

October 28, 2021

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Danielle Gosselin
Acting Director
Office of Environmental Analysis
Surface Transportation Board
395 E Street, SW
Washington, DC 20423

Re: Docket No. FD 36500, Response to Information Request No. 1

Dear Ms. Gosselin:

On behalf of our client, Canadian Pacific Railway Limited (“CP”), I’m writing to respond to the Office of Environmental Analysis’s Information Request No. 1. The substantive answers to OEA’s requests appear in the accompanying maps and tables. This letter supplements those maps and tables by explaining how they were prepared. CP developed all of these filings in cooperation with its co-applicant, Kansas City Southern.

REQUEST A

The proposed Transaction is an end-to-end combination of two rail systems: CP and KCS. Request A asks about places on the combined CP/KCS network where “transaction-related traffic” would exceed the Board’s thresholds for environmental review. *See* 49 C.F.R. § 1105.7(e). OEA specified that CP and KCS should calculate this traffic for a date “five years after” the proposed Transaction is approved.

CP and KCS anticipate Board approval in 2022, so they are projecting traffic for 2027. Calculating transaction-related traffic in 2027 requires an estimate of the 2027 traffic baseline. To that end, CP and KCS added a projection of organic growth not related to the Transaction to the current traffic on their separate networks. *See* Verified Statement of Raymond A. Elphick (to be filed with CP and KCS’s Application). That number appears on each of the accompanying maps and tables as 2027 baseline traffic.

To predict how a combined CP/KCS network would affect traffic levels, CP and KCS conducted several analyses of the impacts of the Transaction on traffic levels on the combined system and used those traffic forecasts to build an Operating Plan that would handle the post-Transaction traffic as compared to the separate operations of CP and KCS pre-Transaction.

Those analyses set 2019—the last pre-pandemic year—as a starting point. From there, CP and KCS looked at how their combined network would handle transaction-related traffic growth. Eliminating the boundary between the two systems allows trains to move longer distances without being re-worked in yards. This makes for a more efficient network. *See Elphick V.S.*

Because the combined CP/KCS network will be more efficient, it will attract traffic that does not currently move on either carrier. That includes truck-to-rail diversions, diversions from other rail carriers, and new market development opportunities. The “Growth Plan” operating plan accounts for these traffic changes and also takes account of organic growth in the pre-Transaction traffic bases of the two separate railroads. *See Elphick V.S.*

The accompanying maps and tables show these numbers as 2027 post-transaction traffic. Subtracting the 2027 baseline traffic from the 2027 post-transaction traffic gives the transaction-related traffic that Request A asks for. Those numbers also appear on the maps and tables. CP and KCS used the transaction-related traffic numbers to answer Request A’s specific questions.

Overview Map

The first map that responds to Request A is an overview of the combined CP/KCS network. This map identifies areas where projected 2027 traffic increases exceed the Board’s thresholds for environmental review.

The overview map recognizes that the Board’s thresholds for environmental review depend on local conditions under the Clean Air Act. Where pollutants regulated by the Clean Air Act meet standards, the Board’s thresholds are higher. Those places are called “attainment areas.” Where pollutants exceed standards, the Board’s thresholds are lower. Those places are called “nonattainment areas.” Nonattainment area boundaries also appear on the overview map.

An inset on the overview map details an area in Kansas City known as Knoche Yard (pronounced “ken-O-kee” by locals). Today Kansas City (and specifically

Knoche Yard) is the only place where CP's and KCS's systems meet. That is why the proposed Transaction is an end-to-end combination: Combining CP's and KCS's systems will create one continuous, efficient network.

The overview map also shows other carriers' lines where CP or KCS move freight via trackage rights. Because neither CP nor KCS owns the lines used for such trackage rights movements, they have limited information about the other traffic those lines carry. As specified in the accompanying master segment table, CP and KCS do not know the total volumes of traffic on those lines or, in some cases, how CP/KCS traffic will be routed over those lines.

A.1 – Attainment Areas

Request A.1 asks about rail line segments in attainment areas where Transaction-related traffic would be a 100% increase in gross ton miles or add 8 new trains per day.

CP and KCS are providing 10 maps to show the 22 segments that exceed the attainment area thresholds. (Some maps show multiple segments.) The labels on these maps show: (1) 2027 baseline traffic; (2) 2027 post-transaction traffic; and (3) 2027 transaction-related traffic. Red highlights identify where the transaction-related traffic exceeds applicable thresholds. More information, including 2019 baseline traffic, appears in the master segment table.

A.2 – Nonattainment Areas

Request A.2 asks about rail line segments in nonattainment areas where transaction-related traffic increases would be a 50% increase in gross ton miles or add 3 new trains per day.

CP and KCS are providing 8 maps to show the 13 segments that exceed the nonattainment area thresholds. Again, inset labels show: (1) 2027 baseline traffic; (2) 2027 post-transaction traffic; and (3) 2027 transaction-related traffic. Red highlighting shows which thresholds are exceeded. The 2019 baseline traffic and other information appears in the master segment table.

A.3 – Rail Yards

The Board's rules also set attainment and nonattainment environmental review thresholds for rail yards. Request A.3 asks about rail yards where transaction-

related carload activity will increase by 100% (in attainment areas) or 20% (in nonattainment areas).

