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Office of Proceedings
May 23, 2024
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May 22, 2024

Cynthia T. Brown
Chief, Section of Administration
Surface Transportation Board
Office of Proceedings
395 E Street, SW
Washington, DC 20423

Re. Docket No. 36744, *Canadian National Railway Company and Grand Trunk Corporation-Control-Iowa Northern Railway Company.*

Protest/Opposition Statement.

Dear Ms. Brown:

The reason(s) for this letter is to once again protest/oppose the acquisition of the Iowa Northern Railway Company by the Canada based Canadian National Railway Company (CN).

Stated Reason(s): The potential impact to agriculture production in the United States and later the entire world and the very definition of control.

On May 17, 2024 the CEO of Mid-Iowa Cooperative Bruce Kempf submitted comments in support of the proposed transaction. In his letter he stated, *"We have evaluated this transaction closely and see it as a net benefit to Iowa Northern Railroad customers."* Further, he stated, *"expanded single-line rail service has a significant impact on the success of our supply chains and ultimately the success of the business."*

Mr. Kempf does not provide a single verifiable example, analysis, calculation or even a financial or market-based forecast in support of his statement(s).

I think the attached information clearly demonstrates that his support statements are not only unrealistic but they have almost no basis in support of this proposed transaction.

Ms. Cynthia T. Brown, (*Cont'd*)
May 23, 2024

On April 29, 2024 Jennifer Moffitt, Under Secretary of the U.S. Department of Agriculture submitted comments to this proposed acquisition. These included, and are attached, on page seven Freight Tariff Rates for the Iowa Northern Railroad and the Canadian National Railway for single car service to delivered areas on their respective rail lines. Commodity groups and load capacity were included. Fuel and car surcharges are not included.

If these stated tariff rates are correct by my analysis, which is also attached, contract carriage and consignees will be forward facing an increase in cost per mile (CPM) of \$5.98-\$9.49 which is a net increase of 18.05-76.03%.

I question whether it would be sustainable for any business to respond to double-digit tariff rate increases without a dramatic perhaps horrific response to these increased costs.

I'm also including a rail map dating from 1888 showing the reach and market potential that has existed in the agricultural complex for a long time.

Sincerely,

/S/ **Steven Connolly**

Certification:

I certify that copies of this protest/opposition to Finance Docket No. 36744 were mailed by U.S. Mail, regular delivery to: Atty. Matthew J. Warren 1501 K. Street, NW, Washington, DC 20005. And, Atty. Kevin M. Sheys, 42 Brush Hill Road, Sherborn, Mass. 01770.

Map Credit: Merchants of Grain by Dan Morgan. 1979. ISBN 0-595-14210-9.

cc. Parties of Record.

USDA's proposed conditions are meant to protect current conditions for all shippers and provide a framework for keeping CNR accountable to its stated intention to "maintain existing active gateway access on commercially reasonable terms" (Application at 7) as the firm competes to offer the benefits of new single-line service.

USDA requests that the Board impose a 5-year oversight period subject to the following conditions:

The Board Should Maintain Price Transparency for IANR Shippers

USDA appreciates that CNR is committed "to ensure that Iowa Northern customers will continue to have access to interline options on commercially reasonable terms" (Application at 4). Nevertheless, USDA would like to see the Board take additional steps to define, monitor, and enforce this condition during the oversight period.

The term "commercially reasonable" is vague, and USDA encourages the Board to provide some concrete guidance on what it entails for CNR's ability to adjust rates and change service in the future.

Table 1: Selected Corn Freight Tariff Rates for Single Car Service to Cedar Rapids, IA

Iowa Northern Railroad		Canadian National Railway	
Manly to Cedar Rapids – 125 miles		Osage to Cedar Rapids – 151 miles	
Low-capacity hoppers	High-capacity hoppers	Low-capacity hoppers	High-capacity hoppers
\$692	\$747	\$1,315	\$1,315
Oelwein to Cedar Rapids – 76 miles		Independence to Cedar Rapids – 64 miles	
Low-capacity hoppers	High-capacity hoppers	Low-capacity hoppers	High-capacity hoppers
\$624	\$684	\$1,036	\$1,140

Note: Rates are for railroad-owned covered hoppers, as delivered to Cedar Rapids and Iowa City Railway in Cedar Rapids. IANR route mileage is estimated based on segment lengths.

