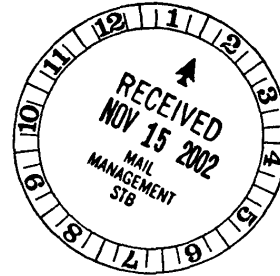




BRUSSELS CINCINNATI CLEVELAND COLUMBUS DAYTON NEW YORK WASHINGTON, D.C.

November 15, 2002

206658



By Hand

The Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423-0001

RE: STB Finance Docket No. 34178; *Dakota, Minnesota & Eastern Railroad Corporation and Cedar American Rail Holdings Inc. – Control – Iowa, Chicago & Eastern Railroad Corporation*

Dear Secretary Williams:

Enclosed please find an original and ten (10) copies of the Verified Statement of Paul E. Freund on behalf of MidAmerican Energy Company to be filed in the above-referenced docket.

Also enclosed is one additional copy for stamp and return. Kindly date-stamp the additional copy for return to this office by messenger.

Sincerely,


NICHOLAS J. DEMICHAEL

ENTERED
Office of Proceedings

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Public Record

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BEFORE THE
SURFACE TRANSPORTATION BOARD



STB Finance Docket No. 34178
*Dakota, Minnesota & Eastern Railroad Corporation and Cedar American
Rail Holdings Inc – Control – Iowa, Chicago & Eastern Railroad
Corporation*

VERIFIED STATEMENT
of
PAUL E. FREUND
on behalf of
MIDAMERICAN ENERGY COMPANY

My name is Paul E. Freund. I am the Vice President - Fuel Trading and Transportation for MidAmerican Energy Company ("MidAmerican") in Davenport, Iowa. In my position, I am responsible for the supply and transportation of coal and fuel oil to our fossil generating stations operated by MidAmerican, including the procurement of coal and the associated rail transportation.

MidAmerican is an investor-owned utility that provides electric service to approximately 673,000 customers in Iowa, Illinois and South Dakota. Annually, MidAmerican ships about 13 million tons of coal from the Powder River Basin to the generating stations it operates in Iowa. MidAmerican is today served by Iowa, Chicago & Eastern Railroad Corporation ("IC&E"), which recently acquired the rail lines of I & M Rail Link, LLC ("IMRL"). IC&E delivers Powder River Basin coal from interchanges with other rail carriers to MidAmerican's Louisa Generating Station near Fruitland, Iowa and our Riverside Generating Station in Bettendorf, Iowa. MidAmerican is IC&E's largest shipper by volume. The availability of secure, efficient and competitive

rail service is extremely important to MidAmerican, and to our competitiveness within our own utility market.

In the past, MidAmerican has been hard hit by railroad acquisition and integration problems that have created serious service disruptions. Given that history, we were very concerned about the IC&E acquisition at the outset of this case. But IC&E has to date been a welcome exception to the rule of serious integration-related service problems that have plagued other railroad acquisitions. The lack of service problems is particularly remarkable given the fact that I understand that this acquisition involved a complete transfer of the dispatching functions of both the IC&E and the DM&E to a new location with new equipment and software, and I understand that the billing system of the IC&E has been changed over to a new program to accommodate both railroads, and given the fact that much of IMRL's past support system functions previously handled by its affiliate (the Montana Rail Link) have been largely assumed by DM&E. In short, IC&E has done a remarkable job in executing a smooth transition to date. We are confident that the transaction will continue smoothly, and look forward to continued service improvements with full integration of IC&E and DM&E.

Accordingly, MidAmerican strongly supports the proposed common control of IC&E and DM&E. MidAmerican believes that the proposed affiliation of IC&E and DM&E will be in the public interest, will enhance the stability of both carriers, and presents opportunities to strengthen market opportunities and improve rail service for shippers on IC&E, including MidAmerican. A regional partnership between IC&E and DM&E, and the various synergies the two carriers should be able to achieve, will help

ensure the long-term viability of critical components of the Iowa rail transportation infrastructure.

The proposed common control transaction also would create, in conjunction with DM&E's proposed line construction in the Powder River Basin, a new single-system transportation option that could meet our crucial coal sourcing needs.

The proposed common control transaction will, we believe, further secure the long-term position of the IC&E rail lines as viable and competitive components of the national rail network. MidAmerican encourages the Board's favorable and timely consideration of the IC&E-DM&E control transaction.

I, Paul E. Freund, declare under penalty of perjury under the laws of the United States that the foregoing is true and correct, and that I am qualified and authorized to file this statement.

A handwritten signature in cursive script, reading "Paul E. Freund", is written over a horizontal line.

Dated: November 14, 2002

CERTIFICATE OF SERVICE

I hereby certify that I have served on this 15th day of November, 2002, a copy of the foregoing Verified Statement of Paul E. Freund on behalf of MidAmerican Energy Company by first-class mail on the parties listed below:

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