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BEFORE THE
SURFACE TRANSPORTATION BOARD

DOCKET NO. FD 36744

CANADIAN NATIONAL RAILWAY COMPANY
AND GRAND TRUNK CORPORATION
—CONTROL—
IOWA NORTHERN RAILWAY COMPANY

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APPLICANTS' RESPONSE TO COMMENTS AND REQUESTS FOR
CONDITIONS AND REBUTTAL IN SUPPORT OF APPLICATION

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EXECUTIVE SUMMARY

Applicants¹ are gratified that so many key stakeholders share Applicants' enthusiasm about the proposed combination of CN and Iowa Northern. Thirty support statements have been submitted, including many from customers who see the benefits of adding single-line service to the transportation options for customers on the Iowa Northern network. No individual shipper opposes the Transaction or requests any condition. Rail employees also support the Transaction, recognizing CN's commitment to grow employment and traffic and to offer positions to the entire Iowa Northern workforce. And local communities and government officials have recognized that the Transaction is a good deal for Iowa.

Other interested parties like the National Grain and Feed Association ("NGFA"), the U.S. Department of Agriculture ("USDA"), and connecting railroads like CRANDIC request targeted conditions or clarifications to address particular concerns or questions. Applicants respond to these comments below with certain clarifications of their prior commitments and some additional commitments, including agreeing to NGFA's and USDA's request to permit shippers to arbitrate gateway commitment disputes and committing to a post-Transaction report on implementation of local service plans and integration of customer service functions.

And then there is CPKC, CN's primary horizontal competitor. CPKC alleges that the proposed combination would cause "substantial competitive harm to the

¹ The term "Applicants" has the same meaning as it did in the Application, as do all other abbreviations and short terms.

transportation markets served by Iowa Northern and CN”—competitive harm that apparently escaped the notice of the Iowa Northern customers and communities who are supporting this Transaction. According to CPKC, the solution to this alleged competitive harm is for CPKC to be awarded “discount” haulage rights over IANR.² The proposed Transaction would cause no competitive harm and creates no basis for granting CPKC such an unprecedented regulatory windfall. CPKC’s arguments to the contrary are built on an expert analysis that is so flawed as to border on fakery.

To wit, the underpinning of CPKC’s competition arguments is an assertion that Waybill Sample data shows {{{[REDACTED]}}} “corridors” allegedly “served only by CN and IANR independent routes (and no other independent routes, such that customers would lose all competitive routing options as a result of the Transaction).”³ According to CPKC, {{{[REDACTED]}}} cars in the 2021-2023 Waybill Sample are movements with no independent routes besides Iowa Northern and CN.⁴ One might think that a party making such a bold accusation would have done some work to determine whether it was true. But **CPKC did no work to investigate whether there were independent routing options for these**

² CPKC’s Comments on Proposed Transaction (“CPKC Comments”) (filed Apr. 29, 2024), Verified Statement of W. Robert Majure (“Majure V.S.”) ¶ 73 (alleging that haulage should “be implemented with a discount off the rates IANR would have charged”); CPKC Comments at 33 (seeking “cost-based” haulage).

³ CPKC Comments, Verified Statement of Nathaniel Zebrowski (“Zebrowski V.S.”) ¶ 24.

⁴ *Id.* ¶¶ 26, 27.

movements. Instead, the analysis began and ended with the Waybill Sample; if the sampled movements did not happen to include a route on railroads other than CN or Iowa Northern, CPKC claimed that the movement lacked any independent routing options.

The absurd results produced by this approach are illustrated by the single route that has been the centerpiece of CPKC’s arguments in this proceeding: movements of oats from Western Canada to the Quaker Oats plant in Cedar Rapids.⁵ {{{ [REDACTED]

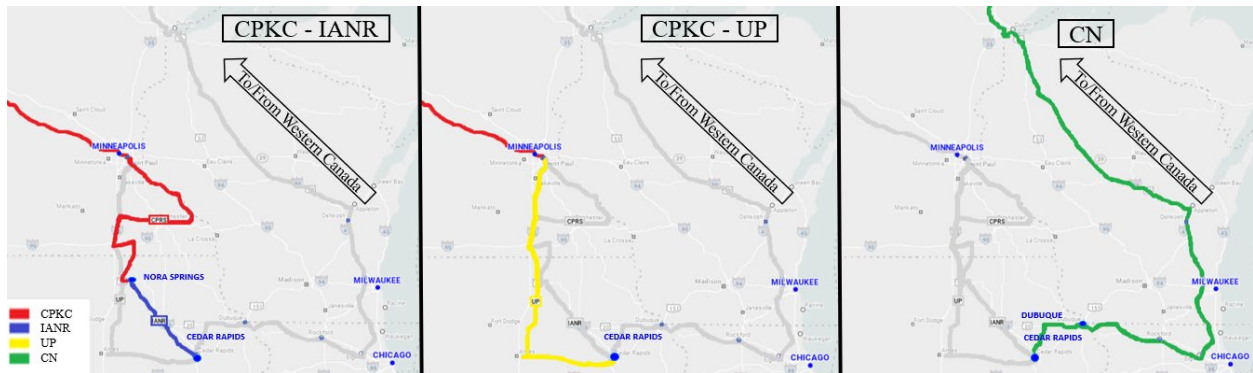
[[[[REDACTED]]]] But the Cedar Rapids Quaker Oats plant has other obvious independent routing options. The plant is not even physically served by either CN or Iowa Northern; it is physically served by Union Pacific. CN, Iowa Northern, and CRANDIC all have reciprocal switching access. Western Canada oats can be delivered to Quaker Oats either through a CPKC-IANR routing (1,334 miles), or

⁵ While most of Applicants’ response to CPKC’s Waybill Sample-based arguments is necessarily designated highly confidential, CPKC has publicly identified this route, customer, and commodity in several of its filings, and Mr. Harman makes it a focus of his verified statement. See CPKC Comments, Verified Statement of Jon Harman (“Harman V.S.”) ¶¶ 13, 31–34; see also CPKC’s Comment on Proposed Classification of Transaction as “Minor,” Docket No. FD 36744 (filed Feb. 26, 2024), Verified Statement of Jon Harman ¶¶ 15–16. Dr. Majure specifically identifies this Western Canada-to-Cedar Rapids corridor as one of the purported two-to-one routes (and even comments in the public portion of his statement on what movements on this route are “observed in the data”). Majure V.S. ¶ 44.

through a CPKC-UP routing (1,264 miles), or through a CN routing (1,537 miles).⁶

Figure 1 below shows these three routing options.

Figure 1: Independent Routing Alternatives from Western Canada to Cedar Rapids, IA⁷



The fact that this particular customer has chosen to use CPKC-IANR or CN routings during the sampled period does not somehow mean that other routings are not “independent routing options.” The Board’s precedents make clear that available options that are not chosen by a customer can still provide competitive discipline.⁸ Indeed, the corridor analysis performed by Dr. Majure in the CP-KCS

⁶ Other independent routing options may be available as well, such as CPKC-BNSF-CIC. See App’x A, Verified Statement of Julie Carey (“Carey V.S.”) at 11–12 (observing that {{{ [REDACTED] }}}). Yet another option would be CPKC-IAIS-CIC, where CPKC could interchange with Iowa Interstate at Davenport, and Iowa Interstate could interchange to CRANDIC at Iowa City.

⁷ Carey V.S. at 12, Fig. 4.

⁸ See, e.g., Decision No. 6, *Norfolk S. Ry.—Acquisition & Operation—Certain Rail Lines of Del. & Hudson Ry. (“NS/D&H”)*, Docket No. FD 35873, at 19 (STB served May 15, 2015), *petition for rev. dismissed sub nom. Riffin v. STB*, No. 16-1043 (D.C. Cir. Mar. 31, 2017) (relying on applicant’s expert analysis that three 2-to-1 corridors in that transaction had “independent routing alternatives involving . . . a strong Class I competitor” even though traffic was not presently moving over those alternative routes and concluding that the transaction “will not result in any 2-to-1 reductions in shippers’ routing options”).

merger proceeding looked both at movements observed in Waybill Sample data and also potential routings not in the Waybill Sample data that he constructed from observing railroad system maps.⁹

To reiterate, {{{[REDACTED] [REDACTED]
[REDACTED] }}}.¹⁰ CPKC's analysis is equally flawed for the remaining {{{[REDACTED]}}}, again because of CPKC's choice to not do any investigative work to determine whether its cursory Waybill Sample review corresponded to actual competitive issues with the combination. Professor Julie Carey, Ph.D., of NERA Economic Consulting, shows that there are no actual competitive concerns with the Transaction.

Professor Carey's conclusion is not surprising, because there are no two-to-one shippers who are served only by CN and Iowa Northern. And there are only four three-to-two facilities. None of these three-to-two facilities is operationally served by Iowa Northern crews—they are all facilities on CN lines that have reciprocal switching access to both Union Pacific and Iowa Northern (and that will

⁹ It of course may be true that a theoretical routing option could in some cases be so circuitous or disadvantaged as to not be a realistic option. But that is plainly not the case here, where the alternative CPKC-UP route that CPKC ignores is shorter than alternative routes and where Union Pacific actively moves traffic between Minneapolis and Cedar Rapids (as Professor Carey shows). *See Carey V.S.* at 11. In any event, CPKC did no investigative work to examine the viability of this or any other routing option.

¹⁰ As Professor Julie Carey explains, a {{{[REDACTED]}}} of the traffic on this Western Canada-to-Cedar Rapids route heads not to Quaker Oats but to a different solely-served CN customer. As she explains, Iowa Northern currently has no reciprocal switching access to this customer, so the Transaction has no impact on competition for this customer. *See Carey V.S.* at 9.

retain switch access to Union Pacific after the Transaction). There are thus no competitive concerns under the Board’s well-settled rubric for assessing competitive harm.¹¹

Professor Carey’s conclusion is also not surprising because the transportation markets served by Iowa Northern and CN are extraordinarily competitive markets that are served by several other railroads. Even CPKC’s carefully constructed efforts to illustrate an “overlap” between Iowa Northern and CN cannot obscure this truth.¹² The “overlap” oval that CPKC draws contains no fewer than six different railroads: CN and Iowa Northern, to be sure, but also Union Pacific, CPKC, CRANDIC, and Iowa Interstate Railroad (and BNSF is just outside the oval). What’s more, the overlap map entirely ignores Union Pacific’s extensive haulage rights over the Iowa Northern’s main line.¹³ The Iowa Department of Transportation (“Iowa DOT”)’s Iowa Rail Toolkit includes a map of Iowa which presents a more accurate picture of the competitive rail landscape in the state.¹⁴

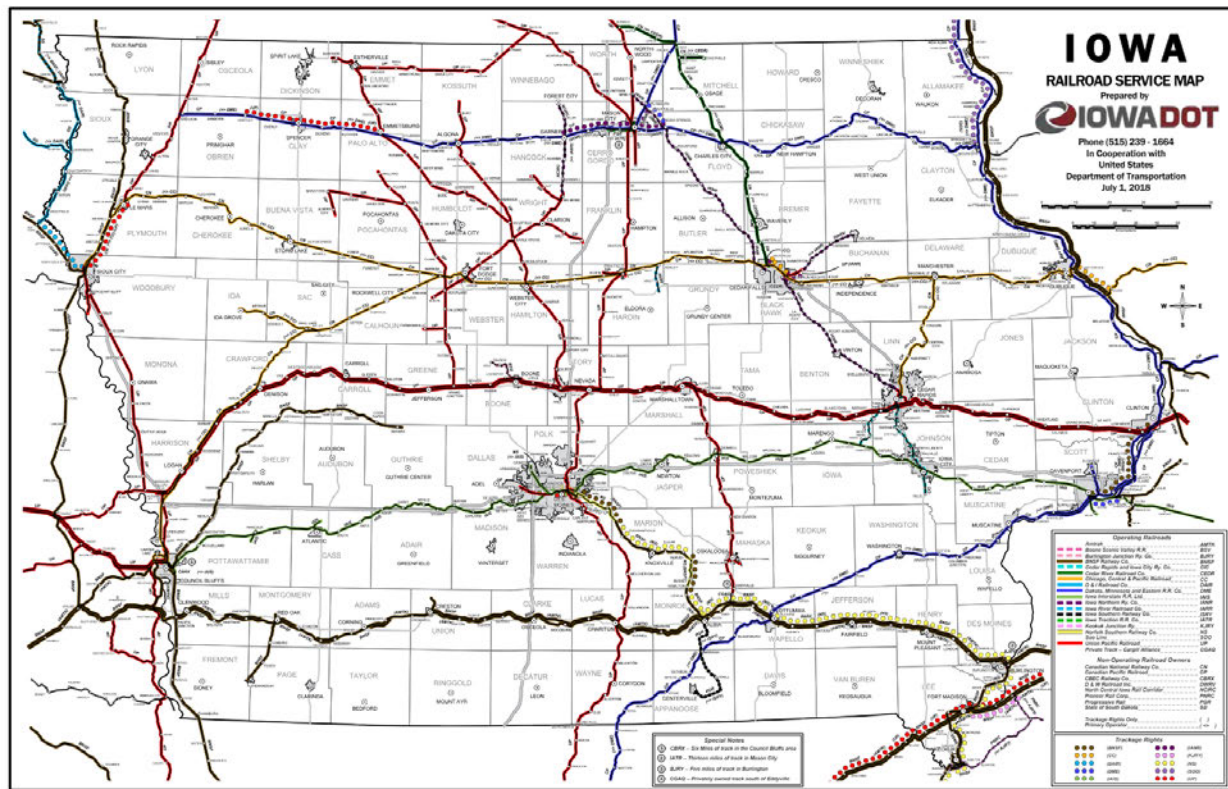
¹¹ CPKC’s assertion in the first sentence of its Comments that Iowa Northern “serves many of the very same shipper facilities to which CN has access” is patently false, and CPKC does not even try to support it. *See* CPKC Comments at 1.

¹² CPKC Comments at 15, Fig. 1 (map purporting to depict “CN-IANR Region of Overlap”).

¹³ *See* Applicants’ Supplement, Docket No. FD 36744 (filed Apr. 12, 2024), App’x A at 3 (describing a September 17, 1986 agreement between Iowa Northern and Union Pacific’s predecessor, Chicago & North Western Transportation Co., as amended and supplemented, providing that Iowa Northern will handle cars in overhead haulage movement between Cedar Rapids and Waterloo, between Manly and Waterloo, and between Manly and Cedar Rapids).

¹⁴ Appendix B, Exhibit 1 provides excerpts from the Iowa DOT’s Iowa Rail Toolkit (2019), including various maps that illustrate the actual competitive landscape in Iowa.

Figure 2: Rail Map of Iowa¹⁵



Transportation competition is particularly robust in key Iowa industries such as grain and ethanol. Because a commodity like corn has many potential buyers and is readily transported by truck, farmers can choose the best available price among the multiple elevators and processing facilities located across the state. This geographic competition disciplines all rail rates. Indeed, Iowa DOT has identified 58 transload facilities located throughout the state on multiple different railroads, giving shippers competitive options that discipline all transportation providers.¹⁶

¹⁵ App'x B, Ex. 1, Iowa DOT, Iowa Rail Toolkit at 11.

¹⁶ *Id.* at 20–22.

