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January 11, 2010

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 December 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 December 2008 and December 2009 interchange numbers at each location.
- ***Railroad at-grade crossings:*** the report identifies delays at railroad interlockings along the EJ&E line that occurred during December 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 December 2009.

In addition to our report on FRA-reportable accidents on EJ&E lines and on CN lines within the EJ&E arc, please note that on December 28, CN experienced a derailment on one of its trains within the EJ&E arc on the rail lines of Indiana Harbor Belt. Five cars derailed, with no injuries or releases of any kind.

- *Street crossing blockages:* the report provides data concerning each instance during December 2009 where a crossing was blocked by a stopped train for 10 minutes or more. We note that there was an increase in the number of blocked crossings this month, which was due primarily to the cold weather in the Chicago area and the additional time that is required to recharge the train's air brake system after performing switching work or undesirable brake application.

In addition, on December 30, the crossing gates at 100th Street in South Chicago remained in the down position for a lengthy period after the train cleared the crossing. The signal maintainer was notified and the crossing was eventually cleared and restored to normal operations. The process took longer than we would have liked, but another incident delayed the response time of the maintainer. CN will continue to seek ways to minimize our response time where such situations may occur.

- *Train volumes:* the report provides train counts for operations over segments of EJ&E's principal lines and on CN lines through Chicago during December 2009.

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

- As noted last month, two trains were rerouted temporarily onto the EJ&E between Griffith and Leithton (one westbound, one eastbound) in late November as a result of our recent labor disruption in Canada. Both of these trains ceased operating on the EJ&E line in early December.
- Also as noted last month, as a result of an interchange agreement CN recently reached with CSXT, our train that formerly originated at BRC's Clearing Yard in Chicago and moved on CN and other rail lines inside the EJ&E arc to Leithton, and then on CN to its destination of Prince George, British Columbia, now originates at Kirk Yard and operates on the EJ&E to Leithton. In addition, we added on December 7 a turnaround local train that originates at Markham Yard and operates between Griffith and Kirk Yard on the EJ&E.

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- On December 2 and December 9, CN Special Agent Eric Graf conducted a total of four Grade Crossing Collision Investigation training classes to 16 police officers with the West Chicago, Illinois Police Department. This initiative continues our ongoing relationship-building with law enforcement and emergency response agencies in communities along the EJ&E line.

- On December 11 and on December 19, Special Agent Graf conducted two Operation Lifesaver presentations to 100 children and 40 adults in attendance over the two days at the "Santa in the Caboose" festivities at the Tri-Town Safety Village 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
December 2009 data for January 2010 report**

<u>Event Date</u>	<u>Subdivision</u>	<u>Description</u>
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CN

None

EJ&E

None

**Injuries on CN tracks inside of the EJ&E “Arc” and on EJ&E Tracks
December 2009 data for January 2010 report**

Event Date	Subdivision	Description
CN		
12/09/2009	Freeport	Employee slipped and lost his balance while crossing over a wooden crosswalk. The employee did not fall but felt a pain in his right leg, requiring a doctor's visit.
12/23/2009	Woodcrest Shop	Employee injured his right shoulder while attempting to open a frozen “derail”, a safety device mounted on a track that prevent rail cars from moving beyond an intended area.
EJ&E		
12/16/2009	Leithton	Employee injured left shoulder when the brakes on the machine he was operating did not hold, causing it to run into the machine ahead of it.

