

**SURFACE TRANSPORTATION BOARD RELEASES DRAFT ENVIRONMENTAL ASSESSMENT FOR PROPOSED
CANADIAN NATIONAL-ILLINOIS CENTRAL MERGER**

Surface Transportation Board (Board) Chairman Linda J. Morgan announced today that the Board's Section of Environmental Analysis (SEA) has issued its Draft Environmental Assessment (Draft EA) of the proposed acquisition of control [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.] of Illinois Central Corporation (IC) [FOOTNOTE 2: Illinois Central Railroad Company, Chicago, Central and Pacific Railroad Company, and Cedar River Railroad Company are referred to collectively as "IC."] by the Canadian National Railway Company (CN) [FOOTNOTE 3: Canadian National Railway Company, Grand Trunk Corporation, and Grand Trunk Western Railroad Incorporated are referred to collectively as "CN." CN and IC are referred to collectively as "Applicants."]. The Draft EA is based on SEA's independent analysis, public comments, and consultations with public agencies. The Board welcomes public review and comment on the Draft EA. Written comments are due by **December 11, 1998**.

On July 15, 1998, CN and IC filed a joint application with the Board seeking authority for CN to acquire control of IC. As described in their application, CN and IC propose to combine their existing rail systems to form a single system. Under the proposal, CN and IC anticipate only relatively minor changes in rail operations. The proposal does not include any rail line abandonments and includes only five minor construction projects. Within the United States, the combined CN/IC system would cross fifteen states (Alabama, Illinois, Indiana, Iowa, Kentucky, Louisiana, Michigan, Minnesota, Mississippi, Nebraska, New York, Ohio, Tennessee, Vermont, and Wisconsin).

The proposed acquisition would result in some minor changes in rail activity along rail line segments, as well as at some rail yards and intermodal facilities. SEA assessed the potential environmental impacts that the proposed CN/IC acquisition could have on safety, transportation systems, land use, energy, air quality, noise, biological resources, water resources, historic and cultural resources, and environmental justice, and SEA addressed the potential impacts in the Draft EA. SEA also considered the potential environmental impacts of the Applicants' recent agreements with the Kansas City Southern Railway Company and other parties' requests for modifications of the application.

SEA has determined that there would be potential significant impacts on only one area at issue, hazardous materials transport safety. Based on this determination, SEA is recommending mitigation to address the potential environmental impacts of proposed acquisition-related increases in hazardous materials transport, including potential disproportionately high and adverse impacts that these increases could have on minority and low-income populations. With its proposed mitigation, SEA believes there will be no potential for significant environmental effects on hazardous materials transport safety. SEA has determined that none of the other environmental issue areas would have a potential for significant environmental effects and therefore do not warrant mitigation.

The Draft EA also discusses the Safety Integration Plan prepared by CN and IC. This plan explains how the Applicants propose to safely integrate their separate systems. SEA has included a copy of the Safety Integration Plan and the Federal Railroad Administration comments on it in the Draft EA to provide the public with the opportunity to comment on the content and sufficiency of the Safety Integration Plan.

The Draft EA is currently available for public review and comment for 30 days. Public comments are due by **December 11, 1998**. SEA will fully consider all comments received in response to the Draft EA, conduct additional environmental analysis as appropriate, and consult with appropriate public agencies in preparing a Final Environmental Assessment (Final EA). SEA will issue the Final EA prior to the Board's Oral Argument and Voting Conference, which are currently scheduled for **March 1999**. The Board will consider the entire environmental record, including all public comments, the

Draft EA, and the Final EA in making its final decision on the proposed acquisition. The Board plans to issue its final written decision on **May 25, 1999**.

All interested agencies, organizations, and individuals are encouraged to comment on the Draft EA, which includes the Applicant's Safety Integration Plan and SEA's environmental mitigation recommendations. The public may comment on the Draft EA by submitting written comments (include an original plus 10 copies) to the following address by **December 11, 1998**, the close of the public comment period.

Address:

**Office of the Secretary
Case Control Unit
Finance Docket No. 33556
Surface Transportation Board
925 K Street, N.W.
Washington, DC 20423-0001**

**Attn: Elaine K. Kaiser
Environmental Project Director
Environmental Filing**

For Additional Information: Contact Michael Dalton, SEA Project Manager for the proposed CN/IC acquisition at **(202) 565-1530**. Further information can be obtained by calling SEA's toll-free Environmental Hotline at **1-888-869-1997** (TDD/TDY for the hearing impaired: **1 (800) 877-8339**), or by accessing SEA's website for the proposed CN/IC acquisition at **www.cnicacquisition.com**, or the Board's website at **www.stb.dot.gov**.

###