While Iowa shippers enjoy many competitive options, some have more than others. In particular, some shippers can access single-line service, with the efficiencies and significant benefits it brings over joint-line service. Iowa Northern shippers recognize these advantages, and many cite single-line service as a key reason for their support. And as Professor Carey shows in her verified statement, the Waybill Sample allows an estimate of the rate advantage that shippers with access to single-line service have over those who only have access to joint-line service. Her analysis shows that grain shippers with single-line service have rates 14–19% lower than shippers with joint-line service of comparable length.¹⁷ Adding this direct quantitative evidence of to the strong support for single-line service that shippers have expressed in this proceeding is a compelling affirmation of the Board’s long line of precedent recognizing the benefits of single-line service. A transaction that makes this single-line option available to more Iowa rail shippers while preserving joint-line options through a gateway commitment is an unmitigated win for competition.

Since there is no competitive harm—let alone substantial competitive harm—there is no basis for the Board to consider CPKC’s proposed haulage remedy. But it is worth noting the breathtaking scope of that proposed remedy: for the Board to force Iowa Northern to grant CPKC permanent “discount” haulage rights on the entire Iowa Northern mainline. Even if there were any competitive harm (which there is not), there is no justification for a condition so obviously designed to place a

¹⁷ Carey V.S. at 46–47.

competing Class I railroad in a better position than it occupies now. Indeed, CPKC's assertion that it needs to be granted discount haulage rights to "preserve competition" does not even acknowledge that **UP already has perpetual haulage rights over nearly all of Iowa Northern's main line.** There is no conceivable justification for installing a second haulage carrier over Iowa Northern.

If the proposed Transaction is approved, CPKC will be free to compete for interline Iowa Northern-served shippers on fair terms, and the gateway commitment ensures that a combined CN-Iowa Northern will facilitate such interline service. But CPKC should have to compete by offering competitive prices and service—not because the Board has given it the regulatory windfall of "discount" haulage. As Iowa Northern President Daniel Sabin explains in his verified statement, CPKC historically has not developed substantial interline business with Iowa Northern largely because CPKC has been unwilling to provide competitive pricing and service for such business.¹⁸ {{ [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] }}¹⁹

¹⁸ App'x A, Rebuttal Verified Statement of Daniel R. Sabin ("Sabin Rebuttal V.S.") at 3–4.

¹⁹ App'x B, Ex. 17, IANR00045_Confidential { [REDACTED] } and Ex. 18, IANR00046 Highly Confidential {{ [REDACTED] }} (produced in discovery).

{{ [REDACTED] }}²⁰

{{ [REDACTED] }}

[REDACTED] [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] }}²² There is no basis to give a discount haulage windfall to a railroad that has been unwilling to provide the competitive rates and service that are needed to develop interline business with Iowa Northern in Iowa's competitive transportation environment.

In Part I, Applicants briefly restate the significant public benefits associated with the Transaction before turning to the primary statutory inquiry of whether there would be adverse competitive impacts that are likely and substantial. Specifically, Applicants highlight the benefits associated with the creation of new single-line service and emphasize that a major purpose of the Transaction is to spur

²⁰ App'x B, Ex. 17, IANR00045_Confidential { [REDACTED] } (emphasis added) (produced in discovery).

²¹ App'x B, Ex. 8, CPKC_00063_Highly Confidential {{ [REDACTED] }} (produced in discovery).

²² App'x B, Ex. 7, CPKC_00004_Highly Confidential {{ [REDACTED] }} (produced in discovery).

growth of rail traffic. Applicants also show that the truck-to-rail diversion estimates—and thus the anticipated benefits associated with removing long-haul trucks from the road—are reasonable. Finally, Applicants explain that CN’s infusion of investment will provide Iowa Northern with greater access to capital and financial resources going forward.

In Part II, Applicants explain that the Transaction would have no anticompetitive effects, let alone ones that are “likely” and “substantial.” There is robust competition for transportation services in Iowa, including strong competitive rail options, numerous elevators and transload facilities, and the competitive discipline due to source competition for highly truckable commodities such as grain and ethanol. There are no two-to-one stations, and CPKC’s claims about the existence of two-to-one corridors are baseless. There is no competitive harm as a result of the Transaction, and Applicants’ gateway commitment is sufficient to protect existing interline routes.

Part III addresses CPKC’s request for “discount” haulage rights and a reciprocal switching condition. Neither condition is appropriate because they are designed not to address competitive harm but rather reflect CPKC’s self-interested attempt to obtain valuable rights on the Iowa Northern system. Both conditions should be rejected.

Finally, Part IV addresses all other requests for conditions. As explained in that section, while Applicants do not object to certain requests—such as utilization

of customer arbitration as part of the gateway commitment—other requests should be rejected.

I. THE TRANSACTION WILL RESULT IN SIGNIFICANT PUBLIC BENEFITS

While the statutory standard of 49 U.S.C. § 11324(d) requires the Board to approve this Transaction unless it will cause “adverse competitive impacts that are both ‘likely’ and ‘substantial,’”²³ Applicants believe it is nonetheless important to restate the public benefits of the Transaction. CN and Iowa Northern customers and other stakeholders overwhelmingly support the proposed Transaction, as evidenced by the 30 support statements filed in this docket.²⁴ The Board has found that such support is “strong” evidence that no competitive harm will result from the transaction.²⁵

Public officials and other economic development organizations likewise support the Transaction, including U.S. Representative Ashley Hinson, Iowa State

²³ *NS/D&H*, Docket No. FD 35873, at 14; Decision No. 16, *Canadian Nat’l Ry. & Grand Trunk Corp.—Control—EJ&E W. Co. (“CN/EJ&E”)*, Docket No. FD 35087, at 13 (STB served Dec. 24, 2008) (same).

²⁴ *See, e.g.*, Application, Docket No. FD 36744 (filed Jan. 30, 2024), App’x C, Support Statement from Sukup Manufacturing Co.; Support Statements, Docket No. FD 36744 (filed Apr. 3, 2024), Support Statement from Borregaard USA, Inc.; Support Statements, Docket No. FD 36744 (filed Apr. 15, 2024), Support Statement from Zinpro Corp.; Support Statements, Docket No. FD 36744 (filed Apr. 29, 2024), Support Statement from Shell Rock Soy Processing and Support Statement from Valor Victoria; Support Statements, Docket No. FD 36744 (filed May 20, 2024), Support Statement from Mid-Iowa Cooperative.

²⁵ *See NS/D&H*, Docket No. FD 35873, at 18 (“no shipper presently on the D&H South Lines (or on connecting short lines) has opposed the proposed acquisition transaction—indeed, over 80 shippers explicitly support it—which strongly suggests that the transaction will not cause substantial competitive harm.”).

Senators and State Representatives; County Supervisors from Butler County, Iowa; the Mayors of the cities of Cedar Falls, Waterloo, Cedar Rapids, Dubuque, and Peosta, Iowa; numerous economic development and business/industry groups, including the Iowa Association of Business and Industry, the Iowa Area Development Group, the Cedar Rapids Metro Economic Alliance, and Forest City Economic Development; as well as local community colleges and labor groups.²⁶

No individual customer has submitted comments expressing concerns about the Transaction. This is particularly noteworthy here {{ [REDACTED]

[REDACTED] }}²⁷ CPKC went so far as to serve unlawful discovery on some nonparties who supported the proposed Transaction.²⁸ In response, one of

²⁶ See Application, Docket No. FD 36744 (filed Jan. 30, 2024) at App'x C; Support Statements, Docket No. FD 36744 (filed Mar. 1, 2024, Mar. 15, 2024, Apr. 3, 2024, Apr. 15, 2024, Apr. 19, 2024, Apr. 26, 2024, and May 20, 2024).

²⁷ See, e.g., App'x B, Ex. 10, CPKC 00186_Highly Confidential {{ [REDACTED] }}; Ex. 11, CPKC 00187_Highly Confidential {{ [REDACTED] }}; Ex. 12, CPKC 00189_Highly Confidential {{ [REDACTED] }}; Ex. 13, CPKC 00191_Highly Confidential {{ [REDACTED] }}; Ex. 14, CPKC 00192_Highly Confidential {{ [REDACTED] }}; Ex. 15, CPKC 00195_Highly Confidential {{ [REDACTED] }}. }}

²⁸ See App'x B, Ex. 3, Canadian Pacific Kansas City Limited's First Set of Requests for Production of Documents to Forest City Economic Development, Inc. and North Central Iowa Rail Corridor, L.L.C. (Mar. 19, 2024); see also App'x B, Ex. 4, Forest City Economic Development, Inc., Manager of North Central Iowa Rail Corridor, L.L.C. Discovery Responses (Apr. 3, 2024); Ex. 5, Farmers Co-Op Association Discovery Responses (Apr. 3, 2024). Section 1101.2(d) makes clear that entities filing support letters are not parties and thus they are not subject to discovery under Part 1114 (absent a Board order authorizing third-party discovery). See 49 C.F.R. § 1101.2(d) (defining a party to "not include persons merely signing

these nonparties, Farmers Cooperative—a customer served by Iowa Northern on the Garner Subdivision—affirmed its belief that many benefits will result from the Transaction, including “provid[ing] a greater quantity of markets for the shippers,” “expand[ing] the number and type of shippers on this line,” and enhancing rail service.²⁹ This reaffirmation of the competitive benefits of the Transaction from a customer forced to respond to unauthorized discovery from a rival Class I railroad is a telling indication of the sincerity and depth of customer support.

A. New Single-Line Service Is A Public Benefit With Demonstrable Economic Advantages to Iowa Shippers.

One of the key benefits of this Transaction is the creation of new single-line service between points on Iowa Northern and points throughout North America while preserving current transportation options. CPKC itself put it well when it argued in the CP-KCS proceeding that the “public interest advantages of single-line service are an indelible feature of the Board’s precedents.”³⁰ CPKC was right to advocate there that the Board should not “ignore the well-established truths that customers strongly prefer single-line railroad services,” particularly where

certificates of support”).

²⁹ App’x B, Ex. 4, Forest City Economic Development, Inc., Manager of North Central Iowa Rail Corridor, L.L.C. Discovery Responses (Apr. 3, 2024), at 2.

³⁰ Applicants’ Final Brief, *Canadian Pac. Ry., et al.—Control—Kan. City S., et al.* (“CP/KCS”), Docket No. FD 36500, at 6 (filed Oct. 21, 2022). Indeed, CP’s and KCS’s merger application contained 189 invocations of the benefits of “single-line service.” *See generally* Railroad Control Application, *CP/KCS*, Docket No. FD 36500 (filed Oct. 29, 2021).

“[s]hipper after shipper has confirmed that truth” through “nearly-unanimous support on the record.”³¹

In this proceeding, individual shipper support on the record is unanimous. Customers, communities, and public officials highlight new single-line service as a key public benefit of the Transaction, along with its associated benefits, such as new efficiencies, new market reach, better service, faster cycling of equipment by the elimination of interchange and handling, increased competition, and support for future economic growth.³²

“The agency has long recognized the benefits of single-line service.”³³ The Board has repeatedly highlighted the well-known benefits of “expanded single line-service,”³⁴ which is “more efficient,”³⁵ “foster[s] the growth of rail traffic,”³⁶ and supports investment in future growth, safety, and service quality.³⁷ In addition, the Board has recognized the benefits of “increased operating efficiencies and other cost

³¹ Applicants’ Final Brief, *CP/KCS*, Docket No. FD 36500, at 6.

³² *See, e.g., supra*, notes 24 and 26.

³³ Decision No. 35, *CP/KCS*, Docket No. FD 36500, at 29 (STB served Mar. 15, 2023) (citing *Burlington N., Inc.—Control & Merger—St. Louis-S.F. Ry.*, 360 I.C.C. 784, 940 (1980) and *CSX Corp.—Control & Operating Leases/Agreements—Conrail Inc.*, 3 S.T.B. 196, 248 (1998)); *see id.* at 34 (“The Board has recognized more efficient single-line service as a benefit of mergers.”)

³⁴ Decision No. 10, *Canadian Nat’l Ry., et al.—Control—Wisc. Cent. Transp. Corp., et al.* (“*CN/WC*”), 5 S.T.B. 890, 901 (2001).

³⁵ *CSX Corp. and CSX Transp., Inc., et al.—Control & Merger—Pan Am Sys., Inc., et al.* (“*CSX/Pan Am*”), Decision No. 9, Docket No. FD 36472, at 21 (STB served Apr. 14, 2022).

³⁶ *CP/KCS*, Docket No. FD 36500, at 3.

³⁷ *Id.*

savings” of an “integrated” rail network.³⁸ The Board has further explained how an integrated railroad can realize efficiency gains from “elimination of interchanges” and “more efficient movements between the merging parties.”³⁹ Not only that, single-line service can offer “qualitative public benefits,” such as new business opportunities for shippers, “more vigorous competition,” and “truck-to-rail diversions.”⁴⁰ For example, Iowa Northern customers will be able to leverage single-line service over a combined CN-IANR to reach export markets via international ports. All of the above-described benefits will result from the proposed Transaction here, as explained in the Application.⁴¹

Professor Carey demonstrates that the well-established precedent that single-line service benefits customers continues to match reality. She uses Waybill Sample data to perform a simple but telling analysis: comparing rail rates paid by grain customers for single-line service to those paid by grain customers for joint-line

³⁸ *Id.* at 17–18.

³⁹ *Id.* at 19.

⁴⁰ *Id.*

⁴¹ Application, Verified Statement of Tracy Robinson (“Robinson V.S.”), at 3–4 (describing how new single-line service will result in “new efficiencies and market opportunities” and support for “the resilience of North American supply chains” and how “new optionality” for customers to “reach markets around the world” will drive growth, jobs, and investment in Iowa businesses and communities); Application, Verified Statement of Dan Sabin (“Sabin V.S.”), at 4 (describing how CN’s acquisition will provide “investment” “th[at] represents much needed stability into the future”); Application, Verified Statement of David Hunt (“Hunt V.S.”), at 2 (transaction will remove an estimated 14,619 trucks from roads each year to move instead in railcars or containers); Application, Verified Statement of Sandra Ellis (“Ellis V.S.”), at 5 (describing new efficiencies, including the “elimination of interchange[s], thus reducing transit time and improving equipment utilization”).

service.⁴² She found a material benefit to single-line service, with single-line shippers having rates 14–19% lower than joint-line shippers.⁴³ Professor Carey’s analysis shows that the benefits of access to single-line service are very real, and thus that there is a real public benefit to a Transaction that gives that access to more Iowa shippers.

B. The Proposed Transaction Will Promote Rail Traffic Growth That Will Benefit Customers and the Public.

Both CN and Iowa Northern have explained that a major purpose of the Transaction is to spur growth of rail traffic:

“CN’s investment in Iowa Northern will support the long-term growth of rail traffic, new efficiencies and market opportunities, and the resilience of North American supply chains.” ~ Tracy A. Robinson⁴⁴

“One of the reasons for selecting CN is my belief that it is well-positioned to help Iowa Northern continue to grow.” ~ Daniel R. Sabin⁴⁵

Growth in rail traffic will be a public benefit to Iowa customers and communities, because it will support the growth and competitiveness of local businesses, while also increasing the opportunities to divert traffic from truck to rail. As Sandra Ellis has explained, multiple growth opportunities would result from the proposed Transaction, including for the ethanol and fertilizer industries.⁴⁶ In her rebuttal Verified Statement, Ms. Ellis affirms that the Transaction is about

⁴² Carey V.S. at 46–47.

