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July 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 June 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 June at each interchange. Please note two changes with respect to this reporting. First, the EJ&E interchange with BNSF is now only at Eola; there will no longer be any interchange reporting with BNSF at Joliet. Second, as a result of an interchange agreement between the EJ&E and Canadian Pacific Railway (CPR), the ICE interchanges at Spaulding are now being reported as CPR interchanges.
- ***Railroad at-grade crossings:*** the report identified delays at railroad interlockings along the EJ&E line that were caused by CN or others during June 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 on CN lines within the EJ&E arc during June 2009.

Please also note that on June 19, a CN train derailed in Perryville, Illinois, resulting in one fatality and other injuries. This incident is not included in the report because it did not take place on the EJ&E line or inside the EJ&E arc; it is being mentioned here because the CN train, which originated in Freeport, Illinois, was destined for interchange in Chicago and because the incident was widely noted in the Chicago regional as well as national media. The train consisted of 114 cars and two locomotives. Eighteen cars of ethanol derailed, 14 of which subsequently caught fire. As a precaution, local authorities evacuated several hundred residents until the fire was extinguished. CN continues to cooperate fully in assisting the National Transportation Safety Board in its investigation into the cause of the accident.

- *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 is actively engaged in efforts to reduce blockages along the EJ&E line.
- *Train volumes:* the report provides train counts for operations over segments of EJ&E's principal lines and on CN lines through Chicago during June 2009.

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

- We have not diverted any CN trains from inside the arc onto the EJ&E beyond the one northbound and one southbound train that we moved onto the EJ&E in March. On June 30, we began to reroute one northbound and one southbound train onto the EJ&E that formerly operated eastbound and westbound across Canada in order to improve CN's systemwide operating efficiency. Our train counts on the EJ&E overall, however, continue to remain below pre-transaction levels due to lower traffic volumes.
- The cutover to CN's SRS operating system took place on July 1, 2009, and has proceeded very well. In preparation, CN conducted customer symposiums in Gary and Joliet from June 22 – 26, at which over 200 people were trained in three general sessions and five individual customer sessions. In addition, CN made over 200 calls before the cutover to follow up on the training and ensure that customers were set up for the cutover. CN had additional implementation resources available when the cutover took place, and the focus has been on EJ&E customers. CN has received some calls from customers with questions since the cutover, but that number is decreasing.

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Special meetings also were held with U. S. Steel/Gary Railway prior to the cutover to ensure that the reports generated by the system would be providing them the information they need, and CN has remained in frequent contact with them since the cutover.

CN's plan over the next two weeks is to follow up with customers who are not using CN's eBusiness tools in an effort to eliminate the paper processes of the EJ&E. At present, more than 50 percent of EJ&E customer transactions are handled electronically.

- CN Police are continuing to conduct Operation Lifesaver presentations, with two additional presentations made in June to a school in Plainfield, Illinois located within one-quarter mile of the EJ&E tracks. A total of 60 students attended the presentations.

CN also continued to meet with emergency responders in Lake County, Indiana in preparation for our full-scale exercise scheduled for October in Schererville.

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
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Enclosure

Accidents and Incidents

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

<u>Event Date</u>	<u>Subdivision</u>	<u>Description</u>
<u>CN - Inside of EJ&E "Arc"</u> 06/10/2009	WAUKESHA	Southbound 56-car train, after passing from the Waukesha Sub onto CP and then onto the BRC mainline, was moving at approx. 15 mph when the engineer felt that the train was not handling properly and brought the train to a safe stop. Investigation found that the 48th car had derailed. Suspected cause of derailment is wide gauge on the BRC.

