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March 24, 2003

VIA FEDERAL EXPRESS

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W., Room 700
Washington, DC 20006

ENTERED
Office of Proceedings

MAR 25 2003

Part of
Public Record



Re: **Finance Docket No. 34177 (Sub-No. 1)**
Iowa, Chicago & Eastern Railroad Corporation -- Trackage Rights
Exemption -- Commuter Rail Division of Regional Transportation
Authority of Northeast Illinois and Soo Line Railroad Company

Dear Secretary Williams:

Enclosed for filing in the above-captioned proceeding are an original and ten copies of a **Verified Notice of Exemption Pursuant to 49 C.F.R. § 1180.2(d)(7)**, dated March 24, 2003. A check in the amount of \$900.00, representing the appropriate fee for this filing, is attached.

One extra copy of this transmittal letter and of the Notice also are enclosed. I would request that you date-stamp those copies to show receipt of this filing and return them to me in the provided envelope.

If you have any questions regarding this filing, please feel free to contact me. Thank you for your assistance on this matter. Kind regards.

Respectfully submitted,

FEE RECEIVED

MAR 25 2003

**SURFACE
TRANSPORTATION BOARD**

Thomas J. Litwiler
Attorney for Iowa, Chicago & Eastern
Railroad Corporation

TJL:tl

Enclosures

FILED

MAR 25 2003

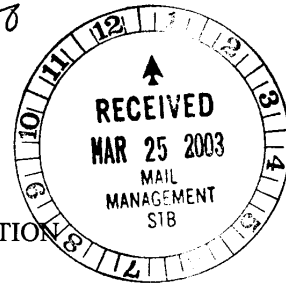
**SURFACE
TRANSPORTATION BOARD**

ORIGINAL

BEFORE THE
SURFACE TRANSPORTATION BOARD

207450

FINANCE DOCKET NO. 34177 (SUB-NO. 1)



IOWA, CHICAGO & EASTERN RAILROAD CORPORATION
-- TRACKAGE RIGHTS EXEMPTION --
COMMUTER RAIL DIVISION OF REGIONAL TRANSPORTATION AUTHORITY
OF NORTHEAST ILLINOIS AND SOO LINE RAILROAD COMPANY

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**VERIFIED NOTICE OF EXEMPTION
PURSUANT TO 49 C.F.R. § 1180.2(d)(7)**

FILED

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**SURFACE
TRANSPORTATION BOARD**

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MAR 25 2003

**SURFACE
TRANSPORTATION BOARD**

William C. Sippel
Thomas J. Litwiler
Fletcher & Sippel LLC
Two Prudential Plaza, Suite 3125
180 North Stetson Avenue
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**ATTORNEYS FOR IOWA, CHICAGO &
EASTERN RAILROAD CORPORATION**

Dated: March 24, 2003

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 34177 (SUB-NO. 1)

IOWA, CHICAGO & EASTERN RAILROAD CORPORATION
-- TRACKAGE RIGHTS EXEMPTION --
COMMUTER RAIL DIVISION OF REGIONAL TRANSPORTATION AUTHORITY
OF NORTHEAST ILLINOIS AND SOO LINE RAILROAD COMPANY



VERIFIED NOTICE OF EXEMPTION
PURSUANT TO 49 C.F.R. § 1180.2(d)(7)

Iowa, Chicago & Eastern Railroad Corporation ("IC&E"), a common carrier by rail, hereby files this verified notice of exemption under 49 C.F.R. § 1180.2(d)(7) for the acquisition of overhead trackage rights over a line of railroad of the Commuter Rail Division of the Regional Transportation Authority of Northeast Illinois, d/b/a Metra ("Metra") between Pingree Grove, Illinois and Cragin Junction, Chicago, Illinois and over certain connecting trackage of Soo Line Railroad Company, d/b/a Canadian Pacific Railway ("CPR") at Franklin Park, Illinois.