⁴³ *Id.* at 46.

⁴⁴ Robinson V.S. at 3.

⁴⁵ Sabin V.S. at 3.

⁴⁶ See Ellis V.S. at 8–9, 12–14.

“investing in long-term growth opportunities,” particularly in the grain, ethanol/renewables, and fertilizer industries, and not about cost-cutting.⁴⁷ She further describes how CN is investing in additional grain hopper cars to support grain origination growth in Iowa, and how the many customers with which she has spoken are looking forward to how the Transaction will help them grow their businesses.⁴⁸ Indeed, to handle the expected growth, CN plans to retain all existing Iowa Northern craft employees (and in fact has offered substantial retention bonuses to Iowa Northern craft employees).⁴⁹

CPKC ignores all this and instead speculates that CN must have secret plans to cut costs or degrade Iowa Northern’s service. CPKC’s fantastical allegations are based on misrepresenting cherry-picked partial quotations, apparently with fingers crossed that the Board will not check the underlying documents. For example, CPKC claims that “CN[] plans to push traffic over its own network” and that CN “acknowledged to Iowa Northern that post-Proposed Transaction, ‘CN will have a strong incentive to maximize its return on its investment in the Iowa Northern by densifying its traffic base’ and eliminating unique services that cut against

⁴⁷ App’x A, Rebuttal Verified Statement of Sandra Ellis (“Ellis Rebuttal V.S.”) at 1–2.

⁴⁸ *Id.* at 2–3.

⁴⁹ Application, Ex. 15, Operating Plan—Minor (“Operating Plan”), at 31; Ellis Rebuttal V.S. at 3; *see also* Operating Plan at 33 (noting CN’s plan to “hire an additional 12 conductors and 4 engineers to ensure Iowa Northern is able to meet current and future demand” based on then-current Iowa Northern employee levels); Robinson V.S. at 6 (explaining that a combined CN-Iowa Northern “will need the experience and talent of all current Iowa Northern craft employees” to succeed, which is why the Transaction “includes provisions for a retention bonus”).

densification.”⁵⁰ But the actual document that CPKC cites to support this accusation is clear that CN’s plans were to densify Iowa Northern’s network through “industrial development” and “capital investment.” And the text of the document does not say a word about “eliminating unique services.”⁵¹

CPKC hypothesizes that CN must have some secret cost-reduction plans because its expert allegedly could not identify any transaction-related efficiencies in the Operating Plan that would divert rail traffic from other rail competitors in the

⁵⁰ CPKC Comments at 25 (citing CN00055_003 (Highly Confidential)).

⁵¹ Applicants are partially de-designating the quoted section of CN00055_003 so that they can publicly respond to CPKC’s false public allegations related to this document. This is the actual text:

CN’s growth strategy for the business would include helping customers on the IANR access new markets and supplier sources enabled by the significant advantages of CN’s single line service extending to three coasts across North America, **while ensuring that those same customers continue to have access to markets served by other railroads.**

In addition, CN expects to pursue growth opportunities for IANR, while leveraging the strength and resources of the broader CN organization to advance that end. In particular, CN has a dedicated in-house industrial development team devoted to assisting customers to locate and expand their facilities along the CN network.

By the same token, Iowa[] in general is already a key area of opportunity that CN has targeted for business development. With respect to the IANR more specifically, following an acquisition, **CN will have a strong incentive to maximize its return on its investment in the IANR by densifying its traffic base, and the IANR network would accordingly be an obvious area of focus for CN’s industrial development efforts. In support of that objective, CN expects to continue with IANR’s robust capital investment plan with a view to ensuring that the IANR remains an efficient part of its existing customers’ supply chain and an attractive option for new customers to locate on its network.**

App’x B, Ex. 6, CN00005_Highly Confidential at CN00055_003 (emphases added).

area.⁵² Derek Taylor responds directly to these critiques, explaining that Mr. Zebrowski “ignores how new single-line service and several modest operational changes resulting from this Transaction will have appreciable and positive impacts” on a combined CN-IANR service product.⁵³ These include “the reduction of intermediate handling events such as interchange and yard switching” and the “streamlining of the interchange between CN and Iowa Northern at Waterloo and related operational modifications to permit more efficient single-line service.”⁵⁴ These operational changes made possible by the Transaction will promote more efficient service and save costs, which will help Iowa Northern customers grow their businesses and help CN win traffic, including from truck to rail.

Mr. Hunt also refutes CPKC’s challenges to his rail-to-rail diversion analysis by showing that Mr. Zebrowski’s analysis is an oversimplification that “ignor[es] the fact that there are numerous parties each making independent decisions on the best transportation options for their shipments.”⁵⁵ Mr. Hunt also points out that Mr. Zebrowski’s “newfound skepticism” about “the benefits of diverting traffic from a route with interchanges to single-line routes” is contradicted by both Board precedent—which recognizes the efficiency gains of new single-line service and its

⁵² CPKC Comments at 39; Zebrowski V.S. ¶¶ 28, 32 (opines that Applicants’ Operating Plan has “limited details” such that he cannot identify transaction-related efficiency improvements).

⁵³ App’x A, Verified Statement of Derek Taylor (“Taylor V.S.”) at 50.

⁵⁴ *Id.* at 2–3.

⁵⁵ Hunt Rebuttal V.S. at 34 & § 4.5.

ability to divert traffic—and the unanimous voices of shippers in this proceeding, who recognize multiple benefits from the Transaction’s new single-line service.⁵⁶

C. Diverting Traffic from Truck to Rail Is a Public Benefit.

The Application explained that the proposed Transaction is estimated to result in annual diversions of 14,619 trucks to rail transportation. These truck-to-rail diversions are an obvious public benefit, because converting long-haul truck movements to rail movements results in lower greenhouse gas emissions, improved air quality, and reduced highway traffic. And the creation of an extended single-line reach for Iowa Northern’s transload facilities plainly creates an opportunity for such diversions. Nonetheless, CPKC questions the projected truck-to-rail diversions on two grounds. First, CPKC claims that CN could win this traffic today and that the diversions are therefore not transaction related. Second, CPKC claims that the diversion analysis is flawed. CPKC is wrong on both counts, as explained below.

1. The Transaction will enable CN and Iowa Northern to better compete for intermodal traffic.

CPKC wrongly asserts that the public benefits associated with gains in intermodal traffic could be achieved without the proposed Transaction.⁵⁷

CPKC questions why CN does not simply build its own intermodal or transload facilities. But developing the capacity of Iowa Northern’s existing intermodal transload facilities by giving them access to CN’s market reach is an

⁵⁶ *Id.* § 4.5.

⁵⁷ CPKC Comments at 38; *see* Zebrowski V.S. ¶¶ 28–32.

obviously efficient way to expand intermodal service in Iowa without a lengthy construction process.⁵⁸

CN has no intermodal operations in Iowa today. While the primary focus of this Transaction has been the opportunities to grow Iowa Northern’s strong agriculture, grain, and biofuels markets, CN is also excited to support the broad variety of industries on the Iowa Northern and pursue additional growth opportunities—and that includes developing and growing intermodal operations in Iowa. Applicants expect that the new single-line service offering will be more competitive with trucking alternatives and attract new intermodal business. Indeed, CN is already having discussions with a shipper that currently trucks intermodal traffic {{ [REDACTED] }} about utilizing Applicants’ new single-line service offering.

2. Applicants’ diversion estimates are reasonable.

Next, CPKC and its expert, Mr. Zebrowski, assert that Applicants’ diversion estimates are overstated, but their analysis is wrong.

CPKC and Mr. Zebrowski allege that Mr. Hunt’s truck-to-rail diversion model is problematic because “CN’s intermodal conversion opportunities ... seem limited” due to a {{ [REDACTED] }}

⁵⁸ App’x A, Rebuttal Verified Statement of David T. Hunt (“Hunt Rebuttal V.S.”) at 3 (“CPKC’s assertion that CN does not need the transaction to achieve the estimated truck-to-rail diversions ignores the benefits of single-line service and the more efficient use of existing terminals. Constructing additional terminals would add to the cost of transportation instead of better leveraging existing facilities that have available capacity.”).

[REDACTED]
[REDACTED] }”⁵⁹ But as Mr. Hunt illustrates, a number of important rail corridors today function with competitive single-stack intermodal service, and “CPKC itself has a long history of running single-stack [intermodal] service.”⁶⁰ As Derek Taylor explains, intermodal traffic will move single-stack on manifest trains for only a short distance before it will be transferred to double-stack intermodal trains.⁶¹ And CPKC’s allegation that an impediment to efficient intermodal service out of Iowa is {[REDACTED]
[REDACTED] } is puzzling.⁶² While it is true that moving intermodal traffic via this route would require an inefficient reverse movement, CPKC ignores the fact that the Application identifies a *different* route for all traffic originating on Iowa Northern post-Transaction.⁶³

CPKC also argues that the truck-to-rail diversion analysis is unsupported because the Operating Plan “does not provide for any new type of intermodal service” or explain how CN would handle the traffic that would be diverted from truck to rail.⁶⁴ That is not so. Derek Taylor points out that the Operating Plan

⁵⁹ CPKC Comments at 39.

⁶⁰ Hunt Rebuttal V.S. at 20.

⁶¹ Taylor V.S. at 9.

⁶² CPKC at 39–40.

⁶³ Operation Plan at 14, Table 1 (reflecting CN’s plan to route rail traffic originating in Iowa eastbound over CN’s Dubuque and Freeport Subdivisions into Chicago at 16th Street and then then southbound on CN’s Chicago subdivision before turning east again toward Kirk Yard in Gary, IN on CN’s Matteson Subdivision).

⁶⁴ CPKC Comments at 39–40.

explains how CN would handle such traffic, including that “CN plans to add one train per day between Waterloo, IA and CN’s Kirk Yard in Gary, IN to accommodate the expected increase in intermodal and manifest traffic diverted as a result of the Transaction.”⁶⁵

CPKC also disputes Mr. Hunt’s truck-to-rail diversions on the basis of erroneous claims about the URCS-derived unit cost factors used by Mr. Hunt and his truck-to-rail diversion model. Mr. Hunt refutes those claims easily, showing that his analysis is sound and that CPKC’s expert’s analysis is flawed and overly simplistic. In particular, Mr. Hunt shows that the URCS-derived unit cost factors he used for his truck-to-rail diversion model are “long-accepted rail and truck cost analysis methodologies” and are “reasonable and realistic estimates of rail service costs for different service types”—differing by less than 1% from URCS results for a sample movement.⁶⁶ Mr. Hunt also shows that his truck-to-rail diversion model, being a logistic regression, is not supposed to result in a linear trend (but, rather, a nonlinear trend) and provides examples showing that the model behaves “exactly as designed” and “matches common sense reality.”⁶⁷

⁶⁵ Taylor V.S. at 9.

⁶⁶ Hunt Rebuttal V.S. at 3, 26 & § 4.3.

⁶⁷ See Hunt V.S. at § 4; Hunt Rebuttal V.S. at 30, 32 & § 4.4.

D. The Transaction Will Provide Lasting Financial Stability For Iowa Northern.

CPKC claims that the proposed Transaction is not a situation of a railroad “in need of an infusion of investment.”⁶⁸ But the Application made clear that Iowa Northern was indeed seeking an infusion of capital as a result of a major stakeholder exiting its investment.⁶⁹ Moreover, {{ [REDACTED]

[REDACTED]
 [REDACTED] }}⁷⁰

In the wake of that investor’s decision, Iowa Northern started a competitive bidding process and ultimately selected CN as the right partner to help Iowa Northern remain on a firm financial footing as Iowa Northern continues to invest in its network, grow, and serve its customers in Iowa.⁷¹ As explained in the Application, CN’s investment in Iowa Northern will provide it with greater access to

⁶⁸ CPKC Comments at 26–27.

⁶⁹ Application, Sabin V.S. at 5 (explaining that “when one of Iowa Northern’s outside investors announced its desire to divest its stake, we took steps to identify our long term financial and operational partner” and that “CN’s investment provides Iowa Northern with stability moving forward”).

⁷⁰ App’x B, Ex. 19, IANR00087 Highly Confidential {{ [REDACTED]

[REDACTED] }} CPKC received a copy of this report on March 21, 2024 in response to its discovery requests.

⁷¹ Sabin V.S. at 5.

capital and financial resources, and that is an important public benefit associated with the Transaction.

II. CPKC’S PURPORTED COMPETITION CONCERNS ARE UNFOUNDED.

The Board must approve a transaction under 49 U.S.C. § 11324(d) unless it finds that it will cause “adverse competitive impacts that are both ‘likely’ and ‘substantial.’”⁷² Even then, the Board must approve the transaction unless the anticompetitive effects outweigh the public interest in meeting significant transportation need[] . . . and cannot be mitigated through conditions.”⁷³

The record in this case demonstrates that the Transaction would have no anticompetitive effects, let alone ones that are “likely” and “substantial.” No shipper will go from two to one rail carrier options as a result of the Transaction. All existing Iowa Northern-interline carrier options will be preserved, and Applicants are committed to preserving that access on commercially reasonable terms. And the addition of single-line service to the suite of options available to Iowa Northern customers will enhance their ability to compete in their respective commodity markets.

No individual customer has submitted comments expressing concerns about the Transaction. Rather, it is CPKC—CN’s primary rival—which claims that the

⁷² *NS/D&H*, Docket No. FD 35873, at 14; *CN/EJ&E*, Docket No. FD 35087, at 13 (same).

⁷³ *CSX/Pan Am*, Docket No. FD 36472, at 10.

proposed Transaction will result in competitive harm.⁷⁴ CPKC’s assertions are wildly inaccurate and misleading. As explained below, there will be no lessening of competition as a result of the proposed Transaction—let alone a “substantial lessening.”

A. There Is Robust Competition for Transportation in Iowa.

Iowa businesses enjoy numerous competitive rail options. In its Rail Toolkit, Iowa DOT describes Iowa has having “a robust and thriving rail transportation system consisting of 3,825 miles of mainline track” with 19 railroads, five of which are Class I railroads—with competitive rail options provided by Union Pacific, CPKC, BNSF, CN, Iowa Northern, Iowa Interstate, CRANDIC, and others.⁷⁵ The Iowa DOT Rail Toolkit clearly depicts this robust rail-to-rail competitive environment through various maps (attached at Appendix B, Exhibit 1), including the full rail network in Iowa and each railroad’s Iowa network, including haulage and trackage rights and the locations of transload facilities. For example, the Union Pacific map depicts its extensive 1,291-mile Iowa network of main and branch lines, including its haulage rights over the entire Iowa Northern main line.⁷⁶ And the CPKC map shows CPKC’s 650 miles of Iowa track and marks seven transload locations (all of which are within 100 miles of Iowa Northern and some of which are much closer than that).⁷⁷

⁷⁴ CPKC Comments at 3, 18, 21, 32.

⁷⁵ App’x B, Ex. 1, Iowa DOT’s Rail Toolkit at 10.

⁷⁶ *Id.* at 76–77.

