



Chairman Daniel R. Elliott, III
Vice Chairman Deb Miller
Member Ann D. Begeman
Surface Transportation Board
395 E Street, S.W.
Washington, DC 20423-000

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OFFICE OF CHAIRMAN

Dear STB Members:

RSI Logistics, Inc., (RSI) is a 3rd party rail service provider focused on assisting rail shippers in the management of their rail transportation. RSI has evolved into North America's leading rail 3PL provider. RSI's rail-centric services include rail logistics, rail technology, bulk terminal operations, and bulk intermodal services. RSI serves its customers from 20 locations across North America. From these locations, RSI manages the rail responsibilities of 135 companies who are represented across the Chemical, Agricultural, Metals, Energy, and Building & Construction Material industries.

RSI Logistics is deeply troubled and concerned over the hostile bid efforts on the part of the Canadian Pacific Railway (CP) to facilitate a CP-Norfolk Southern (NS) merger. Last week, we hosted a conference call that many of our customers attended. During the call, we had significant dialog discussing the likelihood, risks, and benefits of the potential merger. The unanimous opinion was that a consolidation of this kind, would have pronounced negative effects on their service, rate competitiveness, and create disruptions in their collective markets.

Over the last several years, shippers and shippers groups have been pushing the rail carriers and the STB to pass various forms of legislature that has attempted to increase competition. What we find ironic is that these initiatives to impose minor re-regulation have stalled, and yet there is a realistic possibility that a CP-NS merger could occur.

The realities of a merger of this magnitude would be devastating to rail shippers and rail carriers as a whole. As we have seen with previous mergers, there were prolonged periods of poor service followed by significant rate increases. We believe that the current North American rail network comprised of 7 Class I carriers and short lines has developed a competitive balance. The term "duopoly" has been mentioned to describe the result of a CP-NS merger. We cannot agree more. If this merger would be allowed to take place, significant market changes would result. One could easily predict that some of these market changes would have an adverse effect on U.S. points of origination, only to bolster Canadian producers and manufacturers.

RSI and the rail shippers that we represent strongly oppose any and all efforts that would promote a CP-NS merger. We are urging our customers to share with you their opposition to the potential merger in their own words.

Thank you for allowing me the time to express my concerns.

Sincerely,

Robert B. Tucheck

President

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