Source: Tariff CN 004012-A7 (5) Item No. 2060000-AE (Exhibit 1) and IANR Freight Tariff 3101S (Exhibit 2).

Table 2: Selected Soybean Meal and Soybean Oil Freight Tariff Rates for Single Car Service to Chicago, IL

Iowa Northern Railroad		Canadian National Railway	
Butler, IA to Chicago, IL – 342 miles IANR-CIC-IAIS		Iowa Falls, IA to Chicago IL – 324 miles CNR Single-line Service	
Soybean Meal	Soybean Oil	Soybean Meal	Soybean Oil
\$2,418	\$2,605	\$2,970	\$3,075

Note: Rates are for shipper-supplied equipment. The IANR route includes switches to the Cedar Rapids and Iowa City Railway (CIC) in Cedar Rapids, IA and to the Iowa Interstate Railroad (IAIS) in Iowa City, IA.

Source: Tariff CN 004080-A3 (20) Item No. 1120000-AC (Exhibit 3), Tariff CN 004070-BO (41) Item No. 1260000-AB (Exhibit 4), IANR Freight Tariff 4310A (Exhibit 5), and IANR Freight Tariff 43230A (Exhibit 6).

Tables 1 and 2 display common carrier (public) freight tariff rates for both IANR and CNR. Table 1 represents local traffic—corn to Cedar Rapids—and Table 2 represents interline traffic—soybean meal and soybean oil to Chicago. The sources for these rail tariffs are included in Exhibits 1 through 6 of these comments. The left side of tables 1 and 2 feature an IANR route, and the right sides of tables 1 and 2 feature a current CNR route that is comparable in length.

MID IOWA
COOPERATIVE
GOOD LAND. GOOD PEOPLE. GOOD ADVICE.

5/17/24

Ms. Cynthia T. Brown
Chief, Section of Administration
Surface Transportation Board
395 E. Street, S.W.
Washington, DC 20423-0001

Re: *Canadian National Railway Company and Grand Trunk Corporation—Control—Iowa Northern Railway Company*,
Docket No. FD 36744

Dear Ms. Brown:

I am writing to support the acquisition of the Iowa Northern Railway Company by CN. As a long-time customer of both the CN and IANR, Mid-Iowa Cooperative brings a unique perspective. I believe that this transaction will have a positive impact on Mid-Iowa Cooperative for years to come.

Mid-Iowa Cooperative currently has a CN location at Cedar Falls, IA where we ship 25 car units of corn and an IANR location at LaPorte City, IA where we ship 25 car units of both corn and soybeans.

As a customer, it was important to understand how this transaction would impact our operations and supply chains. We have evaluated this transaction closely and see it as a net benefit to Iowa Northern Railroad customers. We look forward to the extended current single-line reach of the CN-IANR combination. We have appreciated CN's focus on reliable service, which is consistent with Iowa Northern's approach. We are particularly excited about more optionality this brings to the Iowa Northern Railroad, creating more markets for the corn and soybeans that we handle. Specifically, the ability to hit export destinations such as the gulf efficiently brings greater volume and margin potential for those on the line when those markets are strong. And our business will benefit from the more efficient single-line service available and connecting points on Iowa Northern to greater access to CN's broad network and service offerings without losing Iowa Northern's current access to other rail carriers.

For someone in my line of work, expanded single-line rail service has a significant impact on the success of our supply chains and ultimately the success of the business. At Mid-Iowa Cooperative, we rely substantially on our supply chain partners, including rail carriers, and for that reason, among many, I look forward to partnering with and utilizing CN's expanded rail service moving forward. I appreciate the certainty that CN's investment will bring to ensure that Iowa Northern so together they can continue offering safe and reliable local service to customers.

In closing, I encourage the Surface Transportation Board to approve this combination for the benefit of companies like Mid-Iowa Cooperative and those we serve.

Thank you for your consideration.

