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September 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 August 2009 on operational matters related to CN's acquisition of the major portion of the Elgin, Joliet and 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 number of cars interchanged at each interchange location on the EJ&E for each month since CN's acquisition of the EJ&E (with separate sheets showing cars delivered, cars received, and total cars interchanged), and includes a comparison of August 2008 and August 2009 interchange numbers at each location.
- *Railroad at-grade crossings*: the report identifies delays at railroad interlockings along the EJ&E line that were caused by CN or others during August 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 August 2009.

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

I would also like to mention two other incidents that were not included on the street crossing blockages report for August, as they did not involve train stoppages last month of 10 minutes or more.

First, on August 25, starting at 10:47pm, a train transporting a dimensional load blocked six crossings in Chicago Heights and the Hart Street crossing in Dyer for an extended period. To ensure safe movement of this oversize load, the conductor had to watch the dimensional load past close clearance and then walk back to the head end of the 7,366-foot train after doing so. Although the train did not stop, this process resulted in blockages of the Chicago Heights crossings ranging from 17 to 22 minutes and a 21-minute blockage of the Dyer crossing.

Second, traffic (including a school bus) was delayed for 27 minutes on the morning of September 3 by an incident at Cuba Road in Barrington. The incident grew out of a meet that our dispatchers had planned between southbound train M302 and northbound train M301 at Sutton Siding. M301 had difficulties with the electric lock at South Sutton and could not open the switch and clear the main line in a timely manner. Given that Sutton is not yet a signaled siding and the northbound train was occupying the main track in the signal block that the southbound train would be required to enter, the dispatcher could not grant a proceed signal at Barrington interlocker. Rather than wait for the northbound train to clear into the siding, the dispatcher intended to give verbal instruction to the southbound train to allow it to pass the stop indication at Barrington. However, the dispatcher was unable to do so because a Metra train that had previously been granted the signal across the Barrington interlocker was roughly five minutes late and could not be contacted in time to retract the signal. This further delayed CN's southbound train that was occupying the crossing. Once the Metra train passed, our southbound train was able to clear the crossing.

We regret this incident and have undertaken the following corrective measures to prevent a recurrence at this crossing: (1) a control point will be added at North Sutton, with installation beginning this week – this will allow southbound trains to proceed past Barrington even when a meet is planned at Sutton; (2) until the control point is fully functional in early October, a switch tender will be dispatched to handle the switches at

Sutton Siding to expedite the movements through the area; (3) southbound trains departing Gilmer will be given priority to ensure expedited movement through Barrington; and (4) Metra traffic approaching the CN controlled interlocker at Barrington will be required to monitor the appropriate CN frequency should signal aspects need to be changed.

- *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. Please note that train counts reflect revenue movements only, including their respective empty movements if applicable. Other maintenance activity causes the activation of crossing warning devices, such as work trains (e.g., ballast trains, equipment, or other material delivery trains), inspection, and test vehicles, which will not be reflected in the train counts. Records of these types of activations, which typically are much shorter than for a fully-loaded freight train, are not created.

Please also note that CN performed an audit in August on all the station pairs; each pair is assigned to one or more STB segments for reporting train counts. Our team found that trains running between Blue Island and Broadway had been incorrectly assigned both to STB segment 2 (Markham – Harvey) and to STB segment 25 (CN Jct. – Blue Island), when they should have been assigned only to STB segment 25. Correcting this misassignment will reduce CN trains on STB segment 2 by an average of 1.1 trains per day, but will result in no change to the overall number of trains on all segments.

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

- We have not diverted any additional CN trains onto the EJ&E, and our overall train counts on the EJ&E continue to remain below pre-transaction levels due to lower traffic volumes. We anticipate the addition of one train onto the EJ&E later this month or early in October.
- Eight trainmen were returned from furlough in August.
- CN installed notification signs under VM #2 at all EJ&E crossings immediately after the control date to advise the public to expect increased train activity. These signs were up for more than the 30 days required before we changed any operations, and they remained up for an additional six months after we rerouted our first trains. The public advisory period expired on September 4 and, as of September 8, we are removing the signs.

