



MAHER TERMINALS LLC
1210 Corbin Street, Elizabeth, NJ 07201 • (908) 527-8200

April 27, 2010

Transport Canada
Rail Freight Service Review
180, rue Elgin Street
Suite/Bureau 808
Ottawa ON K1A 0N5

Mr. Walter Paszkowski, Chair Mr. David Edison, Member Mr. Bill LeGrow, Member

Reference: Rail Freight Service Review

Gentlemen:

We are pleased to provide Transport Canada's Rail Freight Service Review Panel with our comments concerning the rail service provided by the Canadian National (CN) via the Port of Prince Rupert, BC. Our Canadian affiliate, Maher Terminals Holding Corp., has been operating the Fairview Container Terminal in Prince Rupert, BC since October of 2007. The close collaboration between CN and Maher Terminals from the early project planning stages, through implementation, and now managing the growth of business, has contributed a success to Canada's Pacific Gateway ambitions. This early success is particularly remarkable given the current global economic challenges.

The Fairview Container Terminal was jointly designed by Maher Terminals and CN to provide its shipper and ocean carrier customers with the fastest total transit time between the Far East and North America. The "total transit time" commercial strategy to supplement Prince Rupert's strategic location as the closest North American port to Asia with quick vessel to rail transfers and fast inland transit times has been a success story built in large part on service delivery. This success is in significant part attributable to CN delivering on their commitment to providing excellent service on a consistent and reliable basis.

Recognizing that the Panel has some specific interests regarding submissions such as ours, we are pleased to provide some further comments regarding CN rail service:

1. **Transit Time and Order Fulfillment** – CN's rail service has effectively supported Maher's emphasis on minimizing terminal dwell times and maximizing container velocity. CN's well established commitment to "scheduled railroading," and the collective operating discipline this requires, has ensured the necessary railcar availability and overall service delivery required by our mutual customers.



Performance measurements and “scorecards” have been in place with CN since commencement of operations in 2007 and provide both parties the ability to assess performance on fact-based data. CN has consistently met or exceeded these jointly established measurements. When rail service has occasionally suffered due to conditions beyond their control, such as weather, CN has been quick to react and recover. In short, CN has provided consistently excellent transit times.

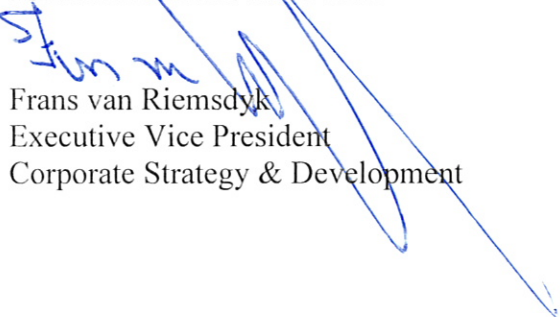
2. **Collaboration and Communication** - It is recognized by both organizations that transit time-sensitive business such as that moving via the Prince Rupert gateway requires close coordination to ensure consistent and reliable service delivery. The necessary collaboration and communication occurs regularly at the operational and corporate levels. CN and Maher operating staff engage in a daily conference call attended by CN staff from Prince Rupert (local), BC North, and Western Operations. More formal quarterly service review meetings are held between Maher and CN senior operating staff.
3. **Total Transit Time** – The “total transit time” strategy referenced above requires that each component of the supply chain be constantly evaluated to ensure satisfactory service delivery. A full supply chain view is essential when evaluating the impact of any one sector. In the case of service via Prince Rupert, CN, together with service providers such as the ocean carriers calling Prince Rupert, and Maher Terminals as the marine terminal operator, all play significant roles. While CN’s service is clearly a critical component of total service delivery, it is only one of several supply chain components that needs to be evaluated in determining whether the desired service levels are being provided.
4. **Regulation** - A governmental review of rail service suggests that the imposition of further regulation of the rail industry may be a consideration, however remote. It is our view that further regulation of the rail industry particularly as it pertains to service delivery via Prince Rupert is unnecessary. During its relatively short existence, Prince Rupert’s Fairview Container Terminal, which is heavily reliant upon service from the CN, has been able to flourish in a free market environment and should be allowed to continue to do so. Regulation of the railways threatens to undermine free market forces and in turn compromise what has been a promising beginning in Prince Rupert, BC as part of Canada’s renewed ambition to expand its Pacific gateway.



We very much appreciate the opportunity to have participated in the rail service review through submittal of this letter to Transport Canada's Rail Freight Service Review Panel. It is our understanding that the Panel will be submitting its final report to Canada's Transport Minister by the end of 2010. We wish you success in timely completion of this review.

Very truly yours,

MAHER TERMINALS LLC

A handwritten signature in blue ink, appearing to read "Frans van Riemsdyk", is written over the typed name and extends diagonally across the typed title.
Frans van Riemsdyk
Executive Vice President
Corporate Strategy & Development

cc: Mr. J. Buckley, Maher Terminals
Mr. M. Schepp, Maher Terminals