

March 15, 2004

By Hand Delivery

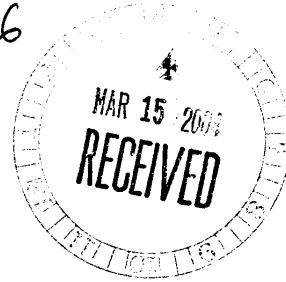
The Honorable Roger Nober
Chairman
Surface Transportation Board
1925 K Street, N.W.
Washington, DC 20423-0001

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Office of Proceedings

MAR 16 2004

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RE: STB Finance Docket No. 34424, *Canadian National Ry. Co. and Grand Trunk Corp - Control - Duluth, Missabe and Iron Range Ry. Co, Bessemer and Lake Erie R.R. Co., and The Pittsburgh & Conneaut Dock Co.*

Dear Chairman Nober:

On behalf of Ispat Inland, Inc. ("Ispat"), we wish to thank you for your offer, at the March 5th oral argument, to provide the services of Mr. Melvin Clemens to facilitate discussions between Ispat and the Canadian National Railway ("CN") in order to address the service concerns that have prompted Ispat's Request for Conditions in this proceeding. Since that date, Mr. Bruce Klimek, who presented Ispat's concerns at the oral argument, has attempted repeatedly to arrange a meeting, before Mr. Clemens, with Mr. James M. Foote, CN's Executive Vice President Sales and Marketing. But, thus far, Mr. Klimek has been unable to obtain any firm commitment from Mr. Foote. In light of the short time between now and the April 9, 2004 date for a Board decision in this proceeding, Ispat is concerned that this delay has made it very difficult for the parties to reach a negotiated resolution prior to a Board decision.

At the conclusion of the oral argument, you expressed an understanding that Ispat's condition "would be expanding what our conditions traditionally are." On that issue, Ispat desires to reassure you that the requested condition does have precedent in prior mergers, namely, in *Union Pac. Corp. - Control and Merger - Southern Pac. Rail Corp. et al.*, Finance Dkt. No. 32760, Decision No. 44 at 146 (served Aug. 12, 1995) and in *CSX Corp. et al. - Control and Operating Leases/Agreements - Conrail Inc. et al.*, STB Finance Dkt. No. 33388, Decision No. 89 at 72-74 (served July 23, 1998). These decisions are discussed more fully at pages 19-20 of Ispat's January 26, 2004 Comments.

Furthermore, Ispat wishes to clarify some confusion that was expressed at the oral argument, regarding the purpose of Ispat's requested condition. Ispat has made extensive reference to CN's refusal to compete for Ispat's taconite pellet traffic on former Wisconsin Central lines not because Ispat seeks a condition to remedy that situation, but because Ispat is concerned that CN's acquisition of DMIR, as a consequence of this proceeding, will extend CN's refusal to compete to the DMIR lines that serve Ispat's Minorca Mine. In other words, Ispat's requested condition

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is designed to address potential competitive harm from the proposed merger, if CN refuses to compete for Ispat's taconite transportation movements via DMIR.

Although Ispat shares your desire to see a negotiated resolution to its concerns over CN's post-merger rail service, in the current situation, Ispat asks that the Board continue to give full consideration to its requested condition.

Sincerely,



Nicholas J. DiMichael

Jeffrey O. Moreno

cc: Melvin F. Clemens, *Director, STB Office of Compliance and Enforcement*
Theodore K. Kalik, Esq., *Counsel for Canadian National Ry. Co. et al.*
Paul A. Cunningham, Esq., *Counsel for Canadian National Ry. Co. et al.*
All Parties of Record