



HEARTLAND CORN PRODUCTS

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April 18, 2018

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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
May 1, 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:

Heartland Corn Products ("HCP") 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.

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 HCP's 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 HCP's 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

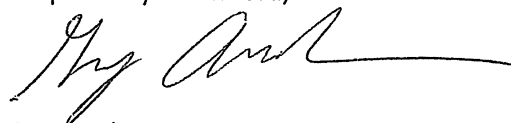
economy every year. Given the current suppressed farm economy, this additional \$.75 per bushel value to HCPs members can be the difference on their ability for continued success.

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 HCP, 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,

A handwritten signature in black ink, appearing to read "Gary Anderson", with a long horizontal flourish extending to the right.

Gary Anderson, CEO
Heartland Corn Products

Cc: Parties of Record