In accordance with the requirements of 49 C.F.R. § 1180.4(g), IC&E submits the following information:

Description of the Proposed Transaction: 49 C.F.R. § 1180.6(a)(1)(i)

IC&E is a Class II common carrier by rail which operates approximately 1400 miles of trackage in the states of Iowa, Illinois, Kansas, Missouri, Minnesota and Wisconsin. IC&E began rail operations on July 30, 2002 after acquiring the rail lines of I&M Rail Link, LLC ("IMRL"). See Iowa, Chicago & Eastern Railroad Corporation -- Acquisition and Operation Exemption -- Lines of I&M Rail Link, LLC, Finance Docket No. 34177 (STB served June 12,

2002, July 22, 2002 and January 21, 2003) ("IC&E Acquisition"). IC&E is a wholly-owned indirect subsidiary of Dakota, Minnesota & Eastern Railroad Corporation. See Dakota, Minnesota & Eastern Railroad Corporation and Cedar American Rail Holdings, Inc. -- Control -- Iowa, Chicago & Eastern Railroad Corporation, Finance Docket No. 34178 (STB served February 3, 2003).

Before sale of its rail lines to IC&E, IMRL had operated into the Chicago terminal and reached interchange with certain other rail carriers there via overhead trackage rights on Metra's Pingree Grove-Cragin Junction line and on certain connecting CPR trackage. The Metra trackage rights had been granted to IMRL by CPR, which pursuant to separate contractual arrangement between CPR and Metra has certain rights to admit a third party to use of the Metra line. Disagreement between the parties arose with respect to the assignment of IMRL's existing Metra trackage rights to IC&E, and since August 29, 2002 IC&E has operated on Metra's Pingree Grove-Cragin Junction line pursuant to a temporary detour arrangement. An agreement between CPR and IC&E providing, with the consent of Metra, for IC&E's admission to the use of the Metra Pingree Grove-Cragin Junction line on a permanent basis is now imminent.

Pursuant to a written Trackage Rights Agreement expected to be executed shortly by IC&E and CPR, IC&E proposes to acquire limited overhead trackage rights over Metra's line of railroad between the connection with IC&E's line at milepost 40.3 near Pingree Grove, Illinois and the connection with the Belt Railway Company of Chicago ("BRC") at milepost 6.6 at Cragin Junction, Chicago, Illinois, a distance of approximately 33.7 miles. The proposed Metra trackage rights permit IC&E to connect and interchange with BRC at Cragin Junction,¹ CPR at Bensenville Yard in Bensenville, Illinois and Elgin, Joliet & Eastern Railway Company at

¹ The rights to be acquired by IC&E include the use of CPR's Galewood Yard at Cragin Junction in connection with movements to and from BRC.

Spaulding, Illinois. IC&E also proposes to acquire limited overhead trackage rights on certain CPR-owned trackage at Tower B-12 in Franklin Park, Illinois as necessary to connect and interchange with the Indiana Harbor Belt Railroad Company at that location.

While an assignment of IMRL's existing trackage rights over the Metra line to IC&E was encompassed within the notice of exemption in IC&E Acquisition, the new and independent grant of rights to IC&E pursuant to the agreement to be executed by IC&E and CPR requires separate authorization under 49 U.S.C. § 11323(a)(6) and 49 C.F.R. § 1180.2(d)(7). See Prairie Central Ry. Co. -- Acquisition & Operation, 367 I.C.C. 884, 885 (1983). To eliminate any ambiguity regarding the status of the pre-existing IMRL trackage rights on the Metra line, IMRL will shortly be filing in Docket No. AB-851X, I&M Rail Link, LLC -- Discontinuance Exemption -- In Cook and Kane Counties, IL, a petition for exemption pursuant to 49 U.S.C. §§ 10502 and 10903 for the discontinuance of those trackage rights.

The full name and address of the applicant carrier herein is as follows:

Iowa, Chicago & Eastern Railroad Corporation
140 North Phillips Avenue
Sioux Falls, South Dakota 57104
(605) 782-1200

Any questions concerning this Notice should be sent to IC&E's representative at the following address:

Thomas J. Litwiler
Fletcher & Sippel LLC
Two Prudential Plaza, Suite 3125
180 North Stetson Avenue
Chicago, Illinois 60601-6721
(312) 540-0500

Proposed Time Schedule for Consummation: 49 C.F.R. § 1180.6(a)(1)(ii)

IC&E intends to consummate the proposed trackage rights transaction on April 1, 2003.

