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August 7, 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 July 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, 2008 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 (total traffic interchanged at each point and separate sheets showing interchange delivered and received) as well as 2009 versus 2008 comparisons for July at each interchange. Please note that, as a result of CN's July 1, 2009 implementation of our SRS computer system on the EJ&E, we are no longer reporting interchanges between EJ&E and CN.
- *Railroad at-grade crossings:* the report identifies delays at railroad interlockings along the EJ&E line that occurred during July 2009.
- *Accidents and injuries:* the report provides the date and descriptive information about each FRA-reportable accident and injury that occurred on the EJ&E line or on CN lines within the EJ&E arc during July 2009.

In addition to the FRA-reportable incidents shown in the report, please note that on July 11, a vehicle struck a CN train at a crossing at Western Avenue in Park Forest, Illinois. Although the crossing protection signal system had been activated and was operating in full compliance with FRA requirements, the driver disregarded the warning devices and struck the locomotive of the train after sliding underneath the lowered gate arm.

- *Street crossing blockages:* the report provides data concerning each instance during July 2009 where a crossing was blocked by a stopped train for 10 minutes or more.

In addition, on July 15, the crossing gates at Drauden Road in Plainfield, Illinois were stuck in the down position and the warning lights were activated. During the period between CN being notified of this problem by the Plainfield Police Department and repair of the signal by a CN signal maintainer, the Plainfield Police directed traffic through the crossing, around the gates, to ensure that motor vehicle and emergency vehicle traffic was not unduly delayed. Unfortunately, it took an unusually long time to make this repair, and we have taken action to ensure that such a delay does not occur again.

- *Train volumes:* the report provides train counts for operations over segments of EJ&E's principal lines and on CN lines through Chicago during July 2009. As noted above, the EJ&E's operating data systems were converted to CN's computer system on July 1, thereby improving the accuracy and consistency of the reports. Some slight variances from last month's reported EJ&E volumes are attributable to these improved data.

In addition, please note that in our reports for previous months, segment BRC 2 (Hayford and Clearing East) contained train counts and segment BRC 9 (Clearing West and 55th Street) has had zero trains. This month, segment BRC 2 has zero trains and segment BRC 9 contains trains. This change is attributable to a better understanding of how CN operates into and out of the Belt Railway's Clearing Yard. CN trains from Schiller Park and north going to the Belt Railway enter Clearing Yard over BRC 9, while CN trains from Hayford and south enter Clearing Yard through BRC 2. This change does not change the total train counts, only the allocation of train operations between segments BRC 9 and BRC 2.

Please also note the following updates regarding our operations generally on the EJ&E and related activities.

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- We have not diverted any CN trains onto the EJ&E beyond the one northbound and one southbound train from inside the arc that we moved onto the EJ&E in March and the one northbound and one southbound train onto the EJ&E on June 30 between Leighton and Griffith that formerly operated in Canada. Our train counts on the EJ&E overall, however, continue to remain below pre-transaction levels due to lower traffic volumes.
- Six EJ&E trainmen were returned from furlough.
- CN Police continued conducting Operation Lifesaver presentations, with three additional presentations made in July at the Ivy League Montessori School Summer Program in New Lenox, Illinois, which is located with one-quarter mile of the EJ&E tracks. A total of 50 students and three teachers attended the presentations.
- CN Police posted 50 "No Trespassing" signs throughout the former EJ&E property from Gary, Indiana to Joliet, Illinois.
- CN also continued to meet with emergency responders in Lake County, Indiana in preparation for the full-scale exercise scheduled for October in Schererville, Indiana.

Please do not hesitate to 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
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Enclosure

Accidents and Incidents

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

<u>Event Date</u>	<u>Subdivision</u>	<u>Description</u>
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NONE

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

<u>Event Date</u>	<u>Subdivision</u>	<u>Description</u>
<u>CN - Inside of EJ&E "Arc"</u>		
07/17/2009	Chicago	Employee was engaged in a work planning discussion next to the main line. The operator of a Right-of-Way machine, doing normal maintenance activity, was not able to stop the machine before striking the employee in the lower leg.
07/20/2009	Elsdon	While on routine patrol, CN Police Officer noticed a trespasser on railroad property. While pursuing, officer lost his balance due to hidden debris in a dark area and injured his knee.
<u>EJ&E</u>		
07/20/2009	Leithton	While unloading rail sections from inside a gondola car, employee slipped on debris and fell, injuring his right shoulder.