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

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

Street Crossing Blockages

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

Number	Date	Train Symbol	Community	Crossing	Delay	Approx. Time	Comments
1	6.06.09	M34371-05	West Chicago	Hawthorne Ln.	43 min.	1638	Operations. Train (60 loads, 77 empties, 8,715 feet) in siding to meet M342 when it was discovered the crossing was blocked because RTC timed the meet incorrectly. Corrective Action – the meet was moved to Sutton to unblock crossing and corrective coaching was completed with RTC to accurately time future meets.
2	6.08.09	A44081-07	Bartlett	Stearns Rd.	10 min.	0419	Operations. Train (55 loads, 44 empties, 5,739 feet, 8,469 tons) stopped for engineer to line switch from Leithton Subdivision onto Freeport Subdivision and was unable to contact RTC by radio. Corrective Action – to prevent future occurrences, a utility man will be supplied to handle switches and eliminate this situation.
3	6.08.09	M39731-08	Matteson	Main St.	51 min.	2158	Operations. Conductor lined switch into wrong track at Matteson and had to shove train back to operate on adjacent track. Corrective Action – formal investigation scheduled to determine cause and prevent recurrence.
4	6.09.09	M34241-08	Plainfield	Renwick Rd.	10 min.	1213	Safety. Train (46 loads, 34 empties, 5,339 feet) stopped 10 minutes on account of trespassers on the tracks and had to wait while air recovered. Corrective Action – CN police were contacted.
5	6.09.09	M34371-08	Matteson	Western Ave.	12 min.	1235	Operations. Train (70 loads, 53, empties, 7,310 feet) stopped after shoving onto Chicago Subdivision to allow conductor to re-line switches and get to the locomotive. Corrective Action – formal investigation scheduled to determine cause and prevent recurrence.
6	6.09.09	Kirk Yard # 1	Joliet	North Rowell	20 min.	2009	Transportation/Metra. Train (48 loads, 39 empties, 4,965 feet) stopped because Metra Dispatcher agreed to give signal at 1945, but signal was not provided until 2005. Metra dispatcher was new. Corrective Action – yard utility man went out to cut train; addressed with Metra chief to prevent recurrence.

7	6.10.09	Train #1-10	Joliet	North Rowell	10 min.	2018	Transportation/Metra. Train (34 loads, 38 empties, 4,828 feet) requested signal at Metra-East Joliet for 2000 hours; when train arrived at 2000, Metra Dispatcher told crew that absolute signal would not be displayed until 2010 due to late Metra train. Train was not cut because it would have taken longer to cut the crossing than wait for signal from Metra to proceed. Corrective Action – this was an isolated incident and Metra responsibility.
8	6.18.09	C74891-18	Plainfield	135th St. 143 St. Van Dyke Rd.	57 min.	1005	Mechanical. Train (135 loads, 0 empties, 19,305 tons, 7,512 feet) experienced an unexpected knuckle failure 20 cars deep from head end, causing air brakes to apply. Crew was transported to rear to use DP power to cut the train.
9	6.25.09	M34241-24	Joliet	Washington St.	13 min.	1406	Mechanical. Train (29 loads, 27 empties, 4,058 feet) pulling out of Joliet Yard when both locomotives shut down, requiring them to be re-started and shoved back into Joliet Yard. Corrective Action – mechanical representative responded and rode train into Matteson to ensure proper operation; crew inspected and repaired locomotive.
10	6.27.09	IDW 861	Mundelein	Rte. 60/83 Diamond Lake Rd.	27 min.	2219	Operations. Train (63 loads, 5 empties, 3,753 feet) stopped when electric lock switch at Leighton failed to operate, and attempts to time switch out failed. Corrective Action – crew was instructed to move train north of interlocking to unblock crossing.

