Congress of the United States
Washington, DC 20510

December 14, 2015

The Honorable Daniel R. Elliott III
Chairman
United States Surface Transportation Board
395 E Street, SW
Washington, DC 20423-0001

The Honorable Ann D. Begeman
Vice Chairman
United States Surface Transportation Board
395 E Street, SW
Washington, DC 20423-0001

The Honorable Deb Miller
United States Surface Transportation Board
395 E Street, SW
Washington, DC 20423-0001

Dear Chairman Elliott and Surface Transportation Board Members:

We are writing to you regarding Canadian Pacific Railway's (CP) proposal to acquire Norfolk Southern Corporation (NS), a merger that could have significant implications to the freight network in Illinois and this country. As the Surface Transportation Board (STB) knows, Illinois is home to all seven Class I railroads and has the second highest rate of employment in the rail industry nationally, with over 17,000 railroad employees and over 32,000 retirees, spouses, and survivors dependent on a robust and stable rail industry. The State of Illinois relies on a strong freight rail industry to drive not only our state economy but also the economy of the United States.

Congress has provided the STB with the power to approve or disapprove mergers and acquisitions in the railroad industry. In approving a merger, the STB must assess, among other things, whether the proposed merger will serve the public interest, and whether it will benefit or harm competition among rail carriers. These are complicated questions that take time to resolve.

To that end, we are concerned about the effects of the proposed CP-NS merger on Chicago. There are many questions about the details of CP's proposal as it relates to the public interest. Canadian Pacific has not detailed how it may route traffic through Chicago or other regions.

First, we urge you to carefully review any plans submitted to the STB, and consider the potential negative impact of the proposal with respect to building a more efficient freight network in Chicago. If new routes are planned, it is critical that STB carefully and transparently examine the effect on communities along those new routes. Second, the STB should consider the economic impact on shipping in Illinois and the United States. Will the merger take business away from Illinois and the United States by diverting business to Canada? Third, CP is targeting $1.8 billion of "synergies" that would be achieved through headcount, locomotive fleet, a lower tax rate, and operations rationalization. We urge the STB to review and comprehensively examine the economic effects of such a consolidation on local industries and jobs in the Chicago region. If CP is proposing to cut costs on the backs of Illinois workers, the STB has a responsibility to evaluate and publicly disclose the details of such a proposal.

During the STB's lengthy review process, it is critical that the STB ensure the independence of the two railroads contemplating a merger. In that regard, we have deep concern over public comments made by the CEO of CP, expressing his intent to immediately assume control of NS by taking over as the CEO of NS during the pendency of the STB's review process as a "voting trust." It is directly contrary to the prohibition on "unlawful control" set forth in the STB's regulations and enshrined in federal law.

Congress has given the STB the power to keep the best interest of consumers in mind when considering proposed mergers, especially an acquisition of this scale. Any attempt to circumvent the role of the STB and threaten the sovereignty of a competing railroad should be taken seriously.

Thank you for your careful review of this matter.

Sincerely,

Richard J. Durbin
United States Senator

Daniel Lipinski
United States Representative

Tammy Duckworth
United States Representative

Danny K. Davis
United States Representative

Mike Quigley
United States Representative

Bobby L. Rush
United States Representative

Cheri Bustos
United States Representative

Luis V. Gutiérrez
United States Representative

Jan Schakowsky
United States Representative

Bill Foster
United States Representative