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January 28, 2008

Honorable Anne K. Quinlan
Acting Secretary
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

RE: Finance Docket No. 35087, *Canadian National Railway Company and
Grand Trunk Corporation—Control—EJ&E West Company*

Dear Acting Secretary Quinlan:

CSX Transportation, Inc., on behalf of itself and its subsidiaries, (jointly "CSXT") hereby submits its comments in the above-entitled proceeding. CSXT is participating before the Surface Transportation Board (the "Board") in this proceeding for two reasons. First, the increased traffic in the Chicago, IL area resulting from this proposed transaction without mitigation will cause operational problems for CSXT's operations in the Chicago area, which will reverberate throughout the CSXT system. Trains delayed in the Chicago area will have a ripple effect of slowing the velocity, increasing the dwell time, and creating congestion throughout the CSXT system. Second, CSXT and CN have attempted to resolve these concerns, but have been unable to do so before the filing deadline in this proceeding. Although CSXT is reasonably confident that it can reach an accommodation with CN, prudence dictates that CSXT file with the Board as a prophylactic measure.

CSXT interchanges traffic in the vicinity of Chicago, IL with: (1) the Elgin, Joliet and Eastern Railway Company ("EJ&E") at Curtis Yard; and (2) Canadian National Railway Corporation and its affiliates and subsidiaries ("CN") at Barr Yard, Clearing Yard, Riverdale Yard, and other interchange points. CSXT and CN have been negotiating an agreement to maintain these interchange points under the current arrangements, including existing practices, terms, and conditions, with changes, if any, subject to mutual consent. CN has agreed in principal to this request of CSXT as evidenced by the attached email dated January 23, 2008 from David Novak of CN to Christopher Maffett of CSXT (the "Email").

In the Application in this proceeding filed on October 30, 2007, CN committed to "keep all gateways affected by the Transaction open on commercially reasonable terms." Application at 24. The Board has also held railroads to the commitments made to parties in consolidation proceedings.¹

The Chicago gateway is the largest gateway in the United States. Operation through the Chicago gateway occurs through the use of numerous specific interchanges between railroads. In order to keep the Chicago gateway open, CSXT is requesting the Board to require CN to fulfill its commitment to the Board by keeping open on commercially reasonable terms those interchanges that allow for the efficient operation between CSXT and CN of the Chicago gateway.

The relief that CSXT is seeking from the Board is merely to hold CN to the commitment CN made to the Board to keep gateways open for those gateways in the Chicago, IL area that are used for interchange today between CSXT, on the one hand, and CN and EJ&E, on the other, and the commitment made to CSXT in the Email. CSXT is not seeking to resolve a condition that exists today. CSXT is concerned about the affect of the Transaction on CSXT's operations, which will in turn affect CSXT's ability to compete for rail traffic and offer efficient service.

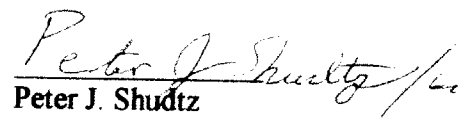
Therefore, CSXT respectfully requests the Board to impose a condition requiring CN to keep all gateways affected by the Transaction open on commercially reasonable terms, which will include existing practices, terms, and conditions, until there is mutual consent between CSXT and CN to change the interchange and to abide by the commitments that it made to CSXT in the Email.

Specifically, CSXT requests that the following interchange locations for the following railroads and or specified traffic will continue to be: (1) Clearing Yard for interchange between CSXT and Wisconsin Central Ltd.; (2) Clearing Yard for interchange between CSXT and Minnesota and Western Canada freight; (3) Barr Yard and Riverdale Yard for interchange between CSXT and Illinois Central Railroad Company; and (4) all other existing CN and CSXT interchange properties will be handled in accordance with existing agreements. The interchange between CSXT and EJ&E that exists as of the date of this letter at Curtis Yard will be utilized only for EJ&E West Company ("EJ&EW") traffic after consummation of the Transaction.

CSXT is e-filing this comment. Thank you for your assistance. If you have any questions please call me.

¹ See *Canadian National, et al.-Control-Illinois Central, et al.*, 4 S.T.B. 122, 128 (1999).

Sincerely yours,

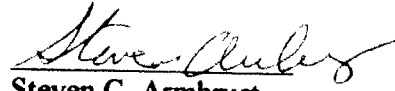

Peter J. Shultz

January 28, 2008

Enclosure

CERTIFICATE OF SERVICE

I hereby certify on January 28, 2008, that I have caused the foregoing document to be served upon parties of record by first class mail pre-paid.


Steven C. Armbrust

ATTACHMENT - CONFIDENTIAL

From: David.Novak@cn.ca [mailto:David.Novak@cn.ca]
Sent: Wednesday, January 23, 2008 8:00 AM
To: Maffett, Christopher
Subject: Re: CSXT/EJ&E

Chris,

In response to the two issues CSXT has raised regarding CN's proposed acquisition of EJ&E West Company:

1. CN has no present plans to modify the EJ&E interchange at Gary with CSXT or CN's own interchange with CSXT in Chicago should CN acquire EJ&EW. Nonetheless, CN agrees to notify and consult with CSXT before any such changes. At this point, however, we do not wish to lock ourselves into existing CN gateways for an arbitrary period of time.
2. My understanding is that the Chicago Heights interlocker agreement you reference is with UP and not with CSXT. In any event, I have discussed the issue of potentially automating the control processes for that interlocker internally and CN does not wish to commit to doing so at this time. Frankly, we have concerns about how automatic interlockers can be gamed to take advantage of the process. However, we can commit to working with CSXT (and UP) to try to insure that traffic flows smoothly through that point.

Chris, I'm not certain a written agreement is really necessary between our companies, so long as we have this understanding. However, if you believe formalizing an agreement is useful, we would be happy to do so.

Dave N

"Maffett, Christopher" <Christopher_Maffett@CSX.com>

01/22/2008 03:14 PM

To: <David.Novak@cn.ca>
cc:
Subject: CSXT/EJ&E

Dave,

Following-up from yesterday – at this moment, CSXT plans to provide letter agreements with respect to interchange and the Chicago Heights interlocking in the next day or so.

Do you have any additional thoughts on the feasibility and acceptability to the Chicago Heights interlocking proposal?

Thanks,

Chris Maffett

Director - Alliances

RNX: 322-3708

(904) 359-3708

Surface Transportation Board
CN-EJ&E EIS - FD-35087

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HDR
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