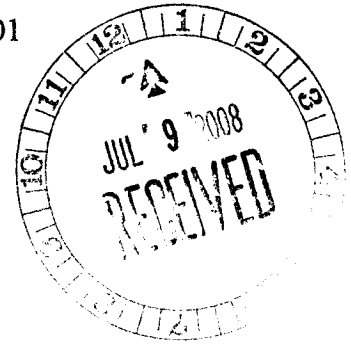


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60 Wyndham St. S. Suite 901
Guelph, Ontario N1E 7H7
Canada July 2, 2008



Ms. Anne K. Quinlan
Acting Secy.
Surface Transportation Board,
295 E. Street, S. W.
Washington, D. C. 20423

re: Financial Docket #35087, Canadian National Railway &
Grand Trunk Corp. - E. J. & E. West Company

Dear Secretary Quinlon,

I am attaching copy of brief dated July 2, 2008 send to Secretaries Samuel Bodman and Mary E. Peters which I trust you will find both informative and pertinent to the above subject. This is an update of a previous brief send to their predecessors on November 18, 2001 dealing with our Na5tional's increasing dependency for our crude oil requirements from sources of questionable reliability.

In the interim, I am sure you will concur our current and future short-term energy situ7ation conti9nu7es inexorably to worsen.

My purpose in writing you is that you are best qualified to evaluate the merits and short-term at5tainable benefits that would accrue from more efficient ways we consume non-renewable crude oil and how this relates to the above noted proposal. The E.J. & E. facilities involved are currently under-utilized. They were built long before the abutting communities were developed. Ultimately it all boils down to which option (approval or disapproval) offers the most significant contribution towards a more efficient use of our diminishing energy resources as well as other significant benefits to our National's well-being as presented in the attached brief.

Conversely, I wonder what offsetting benefits would be realized in disapproving the proposed acquisition other than, perhaps , temporary political expediency in an election year

Yours sincerely,

V. P. Kendall
V. P. Kendall

PS. I am an American citizen, moved recently to Canada because of age and family consideration

CC. Samuel Bodman, Secy of Energy, Washington D. C.
CC Ms. Mary E. Peters, Secy. of Transportation Washington, D. C.
CC Mr. Mortimer B. Zukerman, Editor in Chief US News & World Report Washington DC
CC Wall Street Journal, New York, N. Y.
CC Assoc. of American Railroads, Washington, D. C.

Mr. Samuel Bodman
Secretary of Energy
U. S. Dept. of Energy
1000 Independence Ave. S. W.
Washington D. C. 20585

Ms. Mary E. Peters
Secretary of Transportation
1200 New Jersey Ave. S. E.
Washington, D. C. 20590

July 2, 2008

Dear Secretaries Bodman and Peters,

As a consequence of the 6-day Arab- Israeli War and the serious impact of the ensuing embargo imposed by Middle East crude oil produces, I submitted the attached brief to your predecessors dated November 18, 2001.

In the interim our consumption of crude oil increased substantially while domestic reserves and production continue to decrease commensurately. The result being (1) A major presentage of our needs are being imported from off-shore sources of questionable reliability at high prices that are negatively impacting our balance of trade, the value of the dollar and our economy. (2) Until viable alternative types of energy are developed and produced in volume to significantly displace crude oil our security and economic well-being are being compromised.

As a deeply concerned American (currently residing in Canada) I am compelled to convey my updated concerns and to highlight measures which should be taken to achieve meaningful efficiencies i.e. reducing crude oil consumption through elimination of wasteful and profligate practices as follows:

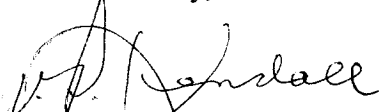
- (1) Eliminate sales tax on diesel fuel used exclusively on locomotives/ Savings realized thereby enabling railroads to extend more attractive and viable rates to truckers on intermediate and long haul traffic. Such diversion would result in 5-fold reduction in fuel consumption together with other significant benefits listed in this submission.
- (2) Liquid natural gas, viable and readily available in volume, as an alternative to gasoline for automobiles and light trucks/
- (3) Existing rail commuter facilities should be modernized. They should be provided in such large urban areas where they do not exist now, such as Detroit, Orlando, Tampa- St. Petersburg, etc. If implemented these suggestions would achieve a daily reduction of millions of gallons of diesel oil and gasoline, as well as the following additional benefits:-
 - a) Reduce air and noise pollution.
 - b) Reduce death and injuries involving trucks on highways
 - c) Reduce insurance premiums
 - d) Reduce medical ex[enses to Medicare resulting from truck related accidents.
 - e) Reduce heavy damage to highways and bridges from trucks.

- f) Improve balance of trade by reducing imports of crude.
- g) Strengthen value of dollar internationally.

