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May 23, 2008

BY HAND

Ms. Victoria J. Rutson, Chief
Section of Environmental Analysis
Surface Transportation Board
395 E Street, S.W.
Washington, D.C. 20423-0001

20955 #4

**Re: Canadian National Railway Company and Grand Trunk Corporation –
Control – EJ&E West Company (STB Finance Docket No. 35087)**

Dear Ms. Rutson:

I am writing, on behalf of Applicants Canadian National Railway Company and Grand Trunk Corporation (together, "Applicants"; together with their rail carrier subsidiaries, "CN"), to provide you and HDR Engineering, Inc. ("HDR"), with the information requested in item no. 8 of SEA's Data and Information Request #4, which you sent as an enclosure to your letter of April 14, 2008, to Normand Pellerin of CN.

8. CN previously provided estimated fuel use for both the pre and post transaction based on gross ton-miles and fuel efficiency factors. We understand that CN is now up-dating this fuel use estimate to include a full consideration of the reduced idling time for the post-transaction scenario. In addition, we understand that CN is also preparing an assessment of the possible change in fuel use for other rail lines since under the post-transaction scenario the interchange location will change. Please provide us with the updated fuel use estimates and a discussion of the assumptions CN used in calculating off-setting fuel savings.

SEA previously requested information regarding fuel consumption in item no. 19 of SEA's initial Data and Information Request, to which CN responded in my letters to you of February 15, February 29, and March 12, 2008 (including Exhibit C to my February 15 letter and Exhibit B to my March 12 letter). The exhibits to this letter (included on the enclosed CD) supplement CN's previous responses by providing information about changes in fuel consumption by railroads other than CN and EJ&E, and about fuel consumption by locomotives idling on the rail lines.

HARKINS CUNNINGHAM LLP

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Ms. Victoria J. Rutson, Chief

May 23, 2008

Page 2

The first two panels ("EJE Lines" and "CN and Other Lines") of the Excel file enclosed as Exhibit A (Ex A-Segment_Fuel_Consumption_Summary_revised.xls) are identical with the panels of the same name in Exhibit B of my March 12 letter, adjusted to include a calculation of fuel consumed by locomotives while stopped along the lines, and to reflect CN's conclusion that two trains that the Operating Plan had projected would be rerouted to the EJ&E line after the Transaction will remain on their existing route.¹

The third panel ("Foreign Carriers' Lines") presents CN's calculations of fuel consumed by other railroads to move trains received from or forwarded to CN within the EJ&E arc at present, to reflect the reduction in that consumption resulting from the anticipated shift of interchange locations. The third panel also presents CN's calculations of the gross-ton-miles moved on those trains per day on the other railroads' lines within the EJ&E arc, and the resulting gross-ton-miles per gallon. All these calculations are presented both pre- and post-Transaction. The fourth panel ("Total") sums up the data from the preceding three panels, and the final panel ("Change") reports a net increase in fuel consumption after implementation of the Transaction as 1,440 Imperial gallons per day (or 1,729 U.S. gallons per day, using a conversion factor of 1.20094992550486 U.S. gallons per imperial gallon).

To arrive at its conclusions regarding fuel consumed by locomotives idling while delayed on the EJ&E line after implementation of the Transaction, CN selected a section of its track (the Waukesha Subdivision between Leithton and Fond du Lac) that it judged had a traffic mix and other operating characteristics comparable to those of the EJ&E arc following implementation of the Transaction. Using all train events reported on this segment in 2006, CN determined the average run time between Leithton and Fond du Lac. CN then applied its train performance calculator ("TPC") to the typical train used in CN's previous fuel calculations (reported in my February 15 and March 13 letters) to determine the minimum run time ("MRT"). Total delay minutes on the Leithton-Fond du Lac segment were calculated by deducting the MRT from the 2006 average run time, and delay minutes per mile calculated by dividing that number by the mileage of the segment. The number of delay minutes per mile was then applied to the train miles in the operating plan to yield an estimate of 49.9 hours of delay per day for CN trains on the EJ&E arc.

¹ Those trains, with train IDs 346 and 442, are interchanged today with CSXT at BRC's Clearing Yard. The Operating Plan projected that the interchange point would be shifted to Kirk Yard after the Transaction. As the Operating Plan observed, however, shifts in interchanges would require "CN and its Class I partners . . . to negotiate changes to existing Chicago-area interchange arrangements" (CN-2 at 217). CSXT has informed CN that it is unwilling to change the current arrangement, under which trains 346 and 442 are interchanged at Clearing Yard, and CN has therefore adjusted its fuel consumption calculations to reflect the fact that these trains are now expected to remain on their current route.