Street Crossing Blockages

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

Number	Date	Train ID	Community	Crossing	Delay	Approx Time	Comments
1	07.02.09	M30241-01	Sauk Village	Torrence Ave.	83 min.	1714	Mechanical. Train (109 cars (90 loads, 19 empties), 7,821 feet) in transit when brakes unexpectedly applied due to bad order air compressor on trail locomotive. Train required assistance of EJE 663 to cut cars at crossing. Corrective Action: Mechanical Dept. corrected issue with air compressor; not a systemic issue.
2	07.03.09	M39731-03	Sauk Village	Torrence Ave.	40 min.	2131	Mechanical. Train (121 cars (57 loads, 64 empties), 7,789 feet) stopped when air hoses between the 19th and 20th cars from the head-end came apart twice and had to be wired together. Corrective Action: mechanical issue addressed, not a systemic issue.
3	07.06.09	L51161-06	Crest Hill	Oakland Ave.	20 min.	2004	Mechanical. Train (54 cars (32 loads, 22 empties), 3,367 feet, 5,023 tons) stalled while departing Joliet Yard and was stopped on Crest Hill Road crossing while conductor walked to the rear of the train and protected the shove back into the yard. Corrective Action: stall was caused by a procedural error that has been corrected by local supervision by increasing minimum horsepower per ton (Hpt).
4	07.07.09	H50191-07	Aurora	Ogden Ave.	31 min.	2354	Operations. Train (89 cars (89 loads, 0 empties), 8,001 feet) stopped short of Liberty St. to allow yardmaster to line switches into Eola Yard but rear of train was still on circuit for Ogden Ave crossing protection. Corrective Action: train will be lined into a track at BNSF - Eola before traversing Ogden Avenue.
5	07.22.09	T75091-21	West Chicago	Hawthorne Ln.	20 min.	0354	Mechanical. Train (135 cars (135 loads, 0 empties), 7,519 feet) stopped due to a wheel slip problem. Conductor cut train to clear crossing. Corrective Action: locomotive computer problem was corrected; not a systemic issue
6	07.28.09	C70391-27	Barrington Hills	Penny Rd.	88 min.	0953	Mechanical. Train (120 cars (120 loads, 0 empties), 7,500 feet) got knuckle (4) from the engine causing a blockage of Penny Rd. Knuckle had 70% old break. Corrective Action: knuckle replaced; not a systemic issue.
7	07.30.09	G51-29	Bartlett	West Bartlett Rd.	27 min.	0109	Operations/CP. Train (105 cars (0 loads, 105 empties), 5,745 feet) pulled down to B17 tower at Spaulding interlocking, and CP refused the train. Corrective Action: local supervision handled with CP management.
8	07.30.09	C74091-30	Matteson	Main Street	57 min.	0530	Mechanical. Train (117 cars (117 loads, 0 empties) 6,211 feet) moving eastbound through Matteson on Main #2 experienced emergency brake application and air would not recover. Conductor walked train and replaced broken knuckle. Corrective Action: train handling error, corrected by local supervision.
9	07.30.09	G51-29	Bartlett	West Bartlett Rd.	24 min.	2225	Operations. Train (113 cars (0 loads, 113 empties) 5,998 feet) departing Spaulding for CP's Elgin Subdivision when crew had trouble throwing / hand lining the CP switch to exit the Leithton Subdivision. Corrective Action: CP contacted regarding maintenance of switch in question.