Sincerely,

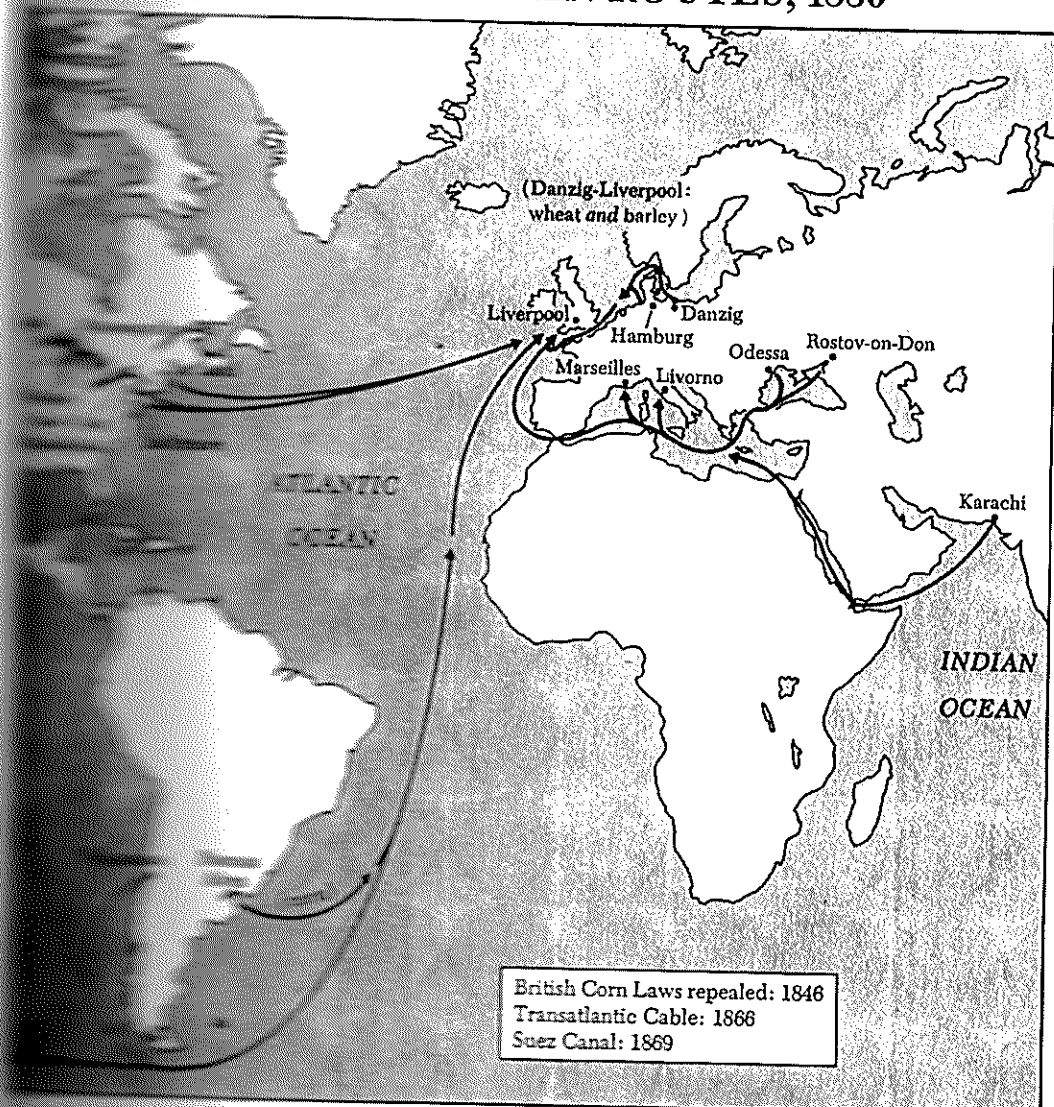

Bruce Kempf

CEO

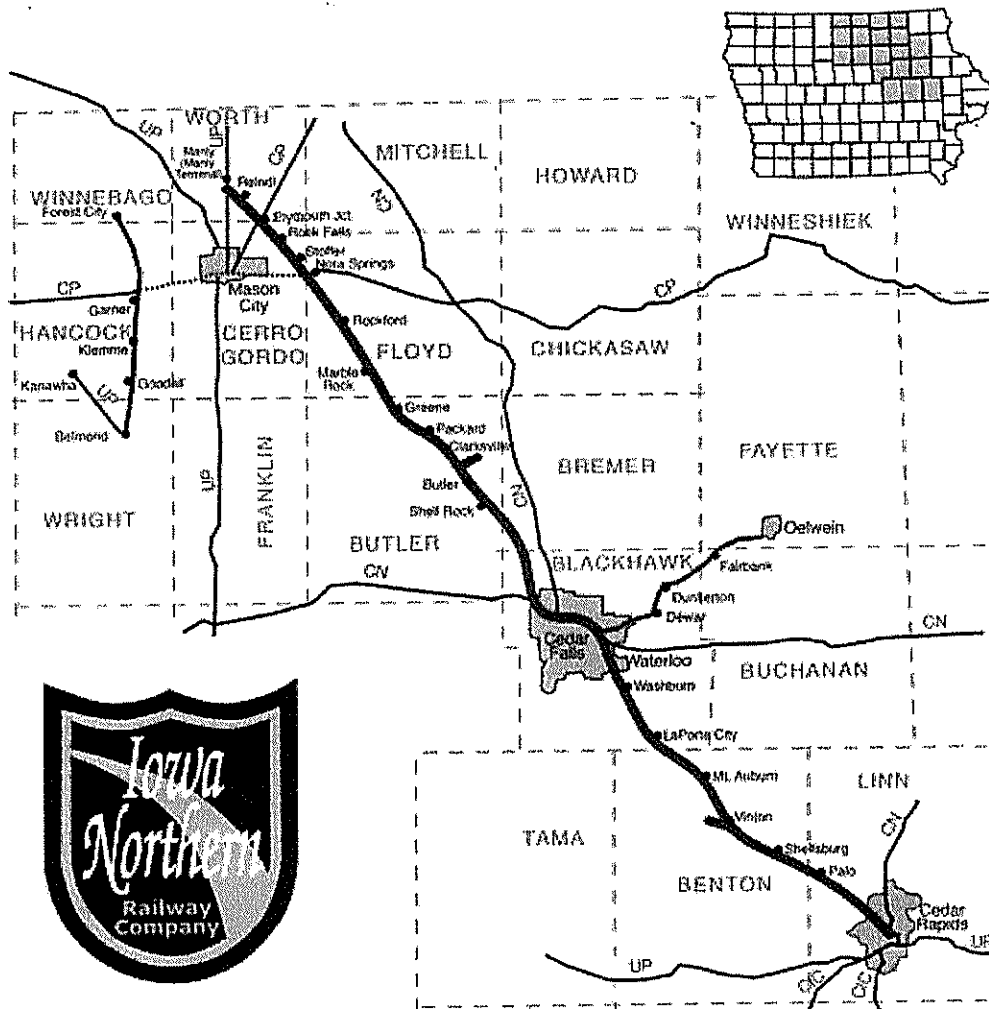
Mid-Iowa Cooperative

bkempf@midiowacooperative.com

MAJOR WORLD GRAIN ROUTES, 1880



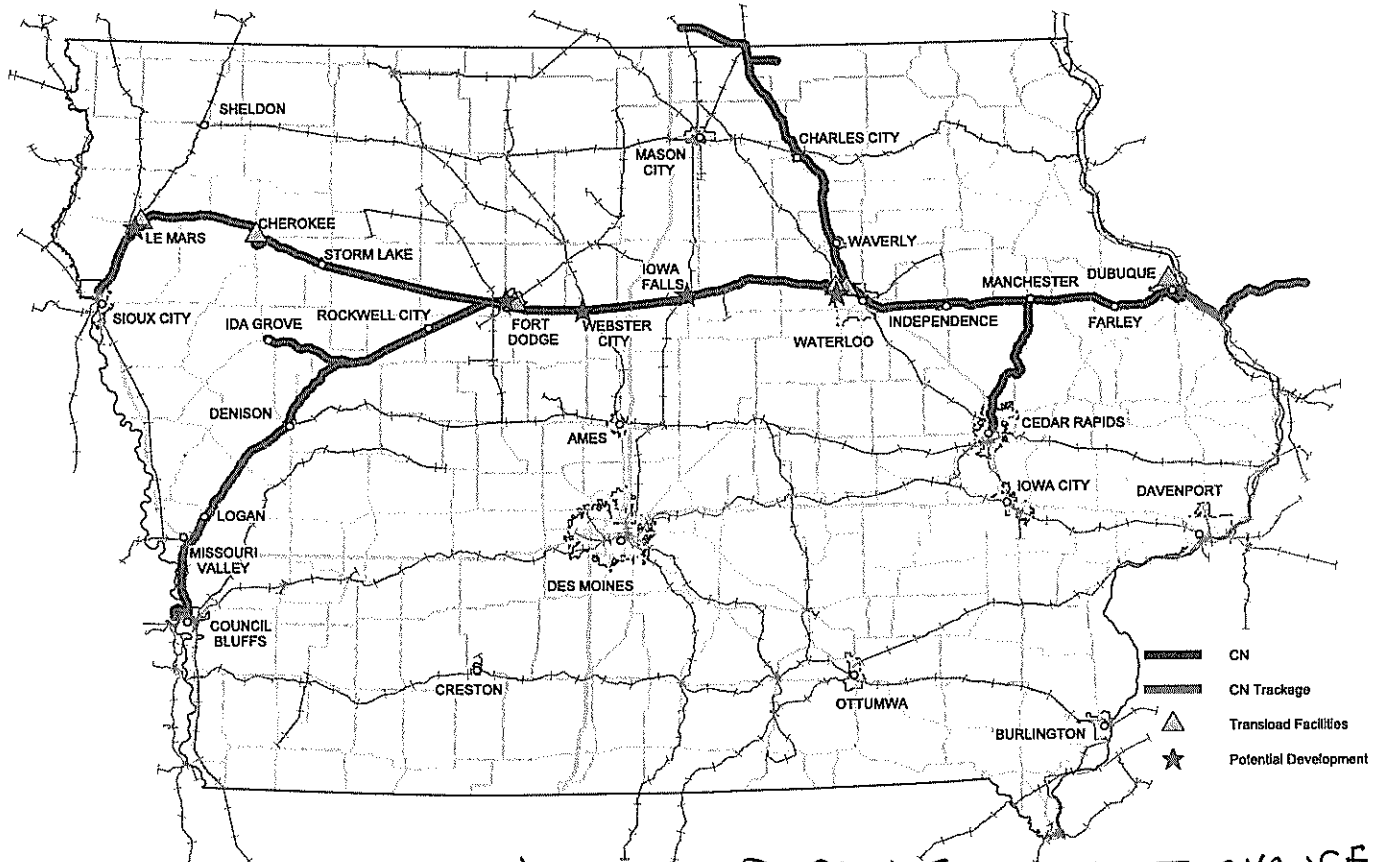
<u>IONR</u>	<u>CN</u>	<u>DIFFERENCE</u>	<u>NET CHANGE</u>
HIGH CAPACITY 342 miles	HIGH CAPACITY 324 miles		
\$2,605.00	\$3,075.00	+170.00	.1804 18.04%
\$7.62 CPM	\$9.49 CPM		



Iowa Northern Railway map of its line.

Marketing development summary

CN serves Iowa with main-line routes from Council Bluffs and Sioux City through Fort Dodge, Waterloo, and Dubuque and onto Chicago, where connections are made with the rest of CN's North American network. Branches extend to Cedar Rapids and Ida Grove, Iowa; and southern Minnesota. CN serves numerous unit-train loading facilities, providing single-line service to the Gulf elevators for export.



<u>IONR</u>	<u>CN</u>	<u>DIFFERENCE</u>	<u>NCT CHANGE</u>
HIGH CAPACITY	HIGH CAPACITY		.7603
\$747.00	\$1,315.00	+\$568.00	76.03%
125 MILES	151 MILES		
\$5.98 CPM	\$8.71 CPM		