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- CN Police was pleased to commit to the Tri-Town Safety Village in Schererville, Indiana to have a presenter available to conduct Operation Lifesaver classes between September 15 – 17 and November 2 – 6. These classes are for the Bibich and Kahler Elementary Schools, which are in close proximity to the EJ&E tracks in Dyer, Indiana.
- CN Police staffed an Operation Lifesaver Booth on Saturday, August 29 in conjunction with a festival in the Town of Griffith, Indiana.
- CN Police had a planning session on August 5 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  
Government Affairs

Enclosure

# Accidents and Incidents

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

<u>Event Date</u>	<u>Subdivision</u>	<u>Description</u>
<u>CN - Inside of EJ&amp;E "Arc"</u> None		
<u>EJ&amp;E</u> 08/09/2009	Leithton	Train 74991-09 derailed four cars during normal switching operations due to excessive use of independent brake, resulting in the lifting of several wheel sets. When the direction of movement was reversed to complete the switching move, the cars derailed. Normal operations resumed approximately 22 hours after accident happened, due to overnight delay in getting approval from US Fish and Wildlife Service to start rerailling in the environmentally sensitive area.

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

<u>Event Date</u>	<u>Subdivision</u>	<u>Description</u>
<b><u>CN - Inside of EJ&amp;E "Arc"</u></b>		
08/30/2009	Freeport	Employee was boarding a stationary locomotive when he felt his knee twist.
08/31/2009	Joliet	Employee was opening the knuckle on rail car when it fell out and hit his knee. The knuckle pin was missing.
<b><u>EJ&amp;E</u></b>		
08/19/2009	Leithton	Employee was tamping hole while setting a new wood pole for power service when tool fell into void and got snagged. Employee felt pain in his shoulder as he worked to free it.
08/24/2009	Leithton	Employee was installing rail anchors when a bee flew into his glove, stinging his left hand.

# Street Crossing Blockages



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

Number	Date	Train ID	Community	Crossing	Delay	Approx Time	Comments
1	08.06.09	M34371-05	Matteson	Main St.	23 min.	1515	<b>Mechanical.</b> Train (83 cars (45 loads, 38 empties), 6,482 feet) went into emergency upon departing Matteson. Air recovered and dumped again. Assistant Superintendent on site assisted in isolating end-of-train (EOT) device. Train was then shoved clear of the crossing. <b>Corrective Action:</b> EOT device CNQ 831319 was returned to Woodcrest for inspection. Supervisor Locomotive Engineer (SLE) performing data download on lead locomotive. Not a systemic issue.
2	08.22.09	T750191-22	Crest Hill	Oakland Ave.	29 min.	1603	<b>Mechanical.</b> Train (135 cars (135 loads, 0 empties), 7,512 feet) moving into Joliet Yard went into emergency due to distributed power (DP) engine failure. Conductor immediately started walking back and cut the train to clear the Oakland Avenue crossing, with assistance from Joliet Yard utility man. <b>Corrective Action:</b> Engineer contacted Diesel Doc to assist with DP issue. Engineer could not get DP unit to relink. Crew cut the DP unit, UP 6385, off at Turner and continued to Plaines with two engines. Not a systemic issue.
3	08.24.09	M39731-24	Chicago Heights	Wentworth Ave.	24 min.	2248	<b>Mechanical.</b> Train (117 cars (55 loads, 62 empties), 7,679 feet) stalled coming into Matteson Yard, but engineer was able to recover. <b>Corrective action:</b> Mechanical issue addressed; not a systemic issue.
4	08.24.09	M39731-24	Chicago Heights	State St.	23 min.	2248	<b>Mechanical.</b> Train (117 cars (55 loads, 62 empties), 7,679 feet) stalled coming into Matteson Yard, but engineer was able to recover. <b>Corrective action:</b> Mechanical issue addressed; not a systemic issue.