Train Volumes

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

Rail Line Segment Description				Freight - Trains/Day		
Road	Segment Number	From Station	To Station	Base	July	Dif
BRC	1	Rockwell St	Hayford	2.2	2.1	-0.1
BRC	2	Hayford	Clearing East	5.6	5.5	-0.2
BRC	3	Clearing East	55th St	5.6	0.0	-5.6
BRC	4	55th St	Lemoyne	10.1	7.6	-2.5
BRC	5	Lemoyne	Hawthorne Crossing	10.1	7.6	-2.5
BRC	6	Hawthorne Crossing	Cicero	8.1	4.6	-3.5
BRC	7	Cicero	14th St	7.1	4.6	-2.5
BRC	8	14th St	Cragin	3.6	2.7	-1.0
BRC	9	Clearing West	55th St	4.5	7.6	3.2
CN	1	Matteson	Markham	12.6	6.4	-6.2
CN	2	Markham	Harvey	21.1	18.0	-3.1
CN	3	Harvey	Riverdale	8.4	5.8	-2.6
CN	4	Riverdale	Wildwood	8.4	5.9	-2.5
CN	5	Wildwood	Kensington	8.4	5.9	-2.5
CN	6	Kensington	94th St	8.4	6.0	-2.4
CN	7	94th St	67th St	6.4	6.0	-0.4
CN	8	67th St	16th St	6.4	6.0	-0.4
CN	9	16th St	Bridgeport	4.6	5.8	1.2
CN	10	Bridgeport	Belt Crossing	2.5	2.5	0.0
CN	11	Belt Crossing	Hawthorne	4.5	5.5	1.0
CN	12	Hawthorne	Broadview	4.4	6.3	1.8
CN	13	Broadview	Munger	3.0	3.8	0.8
CN	14	Bridgeport	Lemoyne	2.1	3.4	1.3
CN	15	Lemoyne	Glenn Yard	2.1	3.3	1.2
CN	16	Glenn Yard	Argo	5.8	5.1	-0.7
CN	17	Argo	Lemont	1.8	3.0	1.2
CN	18	Lemont	Joliet	1.8	1.9	0.1
CN	19	Madison St	Forest Park	3.5	2.1	-1.4
CN	20	Forest Park	B12	3.5	2.0	-1.5
CN	21	B12	Schiller Park	19.3	11.4	-7.8
CN	22	Schiller Park	Leithton	19.1	12.0	-7.1
CN	23	Griffith	Thornton Jct	22.1	9.7	-12.4
CN	24	Thornton Jct	CN Jct	19.5	9.4	-10.1
CN	25	CN Jct	Blue Island	14.9	3.4	-11.5
CN	26	Blue Island	Hayford	3.4	1.4	-2.1
CPRS	1	Cragin	B12	3.6	3.1	-0.6
CSXT	1	46th St	Madison St	3.3	2.0	-1.3
IHB	1	Dolton	Gibson	1.6	0.3	-1.4
IHB	2	Blue Island	Ridge	9.6	4.9	-4.7
IHB	3	Ridge	CP Canal	9.6	4.9	-4.7
IHB	4	CP Canal	Broadview	10.2	6.0	-4.2
IHB	5	Broadview	CP Hill	11.6	8.4	-3.3
IHB	6	CP Hill	Norpaul	12.1	7.4	-4.7
IHB	7	Norpaul	B12	12.1	7.4	-4.8
UP	1	Thornton Jct	Yard Center	2.6	1.3	-1.3
UP	2	Yard Center	Dolton	1.6	0.3	-1.4
EJE	15	Rondout	Leithton	3.2	0.8	-2.4
EJE	14	Leithton	Spaulding	5.3	6.5	1.3
EJE	13	Spaulding	Munger	5.5	5.9	0.5
EJE	12	Munger	West Chicago	4.4	4.9	0.5
EJE	11	West Chicago	East Siding	10.7	10.3	-0.4
EJE	10	East Siding	Walker	15.7	10.7	-5.0
EJE	9	Walker	Bridge Junction	18.5	13.4	-5.1
EJE	8	Bridge Junction	Rock Island Jct	18.5	15.5	-3.0

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EJE	7	Rock Island Jct	Matteson	6.4	7.3	0.9
EJE	6	Matteson	Chicago Hts	8.6	7.2	-1.5
EJE	5	Chicago Hts	Griffith	10.2	8.1	-2.1
EJE	4	Griffith	Van Loon	7.6	4.7	-2.9
EJE	3	Van Loon	Ivanhoe	9.7	6.4	-3.3
EJE	2	Ivanhoe	Cavanaugh	9.8	6.5	-3.2
EJE	1	Cavanaugh	Gary	11.8	12.0	0.3
EJE	0	Gary	Indiana Harbor	3.5	2.0	-1.5
EJE	-1	Indiana Harbor	Hammond	1.8	2.7	0.9
EJE	-2	Hammond	South Chicago	0.9	0.4	-0.5