Purpose Sought to Be Accomplished: 49 C.F.R. § 1180.6(a)(1)(iii)

The proposed trackage rights will allow IC&E to effectively and efficiently interchange traffic in the Chicago terminal on a permanent basis.

States in Which Applicant's Property is Located: 49 C.F.R. § 1180.6(a)(5)

IC&E owns or operates over rail property in the states of Illinois, Iowa, Kansas, Minnesota, Missouri and Wisconsin.

Map - Exhibit 1: 49 C.F.R. § 1180.6(a)(6)

A map of the rail lines over which IC&E proposes to acquire trackage rights is attached hereto as Exhibit 1.

Agreement - Exhibit 2: 49 C.F.R. § 1180.6(a)(7)(ii)

A draft of the proposed Trackage Rights Agreement to be executed by IC&E and CPR, designated as Exhibit 2, is being submitted separately herewith under seal and subject to a concurrently-filed motion for protective order. A copy of the final, signed version of the agreement will be filed with the Board under seal within ten days of execution, pursuant to 49 C.F.R. § 1180.6(a)(7)(ii).

Labor Protective Conditions: 49 C.F.R. § 1180.4(g)(1)(i)

As a condition to this exemption, IC&E agrees to imposition of the employee protective conditions established in Norfolk and Western Ry. Co. -- Trackage Rights -- BN, 354

I.C.C. 605 (1978), as modified in Mendocino Coast Ry. Inc. -- Lease and Operate, 360 I.C.C. 653 (1980).

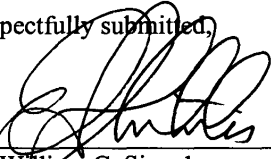
Caption Summary: 49 C.F.R. § 1180.4(g)(2)(i)

A caption summary of this transaction suitable for publication in the *Federal Register* is attached hereto as Exhibit 3.

Environmental and Historic Preservation Matters: 49 C.F.R. § 1180.4(g)(3)

Under 49 C.F.R. § 1105.6(c)(4), the proposed acquisition of trackage rights by IC&E is exempt from environmental reporting requirements. Under 49 C.F.R. § 1105.8(b)(3), the proposed acquisition of trackage rights by IC&E also is exempt from historic preservation reporting requirements.

Respectfully submitted,

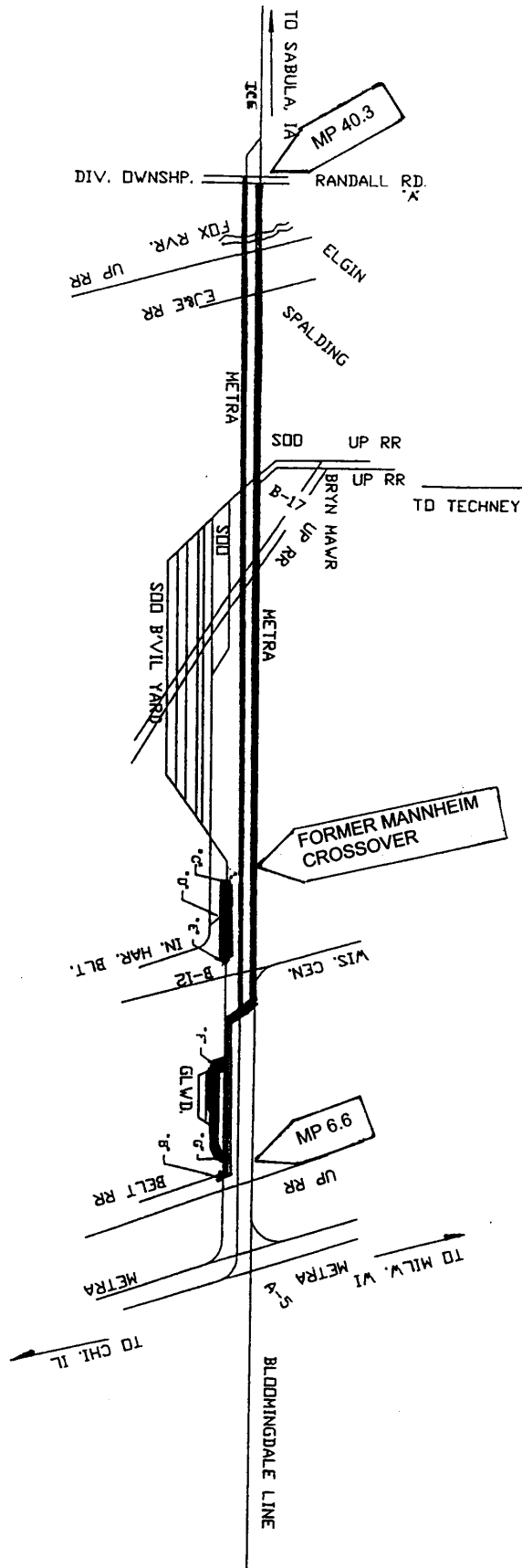
By: 