I understand the proposed acquisition by CN-GT Corp. of an under-utilized portion of the E.J. & E. is to overcome serious delays of 24-36 hours or more on traffic to and through the Chicago rail hub. These unnecessary delays result in wastage of diesel fuel and increased air and noise pollution in the urban areas where trains are delayed, as well as impose punitive labour costs to the railroad.

Since a number of facets involved in the proposed acquisition are inter-twined with and pertinent to your respective jurisdictions, I trust you will I desire to co-operate with Ms. Anne K. Quinlan, Acting Secretary of the Surface Transportation Board in arriving at a favorable decision based on the obvious merits presented herein .

Yours sincerely,



V.P. Kendall

60 Wyndham St. S.

Suite 901

Guelph, Ontario N1E 7H7

Canada.

C. C. Ms. Anne E. Quinlan, Acting Secy. Surface Transportation Board Washington DC
C. C. Mr. Mortimer B. Zuckerman, Editor in Chief, US News & World Report New York
C. C. The Wall Street Journal, New York, NY

V. P. Kendall
561 Yorkton Lane
Bloomfield Hills, MI 48304

September 18, 2001

Mr. Spencer Abraham
Secretary of Energy
1000 Independence Ave., S.W.
Washington, D.C. 20585

Dear Mr. Abraham:

I congratulate you on your appointment to this very important portfolio!

It would appear that since the last major energy crises, when mid-eastern producers cut off crude shipments to the west with devastating results to our economy and every day operations, little, if anything, in the interim has been done to make ourselves less reliant upon that source for our escalating needs. To the contrary, we have become increasingly dependent, and our foreign policies have been disproportionately affected by this increased dependency.

As our proven domestic reserves and production continue to decrease at an alarming rate, it boggles my mind that we continue our wasteful practices and policies concerning this non-renewable resource. Another serious consequence of our lack of leadership in this critical area is our substantial unfavorable balance of trade.

It is my deep love and concern for our country and its safety and welfare that prompts me to write you personally and suggest measures which would significantly alleviate these concerns.

As Exhibit "A" I attached the editorial of US News & World Report dated June 18, 2001, which highlights in general terms the situation we find ourselves in. Also attached, as Exhibit "B" is copy of a brief from the Association of American Railroads dated February 25, 1999, which contains data relevant to the problems we are currently facing.

The largest consumers of diesel fuel oil are the trucks and railroads. Both are vital to an efficient and productive economy. What disturbs me is the seeming laissez faire attitude of Federal and State Governments to our wasteful and costly practices in moving vast volumes of freight. One observes deteriorating highways, dangerously overcrowded with larger and heavier trucks and sparsely utilized rail lines – in some instances paralleling major highways. Both modes now offer door-to-door delivery.

Another practice that begs an explanation is the justification for assessing Federal and State taxes on diesel fuel used on locomotives which are restricted to operating on privately owned and maintained roadway – an indirect subsidy to the trucking industry which utilizes a public highway system built and maintained largely by public tax payers.

I would urge you to carefully consider the following factors:

1. Rail consumes almost 66% less diesel fuel than trucks on a per ton-mile basis.
2. Rail produces 66% less pollution than trucks.
3. Rail produces significantly less accidents and insurance claims than trucks.
4. Rail accidents produce only a slight fraction of deaths and injuries caused by trucks.
5. Trucks cause extensive damage to highways and bridges. The cost for resurfacing and repairing are borne largely by tax payers. Rail build, maintain and upgrade their own roadway at their expense.
6. Trucks are the major cause for costly congestion and back up on major highways. Rail does not impact traffic movements on major highways.
7. Highway back-ups cause thousands of automobiles to waste gasoline daily on all major arteries while idling.

The recent demoniac attack on New York and Washington D.C., with all its untold suffering and anguish was also accompanied by a serious blow to our economy resulting from truck traffic blocking major arteries for miles leading to border-crossing bridges and tunnels, while rail shipment moved normally. Surely the time is now to deal with such a critical segment of our everyday life and welfare.

I firmly believe we can reduce substantially our consumption of and dependence on petroleum products by enacting legislation, which would make it feasible for diverting substantial volume of freight currently moving via truck to rail. For example, railroads could be given relief from sales tax on diesel fuel oil used on locomotives.

In return for this exemption, they should be able to offer commensurate reductions in intermodal rates for trailers and domestic containers. With recent consolidation of railroads, they are now offering seamless and faster schedules and dedicated trains.

Because of the volatility and uncertainty in many regions from which we import large volumes of our petroleum needs and the adverse effects of terrorism and other external factors on our economy, I firmly believe our increasing dependence (as domestic reserves decrease) on unreliable sources necessitates immediate measures be taken to ensure current wasteful uses of petroleum products are corrected until proven alternative technology displaces our dependence on fossil fuels.