Train Volumes

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

Rail Line Segment Description				Freight - Trains/Day		
Road	Segment Number	From Station	To Station	Base	June	Dif
BRC	1	Rockwell St	Hayford	2.2	2.2	0.0
BRC	2	Hayford	Clearing East	5.6	5.3	-0.4
BRC	3	Clearing East	55th St	5.6	7.4	1.8
BRC	4	55th St	Lemoyne	10.1	7.4	-2.7
BRC	5	Lemoyne	Hawthorne Crossing	10.1	7.4	-2.7
BRC	6	Hawthorne Crossing	Cicero	8.1	4.5	-3.6
BRC	7	Cicero	14th St	7.1	4.5	-2.6
BRC	8	14th St	Cragin	3.6	2.7	-0.9
BRC	9	Clearing West	55th St	4.5	0.0	-4.5
CN	1	Matteson	Markham	12.6	6.1	-6.5
CN	2	Markham	Harvey	21.1	16.7	-4.4
CN	3	Harvey	Riverdale	8.4	5.6	-2.9
CN	4	Riverdale	Wildwood	8.4	5.6	-2.8
CN	5	Wildwood	Kensington	8.4	5.6	-2.8
CN	6	Kensington	94th St	8.4	5.5	-2.9
CN	7	94th St	67th St	6.4	5.5	-0.9
CN	8	67th St	16th St	6.4	5.5	-0.9
CN	9	16th St	Bridgeport	4.6	5.3	0.7
CN	10	Bridgeport	Belt Crossing	2.5	2.3	-0.2
CN	11	Belt Crossing	Hawthorne	4.5	5.2	0.7
CN	12	Hawthorne	Broadview	4.4	7.5	3.1
CN	13	Broadview	Munger	3.0	3.7	0.7
CN	14	Bridgeport	Lemoyne	2.1	3.1	1.0
CN	15	Lemoyne	Glenn Yard	2.1	3.0	0.9
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	1.7	-0.1
CN	19	Madison St	Forest Park	3.5	0.3	-3.2
CN	20	Forest Park	B12	3.5	1.8	-1.7
CN	21	B12	Schiller Park	19.3	10.2	-9.1
CN	22	Schiller Park	Leithton	19.1	10.7	-8.4
CN	23	Griffith	Thornton Jct	22.1	9.3	-12.8
CN	24	Thornton Jct	CN Jct	19.5	8.9	-10.7
CN	25	CN Jct	Blue Island	14.9	2.8	-12.1
CN	26	Blue Island	Hayford	3.4	1.1	-2.3
CPRS	1	Cragin	B12	3.6	3.0	-0.7
CSXT	1	46th St	Madison St	3.3	1.8	-1.4
IHB	1	Dolton	Gibson	1.6	0.4	-1.2
IHB	2	Blue Island	Ridge	9.6	3.9	-5.7
IHB	3	Ridge	CP Canal	9.6	3.9	-5.7
IHB	4	CP Canal	Broadview	10.2	5.0	-5.1
IHB	5	Broadview	CP Hill	11.6	7.0	-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	1.5	-1.1
UP	2	Yard Center	Dolton	1.6	0.4	-1.2
EJE	15	Rondout	Leithton	3.2	0.4	-2.8
EJE	14	Leithton	Spaulding	5.3	4.7	-0.6
EJE	13	Spaulding	Munger	5.5	2.5	-2.9
EJE	12	Munger	West Chicago	4.4	3.5	-0.9
EJE	11	West Chicago	East Siding	10.7	5.8	-4.9
EJE	10	East Siding	Walker	15.7	9.6	-6.1
EJE	9	Walker	Bridge Junction	18.5	9.6	-8.9
EJE	8	Bridge Junction	Rock Island Jct	18.5	11.3	-7.1

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EJE	7	Rock Island Jct	Matteson	6.4	5.1	-1.3
EJE	6	Matteson	Chicago Hts	8.6	6.1	-2.5
EJE	5	Chicago Hts	Griffith	10.2	6.1	-4.1
EJE	4	Griffith	Van Loon	7.6	3.8	-3.9
EJE	3	Van Loon	Ivanhoe	9.7	3.8	-5.9
EJE	2	Ivanhoe	Cavanaugh	9.8	3.8	-6.0
EJE	1	Cavanaugh	Gary	11.8	5.5	-6.2
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