Street Crossing Blockages

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

Number	Date (MM/DD/YYYY)	Train ID	Community	Crossing	Delay (min.)	Approx Time	Comments
1	12/03/2009	M30249-02	Sauk Village	Torrence Ave.	22	1148	Transportation: CSXT allowed another train to cross at Dyer after allowing a CN train (121 cars, 9382 feet) to pass the last staging location the train could fit in without blocking any road crossings. Train was stopped for 10 minutes. Corrective Action: Ensure and verify with CSXT that CN trains will be handled appropriately at Dyer before we pass the last staging siding to avoid blocking road crossings.
2	12/04/2009	M39081-03	Bartlett	Bartlett Rd.	165	0207	Mechanical: Train (122 cars, 8834 feet) experienced undesirable brake application crossing Bartlett Road. Upon inspection, the Conductor found a broken "knuckle" (coupling device that holds cars together) on the 77th car and an air hose separation between the 107th and 108th cars. Trainmaster and carman responded, replaced knuckle, reconnected air hoses, and train proceeded once air pressure was restored.
3	12/06/2009	M34371-05	Joliet	Woodruff Rd.	22	2207	Transportation: Train crew cut their train (166 cars, 9544 feet) to clear Woodruff Rd. in order to meet another train and pick up cars in Joliet Yard. After the crew picked up 5 cars and put the train together, the air pressure was slow to recover due to cold weather.
4	12/09/2009	Q395	Gary	Clark Rd.	42	1447	Engineering: Switch to the CSXT was out of alignment. Signal maintainer was called and adjusted the switch, allowing the train to depart.
5	12/27/2009	T75091-27	West Chicago	Ann St.	32	1129	Transportation: Union Pacific train (133 loads, 7404 feet) stopped on Ann Street waiting for interlocking tower to clear the train for movement into the siding at West Chicago. Corrective Action: Crew instructed not to hold trains at Ann Street.
6	12/27/2009	E27691-28	Chicago Heights	East End Ave.	37	2259	Transportation: Union Pacific crew pulled train (56 cars, 5410 feet) near the crossing to change crews with CN. Train did not occupy the crossing but activated the crossing signals. Corrective Action: Crew was advised to stay clear of the crossing circuit so as not to activate the crossing gates.
7	12/28/2009	M39891-28	Griffith	Broad St.	73	1820	Transportation: Train (136 cars, 10,466 feet) was performing yard work at Griffith and making multiple moves over Broad Street. After putting the train back together, the air pressure was slow to recover due to the cold temperatures. Corrective action: The crew was advised that they can not stop and block Broad Street for more than 10 minutes.

Number	Date (MM/DD/YYYY)	Train ID	Community	Crossing	Delay (min.)	Approx Time	Comments
8	12/29/2009	M39081-28	Bartlett	W Bartlett Ave	34	0244	Mechanical: Train (89 cars, 6866 feet) experienced an unanticipated brake application over the crossing. Crew inspected train and found an air hose separation between the 26th and 27th cars. Crew reconnected air hoses and moved the train once the air pressure was restored.
9	12/29/2009	M34791-29	Plainfield	Ferguson Rd.	22	1249	Engineering: Train (93 cars, 6153 feet) stopped for 10 minutes due to a switch out of alignment. Signal Maintainer was called and readjusted switch, allowing the train to depart.
10	12/31/2009	M39731-30	Chicago Heights	East End Ave.	26	0236	Transportation: Due to Operating and Safety practices, a train (63 cars, 4213 feet) stopped on the crossing to allow conductor to properly inspect a dimensional load to safely pass a track signal. Train stopped again to allow conductor to walk back to locomotive and proceed.

