



February 12, 2016

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 Michigan and this country. As the Surface Transportation Board (STB) knows, Michigan is currently served by four Class I railroads and employs in excess of 3,000 Michiganders. Over 13,000 retirees, spouses, and survivors in Michigan depend on a stable and robust rail industry. Michigan and its industry – automotive, agriculture, steel, chemical, coal and other commodities - are very dependent on a safe, efficient and well-maintained rail infrastructure. To that end, the State of Michigan 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 rail service through Detroit, Chicago, Toledo, and Elkhart, IN, which are critical gateways for freight traffic destined to and from Michigan. There are many questions about the details of CP's proposal as it relates to the public interest.

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 and sustaining a more efficient freight network through Michigan. 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 Michigan and the United States. Will the merger take business away from Michigan 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 Detroit region. If CP is proposing to cut costs on the backs of Michigan workers, the STB has a responsibility to evaluate and publicly disclose the details of such a proposal.

We are particularly concerned with the approximately 13,000 individuals employed within Battle Creek, Michigan's Fort Custer Industrial Park. Their combined income of \$474 million annually, as well as the economic benefits of home ownership, associated businesses and related services, would be subject to a major upheaval or possible elimination with approval of the CP-NS merger. This potential negative impact *nearly doubles* when one considers the entire City of Battle Creek, which employs 23,207 workers having an approximate annual income of \$846 million. These are significant potential detrimental impacts for the city of Battle Creek alone, where Norfolk Southern's safety record is unparalleled and we have benefited from a great working relationship over many decades of their providing rail shippers and receivers with excellent rail service. Will the proposed merger have positive impacts regarding the livelihood of our workers, the economy of our community and the excellent rail service we currently receive – or will the effects be detrimental for all? We urge the STB to carefully and thoroughly consider the potential effects of this merger for Battle Creek and all impacted communities.

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,




Marie Briganti
President & CEO
Battle Creek Unlimited



John Gallagher
Chairman, Battle Creek Unlimited
Board of Directors



John Bryant
Chairman & CEO Kellogg Company
Battle Creek Unlimited
Board of Directors



Rebecca Fleury
City Manager, City of Battle Creek
Battle Creek Unlimited
Board of Directors