of its findings when the investigation is complete.

Compliance with FRA Track Safety Standards

Due to several public complaints, FRA conducted a focused inspection of the three primary EJE mainline subdivisions in early fiscal year 2011 as part of Region 4's National Safety Performance Plan initiative. These lines have seen an increase in rail traffic with heavier and longer trains since the EJE acquisition. This has led to a perception by the general public and property owners adjacent to the former EJE property that the condition of the tracks may not be sufficient for the increased rail traffic.

The focused inspection covered three CN/EJE subdivisions and Kirk Yard (near Gary, Indiana) and was completed during the week of October 26, 2010. Eight yard track miles, 109 main track miles, 259 switches, and several rail crossings were inspected. Regional track inspectors found the main tracks and terminal to be adequately maintained for the designated track classification, with only minor exceptions. No exceptions were noted in the areas of roadbed stability or drainage, which have been the subject of several public complaints since the EJE acquisition.

Recent FRA inspections during the late summer of 2011 produced few safety exceptions and found the former EJE lines to be adequately maintained for their intended Class, operating speed, and tonnage. The defects found by FRA inspectors were corrected immediately. No

defective rails, geometry, or excessive gage defects were recorded, indicating an adequate inspection and maintenance program by the carrier.

CN Internal Rail Test Frequency and Results

FRA's Track Safety Standards in Title 49 Code of Federal Regulations (CFR) Section 213.237 prescribe a testing cycle of once annually in Classes 4 through 5 track and Class 3 track over which passenger trains operate, or at least once every 40 million gross tons, whichever interval is shorter. CN tests the EJE lines for internal rail defects on a regular basis, averaging about 23 days between testing cycles, which is more frequent than FRA requires.

Each railroad sets its own standards for programming capital rail replacement programs. An examination of the 2011 CN rail test summaries revealed, on average, 0.03 defects per mile on each subdivision. This equates to approximately one defect every 30 miles. As a general rule, most railroads consider a rail replacement program when internal rail tests produce two or more defects per mile on CWR track.

CN Geometry Test Results

FRA does not have a requirement for automated geometry testing of low-speed main tracks, which include Classes 1 through 5, allowing freight train speeds up to 80 mph and passenger speeds up to 90 mph. CN performs at least four annual geometry car tests on Illinois EJE lines. Recent geometry tests indicate the EJE lines are in compliance with FRA geometry standards for track surface and gage as prescribed in 49 CFR §§ 213.53 and 213.63. Results from recent tests indicate that the Leithton and Matteson Subdivisions are maintained to FRA Class 4 standards.

Construction and Capacity Projects

CN has completed numerous construction and capacity improvement projects on EJE property. These projects included new or redesigned interlocking plants, connections, signal system upgrades, double tracking projects, and siding extensions. To date, CN has completed several of these projects and has plans currently in place to complete additional projects to handle increasing rail traffic. These capacity projects were constructed with all new material.

CN also installed three wheel impact detectors, which are designed to detect flat spots and other indications of abnormal wheel wear. CN also has hotbox detectors, spaced 10 to 12 miles apart, to detect overheated wheels and axles. The industry average spacing is 15 miles.

Production and Track Improvements

CN has implemented an aggressive track maintenance program on EJE lines since its acquisition of the railroad. They have installed 9.6 miles of new rail; 44 new premium turnouts; 10 new rail crossing diamonds; and 3,400 wood crossties. They surfaced 59 miles

of track and replaced or rebuilt 60 public highway-rail grade crossings. Ditching and shoulder cleaning projects were also completed in several areas to improve drainage of the track structure.

Conclusion

Based on FRA's inspection results, CN track inspectors are performing adequate inspections of the tracks and CN is maintaining the tracks to a level exceeding FRA standards.

An analysis of reportable accidents on EJE rail lines, from 2006 to 2011, indicates a very low accident rate compared to the rest of the rail industry. According to FRA's Safety Data Web site, there has been only one reportable mainline derailment and very few yard derailments on EJE properties.