CP and KCS are again using three numbers to calculate transaction-related growth. First, they provide a 2027 baseline for carload activity at each yard. This baseline includes organic growth but excludes any effects from the proposed Transaction. Next, they estimate 2027 post-transaction carload activity at each yard. Finally, they compare the percentage difference between those numbers to the Board's rail yard thresholds.

CP and KCS have identified 4 yards that exceed the Board's thresholds, all of which are in nonattainment areas. For each of these yards, CP and KCS are providing a map that shows the yard's location. Labels show average 2027 carload activity with and without the proposed Transaction. If the percentage increase exceeds the relevant thresholds, it is highlighted in red.

REQUEST B

Request B asks about "transaction-related rail line construction." The proposed Transaction is the combination of CP's and KCS's networks. Because those networks already connect at Kansas City, the Transaction does not require any construction.

As discussed in the capital improvements section of the Operating Plan, CP and KCS do expect that increased traffic on the combined CP/KCS network will require construction in the form of new and extended sidings. In addition, CP and KCS have identified the need for an approximately 4-mile section of double track on the KCS Pittsburg Subdivision and the creation of an approximately 5-mile long facility working track adjacent to the International Freight Gateway intermodal terminal. Because this work is planned within existing rights of way, it does not qualify as jurisdictional rail line construction. The Operating Plan also describes capital spending for Centralized Traffic Control signal systems, which is likewise not rail line construction.

CP and KCS are providing typical drawings for track construction projects on their respective systems. CP and KCS do not have site-specific construction or engineering plans for the capital investments identified in the Operating Plan. Detailed, site-specific plans are not normally developed until the months leading up to the construction activity.

In response to Request B, CP and KCS used their Operating Plan and a list of potential network improvements to identify 26 locations where additional double-track, facility working track, new sidings, or siding extensions would be needed. CP and KCS are providing 26 maps that show those 26 areas of construction.

REQUEST C

Request C asks for maps showing transaction-related rail line abandonments. CP and KCS will not abandon any rail lines because of the Transaction.

REQUEST D

Request D asks for maps showing “the number of passenger trains per day” on segments where transaction-related traffic will exceed the Board’s environmental review thresholds.

For context, CP and KCS are providing an overview map that shows all passenger routes on their combined network. That map highlights where passenger routes overlap with segments that exceed the Board’s environmental review thresholds.

CP and KCS are also providing more granular maps of passenger traffic on the 4 subdivisions where at least one segment exceeds the Board’s environmental review thresholds. Labels on those maps list pre-pandemic passenger train counts between specific stations within the subdivision. The labels also say how many of those trains are inter-city passenger trains and how many are commuter trains.

REQUEST E

Request E asks about new passenger train movements on rail lines associated with the proposed Transaction. There are no such movements.

REQUEST F

Request F asks about “any hazardous materials that would be moved” on the combined CP/KCS network. The request also asks CP and KCS to identify in general terms “the other commodities that would move with any transaction-related traffic.”

The master segment table shows all hazardous material movements on the combined CP-KCS network. Those hazardous materials would be a small portion of

the carloads on the combined network. Like the other tables that CP and KCS are providing, these tables show 2019 traffic, 2027 baseline traffic, and 2027 post-transaction traffic.

CP and KCS are also providing 68 maps that show the movement of hazardous materials on 68 rail segments. These maps show segments where either: total merger-related traffic increases exceeded the Board's environmental review thresholds; merger-related hazardous materials traffic increases by 1000 or more cars per year; or merger-related hazardous materials traffic increases by between 100 and 999 cars per year and that traffic represents more than a 5% increase in hazardous materials traffic. Labels on the maps contextualize these movements by showing both the total carloads moving on the segment and the changes that the proposed Transaction would cause.

REQUEST G

Request G asks for more information about the rail segments where the Board's environmental review thresholds are exceeded.

G.1 – Land Use

Request G.1 asks CP and KCS to “characterize adjacent land uses” in places where transaction-related traffic exceeds the Board's environmental review thresholds. Given the unmanageable number of maps it would take to display these land uses, CP and KCS are instead providing GIS layers that can be used to create an interactive map. OEA can navigate that map as needed. The GIS layers are being provided in kmz (Google Earth) and shape files.

G.2 – Grade Crossings

Request G.2 asks for “numbers, locations, and mileposts of existing and proposed at-grade crossings” for segments that exceed the Board's thresholds. CP and KCS are providing a spreadsheet that lists all registered grade crossings on those segments known to FRA, including public and private roads, farm crossings and pedestrian crossings. They are not proposing any new at-grade crossings for those segments.

G.3 – Quiet Zones

Request G.3 asks about “existing quiet zones” where transaction-related traffic exceeds the Board’s thresholds. CP and KCS cross-referenced public FRA data with their timetables to create maps that show these quiet zones. Each of these 13 quiet zones appears on its own map, highlighted in blue.

Thank you for your guidance in preparing these responses. We hope that this information allows OEA to start the environmental review process for our proposed Transaction.

Please don’t hesitate to contact me if you have any questions.

Sincerely,

A handwritten signature in cursive script that reads "Kathryn K. Floyd".

Kathryn K. Floyd

cc: Sean Cline
Glen Wilson
Joe Van Humbeck
David Meyer
Jeffrey Songer
Kayden Howard
William Mullins
Erin Glavich
Joshua Wayland
Victoria Rutson
David Navecky
Alan Summerville