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**BEFORE THE
SURFACE TRANSPORTATION BOARD**

Docket No. FD 36744 (Sub-No. 3)

**CANADIAN NATIONAL RAILWAY COMPANY
AND GRAND TRUNK CORPORATION
—CONTROL—
IOWA NORTHERN RAILWAY COMPANY
(GENERAL OVERSIGHT)**

**PLAN AND REPORT REGARDING
SCHEDULED LOCAL SERVICE AND CUSTOMER SERVICE**

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Canadian National Railway Company (“CNR”), Grand Trunk Corporation (“GTC”), and Iowa Northern Railway Company (“Iowa Northern”) (collectively, “CN”) submit this plan and report regarding scheduled local service and customer service pursuant to Decision No. 1 in this docket (the “Oversight Decision”) and Decision No. 3 in Docket No. FD 36744 (the “Approval Decision”).¹ This report will also be provided to all shippers on the Iowa Northern system pursuant to the Approval Decision.²

Section I describes Iowa Northern’s service prior to CNR’s and GTC’s acquisition of control of Iowa Northern pursuant to the Approval Decision, including changes made by Iowa Northern during the voting trust period (*i.e.*, between December 6, 2023 and February 28, 2025). Section II reports on service after CNR’s and GTC’s acquisition of control, including CN’s development and implementation of a scheduled local service plan and customer service integration on Iowa Northern.

I. IOWA NORTHERN’S PRE-ACQUISITION SERVICES.

A. Overview of Iowa Northern’s pre-acquisition services

Iowa Northern owns or leases approximately 175 route miles of rail line in Iowa, and operates via trackage rights over an additional approximately 43 route miles of track. Iowa Northern is organized into four subdivisions: Manly (Manly–Waterloo), Cedar Rapids (Waterloo–Cedar Rapids), Oelwein (Waterloo–Oelwein), and Garner (Forest City–Belmond). The mainline consists of the Manly and Cedar

¹ Decision No. 1, Docket No. FD 36744 (Sub-No. 3), at 4 (STB served March 13, 2025); Decision No. 3, Docket No. FD 36744, at 20 (STB served Jan. 14, 2025).

² Approval Decision at 27.

Rapids Subdivisions and runs northwest from Cedar Rapids through Waterloo and Cedar Falls to Manly. A branch line extends from Dewar to Oelwein (Oelwein Subdivision), which Iowa Northern accesses via a seven-mile stretch of track owned by Union Pacific Railroad Company (“Union Pacific”) between Waterloo and Dewar known as the Waterloo Industrial Lead. Iowa Northern also operates a line from Forest City to Belmond (the Garner Subdivision), which it leases from the North Central Iowa Rail Corridor, LLC and accesses pursuant to overhead traffic rights on Dakota, Minnesota & Eastern Railroad Corporation d/b/a Canadian Pacific Kansas City (“CPKC”) from Nora Springs to Garner.

Prior to the acquisition—and today—Iowa Northern typically operates one train in each direction daily over its mainline on the Manly and Cedar Rapids Subdivisions (Manly–Waterloo–Cedar Rapids). Southbound trains operating on the mainline towards Cedar Rapids are usually loaded while northbound trains toward Manly are typically returning with empties. Iowa Northern runs several switcher jobs that build these mainline trains from local shippers and yards at Manly, Butler, and Waterloo. The yards and facilities served by these daily trains operating along the mainline are: Manly Yard, Manly Terminal, and Manly Logistics Park in Manly; Butler Intermodal Terminal and Butler Logistics Park north of Shell Rock; and Bryant Yard and Linden Yard in Waterloo.

Mainline service consists of both local and interline traffic. Local traffic has both its origin and destination on Iowa Northern’s lines and typically consists of grain traffic (primarily corn) from elevators to processors. That traffic typically

originates from elevators on the northern portion of Iowa Northern’s network and moves to processors in Cedar Rapids. Iowa Northern interchanges interline traffic with a number of carriers across its network. Interline traffic is interchanged with Union Pacific at Manly and with CPKC at Nora Springs. In Waterloo, Iowa Northern previously interchanged with CN, and handled Union Pacific traffic on the Waterloo Industrial Lead between Waterloo and Dewar as a handling carrier under its lease with Union Pacific. In Cedar Rapids, Iowa Northern interchanges with Union Pacific, the Cedar Rapids and Iowa City Railway (“CRANDIC”), and CN.

