



Minnesota Department of Transportation

Office of Freight and Commercial Vehicle Operations

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209973

January 26, 2004

The Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street NW
Washington, DC 20423-0001

JAN 28 2004

Re: Finance Docket No. 34424, Canadian National
Railway Company and Grand Trunk Corporation
- Control - Duluth, Missabe and Iron Range
Railway Company, Bessemer and Lake Erie
Railroad Company, and The Pittsburgh & Conneaut
Dock Company

ENTERED
Office of Proceedings

JAN 28 2004

Part of
Public Record

Dear Secretary Williams:

Pursuant to Decision No. 3 in the above-captioned docket, please find enclosed is the original and twenty (20) copies of the comments and the Certificate of Service indicating that all parties of record have been served with a copy of all filings made by the Minnesota Department of Transportation. In addition enclosed is a 3.5-inch floppy diskette containing an electronic copy of the above documents in a Word format.

Sincerely,

Allan J. Vogel, Director
Freight, Railroads and Waterways

BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 34424

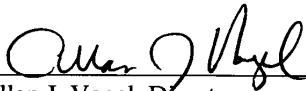
CANADIAN NATIONAL RAILWAY COMPANY
AND GRAND TRUNK CORPORATION

-- CONTROL --

DULUTH, MISSABE AND IRON RANGE RAILWAY COMPANY
BESSEMER AND LAKE ERIE RAILROAD COMPANY
AND THE PITTSBURGH & CONNEAUT DOCK COMPANY

THE MINNESOTA DEPARTMENT OF TRANSPORTATION
CERTIFICATE OF SERVICE
IN ACCORDANCE WITH DECISION NO. 3

I hereby certify that a copy of all filings made by the Minnesota Department of Transportation in the above-captioned proceeding has been served on all parties of record by first-class mail this 26th day of January 2004.



Allan J. Vogel, Director
Freight, Railroads and Waterways

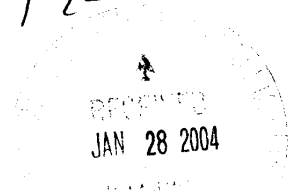
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BEFORE THE
SURFACE TRANSPORTATION BOARD



STB FINANCE DOCKET NO. 34424

CANADIAN NATIONAL RAILWAY COMPANY ACQUISITION OF THE
DULUTH, MISSABE & IRON RANGE RAILROAD

MINNESOTA DEPARTMENT OF TRANSPORTATION COMMENTS
ON THE ACQUISITION OF
THE DULUTH, MISSABE & IRON RANGE RAILROAD

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Allan J. Vogel, Director
Freight, Railroads & Waterways
Minnesota Department of Transportation
Mail Stop 420
1110 Centre Pointe Curve
Mendota Heights, MN 55120-4152

January 26, 2004

My name is Allan J. Vogel, Director of Freight, Railroads and Waterways for the Minnesota Department of Transportation (Mn/DOT). Mn/DOT is the state agency responsible for rail planning and programs in Minnesota. Part of Mn/DOT's responsibility is to comment on mergers, consolidations, acquisitions or other significant transactions involving railroads that effect or may effect Minnesota. The Canadian National Railway's (CN) proposed acquisition of the Duluth, Missabe & Iron Range Railway (DM&IR) is a matter falling within the jurisdiction of Mn/DOT.

Introduction

The mining, processing and shipping of iron ore products via the DM&IR is important to the economy of the region. The proposed acquisition of the DM&IR will provide the CN with a direct route to Chicago and new markets for Minnesota taconite. Therefore, the CN acquisition has the potential to provide a substantial economic benefit to Minnesota shippers as it holds a promise of expanded markets for Minnesota products and access to additional rail carriers at competitive rates.

Comment Solicitation Process

Mn/DOT solicited comments related to the impacts of the CN acquisition on the transportation system in Minnesota through shippers organizations and other concerned parties. Mn/DOT's position is considerate of comments received.

Mn/DOT Position

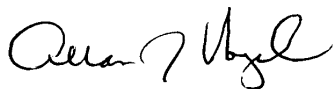
The Minnesota Department of Transportation supports the CN acquisition of the DM&IR. Although Mn/DOT supports the acquisition, Mn/DOT has two concerns about the transaction. First, the CN has indicated that the acquisition could

result in a loss of 94 jobs. Mn/DOT is concerned about the potential loss of high paying jobs in Northeastern Minnesota. Mn/DOT encourages CN to preserve as many of these jobs in Minnesota as possible.

Second, Mn/DOT is also concerned about the possible loss of pre-merger competitive transportation options for a Minnesota shipper as a result of this acquisition. United Taconite is majority owned indirectly by the Cleveland Cliffs. In an effort to protect United Taconite's pre-merger competitive transportation options at the Thunderbird North Mine and the Fairlane Processing Plant, Cleveland Cliffs requested the STB grant relief under the STB's "two to one" and "build-out" relief standard precedents. Mn/DOT requests the STB grant the conditions sought by Cleveland Cliffs.

Cleveland Cliffs has requested the STB issue appropriate conditions to protect United Taconite's pre-merger competitive options. Consistent with STB precedent, these conditions would include requests for trackage rights for a carrier or carriers selected by Cliffs to access United Taconite's pre-merger CN build-out points. Thus, if United Taconite builds new facilities, United Taconite can obtain post-merger competitive service (over combined CN/DMIR's lines) from a carrier (s) other than the CN/DMIR.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Allan J. Vogel".

Allan J. Vogel, Director
Freight, Railways and Waterways

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Allan J. Vogel, Director
Freight, Railroads and Waterways

 **VALERIE D SCHOWALTER**
NOTARY PUBLIC- MINNESOTA
MY COMMISSION EXPIRES 1-01-2006