# Train Volumes

AVERAGE DAILY TRAIN COUNTS ON CN & EJ&E SEGMENTS FOR AUGUST 2009						
Rail Line Segment Description				Freight - Trains/Day		
Road	Segment Number	From Station	To Station	Base	August	Dif
BRC	1	Rockwell St	Hayford	2.2	2.2	-0.1
BRC	2	Hayford	Clearing East	5.6	5.3	-0.4
BRC	3	Clearing East	55th St	5.6	7.3	1.6
BRC	4	55th St	Lemoyne	10.1	7.3	-2.8
BRC	5	Lemoyne	Hawthorne Crossing	10.1	7.3	-2.8
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	3.0	-0.7
BRC	9	Clearing West	55th St	4.5	7.3	2.8
CN	1	Matteson	Markham	12.6	6.8	-5.8
CN	2	Markham	Harvey	21.1	16.9	-4.1
CN	3	Harvey	Riverdale	8.4	6.0	-2.4
CN	4	Riverdale	Wildwood	8.4	6.0	-2.4
CN	5	Wildwood	Kensington	8.4	6.0	-2.4
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	5.9	1.3
CN	10	Bridgeport	Belt Crossing	2.5	2.7	0.2
CN	11	Belt Crossing	Hawthorne	4.5	5.7	1.2
CN	12	Hawthorne	Broadview	4.4	6.2	1.8
CN	13	Broadview	Munger	3.0	4.1	1.1
CN	14	Bridgeport	Lemoyne	2.1	3.4	1.3
CN	15	Lemoyne	Glenn Yard	2.1	3.2	1.2
CN	16	Glenn Yard	Argo	5.8	6.0	0.3
CN	17	Argo	Lemont	1.8	3.8	2.0
CN	18	Lemont	Joliet	1.8	1.9	0.1
CN	19	Madison St	Forest Park	3.5	1.6	-1.9
CN	20	Forest Park	B12	3.5	1.5	-2.0
CN	21	B12	Schiller Park	19.3	11.6	-7.6
CN	22	Schiller Park	Leithton	19.1	11.6	-7.4
CN	23	Griffith	Thornton Jct	22.1	9.7	-12.4
CN	24	Thornton Jct	CN Jct	19.5	9.3	-10.3
CN	25	CN Jct	Blue Island	14.9	6.7	-8.1
CN	26	Blue Island	Hayford	3.4	1.1	-2.3
CPRS	1	Cragin	B12	3.6	3.5	-0.2
CSXT	1	46th St	Madison St	3.3	1.6	-1.7
IHB	1	Dolton	Gibson	1.6	0.5	-1.2
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	5.9	-4.3
IHB	5	Broadview	CP Hill	11.6	8.1	-3.5
IHB	6	CP Hill	Norpaul	12.1	7.1	-5.0
IHB	7	Norpaul	B12	12.1	7.0	-5.1
UP	1	Thornton Jct	Yard Center	2.6	1.5	-1.1
UP	2	Yard Center	Dolton	1.6	0.5	-1.2
EJE	15	Rondout	Leithton	3.2	0.0	-3.2
EJE	14	Leithton	Spaulding	5.3	5.6	0.3
EJE	13	Spaulding	Munger	5.5	5.6	0.1
EJE	12	Munger	West Chicago	4.4	4.6	0.3
EJE	11	West Chicago	East Siding	10.7	12.2	1.5
EJE	10	East Siding	Walker	15.7	12.4	-3.4

<b>AVERAGE DAILY TRAIN COUNTS ON CN &amp; EJ&amp;E SEGMENTS FOR AUGUST 2009</b>						
<b>Rail Line Segment Description</b>				<b>Freight - Trains/Day</b>		
<b>Road</b>	<b>Segment Number</b>	<b>From Station</b>	<b>To Station</b>	<b>Base</b>	<b>August</b>	<b>Dif</b>
EJE	9	Walker	Bridge Junction	18.5	15.1	-3.4
EJE	8	Bridge Junction	Rock Island Jct	18.5	17.5	-1.0
EJE	7	Rock Island Jct	Matteson	6.4	7.6	1.2
EJE	6	Matteson	Chicago Hts	8.6	7.6	-1.1
EJE	5	Chicago Hts	Griffith	10.2	8.5	-1.7
EJE	4	Griffith	Van Loon	7.6	5.2	-2.4
EJE	3	Van Loon	Ivanhoe	9.7	6.6	-3.1
EJE	2	Ivanhoe	Cavanaugh	9.8	6.6	-3.2
EJE	1	Cavanaugh	Gary	11.8	12.7	0.9
EJE	0	Gary	Indiana Harbor	3.5	1.5	-2.1
EJE	-1	Indiana Harbor	Hammond	1.8	3.1	1.3
EJE	-2	Hammond	South Chicago	0.9	0.8	0.0