



Wisconsin Department of Transportation

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June 14, 2002

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

205894



Re: Finance Docket No. 34177
Opposition to the Notice for Exemption for Iowa, Chicago & Eastern Railroad
Corporation Acquisition and Operation of the I & M Rail Link, LLC

Dear Secretary Williams,

Enclosed for filing are the original and ten copies of the Wisconsin Department of Transportation's Statement in Opposition to the Notice of Exemption for Iowa, Chicago & Eastern Railroad Corporation in the acquisition of I & M Rail Link, LLC, filed May 23, 2002.

I have provided a copy of this filing to the applicant's attorney by certified mail.

Please contact me if you have any questions regarding this filing.

ENTERED
Office of Proceedings

JUL 22 2002

Part of
Public Record

Sincerely,

Paul E. Nilsen
Assistant General Counsel

Enclosures

cc: Fletcher & Sippel, LLC
Departments of Transportation: Illinois, Iowa, Minnesota, Missouri, and South Dakota
Wisconsin Congressional Delegation
Ron Adams, WisDOT Bureau of Rails and Harbors

BEFORE THE
SURFACE TRANSPORTATION BOARD

205894

Finance Docket No. 34177

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Iowa, Chicago & Eastern Railroad Corporation
-Acquisition and Operation Exemption -
Lines of I & M Rail Link, LLC



**Statement in Opposition of the Exemption,
Petition to Stay the Effective Date of the Exemption
and Petition for a Procedural Schedule for Merger or Control Application**

On June 7, 2002, the Iowa, Chicago & Eastern Railroad Corporation (IC&E) filed a Verified Notice of Exemption for Acquisition and Operation of I & M Rail Link (IMRL). The IC&E is an indirect subsidiary of Dakota, Minnesota and Eastern Railroad (DM&E), and the request for exemption is based on the IC&E being a non-carrier acquiring the IMRL (i.e. a simple ownership change with little change in rail operations). However, the Notice of Exemption states that shortly after this transaction the DM&E would file an application for control of the IC&E. In essence, it purports to be a two-part transaction before the Surface Transportation Board (STB). First, the IC&E acquires the IMRL through the exemption process. Next, the DM&E files for control of IC&E through a merger application process.

The Wisconsin Department of Transportation opposes the Notice of Exemption. In effect, this two-part transaction is but one transaction, and should be treated as one transaction before the STB. We believe the STB should deny this exemption, and should instead consider the transaction as a consolidation or merger of two Class II railroads. In

the current exemption process, we are unable to review the financial arrangements for this transaction or the potential changes in service that may result from this transaction. The IC&E notice of exemption does not indicate whether IC&E will honor agreements that other railroads currently have with IMRL. For example, in Wisconsin IMRL has an agreement with the Wisconsin & Southern Railroad ("WSOR") for the use of trackage in Janesville. The WSOR is the operator on state-owned trackage in the area. The agreement with IMRL allows WSOR to connect three separate segments, Madison - Janesville, Janesville - Monroe and Janesville - Fox Lake, IL. Questions on current trackage rights and interchange agreements between IMRL and other railroads need to be examined to ensure existing service will be maintained through acquisition by IC&E. Without proper disclosure of information required under a merger or control application process, we are unable to assess the potential impact on Wisconsin shippers, nor can we have a full understanding of the down-stream effects of this transaction, such as any impacts on Wisconsin communities.

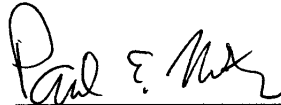
The current exemption process provides inadequate time and information to review the full transaction. The transaction is more than just a non-carrier acquiring an operating railroad. The Wisconsin Department of Transportation consequently asks the STB to stay this exemption and to establish a procedural schedule to provide opportunities for affected communities, shippers, railroads and others to review the details of the proposed transaction, and to seek protective conditions and mitigation if necessary.

Please note that the Wisconsin Department of Transportation remains neutral on the transaction. We neither support nor oppose this transaction at this time. We are

Secretary Williams, STB
June 14, 2002

concerned only with providing a real opportunity for the Department, communities, shippers, railroads and other interested parties to adequately review the potential impact of the transaction and to participate in the STB proceedings.

Respectfully submitted,



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Dated: June 14, 2002