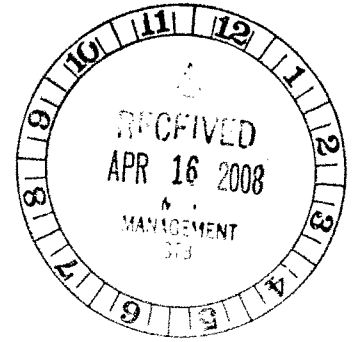


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FD 35087

March 14, 2008

Surface Transportation Board

CN-ELGIN & E. FD-35087

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Hon. Anne Quinlan, Acting Secretary
Surface Transportation Board
395 E Street, SW
Washington, DC. 20024

Dear Secretary Quinlan

I write this letter , as a John Q. Public, in support of the Canadian National Railroad's application to purchase the bulk of the Elgin, Joliet & Eastern Railroad property. I write, also, to offer some regional perspective on the proposed acquisition, beginning with the idea that the EJ&E is part of a freight transportation ecosystem rather than an isolated or self-contained railway.

My overarching theme – you will see it again – is a sense that the working of the supply chain, and its constituent parts, is little understood by the public at large (or is selectively understood in some communities) and this represents one of the great disconnects of the modern era.

I have no axe to grind – my paltry 100 shares in one of the “big 6” railroad companies (and it is not the CN) are hardly significant, but if disclosure is in order then I am disclosing.

I hold no elected office, I am on nobody's payroll. I did once work in transportation planning in the public sector – if the sound bite “Chicago (more properly the northeast Illinois region) is the third largest port in the world after Hong Kong and Singapore” is familiar to you, that mental image was my ‘invention’, though by now, with the growth at Shanghai and Shenzhen, the region may have slipped to fourth or fifth, so the soundbite may not fare well in the ‘what have you done for me lately ?’ test.

I write because I am an unabashed admirer of the everyday performance of the goods movement industry in the country, in all its manifestations, ever since, in my first job out of grad. school, I engaged with the legislative process – there I was asked to review a bill that proposed to exact fines against railroad companies for various “offences” and I saw that grandstanding and pandering [“throwing parking tickets at standing trains”] was about the sum total of public policy in 1974. Regrettably, for some of the body politic, not much forward progress can be measured since then.

In recent years I have frequently written and spoken of the need for an effective public policy about freight transportation – something that articulates a universal statement of purpose such as “moving goods to market “ a basic *M.O.* that is its own message. A standing train is not earning any money it certainly is not standing as an intentional civic nuisance ... the objective of public policy should be to identify the impediment and to eliminate it, not add further impediments. That is the express design of the CREATE project, which this acquisition will both complement and reinforce.

I have a reputation as something of a self-appointed advocate for the freight industry, with even a list towards the railroad industry, but there is a big difference between being an advocate and being an apologist (which I am not).

I write to lament, in general, the pejorative and the uninformed I recommend against it, whether it is in a newspaper (where I understand it may serve to boost circulation) or in a professional/ technical paper (where it has no place). I find a statement (in a local newspaper last December) “truck traffic, *which is already choking the region’s roads* (my italics), is forecast to double in the next 15-20 years” to be inflammatory, even though a forecast on that scale is the consensus of the industry and professional observers. The truth is that in the northeast Illinois region (big) trucks occupy 28% of capacity on interstate routes (which have been designed to accommodate trucks so they, the trucks, are in the right place) and occupy 16% on other marked routes. When either of those numbers surpasses 51% we might then think to invoke the idea of *choking*.

The Association of American Railroads, in its Railroad Facts pocket data compendium [2006 edition], states that the average rail carload in the US is 60.9 tons; if one estimates the weigh-out payload of a truck (which means I overlook, for the present, that some share of trucks operate at cube-out limit) to be in the order of 55,000 lbs. (27.5 tons) then the average rail carload would have to be replaced by at least 3 trucks if that aforementioned shift in choice were to happen.

And, here’s my point - choking will happen soon enough if any significant shift in choice, from rail to truck, is made by shippers because too many restraints/limitations are placed on the performance of the rail industry.

Continuing as a JQP, albeit one who has a declared position as a supporter of the freight transportation industry in general for the public service that it renders and for its irreplaceable contribution to the economy ... it is my present estimate, based on extrapolating some research I once conducted, that , in aggregate (that’s road, rail, water and air freight, including logistics, warehousing, and the many related tasks of negotiating and arranging for the actual physical movement, i.e. what used to be called traffic

managers), the freight transportation industry in northeast Illinois employs in the order of 135,000 persons, has a direct payroll value of about \$ 5.25 billion and a 'multiplier effect' (using a modest 2.91 as the average multiplier) of almost \$ 16 billion. That is about eight to ten times the size and value of the public passenger transportation industry.

