

Surface Transportation Board Announces Acceptance of "Canadian National-Illinois Central" Railroad Merger Application, Issues Final Procedural Schedule

Friday, August 14, 1998 (202) 565-1596
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**SURFACE TRANSPORTATION BOARD
ANNOUNCES ACCEPTANCE OF "CANADIAN NATIONAL-ILLINOIS CENTRAL"
RAILROAD MERGER APPLICATION,
ISSUES FINAL PROCEDURAL SCHEDULE**

Surface Transportation Board (Board) Chairman Linda J. Morgan announced today that the Board has accepted for consideration the primary railroad control application, and related filings, submitted to the Board (*see footnote 1*) on July 15, 1998, by the Canadian National Railway Company, Grand Trunk Corporation, and Grand Trunk Western Railroad Incorporated (collectively referred to as "CN"), and Illinois Central Corporation, Illinois Central Railroad Company (ICR), Chicago, Central and Pacific Railroad Company, and Cedar River Railroad Company (collectively referred to as "IC") (*see footnote 2*). Chairman Morgan also announced that, following review and analysis of the public comments it has received, the Board is issuing a final, **300-day** procedural schedule that will provide for the issuance of the Board's final decision no later than **May 11, 1999**, or **10 months** after the filing of CN-IC's merger application on July 15.

CN's rail network consists of approximately 1,150 miles in the United States, and approximately 14,150 miles in eight Canadian provinces. IC operates approximately 3,370 miles of track running north-south between Chicago and the Gulf of Mexico, and east-west between Chicago and Nebraska and Iowa. The principal routes of the combined CN-IC rail system would be identical to those of the individual railroads. The southern terminus of CN's rail system, Chicago, is the northern terminus of IC's rail system. The Applicants have stated that no track redundancies would be created by the proposed merger, and that no rail line abandonments or substantial rerouting would result from the combination of the two systems. The Board accepted the merger application and related filings because they were found to comply substantially with applicable regulations and other requirements.

Though the Applicants requested adoption of their original, 6-month proposed schedule, the Board received few objections to the 10-month schedule it proposed. The Board decided on the 10-month schedule in the belief that it is a middle-ground schedule that will allow sufficient time thoroughly to review the application and develop the public record upon which the Board's decision will be based, and will not unnecessarily delay any benefits that would flow from the proposed integration of the CN-IC systems, should the merger application be approved. A copy of the final schedule is attached.

The Board announced its acceptance of the CN-IC merger application and related filings today in STB Finance Docket No. 33556, Decision No. 6.

footnote 1 .In the case entitled *Canadian National Railway Company, Grand Trunk Corporation, and Grand Trunk Western Railroad Incorporated--Control--Illinois Central Corporation, Illinois Central Railroad Company, Chicago, Central and Pacific Railroad Company, and Cedar River Railroad Company*, STB Finance Docket No. 33556.

footnote 2. CN and IC are referred to collectively as "Applicants"

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ATTACHMENT

FINAL PROCEDURAL SCHEDULE STB FINANCE DOCKET NO. 33556 "CANADIAN NATIONAL-ILLINOIS CENTRAL" MERGER

DATE / MATERIAL DUE OR ACTION TAKEN

July 15, 1998: Applicants' primary merger application and related applications filed with Board.

August 14, 1998: Board's notice of acceptance of primary and related applications is published in the *Federal Register*.

August 14, 1998: Applicants' Safety Integration Plan is due.

August 31, 1998: Notification to Board of persons' or parties' intent to participate in the merger case is due.

August 31, 1998: Parties' description of anticipated inconsistent (i.e., alternative proposals inconsistent with the primary application) and responsive applications (e.g., seeking to lessen perceived anticompetitive effects by trackage rights etc.) are due; petitions for Board's waiver or clarification relative to such applications are due.

September 21, 1998: Responsive Environmental Report and Environmental Verified Statements from those filing inconsistent and responsive applications are due.

October 13, 1998: All comments, protests, requests for conditions to be applied to the merger, and other opposition evidence and argument due, including filings of the U.S. Department of Justice (DOJ) and U.S. Department of Transportation (DOT). Inconsistent and responsive applications are due.

November 2, 1998: Notice of Board's acceptance (if required) of inconsistent and responsive applications is issued and published in the *Federal Register*.

November 27, 1998: Response to inconsistent applications, responsive applications, DOJ and DOT comments, other comments, protests, requested conditions, and other opposition is due; and rebuttal in support of primary and related applications is due.

December 28, 1998: Rebuttal in support of inconsistent and responsive applications is due.

February 5, 1999: Briefs due from all parties.

March 8, 1999: Oral argument before Board (conclusion of which closes the public record).

March 15, 1999: Board holds voting conference open to public.

May 11, 1999: Board issues written decision reflecting March 15 vote.