Iowa Northern also—both prior to and subsequent to the acquisition—operates a daily local train in each direction on the Oelwein Subdivision. Westbound trains toward Waterloo are typically moving loaded railcars while eastbound trains toward Oelwein are carrying empties. Additional information about current operations on the Oelwein Subdivision is provided below in relation to the Waterloo Industrial Lead.

Iowa Northern offers less frequent service on the Garner Subdivision. There are two grain elevator customers on the Garner Subdivision who request service on an ad hoc basis. When service is requested by these customers, Iowa Northern sets out empties for the customers and then picks up the loaded cars.

Pre-acquisition Iowa Northern did not operate on a scheduled local service plan. Instead, Iowa Northern typically provided local service on an as-needed basis in response to customer communications, usually by telephone. For grain customers in particular, Iowa Northern customer service directors would

communicate by telephone with customers on a daily basis to see if they required service that day. For non-grain customers, there was usually a standard day or days when they would be serviced. But, again, regular communication with the customers was necessary to determine whether a train needed to stop to pick up or drop off cars or if no service was needed. There was no set cut-off time to request service. If the communication came too late to serve a customer on the same day, the following day's trains would handle the traffic.

B. Iowa Northern Service Changes During the Voting Trust Period

Iowa Northern was placed into an independent, irrevocable voting trust on December 6, 2023, pending the Board's approval of CN's acquisition of indirect control of Iowa Northern.³ Iowa Northern remained in the voting trust through February 28, 2025. On March 1, 2025, following the Approval Decision, the trustee transferred all trust interests to CN pursuant to the Voting Trust Agreement.⁴ The Approval Decision directed that this report describe changes to Iowa Northern service made during the voting trust period. As described below, during the voting trust period, Iowa Northern made certain service changes to respond to external events.

Waterloo Industrial Lead. The Waterloo Industrial Lead extends approximately 6.9 miles between Milepost 325.1 (Waterloo) and Milepost 332.0

³ See Voting Trust Agreement, *Canadian Nat'l Ry. & Grand Trunk Corp.—Control—Iowa N. Ry. Co.*, STB Docket No. FD 36744 (filed Dec. 6, 2023).

⁴ Trustee Letter to the STB, *Canadian Nat'l Ry. & Grand Trunk Corp.—Control—Iowa N. Ry. Co.*, STB Docket No. FD 36744 (filed Mar. 1, 2025).

(Dewar). Pre-acquisition, Iowa Northern leased the Waterloo Industrial Lead from Union Pacific. Iowa Northern previously both provided common carrier service to local customers along the Waterloo Industrial Lead and used the line to operate between its mainline in Waterloo and the Oelwein Subdivision at Dewar.

During the voting trust period, Union Pacific decided to replace Iowa Northern as the lessee and operator of the Waterloo Industrial Lead with Waterloo Railroad, LLC. The Board issued a notice of exemption to permit Waterloo Railroad to replace Iowa Northern, which authority became effective on September 6, 2024.⁵ Waterloo Railroad assumed operations over the Waterloo Industrial Lead on or about September 9, and is now responsible for providing common carrier service to local customers on the line.

The Waterloo Railroad now connects with Iowa Northern at Waterloo and Dewar. The railroads have not signed a formal interchange agreement but the parties typically interchange at Linden Yard for local traffic to and from the Waterloo Railroad-operated Waterloo Industrial Lead, on tracks specified by Waterloo Railroad.

The termination of Iowa Northern as the lessee and operator of the Waterloo Industrial Lead reactivated dormant overhead trackage rights Union Pacific had previously granted to Iowa Northern by written agreement. Iowa Northern is now using those overhead trackage rights over the Waterloo Industrial Lead to continue

⁵ *Waterloo R.R.—Change of Operator Exemption With Interchange Commitment—Union Pac. R.R.*, Docket No. FD 36798 (STB served Aug. 23, 2024).

accessing its Oelwein Subdivision to serve the customers located on that branch line. Customers that are located on the Waterloo Industrial Lead are locally served by the Waterloo Railroad, which hands off the cars to Iowa Northern in Waterloo for movement beyond.