The foregoing suggestions appear to be in accord with the declared policies of the current Administration, namely, reduced consumption and pollution and increased domestic production.

I would appreciate hearing from you in this regard.

Yours sincerely,

V. P. Kendall

VPK:smr
Attachs.

cc: Mr. Mortimer B. Zukerman
Editor-in- Chief
US News & World Report
1000 Thomas Jefferson St., N.W.
Washington, D.C. 20007-3837

cc: The Wall Street Journal
Editorial Department
200 Liberty Street
New York, N.Y. 10281

cc: The Detroit Free Press
Editorial Department
600 W. Fort Street
Detroit, MI 48226

cc: Mr. Robert E. Fronczak, P.E.
Asst. Vice President
Association of American Railroads
50 F Street, N. W.
Washington, D.C. 20001-1564

EDITORIAL

By MORTIMER B. ZUCKERMAN • EDITOR-IN-CHIEF



Blackouts—or blackmail?

If California is the future—as it often seems to be—it doesn't quite work just now. The rolling blackouts that freeze traffic lights, darken schools, and close businesses are just Exhibit A. But look closer. Wholesale electricity costs have leapt from \$7 billion two years ago to as much as \$70 billion today—a 10-fold increase! The country as a whole has escaped blackouts so far. But over the past two years we have spent about \$200 billion more on fuel—double the amount coming this year from the much ballyhooed tax bill President Bush signed last week.

No family in America can escape the consequences of the coming energy crisis. The fantasy of unlimited power is flickering out. We cannot go on having cheap gasoline, cheap power for manufacturing, cheap home heating oil, without disturbing the environment. And even with more domestic production, which takes time, we are in danger of being held hostage by volatile foreign oil.

Few Americans have given this issue much thought—until recently. Now, over half agree with President Bush and Vice President Cheney that there is a crisis and that we may have to develop energy at home, even if it means some cost to the environment. Other energy sources are also being re-examined. Nuclear power is coming back in favor. Solar and tidal energy will be more seriously pursued. Still, for years to come fossil fuels will provide virtually all our transportation needs and most of our electrical needs.

More must be done to conserve energy, of course. But conservation alone will not remove the threat to our way of life and to our national security. Just how vulnerable we are was recently underscored when the OPEC cartel decided not to increase oil supplies but to reduce output by 1 million barrels a day—pushing up prices. We simply cannot put our fate in their hands.

Crunch time. Those like former President Carter who suggest that we have no oil crisis because worldwide supplies are adequate miss the point. What matters is who controls the supply and how they can manipulate prices. Higher oil prices drain money from our economy and increase our deficit in foreign trade. Carter may know something about oil, but it is peanut oil, not crude. His programs of impos-

ing price controls on oil and gas failed, leading to shortage and rationing and an America gripped by malaise.

Here's the crunch: Cheap power requires new domestic energy supplies and power plants—but this may well produce more pollution and more intrusion on protected lands and waters. We must discourage domestic demand, and we should press for ways to use cleaner coal. But we must also encourage domestic drilling. Let's keep a sense of proportion about this. The oil we could get from the Arctic National Wildlife Refuge would involve exploration in only 2,000 acres—an area nearly half the size of New York's JFK International Airport in a region the size of South Carolina.

Alas, that is but one thorny issue. How can we build new infrastructure, including refineries, pipelines, and electric transmission lines without NIMBY getting in the way—local and regional areas protesting “not in my backyard”?

Conservation is almost an official dogma. But Democrats, Republicans—and most Americans—are unwilling to face up to what it really means. We talk the talk of conservation, but we don't walk the walk. Look at the proliferation of sport-utility vehicles. Or the massive air conditioners cooling ever larger homes. Each day, it seems, the gap grows between what we say and

what we do. There's a hope that somehow we will repeat the conservation savings achieved after the oil crisis of the 1970s, but it is an illusion. Then, we started with a situation marked by shameful waste and high prices; most savings were enforced in the early 1980s when we had very high energy prices to deter consumption.

Individuals can have it all ways, turning on the power while protesting about power stations and protected lands. Government can't indulge in such self-indulgent fantasies. The Bush energy program must be taken seriously. Its goal is to relieve the strain on infrastructure, eliminate the current supply bottlenecks, and avoid California-style price spikes. We gamble with all our futures if we become do-nothings, pitting energy against the environment and accepting the paralysis ordained by environmental theology. We cannot conserve our way out of the energy hole. We cannot drill our way out of it. The hard truth is that we must do both—or face both blackouts and blackmail. ●

*To avoid becoming
hostage to foreign oil,
we must conserve
energy and encourage
domestic drilling.*