⁷⁷ *Id.* at 52–53; *see also* Hunt Rebuttal V.S. at 15 & § 3 (explaining that Iowa

Union Pacific in particular will be a significant competitor to a combined CN-Iowa Northern. Iowa DOT rightly observes that “UP’s tracks span the length and breadth of the state [of Iowa],” comprising 1,291 miles.⁷⁸ CN is not even close to the largest Class I railroad in the area, and a combined CN-Iowa Northern network would not change that. As shown below in Table 1, from Mr. Hunt’s Rebuttal Verified Statement, for grain, {{{ [REDACTED] [REDACTED] }}} of the grain in Iowa that moves by rail.⁷⁹ Combined, CN and Iowa Northern would handle approximately {{{ [REDACTED] }}}.⁸⁰

Table 1: Iowa Market Share by Railroad for Grain⁸¹

{{{ [REDACTED]

Northern “is surrounded by competing railroads” and other transportation modes that shippers can (and do) reach to choose the best service with the best rate).

⁷⁸ App’x B, Ex. 1, Iowa DOT’s Iowa Rail Toolkit at 76.

⁷⁹ Hunt Rebuttal V.S. at 10, Ex. 2-4.

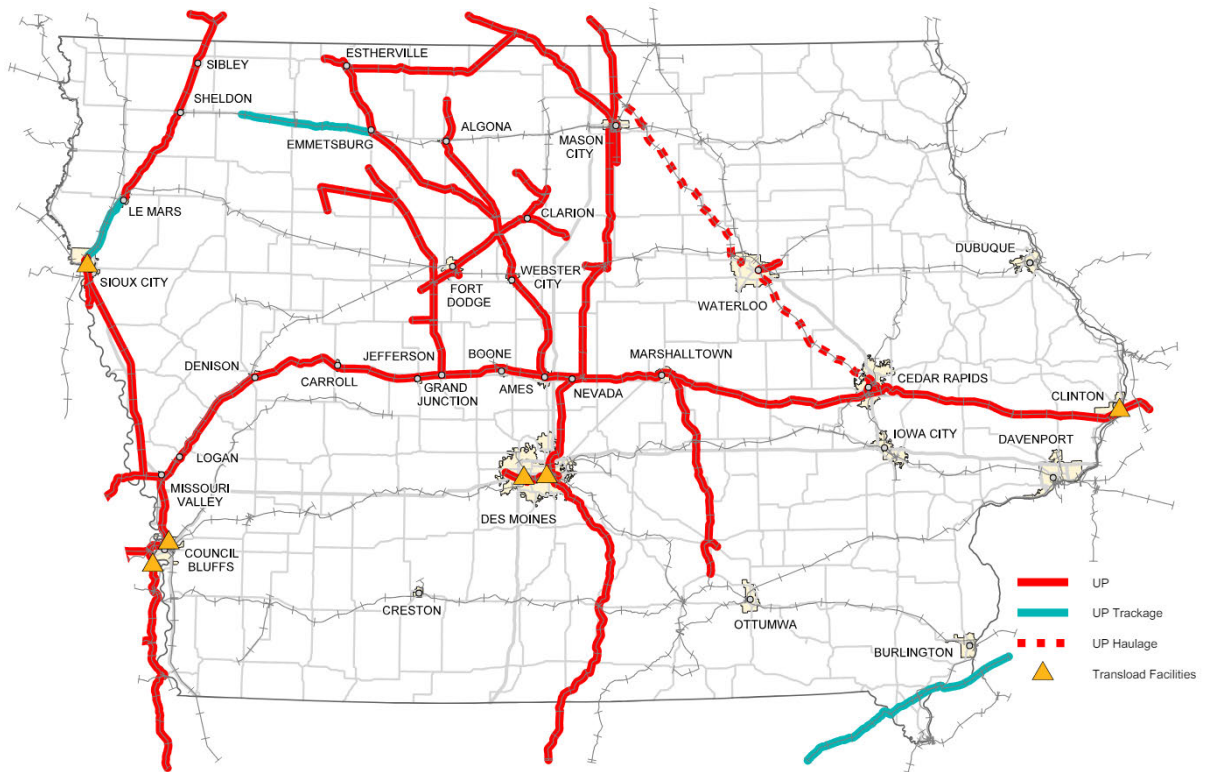
⁸⁰ *Id.*

⁸¹ *Id.* at 10, Ex. 2-4 (all Iowa rail originations of grain). This table was populated using the 2022 STB Confidential Carload Waybill Sample, adjusted using Iowa Northern 2022 traffic data.

}}

The significant presence of Union Pacific in Iowa, and in the Iowa Northern region in particular (including the haulage shown on the map between Manly and Cedar Rapids), is demonstrated in the map below.

Figure 3: Union Pacific in Iowa⁸²



Union Pacific generally serves more and larger facilities in Iowa, including large grain elevators that generally have greater rail loading capabilities than those of CN or Iowa Northern.⁸³ As Professor Carey explains in her economic analysis of the transaction, Union Pacific will be a strong competitor to a combined CN-Iowa

⁸² App'x B, Ex. 1, Iowa DOT's Iowa Rail Toolkit at 77.

⁸³ Hunt Rebuttal V.S. at 10.

Northern post-Transaction by offering a highly attractive alternative route—the very route that has enabled Union Pacific to become {{{ [REDACTED] [REDACTED] }}}.⁸⁴

Importantly, farmers and other customers in the area that lack direct service “are not limited to elevators and transload facilities located on” CN and Iowa Northern, but, instead, “*can ship via elevators on competing rail carriers serving the area if they are not satisfied with the rates and services*” offered by a combined CN-Iowa Northern.⁸⁵ These shippers also have multiple transloading options to get to alternative transportation options. As Mr. Hunt demonstrates, CN and Iowa Northern are “surrounded by competing railroads that offer ... transload facilities to farmers and other shippers that use [Iowa Northern] facilities,” including Union Pacific, CPKC, and Iowa Interstate Railroad.⁸⁶ The proposed Transaction has no impact on these transload locations—all of which would continue to exist and competitively discipline the market post-Transaction.⁸⁷

As the Board has recognized, “in evaluating claims of competitive harm, consideration must be given not just to the relevant rail market(s) but to the

⁸⁴ Carey V.S. at 16; *id.* at 31 (“UP has a robust railroad network in the geographic area with railroad lines intersecting the northern and southern end of the IANR (at Manly and Cedar Rapids) for traffic moving east and west as well as a highly competitive haulage arrangement with IANR that allows haulage competitor service on the North/South route of the IANR mainline from Manly to Cedar Rapids.”).

⁸⁵ Hunt Rebuttal V.S. at 15 (emphasis added).

⁸⁶ *Id.* at 14–16 & Exs. 2-6 & 3-1.

⁸⁷ *Id.* at 13 (“shippers in counties served by IANR have multiple existing transload options, none of which they will lose as a result of the transaction”).

relevant transportation market(s).”⁸⁸ In Iowa, other transportation modes and market forces impose significant competitive pressure as well. In particular, because the primary commodities in this area (grain and ethanol) are both highly truckable and able to be consumed at multiple locations, there is fierce source competition in Iowa that imposes competitive discipline. As Mr. Hunt explains, “farmers have options to sell corn and soybeans to nearby processing plants and cattle feeding operations, often without the need for rail transport, or to move products by truck to barge loading terminals on the Mississippi River,” and “[t]hese competitive alternatives are quite real,” as “[s]ome 62% of corn grown in Iowa is used for ethanol production, and an additional 15% is used in cattle feeding operations.”⁸⁹ Mr. Hunt’s verified statement details these options, with maps illustrating the diverse grain facilities and biorefineries throughout Iowa. And his statement shows that rail constitutes only a small fraction of the overall grain transportation market in Iowa, with truck transportation having the larger market share.⁹⁰

The Board has long recognized that Iowa grain shippers have robust transportation options:

As respects grain (in particular, grain originated in Iowa), we have given attention to the role that intermodal competition (especially truck competition) currently plays, and will play post-transaction, in the

⁸⁸ Decision No. 7, *Canadian Nat’l Ry., et al.—Control—Duluth, Missage and Iron Range Ry., et al.* (“CN/DMIR”), Docket No. FD 34424, at 14 (STB served Apr. 9, 2004).

⁸⁹ Hunt Rebuttal V.S. at 16.

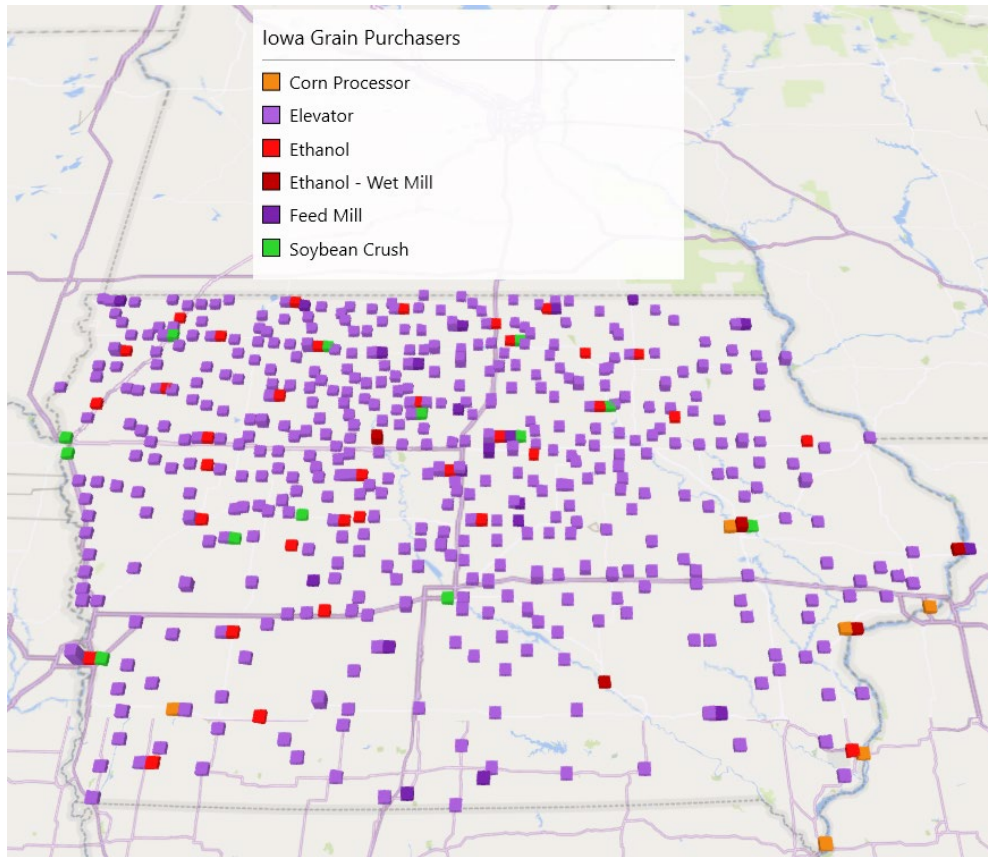
⁹⁰ *Id.* at 9–10 & Ex. 2-5.

midwestern markets served by CNW, and we have given attention to source competition as well. Because grain grown on the farm must necessarily be trucked somewhere, and because grain grown in Iowa competes with grain grown elsewhere (both in the United States and throughout the world), common control of UP and CNW will not result in a diminution of transportation competition as regards Iowa grain originations.⁹¹

Iowa shippers thus have many choices on a daily basis for where and how to send (or receive) product at the best price. “There are approximately 580 grain buyers in Iowa who post daily bids online, creating a highly competitive environment where farmers can evaluate purchase prices and transportation costs before selecting the best shipping option for their agricultural products.”⁹² This competitive environment enabled by this density of buyers is demonstrated below in Figure 4.

⁹¹ Decision No. 25, *Union Pac. Corp., et al.—Control—Chi. & N. W. Transp. Co. and Chi. & N. W. Ry.*, Docket No. FD 32133, 1995 WL 141757, at *52 (STB served Mar. 7, 1995).

⁹² Hunt Rebuttal V.S. at 5.

Figure 4: 580 Grain Purchasers in Iowa by Location and Type⁹³

Ultimately, these multiple competitive forces strongly discipline rates and services in this area.⁹⁴ And nothing about the Transaction would reduce that competitive discipline—in fact, it would enhance the competitive landscape by adding a new single-line option for Iowa Northern shippers.⁹⁵

⁹³ Hunt Rebuttal V.S., at 6, Ex. 2-1.

⁹⁴ *Id.*, §§ 2.1, 3; *see also* Carey V.S. at 30 (There is “strong intermodal competition that the railroad industry faces, particularly from trucking. Railroad services such as intermodal freight, grains, petroleum, ethanol and other products all face varying degrees of trucking competition that provides a competitive constraint on the day-to-day railroad pricing.”).

⁹⁵ *See supra* § I.A; Hunt Rebuttal V.S. at 10 (“This competitive environment would continue exactly as it is now following an acquisition of IANR by CN.”); *id.* §§ 2.1, 3.

B. There Will Be No Likely or Substantial Lessening of Competition as a Result of the Transaction.

As noted above, the Board *must* grant the Application unless it finds that that the transaction would cause adverse competitive effects that are both likely and substantial. 49 U.S.C. § 11324(d).⁹⁶ In minor transactions like this one, the Board “focuses on preserving competition between two rail carriers . . . [and thus] protects against ‘2-to-1’ reductions in competition.”⁹⁷ It is undisputed that the proposed Transaction will not result in any two-to-one facilities. And while the Board has on occasion also looked at “two-to-one corridors,”⁹⁸ CPKC’s claims of the existence of such corridors in this case are baseless.⁹⁹

Further, Applicants have made two voluntary commitments that will ensure the pre-Transaction competitive status quo is protected—a commitment to provide commercially reasonable rates and service for interline movements through Iowa Northern gateways and a further commitment to maintain existing reciprocal

⁹⁶ See *CN/WC*, 5 S.T.B. at 899 (“In transactions subject to § 11324(d), . . . [w]e must grant the application unless there will be adverse competitive impacts that are both ‘likely’ and ‘substantial.’”); *CN/EJE*, Docket No. FD 35087, at 13 (same).

⁹⁷ *NS/D&H*, Docket No. FD 35873, at 17 (STB served May 15, 2015); see also Decision No. 44, *Union Pac. Corp.—Control & Merger—S. Pac. Rail Corp.* (“*UP/SP*”), 1 S.T.B. 233, 351 (STB served Aug. 12, 1996) (stating that the Board has “focused usually on preserving two-railroad competition”).

⁹⁸ See, e.g., *NS/D&H*, Docket No. FD 35873, at 17 (applicants used a “structural approach” and identified certain “two-to-one corridors” in order to assess the effects of not only the transaction but also certain related discontinuances and changes to certain haulage, marketing, and rate agreements).

