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December 10, 2007

United States Surface Transportation Board
395 E Street, SW
Washington, DC 20423-0001

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Dear Sir/Madam:

**Subject: STB Application FD_35087_0:
Canadian National Railway Company Acquisition of Portions of Elgin, Joliet
and Eastern Railway Company (Grand Trunk Corporation)**

I am writing on behalf of many propane shipper members of the Propane Gas Association of Canada (PGAC) in response to the above captioned acquisition filed with the Surface Transportation Board on October, 20, 2007.

The PGAC is the national voice of the Canadian propane industry. Our mission is to promote the growth and development of a safe, environmentally responsible Canadian propane industry. Amongst our 270+ members are many propane transporters/shippers.

On September 26, 2007, Canadian National Railway Company (CN) announced its intentions to acquire the major portion of the Elgin, Joliet and Eastern Railway Company (EJ&E). According to the announcement, the acquisition will significantly improve the fluidity of CN's rail operations in the Chicago region, rewarding customers with faster transit times and more reliable service. The announcement further stated that the streamlined rail operations and reduced congestion resulting from this acquisition will benefit current CN and EJ&E customers, the City of Chicago, nearby communities, and the overall rail network in the region by allowing existing traffic to be moved more efficiently and at lower cost. Further, there will be no shippers served only by CN and EJ&E (2-to-1 shippers) who will lose direct rail competition as a result of the acquisition, nor will there be any other adverse impacts on competition.

Propane shippers welcome any proposal which will support greater system efficiency and lower overall costs to shippers. From this perspective, they fully support the announced acquisition plans between CN and EJ&E. This notwithstanding, they wish to ensure that the U.S. Surface



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Transportation Board will complete a full due diligence review on the impact this proposal will have on overall rail shipment competitiveness.

So often in the past amalgamations in the rail shipping industry have had, despite claims to the contrary, the very real effect of further limited rail competition, to the detriment of shippers and their customers. In this regard, we note that there were over forty (40) Class 1 railroads operating in North America when the U.S. Staggers Rail Act was enacted in 1980. There was accordingly a considerable amount of rail-to-rail competition across North America, particularly within the U.S. There are now only seven, and they each have a monopoly grip over distinct geographical regions within their respective country

We wish the Surface Transportation Board well in its deliberations. We are available to discuss this matter further at your convenience should you wish to do so. I can be contacted by email at mgratton@nglsupply.com or by phone at 403-515-3960.

Yours truly,

for **MAURICE GRATTON**
Chairperson
PGAC Shippers' Group

Cc: E Hunter Harrison, President and Chief Executive Officer, CN
Phil Squir, Vice President, National Propane Gas Association (U.S.)
Ann Marie Hann, President, PGAC