Train Volumes

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

Rail Line Segment Description				Freight - Trains/Day		
Road	Segment Number	From Station	To Station	Base	December	Dif
BRC	1	Rockwell St	Hayford	2.2	2.0	-0.2
BRC	2	Hayford	Clearing East	5.6	6.2	0.5
BRC	3	Clearing East	55th St	5.6	0.0	-5.6
BRC	4	55th St	Lemoine	10.1	8.2	-1.9
BRC	5	Lemoine	Hawthorne Crossing	10.1	8.2	-1.9
BRC	6	Hawthorne Crossing	Cicero	8.1	6.5	-1.7
BRC	7	Cicero	14th St	7.1	5.5	-1.6
BRC	8	14th St	Cragin	3.6	5.1	1.4
BRC	9	Clearing West	55th St	4.5	8.2	3.7
CN	1	Matteson	Markham	12.6	5.4	-7.2
CN	1.1	Matteson	University Park	12.6	9.8	-2.8
CN	2	Markham	Harvey	21.1	14.8	-6.3
CN	3	Harvey	Riverdale	8.4	6.8	-1.7
CN	4	Riverdale	Wildwood	8.4	6.6	-1.8
CN	5	Wildwood	Kensington	8.4	6.6	-1.8
CN	6	Kensington	94th St	8.4	6.6	-1.8
CN	7	94thSt	67th St	6.4	6.6	0.2
CN	8	67th St	16th St	6.4	6.6	0.2
CN	9	16thSt	Bridgeport	4.6	7.4	2.9
CN	10	Bridgeport	Belt Crossing	2.5	3.7	1.2
CN	11	Belt Crossing	Hawthorne	4.5	6.6	2.1
CN	12	Hawthorne	Broadview	4.4	5.6	1.2
CN	13	Broadview	Munger	3.0	3.5	0.5
CN	14	Bridgeport	Lemoine	2.1	4.3	2.2
CN	15	Lemoine	Glenn Yard	2.1	4.1	2.1
CN	16	Glenn Yard	Argo	5.8	5.8	0.0
CN	17	Argo	Lemont	1.8	3.5	1.7
CN	18	Lemont	Joliet	1.8	1.7	-0.1
CN	19	Madison St	Forest Park	3.5	0.5	-3.0
CN	20	Forest Park	B12	3.5	0.5	-3.0
CN	21	B12	Schiller Park	19.3	9.1	-10.2
CN	22	Schiller Park	Leithton	19.1	9.1	-10.0
CN	23	Griffith	Thornton Jct	22.1	9.6	-12.5
CN	24	Thornton Jct	CN Jct	19.5	8.8	-10.7
CN	25	CN Jct	Blue Island	14.9	5.5	-9.4
CN	26	Blue Island	Hayford	3.4	3.1	-0.4
CN	27	Hayford	Elsdon	0.0	0.0	0.0
CN	28	Elsdon	Railport	0.0	0.0	0.0
CPRS	1	Cragin	B12	3.6	0.5	-3.2
CSXT	1	46th St	Madison St	3.3	0.9	-2.4
IHB	1	Dolton	Gibson	1.6	1.4	-0.2
IHB	2	Blue Island	Ridge	9.6	1.4	-8.2
IHB	3	Ridge	CP Canal	9.6	2.4	-7.2
IHB	4	CP Canal	Broadview	10.2	4.5	-5.6
IHB	5	Broadview	CP Hill	11.6	3.6	-8.0
IHB	6	CP Hill	Norpaul	12.1	3.6	-8.5
IHB	7	Norpaul	B12	12.1	0.9	-11.2
UP	1	Thornton Jct	Yard Center	2.6	0.9	-1.7
UP	2	Yard Center	Dolton	1.6	5.0	3.4
EJE	15	Rondout	Leithton	3.2	0.7	-2.5
EJE	14	Leithton	Spaulding	5.3	7.4	2.1
EJE	13	Spaulding	Munger	5.5	6.8	1.3
EJE	12	Munger	West Chicago	4.4	6.1	1.7
EJE	11	West Chicago	East Siding	10.7	9.3	-1.4
EJE	10	East Siding	Walker	15.7	9.6	-6.1
EJE	9	Walker	Bridge Junction	18.5	11.8	-6.7

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Road	Segment Number	From Station	To Station	Base	December	Dif
EJE	8	Bridge Junction	Rock Island Jct	18.5	13.8	-4.7
EJE	7	Rock Island Jct	Matteson	6.4	7.7	1.3
EJE	6	Matteson	Chicago Hts	8.6	10.0	1.3
EJE	5	Chicago Hts	Griffith	10.2	10.0	-0.2
EJE	4	Griffith	Van Loon	7.6	6.0	-1.7
EJE	3	Van Loon	Ivanhoe	9.7	7.0	-2.6
EJE	2	Ivanhoe	Cavanaugh	9.8	7.2	-2.6
EJE	1	Cavanaugh	Gary	11.8	10.8	-1.0
EJE	0	Gary	Indiana Harbor	3.5	1.0	-2.5
EJE	-1	Indiana Harbor	Hammond	1.8	1.9	0.1
EJE	-2	Hammond	South Chicago	0.9	0.2	-0.6