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April 16, 2018

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

ENTERED
Office of Proceedings
April 18, 2018
Part of
Public Record



**Re: Docket No. FD 36178, Metropolitan Council – Petition for Declaratory Order
Docket No. FD 36177, Hennepin County Regional Rail Authority – Acquisition Exemption –
In Hennepin County, Minnesota**

**LETTER IN SUPPORT OF TWIN CITIES & WESTERN RAILROAD COMPANY'S
INITIAL REPLY REQUESTING THE BOARD TO SET A PROCEDURAL SCHEDULE**

Dear Ms. Brown:

Central Region Cooperative (CRC) urges the Board to set a procedural schedule in the above referenced proceeding (FD 36178) to permit public comment and a full hearing on Metropolitan Council's Petition seeking to acquire ownership of the Bass Lake and Kenilworth corridors in Hennepin County, Minnesota. The Board should also stay the Hennepin County Regional Rail Authority's ("HCRRA") request in FD 36177 to acquire the common carrier obligations for the line.

Central Region Cooperative is located in Sleepy Eye, Minnesota with branch offices in Fairfax and Buffalo Lake. Central Region Cooperative has facilities in Sleepy Eye, Cobden, Fairfax, Gibbon, Hector, Buffalo Lake, Stewart and Cosmos; Minnesota. Central Region Cooperative served 4,728 patrons in the counties of Brown, Watonwan, Blue Earth, Redwood, Nicollet, Renville, Sibley, McLeod, Meeker and Kandiyohi; in the calendar year ending 12/31/2017.

Central Region Cooperative utilizes the Twin Cities & Western Railroad to ship corn (26,102,667 bushels/\$91,359,335) soybeans (9,303,148 bushels/\$88,379,906) and wheat (148,000 bushels/\$740,000) to destination markets to add monetary value for the 4,728 patrons it serves. Additionally, Central Region Cooperative utilizes the Twin Cities & Western Railroad to receive railcars of fertilizer for crop production needs on the 234,000 plus acres that Central Region Cooperative patron's farm.

For over 17 years, CRC has 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. CRC averaged 375 car loadings for the years 2002 through 2011. In 2012 Central Region Cooperative invested in excess of \$8,000,000 at the Buffalo Lake facility to achieve shuttle loading capabilities so that the patrons of the cooperative may benefit from the additional markets that the TCWR provides access to. After CRC made the investment in the Buffalo Lake facility, the cooperative has averaged 36 shuttle (100-110 cars/shuttle) loadings annually, or 3,780 car loadings annually.

The Central Region Cooperative board of directors recently approved a capital expenditure project which entails construction of a Greenfield Agronomy Facility on land directly east of the CRC Fairfax facility. Project costs will exceed \$12,000,000. This site was selected specifically because of the existing rail line and the capability to 'stage' a loop track in the future to accommodate receiving shuttles of crop nutrients as well as shipping shuttles of grain.

Without the rail access and service that the TCW provides to Central Region Cooperative for the behalf of the 4,728 patrons; there is no other economically viable rail route for our products to move to and from the Twin Cities rail terminal.

Several years ago, TCW informed us that the Metropolitan Council was seeking to expand its light rail service from Minneapolis west to certain suburban communities. When it was determined that the

Metropolitan Council had selected the Bass Lake/Kenilworth corridor for a joint light rail /freight rail corridor, TCW committed that it would work with the Council to reach agreements both to minimize disruption to freight rail service during construction and thereafter to assure that the presence of light rail in the freight rail corridor would not negatively impact TC&W's operational and economic ability to provide service or force shippers, such as Central Region Cooperative, to subsidize the expense of adding light rail to the corridor.

We understand the Metropolitan Council recently abruptly ended negotiations with TCW and has filed its present Petition asking the Board to approve an arrangement whereby the Council will acquire ownership of the rail line but will ask the Board to transfer the common carrier obligation to HCRRA.

This is a very complicated transaction that needs full public input and understanding. Neither the Council nor HCRRA has ever sought our input on freight rail needs on the corridor and we now have learned they have no agreements in place with TCW on how freight service will be handled on this proposed "shared corridor" route.

We urge the Board to set a procedural schedule and delay HCRRA's request to acquire the common carrier obligation in order to solicit the views of others affected by this transaction – in particular shippers like ourselves who need this vital rail route to move our goods through the Twin Cities. Entrusting the common carrier obligation to a public entity that does not operate freight rail service provides little assurance that important shipper interests in continued effective transportation service will be protected. In addition, deciding on this matter without reaching an agreement with the one entity that is currently – and effectively – providing the common carrier service, TCW, is a matter of significant concern and warrants close scrutiny by the Board.

Respectfully submitted,



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