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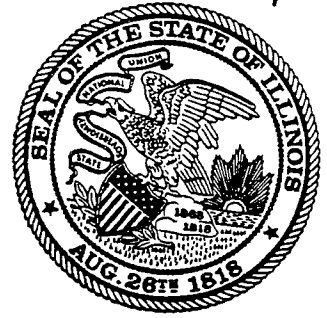
# United States Congress

## The Illinois Delegation

Washington, D.C. 20510

May 12 1983

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OFFICE  
OF  
CHAIRMAN TAYLOR



The Honorable Reese Taylor, Chairman  
Interstate Commerce Commission  
12th and Constitution Avenue, N.W.  
Washington, D.C. 20423

Dear Chairman Taylor:

This letter is to express our strong concern over rail policy issues pending before the Interstate Commerce Commission in Finance Docket #29518 relating to acquisition of certain properties of the Chicago, Rock Island and Pacific Railroad Company.

The Chicago and Northwestern (C&NW), which is one of the bidders for the lines involved, is significant to the economy of Illinois and our region. It is an employer of 10,000 people. In an area that has seen bankruptcies, liquidations, job loss, and an enormous shrinkage of rail lines, the Northwestern has come through.

However, the issues at stake here go far beyond our interest in the midwest corporation. In 1980, the Rock Island lines in question were scheduled for liquidation and were being operated under federal subsidy. At the request of the Federal Railroad Administration, the C&NW voluntarily leased the lines and continued service to farmers and shippers.

During these three years of unbroken operations, the C&NW has demonstrated a commitment to providing the best service possible. For example, the railroad acquired more than 4,700 new cars and 70 locomotives for use on the new lines.

It was the C&NW's intention from the beginning, as we understand it, to make their operation of the lines permanent. The Northwestern, therefore, began negotiations with the Rock Island Trustee in 1980. After two years they reached what they believed to be an agreement to purchase the lines for \$76.35 million. When they brought the results of those negotiations before the bankruptcy judge for ratification they were suddenly and unexpectantly confronted with a higher bid by the Soo Line Railroad, which had not previously actively pursued acquisition of the lines. The price was bid up to \$93 million, with the result that the Soo Line abandoned their effort in the court.

The Honorable Reese Taylor, Chairman  
May 12, 1983  
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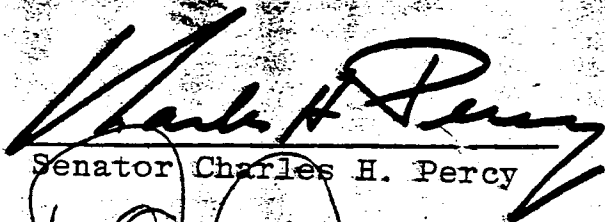
Now, after having lost the open bidding contest in court, and with the matter before the ICC for final review, the Soo Line has appeared in another forum with an eleventh hour revised bid -- a bid which has not been subjected to the same lengthy consideration by Judge McGarr and the Rock Island Trustee that the Northwestern bid has received.

It is also important to consider what appears to be one of the unstated reasons for the sudden interest by the Soo Line, a subsidiary of the Canadian Pacific Railroad. The Canadian Pacific's chief competitor, the Canadian National, through its American subsidiary the Grand Trunk, is proposing to purchase the Milwaukee Railroad. This Soo Line bid is seen by many as a defensive move by one Canadian railroad competing against another, and not primarily as an effort to improve the U.S. rail system.

We believe that the primary concern if the ICC should be strengthening the midwest rail system by maintaining a healthy U.S. owned rail industry.

Thank you for your consideration.

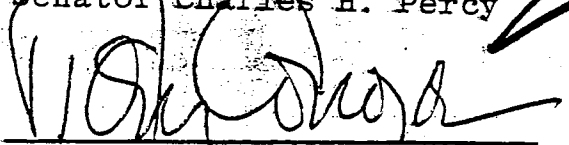
Sincerely,



Senator Charles H. Percy



Rep. Frank Annunzio



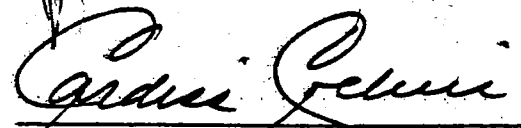
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Rep. John E. Porter



Rep. Lane Evans



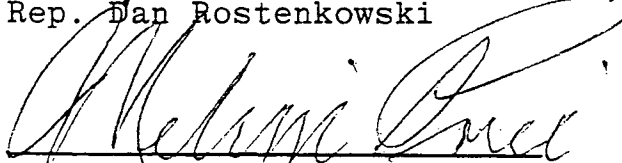
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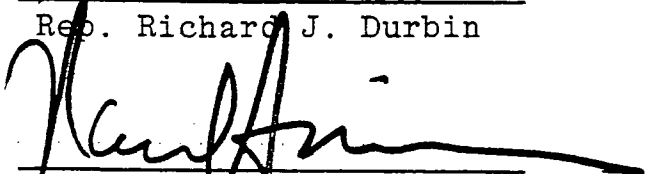
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