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Kevin Peach - General Manager

April 21, 2021

ATTENTION: Surface Transportation Board

RE: STB Finance Docket No. 36500
CP-KCS Potential Combination

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Public Record



The Farmers Elevator Company of Honeyford North Dakota hereby files this letter to express its opposition to the bid by CN to acquire KCS and re-iterate its support for the CP-KCS combination.

As expressed in our initial letter to the Board dated March 29, 2021, The Farmers Elevator Company of Honeyford North Dakota supports swift approval of the CP-KCS combination because of the significant benefits the combination would bring, including expanded markets serviced by CP and strengthened competition against the other, larger rail carriers and trucks that serve our members' markets.

The economy in the US Upper Plains depends on grain production, and a significant share of the grain leaving the region moves by railroad. At present, our two CP-served grain handling facilities in this area are limited by their destination access. This puts our CP-served elevators at a disadvantage because they lack the same market access to destinations that BNSF-served competing facilities have on a single line haul. For example, BNSF-served facilities have access to various markets, but our CP-served facilities are simply not competitive in shipping to these markets as they must interline with other railroads to reach these destinations, which increases costs and reduces efficiency. A CP-KCS combination would place us on a more even playing field and greatly expand access to growing markets across the United States, Mexico, Canada, and even internationally. The bid by CN jeopardizes this access and the once-in-a-lifetime opportunity to level the field and grow businesses.

In addition, a CPKC network would strengthen competition against other rail carriers and trucks that serve our markets. We expect a combined CPKC network to offer seamless, single-line service that will improve our transportation options and provide a better alternative to the options that already exist. A CN-KCS combination would do nothing to benefit The Farmers Elevator Company of Honeyford North Dakota and our US Upper Plains grain shipping facilities, but would instead decrease competition overall.

Respectfully submitted,

Kevin Peach
April 21, 2021

CC: All Parties of Record