The termination of its lease of the Waterloo Industrial Lead required some changes to Iowa Northern operations, especially in the immediate aftermath of the lease termination. For example, there were open questions relating to interchange and dispatching that took time to work out between the parties. But both before and after CN's acquisition of control, Iowa Northern has worked to minimize customer impact and cooperate effectively with Waterloo as the new operator. Iowa Northern did have to adjust its operations because Waterloo Railroad has imposed a service window that prevents Iowa Northern from using its trackage rights over the Waterloo Industrial Lead between 8:00 AM and 7:00 PM. Iowa Northern had to adjust its operations around that window to ensure that its crews could continue to reach and serve its customers on the Oelwein Subdivision. Iowa Northern works closely with Waterloo Railroad for access outside the service window when possible.

Renewal of Garner Subdivision Operations. On August 29, 2024, Iowa Northern and the North Central Iowa Rail Corridor, LLC ("NCIRC") agreed to extend a Rail Lease, Purchase and Service Agreement for the Garner Subdivision for an additional three-year period, until September 30, 2027.⁶ Besides the

⁶ Notice of Exemption, *Iowa N. Ry. Co.—Lease Renewal Exemption—N. Central Iowa Rail Corridor, LLC*, Docket No. FD 35508 (Sub-No. 2) (STB served Sept. 13, 2024).

extension in time, no other provisions of the lease were amended or modified. There were no significant changes in operations following renewal of the lease and it remains in effect today.

Dispatching. During the voting trust period, two dispatchers departed the company, which required Iowa Northern to obtain the services of third-party contract dispatchers. Following the acquisition, the contract with the third-party dispatching service was canceled and dispatching was moved to CN's U.S. dispatching office in Homewood, IL, effective June 1, 2025.

II. CN'S APPROACH TO SCHEDULED LOCAL SERVICE AND REPORT ON IMPLEMENTATION AND CUSTOMER SERVICE INTEGRATION.

Following acquisition, CN has added scheduled elements to service on the Iowa Northern to ensure consistent and reliable service. CN explained in the operating plan submitted with the Application that CN intended to develop a scheduled local service plan for Iowa Northern customers.⁷ On most of CN's U.S. network, CN employs daily scheduled service plans in which each customer has a schedule of regular local service days. Some customers might have a schedule for daily service, some for Monday-Friday service, some for Monday, Wednesday, Friday service, all depending on the individual customer's needs. But on some portions of the network, CN utilizes a modular scheduled local service plan that combines regularly scheduled trains with an additional on-demand service component to account for unique customer needs and markets. For example, CN's

⁷ Application, Ex. 15 (operating plan), at 28 (filed Jan. 30, 2024).

Cedar River Railroad Company subsidiary in Iowa serves a number of grain elevators and processing plants whose needs are less predictable month-over-month than other commodities and so employs the on-demand service component of modular scheduled local service. In its submissions to the Board, CN explained that it anticipated employing this modular scheduled local service plan for Iowa Northern customers as well.⁸ CN stressed that these modular local service plans “are not static and can be reassessed, modified, or replaced as needed to meet customer needs.”⁹

Very few changes were made on the Iowa Northern system in the first few months following acquisition, with most service changes occurring in June 2025. CN’s implementation of service improvements on Iowa Northern since the acquisition is detailed below.

Single Line Routing and Schedule for Daily Trains: On June 1, 2025, single-line CN routing was implemented for traffic moving between CN and Iowa Northern that until then was moving under a CN-IANR routing. Also in June, CN adopted a more scheduled approach to the daily northbound and southbound trains that operate on the mainline between Manly and Cedar Rapids. Those daily trains continue to operate seven days per week, but now have a scheduled departure time and arrival time. Having a stronger focus on adherence to schedule has multiple

⁸ Applicants’ Response to Comments and Requests for Conditions and Rebuttal In Support of Application, App’x A, Verified Statement of Derek Taylor (“Taylor V.S.”) at 5 (filed May 30, 2024).