I particularly want to focus on a statement by Hunter Harrison in an undated open letter , namely, "whether it's a box of cereal, a new vehicle, or an HD tv, most products have travelled a long way before we see them".

In today's global economy, that long way travelled is a very efficient, effective, and economical supply chain, of which trains and trucks are only the most visible workaday components, that results in the availability of affordable goods/products in the marketplace. In practice, in northeast Illinois, the products chosen as examples by Hunter Harrison, are staged or warehoused in, at least, Minooka (cereals), West Chicago (vehicles), and several industrial parks in Will county (HD tvs, plus most other electronics) before going to a retail outlet.

******* My sense is that the working of the supply chain, and its constituent parts, is little understood by the public at large (or is selectively understood in some communities) and this represents one of the great disconnects of the modern era *******

He [Harrison] could just as easily have said building materials, small packets (UPS handles 3 million+ packages a day through its sorting hub in Hodgkins and probably half or more of those come and/or go by rail), home furnishings, etc., etc. It is, perhaps, not widely understood or appreciated that the US rail system carries 42% of national freight revenue ton-mile volume, in contrast to much of Europe where, in spite of well-intentioned political target-setting, the rail system(s) struggle(s) to hold a share closer to 10%.

What Hunter Harrison didn't say was that, rather in contrast with much of the rest of the world, NorthAmerican railroading still offers extensive single or multiple railcar service and rates to shippers – possibly as much as 40% of rail traffic in the US is in less than unit train volume, and this is how essentials like fructose, sorbitol, canned foods (not forgetting beer), furniture, cooking and lubricating oils, scrap metals, new steel, plastic pellets, etc., get around.

He could just as easily have said fertilizer. Illinois' economy is substantially agricultural – there are hundreds of farms that receive fertilizer, much of which originates in Canada (Canada and Mexico are, not coincidentally, two of this country's top three trading partners) and is brought to Illinois in unit train volumes – that's 100 cars approx., of 132 tons per car. When it gets to Illinois one of two things can happen to it: in the first case it is received at another of the Chicago belt railroads where, in time and on demand, one or more cars are switched into a local train of another railroad for delivery to a local FS or an independent storage facility from which it then can be distributed to the farms. In the second case it

is received at a large regional transload facility and the full contents are transferred into a large silo from which it can then be picked up and/or distributed.

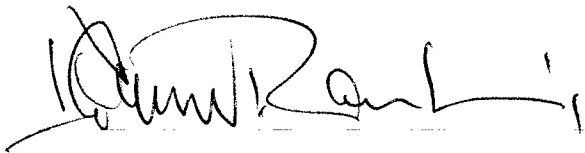
An example of the reverse is this – Illinois is blessed with upwards of 40 grades of sand, much of it in the Illinois river valley. This sand is used in many processes, e.g. glassmaking (which is why glassmaking has long been a staple of northern Illinois industry), construction materials, industrial abrasives, etc., and is sent all over the country.

Could Illinois be a full partner in the national economy if its essential products, inbound and outbound both, were forced into circuitous, inefficient routings ?

The supply chain I have described is also interstate commerce in its purest form it cannot happen (or at least it cannot happen to its current efficient, effective, and economical standard), if political or geographic units can either opt out or exert their own unique limitations and conditions on the movement of goods.

So I ask that in your deliberations you recognize and emphasize the holistic nature of the national goods movement industry (which is the basic underpinning of the concept of “common carrier”) in which the whole is more than the sum of the parts, but which can lose its efficiency, effectiveness and economy if enough of the parts are impaired for reasons of parochial interest. I ask that the Surface Transportation Board (if it has not already done so) prepare, or contract for, as part of its analysis of the EJ&E acquisition, a comprehensive briefing paper that portrays the holistic nature of the business, for one could make the case that if any community could actually “choke” commerce in the upper Midwest it would be one of those several communities in northwest Indiana through which much of that commerce flows in response to the geographic, geopolitical and commercial imperatives that historically gave rise to this region being what one of the region’s chief executives recently called “the epicenter in the nation for rail traffic”, something which should be a source of pride.

Yours Sincerely

A handwritten signature in black ink, appearing to read "F. Gerald Rawling". The signature is fluid and cursive, with a large initial "F" and "R".

F. Gerald Rawling