⁹⁹ See *infra* § II.B.1; *Carey V.S.* at 7–25.

switching access. The Board has recognized that gateway commitments are effective at protecting competition.¹⁰⁰

As Professor Carey confirms, these voluntary commitments are more than sufficient to ameliorate any potential anticompetitive concerns, and no additional competitive conditions are necessary.¹⁰¹ As she explains, the gateway commitment will ensure that the “economically attractive alternative routes from Western Canada to Cedar Rapids, IA” will “remain a competitive constraint post-Transaction.”¹⁰² Moreover, Professor Carey finds that “the vertical integration [of CN and Iowa Northern] will enable CN to perform traffic movements more efficiently into and out of Iowa, enhancing CN’s competitiveness against UP or CPKC,”¹⁰³ thus enhancing an already robust competitive environment.¹⁰⁴

¹⁰⁰ See, e.g., *CSX/Pan Am*, Docket No. FD 36472, at 15–16, 51 (noting importance of applicants’ open gateway commitment to preserve competitive interline options); see also *Canadian Pac. Ry., et al.—Control—Dakota, Minn. & E. R.R., et al.* (“CP/DM&E”), Docket No. FD 35081, at 13, 27 (STB served Sept. 30, 2008); *CN/EJE*, Docket No. FD 35087, at 14–15.

¹⁰¹ See Carey V.S. at 47–50.

¹⁰² *Id.* at 37.

¹⁰³ *Id.* at 45.

¹⁰⁴ Some individuals express a general opposition toward mergers or consolidations in general, asserting (without evidence) that all such consolidations cause irreparable competitive harm. See Comments of S. Syroka, Docket No. FD 36744 (filed Jan. 8, 2024, Mar. 8, 2024); Comments of Steven Connolly, Docket No. FD 36744 (filed Jan. 11, 2024, Apr. 5, 2024, Apr. 15, 2024, Apr. 17, 2024, May 23, 2024); Comments of David R. Russel (filed Dec. 28, 2023). But that is simply not the case. As the Board has recognized, consolidations can offer significant public benefits, including more competition from the new single-line route, new efficiencies, cost-savings for shippers (and thus consumers), reduced transit times, improved car and locomotive supply, and environmental benefits. See, e.g., *CP/KCS*, Docket No. FD 36500, at 3, 21 (STB served Mar. 15, 2023); *CN/WC*, 5 S.T.B. at 900–01. And all of those benefits would flow from the proposed Transaction, as has been

1. CPKC’s Incorrect Claim of Two-to-One Routes Is Predicated on a Flawed and Incomplete Analysis.

CPKC’s supposed competitive concerns rest largely on the statement of its expert, Dr. Majure. Dr. Majure performed no independent quantitative analysis and instead relies entirely on a Waybill Sample analysis by Mr. Zebrowski purporting to identify routes that would “lose all competitive routing options as a result of the Transaction.”¹⁰⁵ As Professor Carey explains in her Verified Statement, the Zebrowski analysis is “incomplete” and “deeply flawed” and does not identify any competitive harms—let alone substantial competitive harms.¹⁰⁶ Without Mr. Zebrowski’s incomplete analysis, Dr. Majure’s Verified Statement includes only an abstract theoretical discussion regarding hypothetical routes and claims of insufficient competition on those routes, which is completely unmoored from the facts in the matter before the Board.

Contrary to Dr. Majure’s unsupported contention, this Transaction will not substantially lessen horizontal competition. There are no two-to-one shippers, which is traditionally the focus of the Board’s analysis in accord with well-settled precedent and sound economic theory.¹⁰⁷ And none of the alleged “2-to-1” shipping

discussed herein and in the Application.

¹⁰⁵ Zebrowski V.S. ¶ 24.

¹⁰⁶ Carey V.S. at 2.

¹⁰⁷ See *NS/D&H*, Docket No. FD 35873, at 17 (“[I]n minor transactions it does not generally remedy transaction-related reductions of competitive options from three carriers to two carriers absent a showing of specific harm.”); *UP/SP*, 1 S.T.B. at 351 (stating that the Board has “focused usually on preserving two-railroad competition”); Carey V.S. at 3, 28–31.

routes identified in Mr. Zebrowski's Verified Statements are actually 2-to-1 corridors.

While it is acceptable to use Waybill Sample data to identify potentially affected route options—as Mr. Zebrowski did—that is only the first step in determining whether the Transaction will substantially lessen competition. An investigation into *actually available* route options must be performed before any conclusions can be definitively drawn about customer impacts. Neither Mr. Zebrowski nor Dr. Majure conducted such an investigation here.

Professor Carey's in-depth investigation shows that this Transaction will not, in fact, result in any 2-to-1 route options. The most obvious example of Mr. Zebrowski's flawed and half-done analysis pertains to the one customer that CPKC continues to highlight: Quaker Oats. CPKC cited this same, singular example in two prior filings in this proceeding,¹⁰⁸ and Applicants have previously demonstrated that CPKC has failed to identify an actual competitive issue.¹⁰⁹ While CPKC's continual return to this one customer is somewhat puzzling, it may be because Quaker Oats {{ [REDACTED] }}.¹¹⁰ The Verified Statement of Daniel Sabin explains that CPKC has been

¹⁰⁸ Comment on Proposed Classification of Transaction as Minor, Docket No. FD 36744, Verified Statement of John Harman ¶¶ 15–16 (filed Feb. 26, 2024); Petition for Reconsideration or to Reopen the Board's Acceptance of Application as "Minor", Docket No. FD 36744, at 3 (filed Mar. 1, 2024).

¹⁰⁹ See Applicants' Reply to CPKC's Petition for Reconsideration, Docket No. FD 36744, at 8 (Mar. 5, 2024).

¹¹⁰ Carey V.S. at 10, Fig. 2. As Iowa Northern's Chairman wrote in a February 2021 email, {{ [REDACTED] }}

}}. See App'x B, Ex. 18,

unwilling to work constructively with Iowa Northern to grow their interline traffic,
 {{ [REDACTED] }}
 [REDACTED] }}.¹¹¹

Tellingly, Quaker Oats has not independently raised the concern highlighted by CPKC or objected to the Transaction. And for good reason, as explained below, there is no competitive concern raised by the Transaction for this traffic because it will retain multiple rail options even after CN acquires Iowa Northern.

Both CN and CP-IANR actively serve traffic movements from Western Canada to Cedar Rapids, IA, and these movements comprise {{{ [REDACTED] [REDACTED] }}} that Mr. Zebrowski identifies as potentially two-to-one. But as Professor Carey observes, Quaker Oats has an independent Union Pacific-CPKC routing alternative that is readily available post-Transaction. Among other advantages, this route is much shorter than the current CN single-line route and avoids a \$300/car reciprocal switching fee.¹¹²

As the Board has acknowledged in prior cases, just because an alternative route is currently unused does not mean that such a route is not a competitive constraint today and will not be a competitive constraint post-Transaction.¹¹³ Shippers can be expected to negotiate among all available railroad route options.

IANR00046 Highly Confidential {{ [REDACTED] }} (produced in discovery).

¹¹¹ Sabin Rebuttal V.S. at 3–4.

¹¹² Carey V.S. at 14 (citing reciprocal switching tariffs for UP, CN, and CRANDIC (CIC)).

¹¹³ *NS/D&H*, Docket No. FD 35873, at 19 (relying on applicant’s expert analysis

Indeed, CPKC quite recently presented expert economic testimony to the Board arguing that an analysis of competitive options should not be limited to routes observed in the Waybill Sample, but instead should consider other viable routes. Specifically, CPKC's expert in the CP-KCS merger proceeding performed a corridor analysis that looked both at movements observed in Waybill Sample data and also potential routings constructed from observing railroad system maps, and he defended that methodology in a sworn deposition.¹¹⁴ That expert, of course, was Dr. Majure, who without explanation has now flipped positions to endorse Mr. Zebrowski's decision to assume that the Waybill Sample contains the complete universe of available independent rail routes.

For {{ [REDACTED] }} the remainder of Mr. Zebrowski's purported 2-to-1 carloads, the number of routing competitors will, in fact, not change because Iowa

that three 2-to-1 corridors in that transaction had "independent routing alternatives involving . . . a strong Class I competitor" even though traffic was not presently moving over those alternative routes and concluding that the transaction "will not result in any 2-to-1 reductions in shippers' routing options"); *cf. Market Dominance Streamlined Approach*, Docket No. EP 756, at 17–18 (STB served Aug. 3, 2020) (adopting as a "prima facie factor" for streamlined market dominance that complainants demonstrate that they cannot "use another railroad or other railroads to transport the same commodity between the same points"). The market dominance test for the existence of intramodal competition is appropriately whether a complainant **can** use another railroad, not whether it has done so recently.

¹¹⁴ Railroad Control Application, *CP/KCS*, Docket No. FD 36500, Verified Statement of W. Robert Majure ¶ 63 (excerpt from public version attached at Appendix B, Exhibit 20); Deposition of W. Robert Majure, *CP/KCS*, Docket No. FD 36500 (Feb. 7, 2022), at 237–38 (agreeing that analysis considered options that were "not options that you actually found in the waybill data, but are . . . options you identified by looking at the carrier's network maps") (excerpt from public version attached at Appendix B, Exhibit 21). The public version of Dr. Majure's deposition was created based on CP's designation of confidential material, which is included in Applicants' workpapers.

Northern does not currently move any carloads on these routes. Some of these volumes could not even potentially move over to Iowa Northern, as those volumes are related to CN-served closed customer location (*i.e.*, the location only has access to one railroad today). At any rate, affected shippers will continue to be able to use the approximately 100-mile CP-IANR interline move via Nora Springs with Applicants' gateway commitment.

Dr. Majure next incorrectly tries to claim horizontal harm by alleging that CN did not consider between-corridor competition for particular products. But Dr. Majure did not support his claim with any market share screen analysis—which is a common test used to measure such harm. A market share test analyzes the geographic and product market competition among traffic corridors for various products transported by the merging parties. One test recognized by the Board in prior matters is the 50/10 market share screen.¹¹⁵ Such a screen was endorsed and performed by Dr. Majure in CP-KCS.¹¹⁶

As Professor Carey demonstrates, a 50/10 market share screen analysis shows that there can be no lessening of competition here. The two instances identified by the test as requiring a closer look for potential competitive concerns

¹¹⁵ See *CP/DM&E*, Docket No. 35081, at 9 n.15 (describing applicants' 50/10 screen and how it revealed that the applicants would not "apply market power to raise rates" post-transaction due to "sufficient capacity from other movements and carriers"); see also *CSX/Pan Am*, Docket No. 36472, at 11 (rejecting application as incomplete for failing to provide evidence such as "a '50/10' volume screen" on how lifting a volume cap on trackage rights "will affect traffic patterns or, more broadly, the impact this could have on the transportation market for intermodal service").

¹¹⁶ Railroad Control Application, Docket No. FD 36500 (filed Oct. 29, 2021), Verified Statement of W. Robert Majure ¶¶ 75–110.

{{{ [REDACTED] }}} will not lead to a substantial lessening of competition between corridors because there are economically attractive alternative routes from {{{ [REDACTED] }}} that will remain a competitive constraint post-Transaction.¹¹⁷ And, again, these movements are covered by Applicants’ gateway commitment.

2. There Is No Showing of Harm With Respect to the Four Identified Three-to-Two Customers

Dr. Majure states that Applicants have “incorrectly” asserted that three-to-two locations do not matter and describes Applicants’ position as being that a lessening of competition can only be found in a complete elimination of competition.¹¹⁸ That is a gross misstatement of the Application and ignores governing law and Board precedent.

The Board does not generally remedy “three-to-two” reductions in competition absent a showing of specific harm.¹¹⁹ And this is for good reason: as Professor Carey explains, “[t]he degree of competitive impact to 3-to-2 customers’ stations would generally be expected to have a much more muted economic effect than the 2-to-1 customer stations and therefore would be expected to require

¹¹⁷ Carey V.S. at 35–38.

¹¹⁸ Majure V.S. ¶ 18.

¹¹⁹ See *UP/SP*, 1 S.T.B. at 387 (stating that the Board has “focused usually on preserving two-railroad competition, not on preserving three-railroad competition.”); *NS/D&H*, Docket No. FD 35873, at 17 (“[I]n minor transactions it does not generally remedy transaction-related reductions of competitive options from three carriers to two carriers absent a showing of specific harm.”).

extraordinary circumstances to result in a substantially lessening of competition.”¹²⁰

While Applicants have identified four potential three-to-two customer locations, none of those customers nor any other party has shown any specific harm with regard to those locations. Applicants have committed to retain reciprocal switching access to these customers, which will ensure that they continue to enjoy multi-rail carrier access. Professor Carey finds that there are “no observable unique or significant economic impact considerations for the four customer stations that will go from 3-to-2 railroad competitors.”¹²¹ Importantly, none of these shippers oppose the transaction.¹²²

3. CN and Iowa Northern’s Lines Do Not Horizontally Compete In Any Meaningful Way

CPKC also argues that the Transaction will eliminate competition in the region because CN and Iowa Northern’s lines in Iowa are “substantially parallel” or “run in close proximity to one another.”¹²³ But the relevant inquiry is not whether

¹²⁰ Carey V.S. at 30; *see also id.* at 31 (“[T]he presence of a third independent railroad competitor is unlikely to have a material further significant impact on the rates that rail shippers pay. Unique economic circumstances would be required to be shown that the economic characteristics separating two of the railroad competitors from the third one or other unique factors would be necessary to show significant economic impact.”).

¹²¹ Carey V.S. at 29.

¹²² *Cf. NS/D&H*, Docket No. FD 35873, at 18 (“no shipper presently on the D&H South Lines (or on connecting short lines) has opposed the proposed acquisition transaction—indeed, over 80 shippers explicitly support it—which strongly suggests that the transaction will not cause substantial competitive harm.”).

¹²³ *See* CPKC Comments at 1, 14.

these lines are in mere physical proximity but whether they are “similar” or “analogous” with respect to the customers served and commodities transported.¹²⁴ Indeed, the Board evaluates a transaction based on whether common control of parallel rail lines might “negatively affect[]” geographic competition¹²⁵ because there are “overlapping routes *and presently existing direct competition.*”¹²⁶

First and foremost, the networks of a Class III railroad like Iowa Northern and a Class I railroad like CN are not “similar” or “analogous” and are not horizontal competitors in any meaningful sense. CN’s horizontal competitors in Iowa are other Class I railroads who can compete with CN to provide single-line service for key Iowa industries like grain and biofuels. One of these is Union Pacific, with its dense network of main and branch lines and extensive reach throughout the state—including haulage rights over Iowa Northern’s lines.¹²⁷ Another is BNSF, which traverses southern Iowa with an east-west line that provides single-line access to its broad network.¹²⁸ And another is CPKC, which can now offer single-line service to Canada or to Mexico over its two east-west lines in Iowa.¹²⁹ As demonstrated above, CN and Iowa Northern are operating in an

¹²⁴ WEBSTER’S ENCYCLOPEDIA UNABRIDGED DICTIONARY 1046 (1996) (defining “parallel” as “having the same direction, course, nature, or tendency; corresponding; similar; analogous”).

¹²⁵ See *CP/DM&E*, Docket No. FD 35081, at 10–11.

¹²⁶ See Decision No. 5, *CP/KCS*, Docket No. FD 36514, at 23 (STB served Aug. 31, 2021) (emphasis added).

¹²⁷ App’x B, Ex. 1 at 77 (Iowa DOT map of UP lines in Iowa).

¹²⁸ *Id.* at 47 (Iowa DOT map of BNSF lines in Iowa).

¹²⁹ *Id.* at 53 (Iowa DOT map of CPKC lines in Iowa).

intensely and robustly competitive environment, and the Transaction will enhance their ability to compete with these Class I rivals.