⁹ *Id.* at 6.

benefits, including improved predictability for customers, increased velocity for each train, and more consistent and reliable connections with interchange partners.

Local Service Plan Implementation: CN has implemented the modular local service plan for grain customers, who have less predictable and more on-demand service requirements. These customers continue to communicate with customer service representatives on a daily basis to let CN know whether they require local service or not. The main difference is that the daily trains now operate with a stricter adherence to schedule, which provides more predictability in daily operations.

For non-grain customers, CN established more specific service time windows as part of a local service commitment plan. The days of service for customers have generally not changed—*e.g.*, if a customer was previously served five days per week, they are still served five days per week. The main difference is that customers now have a specific window when they can anticipate their local service. As with other customers on CN, Iowa Northern customers now also have access to the Advance Arrival Notification system, which provides an electronic notice triggered by train crews when a train is approaching. These changes and tools provide more transparency and predictability to customers and ensure efficient operations.

With the adoption of service windows, CN has also established cut-off times for requesting local service, consistent with standard practice on the broader CN network. Information about service windows and cut-off times was communicated

during CNOne training sessions and further reinforced by the Iowa Northern Desk's communications with customers, both discussed further below.

Local Service Performance: With the adoption of local service windows in June, CN has been able to track its local service performance for most Iowa Northern customers, as it does on the broader network. CN measures local service performance using an internal metric known as Local Service Commitment Plan ("LSCP"). LSCP is measured as the percentage of cars that successfully completed their Daily Operating Plan. LSCP for the Iowa Northern system is 91% as of September 30, 2025.¹⁰ LSCP for CN system-wide is 95% as of September 30, 2025.

Track Safety Improvements: Post-acquisition CN ran one of its state-of-the-art fully automated track geometry inspection cars over the Iowa Northern system. CN has invested tens of millions of dollars to develop its Autonomous Track Inspection Program ("ATIP"), which is a systemized approach to autonomous track inspection that has resulted in dramatic safety improvements across its network. The results of that ATIP run showed a number of defects on the Oelwein Subdivision. CN marshalled significant resources to quickly improve that Subdivision's infrastructure. The Oelwein Subdivision was taken out of service for approximately 24-36 hours while this work was completed.

Customer Service: CN explained in its submissions to the Board that it planned to establish a customer service grain desk to facilitate the transition for

¹⁰ LSCP does not track local service for unscheduled customers—e.g., grain customers on the modular local service plan.

Iowa Northern customers.¹¹ CN established the Iowa Northern Desk on June 1, 2025. The Iowa Northern Desk is staffed by three Iowa Northern employees who previously worked in other customer service positions at Iowa Northern to facilitate a seamless transition for Iowa Northern customers. These Iowa Northern employees leverage their longstanding relationships with customers and knowledge of their businesses to ensure customer service quality is maintained. This desk is a primary conduit for communications with customers regarding customer service and car issues. The Iowa Northern Desk was instrumental in communicating with customers in the early stages of the transition to service windows and a local service plan.

Customers on the Iowa Northern also now have access to CN's online platform (CNOne), which gives customers access to a suite of online tools, including shipment tracking. CN hosted a large training session so Iowa Northern customers could learn about CNOne functionality in May of 2025, which was attended by over 100 people. CN has also offered individual training sessions for any customers that would like one, and has so far provided several one-on-one sessions to customers. CN's eBusiness Team is primarily responsible for addressing customer inquiries and troubleshooting issues involving CNOne, but the Iowa Northern Desk is also available to answer basic questions to assist customers in navigating these tools.

¹¹ Applicants' Response to Comments and Requests for Conditions and Rebuttal In Support of Application, at 73.

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Pursuant to the Approval Decision, this report will be provided to all shippers on the Iowa Northern system by email.

Respectfully submitted,

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Dated: November 13, 2025

CERTIFICATE OF SERVICE

I hereby certify that, on this 13th day of November 2025, the foregoing filing was served by first-class mail or more expeditious means on all parties of record in this proceeding.

/s/ Marc A. Korman

Marc A. Korman