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September 3, 2020

The Honorable Ronald Batory, Administrator  
Federal Railroad Administration  
United States Department of Transportation  
1200 New Jersey Ave., SE  
Washington, D.C. 20590

The Honorable Ann Begeman, Chairman  
United States Surface Transportation Board  
395 E Street, S.W.  
Washington, D.C. 20423

The Honorable Martin Oberman, Vice Chairman  
United States Surface Transportation Board  
395 E Street, S.W.  
Washington, D.C. 20423

The Honorable Patrick Fuchs, Board Member  
United States Surface Transportation Board  
395 E Street, S.W.  
Washington, D.C. 20423

Dear Administrator Batory, Chairman Begeman, Vice Chairman Oberman, and Board Member Fuchs:

Thank you very much for your letter of August 24<sup>th</sup>, 2020 regarding U.S. freight rail service during the unprecedented challenges during the COVID pandemic. Throughout this on-going crisis, we appreciate the measures taken by the Surface Transportation Board and the Federal Railroad Administration to support the freight rail industry and our customers, as well as your commitment to keeping the lines of communications open.

As I indicated in my letter to Chairman Begeman on May 29, 2020, responding to COVID and the myriad ways it has impacted our railroad understandably has tested our company. For CN, the pandemic comes on the heels of two other significant disruptions in the last year – a labor action and a series of illegal blockades on our property which both brought portions of our network to a standstill.

Like any challenge CN faces, we address it by focusing on building resiliency and looking toward the long-term.

Central to that resilience, as always, is safety. Safety is a core value at CN and it drives every decision we make. We appreciate your letter recognizing the industry's 2020 safety record – we strive to always improve upon that record.

In our COVID response, we first took measures to protect our workers. We instituted a 100% mask policy on property, employed social distancing, and focused on aggressively cleaning workspaces and locomotives. We protected our teams by dividing the workforce into staggered groups and made changes to facility spaces.

While many Americans sheltered in place, our essential workers kept the trains moving. I am proud of all of our essential workers who rose to this challenge and kept delivering materials and products needed in the North American economy.

Alongside other railroads and other industries, we made the difficult decision to right size our resources and align our service to substantial reductions in customer demand. We did so with an eye toward the long term, knowing we would need to again meet customer demands, no matter the velocity of the recovery. As the recovery comes during what could be a record U.S. grain harvest, we were committed and remain committed to meeting our customer needs.

During the downturn, CN continued our capital expenditure program by investing CDN \$2.9 billion across the network in 2020 and spent much of the summer adding longer work blocks to address key engineering projects. With these projects, we continue to build resiliency into the network and give our team options to insure fluidity.

We reached a turning point in the months of May and June 2020 and have seen volumes begin to rise on a growing economic recovery in certain areas of our network. By July 2020, we were returning capacity in earnest to match customer growth. We are focusing on three key areas: people, power, and cars.

**People** – We continue to recall our furloughed employees. Over the past few weeks, we have called back almost 200 employees per week, system-wide. More than 1,600 furloughed CN rail employees have been reemployed in the US and Canada since mid-June. In the US, 593 rail employees remain on furlough as of September 3, which includes some employees with firm recall dates through September 9.

We are making decisions strategically to plan for customer demand – in Iowa, for instance, we are now fully staffed ahead of harvest; whereas, we have not seen a similar return in customer demand in other areas such as frac sand. Returning an employee to work can take time. Under applicable collective bargaining agreements, our U.S. employees can take up to thirty days before returning plus another seven days of training to recertify them for work.

**Power** – At the peak of the pandemic's impact on overall traffic volumes in May 2020, CN had 731 locomotives in storage. We removed them from service in a manner we could quickly return them in twenty-four to forty-eight hours as needed. Since that time, we have re-introduced the majority of these locomotives to active service. Only 240 are stored as of August 27. We will continue to bring additional locomotives into service in line with forecasted customer demand, and if conditions change we will adjust accordingly.

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**Cars** – In my May letter to Chairman Begeman, I explained that our active online inventory of railcars had been reduced by 18%. For CN system cars that we placed into storage, we stored these assets strategically near customers so we could recall them quickly. In order to serve the uptick in demand we experienced in July and August 2020, we even moved 200 hopper cars from Canada to the US. Looking toward the long term, CN recently announced we are purchasing 1,500 new generation, high capacity grain hopper cars that are part of an ongoing fleet renewal program.

Further, as always, including during the pandemic, CN has strived to keep the lines of communication open with our customers and supply chain participants, as well as our regulators and the wide range of other involved stakeholders. As you note in your letter, communication and transparency with our customers is critical.

We continue to build a resilient railroad that is positioned to move the North American economy forward over the long-term. If you have any additional questions, please do not hesitate to contact me or our team. Thank you again for your letter and the opportunity to reply.

Sincerely,

A handwritten signature in black ink, appearing to read "JJ Ruest". The signature is stylized with large, overlapping loops for the initials "JJ" and a cursive "Ruest".

Jean-Jacques Ruest  
President & Chief Executive Officer