



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

February 18, 2004

Via Hand Delivery

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

ENTERED
Office of Proceedings

FEB 18 2004

Part of
Public Record



210092

RE: STB Docket No. 34424, *Canadian National Railway Company et al. – Control – Duluth, Missabe and Iron Range Railway Company et al.*

Dear Secretary Williams:

Please find enclosed for filing the original and twenty (20) copies of the Motion of Ispat Inland Inc. to File Supplemental Joint Verified Statement of Bruce A. Klimek and Daniel J. Cornillie in the above referenced proceeding. Also enclosed is a diskette with the Motion in WordPerfect format.

An extra copy of this filing is enclosed for stamping and returning to our offices.

Should you have any questions regarding the foregoing, please do not hesitate to contact the undersigned.

Sincerely,

Jeffrey O. Moreno

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

STB 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

FEB 18 2004

**MOTION OF ISPAT INLAND INC.
TO FILE SUPPLEMENTAL JOINT VERIFIED STATEMENT OF
BRUCE A. KLIMEK AND DANIEL J. CORNILLIE**

Part of
Public Record

Ispat Inland Inc. ("Ispat") hereby requests leave to file the Supplemental Joint Verified Statement of Bruce A. Klimek and Daniel J. Cornillie (ISP-4), which is attached hereto as Exhibit A. In support of this Motion, Ispat states the following:

1. On January 26, 2004, Ispat submitted Comments, Evidence and Request for Conditions (ISP-2) on the proposed acquisition and control of the Duluth, Missabe and Iron Range Railway Company ("DMIR"), Bessemer and Lake Erie Railroad Company, and The Pittsburgh & Conneaut Dock Company, all subsidiaries of Great Lakes Transportation Company ("GLT"), by Canadian National Railway Company and Grand Trunk Corporation ("CN"). As part of that filing, Ispat submitted the Joint Verified Statement of Bruce A. Klimek, Ispat's Section Manager Purchasing, and Daniel J. Cornillie, Ispat's Manager Internal Logistics/Fleet.

2. In its January 26 Comments, Ispat explained the importance of consistent and reliable transportation of taconite pellets from Ispat's Minorca Mine, near Virginia, Minnesota, to Ispat's Indiana Harbor Works facility in East Chicago, Indiana, and the consequences to Ispat

of any breakdown in that transportation. Ispat also described how CN's transportation of Winter season taconite pellet production, from the interchange with DMIR at Steelton, Minnesota to the Escanaba docks on Lake Michigan, has deteriorated dramatically since CN acquired the Wisconsin Central Railroad in October 2001. Ispat expressed grave concern that CN's totally inadequate service on the Winter season movements would extend to DMIR's year-round service to the Minorca Mine if this transaction were approved, with significant consequences to Ispat.

3. Since the January 26 Comments, Ispat and CN now are nearly two-thirds through the 2004 Winter season for transporting taconite pellets by rail from the Minorca Mine to Escanaba for transloading to lake vessels. Ispat requests leave to file the Supplemental Joint Verified Statement in order to inform the Board of CN's worsening performance, which only serves to heighten and reaffirm Ispat's grave concerns over CN's proposed acquisition of DMIR.

4. This Motion and Supplemental Joint Verified Statement are being filed one week before CN must file its Response to Ispat's January 26 Comments, on February 25, 2004. Thus, CN will have time to respond to the facts contained in the Supplemental Joint Verified Statement, most of which CN already should be aware.

WHEREFORE, Ispat asks the Board for leave to file the Supplemental Joint Verified Statement of Bruce A. Klimek and Daniel J. Cornillie, which is attached hereto as Exhibit A..

Respectfully submitted,



Nicholas J. DiMichael
Jeffrey O. Moreno
Thompson Hine LLP
1920 N Street, NW
Washington, DC 20036
(202) 331-8800

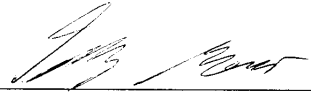
February 18, 2004

CERTIFICATE OF SERVICE

This is to certify that a copy of the MOTION OF ISPAT INLAND INC. TO FILE
SUPPLEMENTAL JOINT VERIFIED STATEMENT OF BRUCE A. KLIMEK AND DANIEL
J. CORNILLIE has been served on this 18th day of February, 2004, by hand, upon the following:

Paul A. Cunningham
Harkins Cunningham LLP
801 Pennsylvania Avenue, NW
Suite 600
Washington, DC 20004

And by first class mail, postage-prepaid, upon all parties of record.



Jeffrey O. Moreno

EXHIBIT A

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

STB 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

**SUPPLEMENTAL JOINT VERIFIED STATEMENT OF
BRUCE A. KLIMEK AND DANIEL J. CORNILLIE**

We are Bruce A. Klimek and Daniel J. Cornillie. We are the same individuals who filed a Joint Verified Statement on behalf of Ispat Inland Inc. ("Ispat") in the above-captioned proceeding on January 26, 2004. We possess direct knowledge of the issues raised herein. The purpose of our Supplemental Verified Statement is to inform the Board of worse than anticipated service problems that Ispat has experienced with the Canadian National Railway ("CN"), since we submitted our initial Verified Statement, which magnify our previously expressed concerns over the proposed acquisition of the Duluth, Missabe & Iron Range Railway ("DMIR") by CN.