Second, whether a line is “parallel” in the sense that it creates horizontal competition concerns is bound up with the core competitive question of whether a Transaction creates two-to-one points or two-to-one corridors. Here, CN’s lines and Iowa Northern’s lines do not serve the same customers. There are no 2-to-1 points. Nor are there any 3-to-2 customers served by the allegedly “parallel” lines. The only 3-to-2 customer locations are the four CN-served customers that have reciprocal switching access to both Union Pacific and Iowa Northern. Nor are there any two-to-one corridors, as Professor Carey proves in her statement. Moreover, the allegedly parallel CN and Iowa Northern lines have different physical and operational characteristics, as explained in the verified statements of David Hunt and Derek Taylor.¹³⁰ Lines that have different weight rating (286k versus 268k) and serve different customers and different flows of traffic do not raise competitive concerns because CPKC believes they appear geometrically parallel. That is particularly so when other Class I operators in Iowa like Union Pacific have extensive gathering lines crisscrossing the state.

Indeed, CPKC’s suggestion that any lines that appear geometrically “parallel” create competitive concerns is at odds with Board precedent that CPKC

¹³⁰ See Hunt Rebuttal V.S. at 17–18 (explaining how the different railcar weight restrictions on CN’s Osage Subdivision and IANR’s mainline impact customer shipping choices); Taylor V.S. at 4 (describing the operational differences between CN’s complex traffic flows on the Dubuque and Cedar Rapids Subdivisions as compared with IANR’s direct mainline route from Waterloo to Cedar Rapids).

should know quite well. When CPKC's predecessor CP acquired the DM&E, the proposed merger involved over a dozen 2-to-1 and 3-to-2 stations and substantial geographic overlap in Minnesota.¹³¹ But CP argued—and the Board agreed—that the transaction would benefit shippers by creating new single-line service, and that a gateway commitment was sufficient to assuage any competitive concerns.¹³²

And the Board has made clear that the presence of parallel lines does not create competitive concerns when the lines “do not compete, but complement each other.”¹³³ Here, CN's and Iowa Northern's lines do not compete for the reasons already discussed—as shown by the absence of 2-to-1 points or corridors. And as Derek Taylor explains in his verified statement, they will operationally complement each other. For example, traffic moving southbound from CN's Osage Subdivision to Cedar Rapids will now be able to move directly there over Iowa Northern's mainline via Waterloo.¹³⁴ Likewise, most unit train traffic that today has to perform an inefficient reverse movement into or out of CN's yard during interchange will now be able to pass through Waterloo Yard using the requested mutual grant of trackage rights between Tara and Dubuque, IA.¹³⁵ And as Mr. Taylor explains, these and other changes designed to streamline operations over

¹³¹ See Application, *CP/DM&E*, Docket No. FD 35081 (filed Oct. 4, 2007), Verified Statement of John H. Williams at 11–19).

¹³² See *CP/DM&E*, Docket No. FD 35081, at 11.

¹³³ *CN/DMIR*, Docket No. FD 34424, at 14.

¹³⁴ Taylor V.S. at 4.

¹³⁵ *Id.* at 3–4; see also Operating Plan at 23–24, 30.

Applicants' lines will increase capacity by reducing crew and locomotive changes and intermediate switches.¹³⁶

4. CPKC's Other Supposed Competitive Concerns Are Baseless.

CPKC makes a number of other misleading and inaccurate arguments in an attempt to depict this Transaction as anti-competitive, each of which should be rejected.

For example, CPKC alleges that pre-Transaction Iowa Northern is a “neutral switch carrier” that currently “equalizes its rate levels across IANR’s various connections, regardless of the distance that IANR moves the traffic on its own system,” and that this alleged neutral “equalization” purportedly will be lost post-Transaction.¹³⁷ Even if CPKC’s premise was correct, it is not clear why changing a hypothetical policy to “equalize” rates regardless of Iowa Northern’s costs would constitute competitive harm. Regardless, Iowa Northern has no such policy. Iowa Northern “uses a traditional pricing model that considers factors such as the complexity of operations, [its] own costs for the move (which includes the distance of [its] move), and the competitiveness of the particular market.”¹³⁸ As Iowa Northern’s Vice President and Chief Marketing Officer Amy Homan describes, Iowa

¹³⁶ Taylor V.S. at 3–4; see *Norfolk S. Corp. and Norfolk S. Ry.—Control & Consol. Exemption—Algers, Winslow & W. Ry.*, Docket No. FD 34839, at 3 (STB served Feb. 15, 2007) (explaining that the acquiring carrier planned to use the parallel line of the acquired carrier “to generate additional capacity” for other traffic).

¹³⁷ Harman V.S. ¶ 20.

¹³⁸ App’x A, Verified Statement of Amy Homan (“Homan V.S.”) at 3.

Northern has, on “very rare occasions,” {{ [REDACTED]

}}. ¹³⁹

Similarly baseless is CPKC’s claim that the Board should be concerned about CN control of Iowa Northern’s “signature transloading facilities.”¹⁴⁰ While Iowa Northern has worked hard to develop and market its transload facilities, there are 56 transloading facilities and warehouses with rail service across the state of Iowa, a number of which are located on CPKC.¹⁴¹

CPKC suggests some sort of competitive harm on the ground that CN and Iowa Northern serve “similar types of traffic” at “similar proportions,”¹⁴² relying on a review of commodities at the two-digit STCC level. It is unclear exactly what harm is being suggested here, but in any event Mr. Zebrowski’s assertions are wrong. While CN and Iowa Northern do move the same types of traffic in Iowa (as one would expect of railroads operating in the same geographic region of a state), Mr. Zebrowski’s own tables show that Applicants’ traffic mix proportions are different from one another.¹⁴³

¹³⁹ *Id.* at 2, 3–4.

¹⁴⁰ Harman V.S. ¶ 35.

¹⁴¹ App’ B, Ex. 1, Iowa DOT’s Iowa Rail Toolkit (2019), at 20–22. Excerpts of the Iowa Rail Toolkit, including these very pages, were included in CPKC’s comments. *See* Harman V.S., Attachment A.

¹⁴² Zebrowski V.S. ¶ 6.

¹⁴³ *Id.* ¶¶ 6, 12, 14, and at 6–7, Tables 1 and 2.

CPKC's suggestion that this Transaction is anti-competitive because of a loss of potential build-in or build-out opportunities is equally baseless and inconsistent with Board precedent.¹⁴⁴ Not a single customer has asked for the Board to preserve rail access through a build-in or build-out option, let alone raised any competitive concerns. While the Board has recognized the theoretical possibility that a build-out could be a competitive constraint, it has generally evaluated build-outs at the *customer* level upon request from that customer.¹⁴⁵ Exercising these options is capital-intensive and therefore extremely expensive such that it is typically only a realistic option for high-volume shippers such as mines and power plants.¹⁴⁶ Further, CPKC ignores the fact that many of the customers in this area ship highly fungible commodities that can be trucked or transloaded.¹⁴⁷ And the Board has recognized that access to other carriers through transloading is sufficient to counteract any anticompetitive effects of a transaction.¹⁴⁸

¹⁴⁴ See CPKC Comments at 2, 9.

¹⁴⁵ See, e.g., Decision No. 38, *Burlington N. Inc., et al.—Control & Merger—Santa Fe Pac. Corp., et al. (“BN/SF”)*, 10 I.C.C.2d 661, 743–45 (1995) (acknowledging ability of a specific coal customer to build out as having had a competitive impact on its ability to constrain rates); *NS/D&H*, Docket No. FD 35873, at 33–35 (crediting a shipper's concern that, as a result of the transaction, it would “lose the competitive leverage provided by its ability to build a line to connect with” the to-be-acquired carrier); *CN/EJ&E*, Docket No. FD 35087, at 13–14 (stating that, should the concerned shipper build out a connection to the competing railroad, the Board would grant the necessary trackage rights to a third-party carrier to reach that shipper).

¹⁴⁶ Hunt Rebuttal V.S. § 2.2.

¹⁴⁷ *Id.*

¹⁴⁸ *CP/DM&E*, Docket No. FD 35081, at 9.

5. Applicants' Gateway Commitment Is Sufficient To Protect CPKC's Existing Interline Route and Remedy Any Competition Issues Arising From the Transaction.

Applicants' gateway commitment is sufficient to protect CPKC's interline routings with Iowa Northern that exist today. CPKC admits that imposition of Applicants' gateway commitment as a condition would "avoid vertical competitive harm associated with the elimination of IANR-Nora Springs-CPKC routings."¹⁴⁹ Nevertheless, to justify its extraordinary request for haulage rights over that very same route, CPKC argues that Applicants' commitment to preserve interline options on commercially reasonable terms is insufficient to remedy alleged horizontal competitive harm that will supposedly flow from the Transaction.¹⁵⁰

To start, the Transaction raises no horizontal competition issues, as shown above. Moreover, CPKC neglects to address the fact that Union Pacific has haulage rights over the entirety of Iowa Northern's mainline from Manly to Cedar Rapids (including Nora Springs).¹⁵¹ Applicants' pledge to keep gateways open on commercially reasonable terms "encompasses interline traffic that is currently interchanged with . . . Union Pacific" at Manly and Cedar Rapids and "traffic Iowa Northern moves between Union Pacific and the Union Pacific Industrial Lead at Waterloo."¹⁵² And the Board has previously found that a gateway commitment, access to another carrier, and a robust competitive environment were together

¹⁴⁹ CPKC Comments at 31; *see* Application at 7; Ellis V.S. at 5–6.

¹⁵⁰ CPKC Comments at 28–31.

¹⁵¹ Operating Plan at 6 n.5, 18; Applicants' Supplement, App'x A at 3.

¹⁵² Application at 7 & n.7.

sufficient to remedy any potential risk of competitive harm arising from a merger involving CP and a shortline where there were actual parallel lines and two-to-one stations.¹⁵³

Finally, Dr. Majure’s generic concerns with Applicants’ commitments in this case are lacking. Dr. Majure does not actually evaluate Applicants’ commitments to determine whether and to what extent they will be effective and sufficiently robust. Applicants proposed remedies are, in fact, sufficient to avoid any potential competitive issues. As Professor Carey demonstrates, Applicants’ gateway commitment will ensure that current Iowa Northern customers enjoy continued access to interline options with carriers other than CN on commercially reasonable terms.¹⁵⁴ Additionally, Applicants’ voluntary reciprocal switching commitment, the implications on horizontal competition of which Dr. Majure did not consider, will ensure that shippers who currently have access to an independent competitor railroad today will continue to have such access post-Transaction.

III. CPKC’S REQUESTS FOR CONDITIONS ARE UNPRECEDENTED IN A MINOR TRANSACTION AND SHOULD BOTH BE REJECTED.

CPKC seeks conditions that would enhance its own competitive position but which would do nothing to remedy any likely or substantial competitive harm

¹⁵³ See *CP/DM&E*, Docket No. FD 35081, at 10–13 (referring to the transaction as “essentially end-to-end,” conditioning approval of the transaction on a gateway commitment rather than making permanent agreements concerning ratemaking and pricing authority, and concluding that any risk of competitive harm arising from two parallel routes was not a concern because “the Midwest grain growing area is crisscrossed by other railroads” affording “alternative interlining choices”).

¹⁵⁴ Carey V.S. at 47–50.

(because none exists here).¹⁵⁵ Specifically, CPKC seeks Board-ordered haulage rights on virtually all of the Iowa Northern’s main line on a “discount” basis.¹⁵⁶ It also asks that the Board impose the reciprocal switching regime adopted in Docket No. EP 711 (Sub-No. 2) for Iowa Northern customers in Manly and Butler/Shell Rock without regard to whether customers are located in a terminal area and without regard to whether traffic is exempt or under contract.¹⁵⁷

As the Board has explained, “[i]t is well settled that harm to individual competitors is not the same as harm to competition, and it is the latter that the statute requires us to assess.”¹⁵⁸ In addition, when assessing claims made by commenters and their requested conditions, the Board carefully distinguishes between “harms caused by the merger ... from pre-existing disadvantages that other railroads, shippers, or communities may have been experiencing that are not ‘merger-related.’”¹⁵⁹ Moreover, any condition that would put the proponent in a better position than it occupied pre-merger is inappropriate and ultimately anticompetitive because it distorts and overrides natural market choices.¹⁶⁰ CPKC

¹⁵⁵ See *supra* § II.

¹⁵⁶ See CPKC’s Comments at 33–34; Majure V.S. ¶ 73.

¹⁵⁷ See CPKC’s Comments at 36.

¹⁵⁸ *Norfolk S. Ry., Pan Am Rys., et al.—Joint Control & Operating/Pooling Agreements—Pan Am S. LLC (“NS/Pan Am”)*, Docket No. FD 35147, at 4 (STB served July 21, 2008).

¹⁵⁹ *CN/DMIR*, Docket No. FD 34424, at 14.

¹⁶⁰ See *UP/SP*, 1 S.T.B. at 418 (“We are also disinclined to impose conditions that would broadly restructure the competitive balance among railroads with unpredictable effects.”); *CP/DM&E*, Docket No. FD 35081, at 12 (declining to grant conditions involving “pre-existing agreements that were voluntarily bargained for

itself urged the Board to comply with these well-known principles in its recent merger proceeding—including telling the Board that it should “reject[] conditions . . . that would ‘offset revenue losses by competitors.’”¹⁶¹ CPKC’s requests here are not designed to address competitive harm but rather are self-interested requests to obtain “discount” haulage on the Iowa Northern system. As described further below, these two proposed conditions should be rejected.

A. CPKC’s Request for “Discount” Haulage Rights Is Rent-Seeking That Has No Relation to Any Transaction-Related Competitive Harm and No Basis in Precedent.

CPKC’s most sweeping request is that the Board grant it haulage rights on virtually the entire Iowa Northern line for a “cost-based haulage fee.”¹⁶² Or, as Dr. Majure puts it, these haulage rights should “be implemented with a discount off the rates IANR would have charged.”¹⁶³

Where to begin. In the first place, CPKC’s proposed condition is plainly not related to any competitive problem allegedly created by the Transaction. As detailed above in Section II, the Transaction will cause no competitive harm. And even if there were any harm, it would be fully remedied by Applicants’ gateway commitment. Today, CPKC is free to work with Iowa Northern to establish interline rates to reach customers on the Iowa Northern line, and Applicants’

. . . not imposed by the Board.”).

¹⁶¹ See CP/KCS Rebuttal Comments, Docket No. FD 36500, Vol. I, at 19–20 & n.12 (filed July 13, 2022) (citing *BN/SF*, 10 I.C.C. at 730).

¹⁶² CPKC’s Comments at 33.

¹⁶³ Majure V.S. ¶ 73.

gateway commitment guarantees that will not change after the Transaction.

CPKC's suggestion that a gateway commitment is somehow insufficient here because of alleged horizontal effects is nonsense. CP's own acquisition of DM&E included extensive geographic overlap and jointly served customers—over a dozen of which were either 2-to-1 or 3-to-2—but the Board nonetheless concluded there that a gateway commitment resolved all competitive concerns.¹⁶⁴

Furthermore, even if there were some competitive problem to solve with haulage, CPKC does not even acknowledge that Union Pacific already has haulage along **this very same line**.¹⁶⁵ There is plainly no competitive imperative for a Class I railroad to have haulage rights over Iowa Northern—but if there were, Union Pacific is already in that role.

