

HEARTLAND CORN PRODUCTS

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June 19, 2018

Cynthia T. Brown, Chief
Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, SW
Washington DC 20423-0001

ENTERED
Office of Proceedings
June 22, 2018
Part of
Public Record

Re: FD 36178, Metropolitan Council - Petition for Declaratory Order

Dear Ms. Brown:

Heartland Corn Products ("HCP") hereby files these comments in response to the Surface Transportation Board's ("Board or STB") May 22, 2018 decision permitting public comments on the Petition for Declaratory Order ("Petition") filed on April 4, 2018 by the Metropolitan Council ("Met Council"). In that Petition, Met Council requests the Board find that certain proposed transactions involving Met Council, Hennepin County Regional Railroad Authority ("HCRRA") and Soo Line Railroad Company d/b/a Canadian Pacific ("CP") would not require Surface Transportation Board ("Board" or "STB") authorization and would not result in Met Council becoming a rail common carrier. As relevant to us and our concerns, the Board's decision specifically requested comments on whether operational impacts on Twin Cities & Western Railroad Company ("TCW") should be considered as part of the Board's analysis. The unequivocal answer to that question is "yes."

HCP is located in Winthrop, Sibley County, MN. HCP began operations as a fuel grade ethanol plant in 1995, and is a cooperative owned by 900 local farmer members. HCP produces over 100,000,000 gallons of ethanol, 275,000 tons of DDGS animal feed, and 3,500,000 gallons of corn oil used in the feed and biodiesel industries. HCP is located on Twin Cities & Western Railroad Company ("TCW"). HCP has invested in excess of \$100,000,000 in capital improvements since 1995 to increase production and improve efficiencies. For over 12 years, we have relied on TCW for efficient and effective rail access to the Twin Cities to connect with major Class I carriers such as BNSF, a route that includes the Bass Lake/Kenilworth corridor. HCP ships an estimated 5200 carloads a year over this route. This represents 100% of HCPs ethanol production and approximately 50% of the DDGS feed production. HCP does not have another viable option to ship finished goods into the market. Any changes that could negatively impact HCPs ability to reach the global marketplace will prohibit additional capital improvements in Winthrop.

With 53 employees, the impact of HCP to the local rural economy is substantial. Through processing and the sale of ethanol, DDGS feed and corn oil, HCP has been able to increase the value of corn to its farmer members by an average of \$.75 per bushel, or about \$30,000,000 in

additional value realized in the local economy every year. Given the current suppressed farm economy, this additional \$.75 per bushel value to HCPs members can be the difference on their ability for continued success.

With this in mind, HCP has two main operational concerns. First, as we understand from public records related to the Southwest Light Rail Transit Project ("Project") and our discussions with TCW, the Project will involve a four year construction timeline. As part of that process, we understand that the rail line will be relocated and realigned. In order to do that, by necessity, the rail line will have to be taken out of service from time to time during certain construction periods. We also understand that in the future, light rail trains and freight trains will be operating within 25 feet of each other. These two factors give us great concern that our shipments will be delayed during the construction period or that future crashes, without adequate restoration of service plans, could result in the line becoming unusable during the crash clean-up phase, delaying our rail service. These concerns could be alleviated if there was some sort of construction and operation agreement between Met Council and TCW. We understand, however, that there is no such current agreement. The only existing agreements are trackage rights agreements governing TCW's overhead operations. From what we understand, those agreements were entered into many years ago and do not contain any provisions dealing with what happens during construction of a parallel passenger transit system in the same railroad corridor or how the corridor should operate in the future when you have both passenger and freight operations in the same corridor. To avoid any operational impacts during the construction phase or during future operations, HCP believes that as a condition to any STB approval, Met Council should be required to enter into a construction and operation agreement with TCW that would protect shippers' transit times during the construction phase, provide for safety plans to prevent future accidents that could delay rail service, and sets forth the obligations of the parties with respect to the future shared usage of the corridor.

Our second major operational concern involves Met Council's plans to remove a significant number of the existing sidetracks currently used by TCW. We understand that those sidetracks are an integral component of TCW's service to/from our facility. TCW has informed us that without those sidetracks or the ability to use replacement tracks somewhere else nearby, which do not currently exist, our transit times will be significantly impacted. This will cost us both time and money. This is unacceptable. Either the tracks should not be removed, or if they are removed in order to accommodate light rail, Met Council should be required to work with TCW to come up with a plan for the replacement of those tracks in a manner and location that would not adversely impact rail service, and since it is Met Council's plans that are causing the disruption, they should pay all costs associated with the replacement side tracks. The replacement side tracks should be built and in place before the existing sidetracks are torn up. Otherwise, there could be significant operational disruptions in our service.

Heartland Corn Products does not take a position on the light rail Project. Our concerns have to do with the operational and safety impacts that will occur due to the realignment of the tracks that TCW operates over and the removal of the sidetracks that TCW currently uses to provide us service. Those concerns must and should be addressed in any STB decision. If not, there could be significant operational problems and financial impacts on our business if the Project moves forward.

Respectfully submitted,

Heartland Corn Products

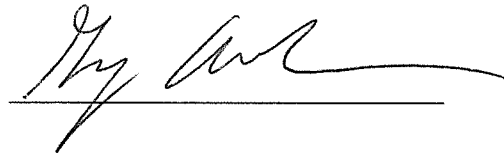
A handwritten signature in black ink, appearing to read 'Gary Anderson', written over a horizontal line.

By: Gary Anderson, CEO

CERTIFICATE OF SERVICE

I hereby certify that I have served a copy of these comments via prepaid first class mail to all parties of record in this proceeding or by more expeditious means of delivery.

Dated this 19 day of June, 2018.

A handwritten signature in black ink, appearing to read 'Gary Anderson', written over a horizontal line.