HARKINS CUNNINGHAM LLP

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Ms. Victoria J. Rutson, Chief

May 23, 2008

Page 3

CN calculated the delay of CN trains currently operating on CN and other lines inside the EJ&E arc by using actual train events reported in 2006 to determine the average run time, then deducting the MRT time (calculated using the TPC), and arriving at a total delay of 200.4 hours per day. CN then followed the same procedure, but examining only those trains that are expected to remain on their current inside-the-arc routes after implementation of the Transaction, to calculate a delay of 24.1 hours per day for CN trains inside the arc after implementation of the Transaction. (This implicitly assumes that those trains would encounter the same delay that they do today, which is a conservative assumption, given that it is likely that the reduced congestion on those lines would result in a decrease in idle time.)

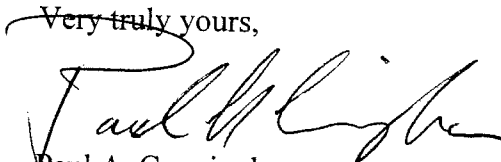
CN calculated the fuel consumed by its idling trains by applying the idle burn rates for each type of locomotive in the typical locomotive consist (one Dash 9 and one SD40) that was for the calculations reported earlier to SEA for trains moving on the EJ&E arc and on their current routes inside the arc.

To estimate the reduction in delay to other railroads' trains that are presently interchanged with CN inside the EJ&E arc, CN used its 2006 trains database to calculate the total time that CN trains occupy the lines of other carriers (*i.e.*, BRC, CSXT, CP, IHB) on a typical day, then calculating the delay minutes per mile and applying that factor to the inside-the-arc mileage of each run-through train interchanged with other railroads, to yield total delay minutes per day for those trains. CN then applied the delay minutes per day to its idle burn rate for the locomotives in the typical "other" locomotive consist (two Dash 9s) that were used in CN's earlier fuel calculations.

* * * * *

With the response to this item, there are no longer any outstanding items from SEA's Information Request #4. If you have any follow-up questions about this or any other items from Request #4, please feel free to call me, and I will do whatever I can to provide you with the answers.

Very truly yours,



Paul A. Cunningham

Counsel for Canadian National Railway Company
and Grand Trunk Corporation

Enclosure (on CD)

HARKINS CUNNINGHAM LLP

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Ms. Victoria J. Rutson, Chief

May 23, 2008

Page 4

cc: Phillis Johnson-Ball

John H. Morton

Normand Pellerin

Fuel Consumption Summary for Line Segments in United States Affected by Canadian National/EJ&E West Company Transaction with CSXT Traffic via BRC Clearing Yard

EJ&E Lines

	Total Gallons (Imp) per Day		Total GTM's per Day		GTM's/Gallon (Imp)	
	Pre-Transaction	Post-Transaction	Pre-Transaction	Post-Transaction	Pre-Transaction	Post-Transaction
EJ&E Trains - Active	2,849	2,849	2,549,135	2,549,135	895	895
Other Trains - Active	1,577	1,577	1,829,254	1,829,254	1,160	1,160
CN Trains - Active	366	14,133	340,192	17,213,079	930	1,218
CN Trains - Delay		249				
Total	4,792	18,808	4,718,581	21,591,468	985	1,148

Note: CN train delay fuel pre-transaction is included in CN and Other Lines

CN and Other Lines

	Total Gallons (Imp) per Day		Total GTM's per Day		GTM's/Gallon (Imp)	
	Pre-Transaction	Post-Transaction	Pre-Transaction	Post-Transaction	Pre-Transaction	Post-Transaction
CN Trains - Active	11,317	1,896	12,066,766	2,686,396	1,066	1,417
CN Trains - Delay	1,317	241				
Total	12,633	2,137	12,066,766	2,686,396	955	1,257

Foreign Carriers' Lines

	Total Gallons (Imp) per Day		Total GTM's per Day		GTM's/Gallon (Imp)	
	Pre-Transaction	Post-Transaction	Pre-Transaction	Post-Transaction	Pre-Transaction	Post-Transaction
Foreign Trains - Active	2,803	981	2,642,519	941,805	943	960
Foreign Trains - Delay	267	10				
Total	3,070	991	2,642,519	941,805	861	950

Total

	Grand Total Gallons (Imp) per Day		Grand Total GTM's per Day		GTM's/Gallon (Imp)	
	Pre-Transaction	Post-Transaction	Pre-Transaction	Post-Transaction	Pre-Transaction	Post-Transaction
Total	20,496	21,936	19,427,867	25,219,670	948	1,150
Change		1,440				