Moreover, CPKC's assertion that it wishes to exercise this discount haulage “in a manner that preserves competition” as some sort of altruistic paladin of the public interest does not match its actual conduct.¹⁶⁶ Iowa Northern's experience has been that CPKC is not willing to price competitively or otherwise take the

¹⁶⁴ Application, *CP/DM&E*, Docket No. FD 35081 (filed Oct. 5, 2007), Verified Statement of John H. Williams, Attachment E.

¹⁶⁵ See Applicants' Supplement, App'x A at 3. The September 17, 1986 agreement between Iowa Northern and the Chicago & North Western Transportation Co., provides that Iowa Northern will handle cars in overhead haulage movement between Cedar Rapids and Waterloo, between Manly and Waterloo, and between Manly and Cedar Rapids. The September 17, 1986 supplement and February 1, 1989 agreements revised the rates for various types of Union Pacific traffic moving over Iowa Northern. The 1986 agreement “continue[s] in effect in perpetuity.” All three agreements were submitted as part of Applicants' supplement, including to counsel for CPKC.

¹⁶⁶ CPKC Comments at 34.

actions necessary to obtain new business, as detailed in the verified statement submitted by Iowa Norther's Chairman, Daniel R. Sabin. As Mr. Sabin explains, "Rather than acting as a strong competitor to Iowa Northern's other interline partners, and cooperatively working with Iowa Northern to chase down new business and iron out operational inefficiency, [CPKC] has raised rates, slowed service and put obstacles in the way of operational efficiency on all but the largest and most lucrative business opportunities."¹⁶⁷ And as he pleaded to CP long before this transaction:

{{ [REDACTED] }}¹⁶⁸

CPKC has, in fact, internally acknowledged in response to a customer request for CPKC {{ [REDACTED] }} that with Iowa Northern its {{ [REDACTED] }}¹⁶⁹ CPKC has admitted that

¹⁶⁷ Sabin Rebuttal V.S. at 2.

¹⁶⁸ App'x B, Ex. 17, IANR00045_Confidential { [REDACTED] } (produced in discovery) (emphases added).

¹⁶⁹ App'x B, Ex. 8, CPKC 00063_Highly Confidential {{ [REDACTED] }} (produced in discovery).

{{ [REDACTED] }},¹⁷⁰

And CPKC has stated that its willingness to compete for interline business with

Iowa Northern only extends to opportunities that CPKC deems to {{ [REDACTED]

[REDACTED] }}¹⁷¹ In the same vein, {{ [REDACTED]

[REDACTED]

[REDACTED] }}¹⁷²

As Mr. Sabin explains, CPKC has been unwilling to price competitively and aggressively pursue growth by working with Iowa Northern to expand interline traffic.¹⁷³ CPKC now asks the Board to give CPKC a special regulatory advantage allowing CPKC to claim all profit on IANR-CPKC interline movements with a service guarantee from Iowa Northern (but no corresponding service guarantee from CPKC, {{ [REDACTED]

[REDACTED] }}¹⁷⁴ As the Board has

explained many times before in the context of merger conditions, it “will not impose a condition that would put its proponent in a better position than it occupied before the consolidation.”¹⁷⁵

¹⁷⁰ *Id.*

¹⁷¹ App’x B, Ex. 7, CPKC 00004_Highly Confidential {{ [REDACTED] }} (produced in discovery).

¹⁷² App’x B, Ex. 9, CPKC 00067_Highly Confidential {{ [REDACTED] }} (produced in discovery).

¹⁷³ Sabin Rebuttal V.S. at 3–4.

¹⁷⁴ App’x B, Ex. 16, IANR00037_Confidential {{ [REDACTED] }} (produced in discovery).

¹⁷⁵ *See, e.g., CP/KCS*, Docket No. FD 36500, at 21 (citing *BN/SF*, 10 I.C.C.2d

The Board has held that it will **only** impose competitive conditions “after concluding that, absent such conditions, there is likely to be substantial lessening of competition, creation of a monopoly, or restraint of trade.”¹⁷⁶ The Board cannot make such a finding here, particularly where Union Pacific already has haulage on the very same line.

CPKC’s rent-seeking is particularly apparent in its demand for haulage “access to at least the Manly and Butler transload facilities.”¹⁷⁷ Iowa is dotted with transload facilities—Iowa DOT counts 56—all of which inherently compete with each other. Indeed, CPKC itself serves transload facilities near the Iowa Northern ones that it seeks to access.¹⁷⁸ As Mr. Hunt explains, shippers currently have the option of using the CPKC transload at Mason City, which is just 10 highway miles from the Iowa Northern transload at Manly that CPKC seeks to access. CPKC’s request for haulage rights to the Butler Logistics Park and the Bryant Yard transload similarly ignores that CPKC operates a transload at New Hampton that

at 730); *see also CSX Corp., et al.—Control and Operating Leases/Agreements—Conrail Inc. and Consol. Rail Corp.*, Docket No. FD 33388 (Sub-No. 91), at 95 (STB served Oct. 20, 2004); *Canadian National Ry. Co., et al.—Control—Ill. Cent. Corp., et al. (“CN/ICC”)*, 4 S.T.B. 122, 142 (1999); *CP/DM&E*, Docket No. FD 35081, at 12.

¹⁷⁶ Decision No. 7, *Bessemer & Lake Erie R.R.—Acquis. & Operation—Certain Rail Lines of CSX Transp., Inc. (“B&LE/CSX”)*, Docket No. FD 36347, at 9 (STB served Feb. 25, 2021).

¹⁷⁷ CPKC Comments at 34.

¹⁷⁸ Hunt Rebuttal V.S. § 2.3.

is located 38 highway miles from Butler Logistics Park at Shell Rock and 40 highway miles from Bryant Yard.¹⁷⁹

Nothing in the Board's precedents supports CPKC's request for discount haulage. For example, CPKC cites the major Union Pacific/Southern Pacific transaction, in which the Board imposed agreed-upon *trackage rights* as a remedy for extensive 2-to-1 points.¹⁸⁰ But that has no analogy to the present Transaction—where there are **no** 2-to-1 customers and where Union Pacific already has haulage rights on the line.¹⁸¹

This is not a case where individual customers are seeking haulage to remedy specific competitive harm resulting from the Transaction.¹⁸² There are no individual customers raising any competitive concerns. Rather, this is a case where CPKC is seeking a way to improve its current position by manufacturing claims of competitive harm that do not actually exist. There is no competitive harm (substantial or otherwise) arising from the Transaction, and as such CPKC's request should be denied.

¹⁷⁹ *Id.*

¹⁸⁰ CPKC's Comments at 33 n.32 (citing *UP/SP*, 1 S.T.B. at 392 (referencing 2-to-1 analysis)).

¹⁸¹ CPKC also cites the major merger of UP/MP, in which the Board granted certain responsive applications seeking trackage rights. *Id.* (citing *Union Pac. Corp., et al.—Control—Mo. Pac. Corp., et al.*, 366 I.C.C. 459 (1982)). This 40-year-old major merger decision that addresses specific and substantial competitive harms has no bearing on this minor transaction.

¹⁸² *Cf. CN/ICC*, 4 S.T.B. at 153–54 (extending the negotiated Access Agreement haulage rights to three additional shippers at their request because a future buildout option related to a KCS construction project before the agency was likely foreclosed as a result of the Transaction).

B. CPKC’s Reciprocal Switching Condition Is Untethered from the Facts of This Case and Should Be Rejected.

CPKC further asks the Board to condition its approval on “Applicants acceding to having solely-served Iowa Northern customers at Manly and Butler/Shell Rock covered by whatever regulatory framework the Board might adopt” (and now has adopted) in Docket No. EP 711 (Sub-No. 2) regardless of whether customers are located in terminal areas or are shipping nonexempt and noncontract traffic.¹⁸³

This requested relief is equally unmoored from any purported competitive harm and must therefore be denied.¹⁸⁴ CPKC fabricates the spectre of service degradation in order to justify imposition of a condition that would give it access to customers through reciprocal switching. There is no merit to CPKC’s suggestion that a combined CN-Iowa Northern would degrade service. Moreover, there is no basis to impose such a condition that CPKC describes as creating “incentives” rather than remedy specific competitive harm. The Board has held that it will not impose conditions in a non-major transaction except to remedy substantial lessening of competition, as it is the Board’s “well-established policy of focusing its subsection (d) review on discerning and remedying such anticompetitive effects.”¹⁸⁵

¹⁸³ CPKC Comments at 36.

¹⁸⁴ It also ignores the fact that such a framework would require establishment of a pre-Transaction Iowa Northern baseline, which would be difficult or impossible given that Iowa Northern does not maintain these metrics. See Homan V.S. at 2–3.

¹⁸⁵ *B&LE/CSX*, Docket No. FD 36347, at 9.

IV. OTHER REQUESTS FOR CONDITIONS¹⁸⁶

A. Gateway Commitment

Applicants have proactively made a gateway commitment to ensure that Iowa Northern customers will continue to have access to interline options on commercially reasonable terms.

Applicants agree to many of the requested clarifications or modifications to the gateway commitment. First, Applicants have no objection to CPKC's request that the Board impose as a condition the commitment to keep gateways open, "including specifically the Nora Springs gateway between Iowa Northern and CPKC."¹⁸⁷ Indeed, Applicants committed in the Application to maintain existing active gateways, and they specifically included Nora Springs and the interchange with CPKC in that commitment.¹⁸⁸

Second, Applicants do not object to NGFA's request for clarification that the gateway commitment applies both financially and operationally.¹⁸⁹ The gateway commitment described in the Application already contemplated this, as

¹⁸⁶ Applicants have reached a settlement agreement with Iowa Interstate Railroad and ask that the Board impose the terms of that settlement agreement as a condition on its approval of this Transaction.

¹⁸⁷ CPKC Comments at 4.

¹⁸⁸ Application at 7 & n.7 ("This commitment encompasses interline traffic that is currently interchanged with Canadian Pacific Kansas City ("CPKC") or Union Pacific Railroad Company ("Union Pacific") at the northwestern end of Iowa Northern ... As detailed in the Operating Plan, Iowa Northern currently interchanges traffic with Union Pacific at Manly and *CPKC at Nora Springs*."). (emphasis added).

¹⁸⁹ Comments and Requests for Conditions of the National Grain and Feed Association ("NGFA Comments"), Docket No. FD 36744, at 6 (filed Apr. 29, 2024).

demonstrated by the Applicants' statement that "CN would provide Iowa Northern served customers with commercially reasonable *rates and service*."¹⁹⁰

Third, NGFA also requested clarification that the gateway commitment applies to "new shippers and new commodities that move via existing routings post-transaction."¹⁹¹ Applicants have no objection to this clarification, which reflects the intent of the commitment in the Application.¹⁹²

Fourth, in response to NGFA and USDA's requests, Applicants also have no objection to use of a customer arbitration process relating to the gateway commitment. Applicants agree that arbitration can be an efficient tool to resolve disputes and CN has long been a proponent of alternative dispute resolution. As such, Applicants commit to using confidential, voluntary, binding arbitration to permit efficient resolution of any future commercial disputes over the gateway commitment with customers at their request. While Applicants do not expect any disputes to arise—because Applicants are dedicated to growing interline traffic by offering competitive rates and service—Applicants are happy to consent to an arbitration process to resolve any such disputes.

There are, however, some requests relating to Applicants' gateway commitment that the Board should reject. First, USDA and NGFA both argue that Applicants should be required to provide written justification for any rate increase

¹⁹⁰ Application at 7 (emphasis added).

¹⁹¹ NGFA Comments at 6.

¹⁹² Application at 7.

above inflation at existing gateways.¹⁹³ There is no basis for imposing such a condition. The Board has long recognized that gateway commitments without such a process are an effective remedy. Indeed, the only time the Board has imposed a written justification process was the recent CP-KCS transaction (which, because it was a major transaction, involved a different statutory standard). There, the Board crafted a gateway commitment targeted to the major transaction at hand, including a five-year lookback period for affected traffic and the written justification process—but *only during the oversight period*.¹⁹⁴ The circumstances that led to that major merger gateway condition are simply not present for this minor Transaction. Moreover, there is no competitive harm which the written justification process would be remedying, and no basis to depart from the Board’s long-standing precedent in minor and significant transactions, which has found that standard gateway commitments without a written justification process are an effective remedy.¹⁹⁵

CRANDIC goes even further and requests (without support) that any current—or within the past six months¹⁹⁶—Rule 11 traffic between CRANDIC and

¹⁹³ Comments of the United States Department of Agriculture (“USDA Comments”), Docket No. FD 36744, at 8 (filed Apr. 29, 2024); NGFA Comments at 6.

¹⁹⁴ *CP/KCS*, Docket No. FD 36500 at 69–70.

¹⁹⁵ *See, e.g., CP/DM&E*, Docket No. FD 35081, at 13 & n.23 (finding that open-gateway pledge, that did not include any written justification process, was sufficient to satisfy competitive concerns and declining to impose additional requirements); *CN/WC*, 5 S.T.B. at 910 (same); *see also CN/EJ&E*, Docket No. FD 35087, at 16–17 (declining to modify the gateway commitment as presented by applicants).

¹⁹⁶ CRANDIC’s comments do not specify what date the six months would be measured from. *See* Comments of the Cedar Rapids and Iowa City Railway, Docket

Iowa Northern should have its rates capped at inflation, presumably for all time.¹⁹⁷ This requested condition for a permanent price cap should be summarily rejected as unwarranted and contrary to Board precedent. Applicants' gateway commitment—like others before it—ensures commercially reasonable rates (and service) for interline traffic, and no more is needed.

Finally, the Board should reject NGFA's vague request for gateway reporting requirements.¹⁹⁸ NGFA provides no details about its request, other than pointing to the Board's imposed conditions in the major CP-KCS transaction, in which the Board ordered specific gateways reporting for some (but not all) gateways.¹⁹⁹ NGFA has provided no justification or reasoning for this requested condition, and as such it is not tailored to remedying any identified harm. Nor has NGFA explained why the Board should depart from its precedent in non-major transactions where gateway commitments have been imposed as a condition, none of which required gateway reporting.²⁰⁰

Taken together, Applicants' gateway commitment in the Application and herein are more than sufficient to protect shippers and consistent with Board precedent. Past approvals in non-major transactions have imposed gateway

No. FD 36744, at 7 (filed Apr. 29, 2024).

¹⁹⁷ *Id.* at 7–8.

¹⁹⁸ *See* NGFA Comments at 6.

¹⁹⁹ *CP/KCS*, Docket No. FD 36500, at 196.

²⁰⁰ *See, e.g., CSX/Pan Am*, Docket No. FD 36474, at 16, 51; *CP/DM&E*, Docket No. FD 35081, at 13, 27.

conditions without the provisions that were unique to the major CP-KCS transaction, and there has been nothing presented that would justify departing from that precedent.²⁰¹

B. Reciprocal Switching Commitment

Applicants committed in the Application to maintaining existing carrier access to locations in their current, voluntary reciprocal switch tariffs. Union Pacific claims that this commitment is ambiguous. Applicants disagree.