In our previous Verified Statement, we explained the importance of consistent and reliable transportation of taconite pellets from Ispat's Minorca Mine, near Virginia, Minnesota, to Ispat's Indiana Harbor Works facility in East Chicago, Indiana, and the consequences to Ispat of any breakdown in that transportation. We also described how CN's transportation of Winter season taconite pellet production, from the interchange with DMIR at Steelton, Minnesota to the Escanaba docks on Lake Michigan, has deteriorated dramatically since CN acquired the

Wisconsin Central Railroad ("WC") in October 2001. We expressed Ispat's grave concern that CN's totally inadequate service on the Winter season movements would extend to DMIR's year-round service to the Minorca Mine if this transaction were approved, with significant consequences to Ispat.

Ispat and CN now are nearly two-thirds through the 2004 Winter season for transporting taconite pellets by rail from the Minorca Mine to Escanaba for transloading to lake vessels. CN's performance, thus far, demonstrates that its 2003 Winter season problems were much more than a fluke. In fact, CN's 2004 performance has been much worse than even our most pessimistic projections. Since the first 2004 Winter season shipment on January 2, through February 11, CN has hauled only 28% of the available tons of taconite production. This is a dramatic decline from CN's abysmal 2003 Winter season handling of only 44% that cannot be explained solely by the fact that CN reduced the number of trainsets from four, in 2003, to three, in 2004, despite Ispat's protests that CN had been unable to transport even half of the Mine's 2003 winter production with four trainsets.

CN's service failures already are causing significant problems at Indiana Harbor. Based upon CN's abysmal 2003 Winter season performance and upon CN's inadequate 2004 operating plan, Ispat has attempted to protect the production of its top of the line No. 7 blast furnace by reducing the ratio of Minorca Mine taconite pellets to Viceroy taconite pellets from the Empire Mine. In order to do this, however, Ispat had to take a reduction in Royal taconite pellets, which the Nos. 5 and 6 blast furnaces use. Thus, Ispat's protection of the No. 7 blast furnace has come at the expense of lower production from the Nos. 5 and 6 blast furnaces.

However, even these drastic efforts to protect the No. 7 blast furnace production are proving insufficient in light of CN's even worse than anticipated performance. Depending on CN's performance over the remainder of this Winter season, Ispat may have to cut output at the No. 7 blast furnace rather than run out of taconite pellets before the end of March, when the Lake Superior shipping season is scheduled to open, which allows Ispat to bypass the CN altogether by shipping from its stockpile at Two Harbors on Lake Superior. Even before then, however, all three blast furnaces are close to running out of taconite pellets because the CN was unable to transport a sufficient volume of taconite pellets to the Escanaba dock before a maintenance outage that is scheduled by CN to last until March 7, 2004. At this time, there is a very real possibility that Ispat will have to shut down one or more of the blast furnaces at Indiana Harbor, before March 8th, due to a shortage of taconite pellets.

Ispat also has been forced to incur additional costs at the Minorca Mine due to CN's service failures. Because CN only has been able to transport 28% of the Mine's taconite pellet production this Winter season, Ispat has been forced to ship the remaining 72% by DMIR to Two Harbors, Minnesota for storage until the Lake Superior shipping season resumes, which is scheduled for March 25 if weather conditions permit. Ispat incurs significant storage charges to maintain these stockpiles.

In addition, the unreliability of CN's performance is causing problems at the Minorca Mine because Ispat cannot reasonably predict when empty trainsets will be returned from Escanaba. When the rail loading stockpile at the Mine is full, Ispat must use an emergency storage area or shut down the Mine. Already this Winter season, Ispat has been forced to use the emergency storage area. Ispat must double handle taconite pellets in the emergency storage area

at additional cost and potential damage to the pellets. Once the emergency storage area is full, the Mine must shut down.

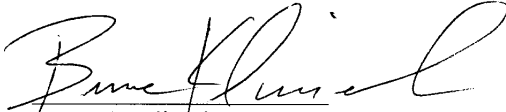
The concerns that we expressed in our previous Verified Statement are only heightened by CN's 2004 Winter season performance. We must reiterate that a consistent and uninterrupted flow of taconite pellets from the Minorca Mine to the Indiana Harbor facility is crucial for Ispat. Currently, CN's extremely poor service impacts Ispat only on the Winter season movements. However, we are concerned that unfettered approval of CN's purchase of the DMIR could have dire consequences for Ispat, if CN attempts to implement service reductions and experiences service problems on DMIR, similar to what has occurred on the Winter season movements since CN acquired Wisconsin Central. Any extension of CN's service reductions on Wisconsin Central to DMIR will impact Ispat year round.

Verification of Bruce A. Klimek

I, Bruce A. Klimek, verify under penalty of perjury that the foregoing is true and correct.

Further, I certify that I am qualified and authorized to file this Verified Statement.

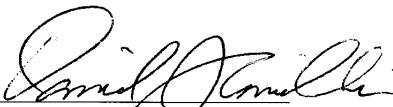
Executed on 2/17/04


Bruce A. Klimek

Verification of Daniel J. Cornillie

I, Daniel J. Cornillie, verify under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this Verified Statement.

Executed on 2/17/04


Daniel J. Cornillie