William C. Sippel
Thomas J. Litwiler
Fletcher & Sippel LLC
Two Prudential Plaza, Suite 3125
180 North Stetson Avenue
Chicago, Illinois 60601-6721
(312) 540-0500

**ATTORNEYS FOR IOWA, CHICAGO &
EASTERN RAILROAD CORPORATION**

Dated: March 24, 2003

EXHIBIT 1



CP TRACKAGE

METRA TRACKAGE

EXHIBIT A TRACKAGE RIGHTS AGREEMENT CHICAGO AREA

49 C.F.R. §1180.6(a)(7)(ii)
DRAFT TRACKAGE RIGHTS AGREEMENT

FILED SEPARATELY UNDER SEAL
SUBJECT TO
A REQUEST FOR A PROTECTIVE ORDER

EXHIBIT 3
CAPTION SUMMARY

SURFACE TRANSPORTATION BOARD

NOTICE OF EXEMPTION

FINANCE DOCKET NO. 34177 (SUB-NO. 1)

IOWA, CHICAGO & EASTERN RAILROAD CORPORATION
-- TRACKAGE RIGHTS EXEMPTION --
COMMUTER RAIL DIVISION OF REGIONAL TRANSPORTATION AUTHORITY
OF NORTHEAST ILLINOIS AND SOO LINE RAILROAD COMPANY

Soo Line Railroad Company, d/b/a Canadian Pacific Railway ("CPR") will agree to grant overhead trackage rights to Iowa, Chicago & Eastern Railroad Corporation ("IC&E") over: 1) a line of railroad of the Commuter Rail Division of Regional Transportation Authority of Northeast Illinois, d/b/a Metra ("Metra") between milepost 40.3 near Pingree Grove, Illinois and milepost 6.6 at Cragin Junction, Chicago, Illinois, a distance of approximately 33.7 miles; and 2) certain CPR-owned connecting track at Franklin Park, Illinois as necessary to reach the Indiana Harbor Belt Railroad Company. The trackage rights will be effective on April 1, 2003.

This Notice is filed under 49 C.F.R. § 1180.2(d)(7). Petitions to revoke the exemption under 49 U.S.C. § 10502(d) may be filed at any time. The filing of a petition to revoke will not automatically stay the transaction.

Dated: April __, 2003

By the Board

Vernon A. Williams
Secretary

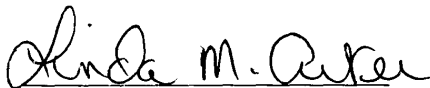
VERIFICATION

State of South Dakota)
)
County of Minnehaha) SS:

Robert O. Brownell, being duly sworn, deposes and says that he is Executive Vice President Operations of Iowa, Chicago & Eastern Railroad Corporation, that he has read the foregoing Notice of Exemption and knows the facts asserted therein, and that the same are true as stated.


Robert O. Brownell

SUBSCRIBED AND SWORN TO
before me this 21 day
of March, 2003.


Notary Public

My Commission expires: 01/09