CN and Iowa Northern’s current tariffs are formatted differently. CN generally identifies locations open to reciprocal switching by specific customer location whereas Iowa Northern generally identifies by general location (*e.g.*, Manly Terminal) and commodity. But Applicants clearly explained that, for Iowa Northern, Applicants’ reciprocal switching commitment meant that “*industries* open to Union Pacific via reciprocal switching on Iowa Northern at Manly and Waterloo will remain open” and that, for CN, “*industries* open to Union Pacific at Waterloo and Cedar Rapids, as well as industries open to the CRANDIC at Cedar Rapids, will remain open.”²⁰² The commitment will keep these existing reciprocal switching arrangements open.

²⁰¹ See, *e.g.*, Decision No. 12, *Kan. City S.—Control—Kan. City S. Ry., et al.* (“KCS/KCSR”), 7 S.T.B. 933, 938 (2004); *CN/WC*, 5 S.T.B. at 894; *CSX/Pan Am*, Docket No. FD 36472, at 15.

²⁰² Application at 7. Post-Transaction, CN plans to integrate Iowa Northern’s reciprocal switching tariff into CN’s reciprocal switching tariff by listing those industries open to Union Pacific via switching on Iowa Northern at Manly and Waterloo.

The Board should reject Union Pacific's requested condition, which appears to ask that Applicants be permanently required to add any new facility or commodity to their reciprocal switching tariff. Take, for example, Item 1250, which permits reciprocal switching at Bryant Yard for eight specified commodities. Bryant Yard is team track with very limited capacity (only 16 spots) and only three primary users of that facility. But Union Pacific's condition would require Applicants to accept reciprocal switching at Bryant for any future customer or commodity without limitation (including TIH, PIH, or dimensional loads), regardless of what operational impact such future switching would have at such a small facility. There is no justification for a merger condition that would permanently strip Applicants of any operational or commercial discretion relating to future reciprocal switching requests.

More importantly, Union Pacific's request is not tethered to any specific Transaction-related harm to competition (substantial or otherwise). And no shipper is asking for this relief (indeed, no individual shipper has raised any concerns with the Transaction). Union Pacific cites no decision in which the Board imposed such a condition. Indeed, the only case cited by Union Pacific—the Board's approval of the major *CP-KCS* merger—is a case where the Board accepted applicants' voluntary agreement to keep current reciprocal switching locations open where shipper facilities were served directly by either applicant, but *denied* requests for imposition of additional reciprocal switching conditions.²⁰³

²⁰³ *CP/KCS*, Docket No. FD 36500, at 83–87.

Applicants have gone above and beyond in committing to maintaining existing carrier access through its reciprocal switching commitment. Applicants will evaluate any future requests for new reciprocal switching on a case-by-case basis, taking into consideration business and operational considerations.

C. There Is No Need or Justification for Board Oversight

NGFA and USDA each ask the Board to condition approval of the Transaction on the imposition of an oversight period of five years or more.²⁰⁴ These requests should be denied.

NGFA asserts that oversight conditions are “a common part of nearly every substantive railroad acquisition under 49 U.S.C. 11325.”²⁰⁵ But that is not the case, nor is it a basis for imposing oversight. First, the Board does not impose oversight simply for the sake of oversight. Rather, oversight conditions are intended to afford the Board time to assess whether conditions imposed to address serious competitive concerns “have effectively addressed the competitive issues they were intended to remedy.”²⁰⁶ And the Board imposes oversight conditions when “concerns” about “areas where complex rail operations—*e.g.*, lines shared with other rail carriers or

²⁰⁴ NGFA Comments at 7 (asking the Board to “impose a five-year monitoring and oversight condition”); USDA Comments at 2 (requesting the Board “impose an oversight period of at least 5 years”).

²⁰⁵ NGFA Comments at 7.

²⁰⁶ *UP/SP*, 1 S.T.B. at 372–73 (imposing five-year monitoring period to ensure that trackage rights granted to BNSF to remedy two-to-one shippers “work[ed]” and to assess the effectiveness of other conditions such as the continued “competitive option of building out or building in to or from either” Union Pacific or Southern Pacific for so-called “one-to-one” shippers).

commuter trains—warrant close monitoring.”²⁰⁷ Here, the Transaction presents no such competitive concerns or operationally complex integration issues that would warrant an oversight condition.

Second, it is simply not true that oversight conditions are a common part of “nearly every substantive railroad acquisition.”²⁰⁸ There have been numerous railroad acquisitions in which no oversight was imposed at all, including *Soo Line/CMQ*, *NS/Pan Am*, *CP/DME*, *KCS/GWR/GER*, *CSX/INRR*, and others.²⁰⁹ Further, in the handful of minor transactions where the Board has imposed oversight, oversight was generally for a single year.²¹⁰

Against this backdrop, NGFA and USDA’s request for *five* years or more of monitoring should be rejected. Indeed, oversight periods of five years are generally reserved for major transactions, and the Board’s recent imposition of a period of oversight of more than five years in the context of the major merger between CP and KCS was described as “unprecedented.”²¹¹ The Board has only once conditioned

²⁰⁷ *CP/KCS*, Docket No. FD 36500, at 142; *see id.* at 145 (recognizing that “operational and other difficulties can arise when implementing transactions of th[at] scope”); *CSX/Pan Am*, Docket No. FD 36472, at 49 (imposing a five-year oversight period that would cover implementation of operating and infrastructure improvements designed to result in additional and significant traffic growth).

²⁰⁸ NGFA Comments at 7.

²⁰⁹ *See infra* n.218; *see also CP/DM&E*, Docket No. FD 35081; *Kan. City. S. Industries, Inc., et al.—Control—Gateway W. Ry. and Gateway E. Ry.*, Docket No. FD 33311 (STB served May 1, 1997).

²¹⁰ *See CN/DMIR*, Docket No. FD 34424, at 24; *CN/WC*, 5 S.T.B. at 910.

²¹¹ *CP/KCS*, Docket No. FD 36500, at 5.

approval of a minor transaction on a monitoring period of five years.²¹² In that proceeding, CN’s acquisition of the EJ&E implicated substantial operating changes in the critical Chicago gateway where one third of all rail freight originates, terminates, or moves via interactions between all Class I railroads and numerous shortlines.²¹³ Although the Board “d[id] not anticipate anticompetitive consequences” from the transaction, the potential for operating difficulties at interchanges, at-grade crossings between multiple railroads, and the potential for increased blocked crossings impacting communities led the Board to impose a five-year monitoring and oversight condition.²¹⁴

None of these issues are present here. CN’s acquisition of Iowa Northern is a pro-competitive Transaction that will add a new single-line service option for CN-Iowa Northern customers while preserving customer access to existing Iowa Northern-interline carrier transportation options through a robust gateway commitment.²¹⁵ There are no two-to-one stations, and Applicants have committed to maintaining existing carrier access for industries currently open to other carriers on CN and Iowa Northern’s voluntary reciprocal switch tariffs.²¹⁶ Further, the

²¹² See *CN/EJ&E*, Docket No. FD 35087, at 25.

²¹³ *Id.* at 4–5 (describing CN’s plans to “increase rail traffic along the EJ&E rail line as a result of the transaction (generally by 15 to 24 trains per day)”).

²¹⁴ *Id.* at 25–26.

²¹⁵ Application at 7–8.

²¹⁶ *Id.* at 7.

Transaction involves modest operational changes that will simplify railroad operations rather than increase their complexity.²¹⁷

Nothing in the record indicates any need for oversight. Indeed, the Transaction is similar to other minor transactions where the Board declined to impose oversight conditions because there were no two-to-one customers, anticompetitive effects, or operational complexities.²¹⁸

NGFA also states that oversight is appropriate because of the number of agreements and amendments that were disclosed in Applicants' Supplement.²¹⁹ It is unclear why NGFA believes that a simple count of agreements relating to a rail

²¹⁷ Operating Plan at 15–16, 29–30; Taylor V.S. at 3–4.

²¹⁸ See Decision No. 3, *Soo Line Corp.—Control—Cent. Me. & Quebec Ry. US Inc.* (“Soo/CM&Q”), Docket No. FD 36368 (STB served May 1, 2020) (no monitoring or oversight condition was requested or imposed on the acquisition of a Class II carrier that owned and/or operated approximately 300 route miles where there were no two-to-one shippers); Decision No. 5, *Genesee & Wyo. Inc.—Control—RailAmerica, Inc.*, Docket No. FD 35654, at 3, 7 (STB served Dec. 19, 2012) (declining to impose three years of Board oversight on an acquisition of indirect control over multiple Class III railroads where there were no two-to-one shippers); *NS/Pan Am*, Docket No. FD 35147, at 13–14 (declining to “retain jurisdiction for 5 years to monitor . . . service” in granting authority to jointly own and control a new carrier that would own and/or operate approximately 437 miles of track because there was no reason to assume service levels would be reduced and where all shippers would retain access to at least two carriers); Decision No. 7, *Dakota, Minn. & E. R.R. and Cedar Am. Rail Holdings, Inc.—Control—Iowa, Chi. & E. R.R.*, Docket No. FD 34178 (STB served Feb. 3, 2003) (no monitoring or oversight condition was requested or imposed on the acquisition of a Class II railroad that owned or operated approximately 1,397 route miles); *CSX Corp. and CSX Transp., Inc.—Control—The Ind. Rail Road Co.*, Docket No. FD 32892, at 4–6 (STB served Nov. 7, 1996) (imposing no oversight or monitoring condition for the acquisition of a Class III carrier operating approximately 155 miles of track where no customer experienced a meaningful reduction in rail carrier access).

²¹⁹ NGFA Comments at 7–8.

line has any bearing on the appropriateness of oversight.²²⁰ NGFA cites no precedent to suggest that this would be an appropriate basis for oversight.

To the extent NGFA is concerned about the possibility that Iowa Northern's rights to operate over the tracks of other railroads may be "altered or modified" as a result of the Transaction,²²¹ there is no basis for that in the record. The only Transaction-related plans by Applicants relating to trackage rights are the mutual trackage rights between CN and Iowa Northern which are the subject of the related proceedings in Docket Nos. FD 36744 (Sub-No. 1) and FD 36744 (Sub-No. 2). Further, any grant, modification, or discontinuance of trackage rights (whether by the tenant carrier or an adverse proceeding by another carrier) is subject to the Board's licensing authority.²²²

D. There Is No Need or Justification for Service Data Reporting

USDA requests that the Board collect and monitor service data as a condition to approval of the Transaction, including "historical data from IANR to benchmark service quality."²²³ This request should be rejected.

Nothing submitted in the record suggests that there is any basis to impose service data reporting requirements in the context of this Transaction. Further,

²²⁰ Notably, NGFA's count of 22 agreements includes four agreements between CN and Union Pacific that have nothing to do with IANR's rights to operate on the tracks of other carriers. *See Applicants' Supplement, App'x A at 1.*

²²¹ NGFA Comments at 7–8.

²²² *See* 49 U.S.C. § 11323(a)(6); 49 U.S.C. § 10903(a).

²²³ USDA Comments at 8 (citing "origin dwell times, unfilled car orders, spot and pull fulfillment, carloadings, and cars online (or another metric to track the number of grain cars devoted to IANR shippers).").

USDA's request is inconsistent with Board precedent. In the seven approvals of Class I acquisitions of shortlines in the last 20 years, none imposed the type of reporting that USDA seeks here. For many of those transactions, there was no monitoring or service data reporting at all, including in CP's acquisition of the Central Maine & Quebec Railway,²²⁴ Norfolk Southern's acquisition of joint control of Pan Am Southern,²²⁵ CP's acquisition of the Dakota, Minnesota & Eastern Railroad,²²⁶ and CN's acquisition of the Duluth, Missabe, and Iron Range Railway.²²⁷

In the few Class I/shortline transactions where the Board did impose reporting, the reporting was narrowly targeted to address particular issues of concern that had been demonstrated in the record of the transaction. For example, in CN's acquisition of the EJ&E, approval was conditioned on certain specific operating reporting (*e.g.*, pertaining to interchanges and train volumes) which were directly correlated to issues in the transaction involving the congested Chicago area.²²⁸ And in CSXT's acquisition of Pan Am Railways, the only service metrics requirement involved one particular aspect of the operating plan relating to the

²²⁴ See *Soo/CM&Q*, Docket No. FD 36368.

²²⁵ *NS/Pan Am*, Docket No. FD 35147, at 13–14.

²²⁶ See *CP/DM&E*, Docket No. FD 35081, at 27, 31, 40 (no imposition of monitoring or reporting requirements despite requests for such conditions).

²²⁷ See *CN/DMIR*, Docket No. FD 34424.

²²⁸ See *CN/EJ&E*, Docket No. FD 35087, at 20 (“However, the operational monitoring condition will provide a means for the Board to monitor and address any congestion issues resulting from the control transaction.”).

lifting of a trackage rights cap that could cause congestion and potentially impact commuter rail service on a line governed by the multi-carrier Ayer Operating Protocol. The Board therefore required CSXT “to file with the agency the service metrics that it develops under the Ayer Operating Protocol, though CSX need *not* file the actual data captured by the metrics.”²²⁹ Finally, in Kansas City Southern’s acquisition of the Texas Mexican Railway Company, the Board imposed a narrow and targeted monitoring requirement relating to the Laredo International Bridge that connects Mexico and the United States.²³⁰ Even in major transactions that were much more economically significant and operationally complex, the imposition of reporting has been tied to specific concerns raised in the record.²³¹

There is nothing in the record of this Transaction to support the broad-based service level reporting requested by USDA. USDA touts the benefits of transparency but has not articulated any particularized issue that requires a reporting mandate here.

Moreover, there are real impediments to collecting baseline service data from Class III carriers, which generally collect and maintain more limited data than Class I carriers. As Iowa Northern’s Vice President and Chief Marketing Officer,

²²⁹ *CSX/Pan Am*, Docket No. FD 36472, at 31 (emphasis added).

²³⁰ Decision No. 12, *KCS/KCSR*, 7 S.T.B. at 948, 951–52.

²³¹ *CP/KCS*, Docket No. FD 36500, at 197–99 (imposing train operations reporting requirements but only for select locations based on specific concerns raised in the record).

Amy Homan, explains in her verified statement, Iowa Northern does not track any of the performance metrics requested, with the exception of carloadings.²³²

For all of these reasons, USDA's request should be rejected.

E. Local Service and Customer Service on the Iowa Northern

Applicants appreciate NGFA's interest in local service and customer service on the Iowa Northern post-Transaction, and they are providing additional information based on current integration planning in the verified statement of Derek Taylor.²³³

With regard to local service, Applicants stated in the Operating Plan that CN intended "to develop a scheduled local service plan to provide consistent and reliable service."²³⁴ Derek Taylor provides additional detail on how CN plans to develop and implement a modular scheduled local service plan for Iowa Northern customers where trains will continue to operate regularly southbound and northbound on Iowa Northern's main line between Manly and Cedar Rapids and customers will be added to the scheduled local service plan on an as-needed basis.²³⁵ As Derek Taylor explains, while CN works to implement this type of scheduled local service plan in the months following approval of the Transaction, CN plans to maintain Iowa

²³² See Homan V.S. at 2–3.

²³³ See NGFA Comments at 9–10.

²³⁴ Operating Plan at 28.

²³⁵ Taylor V.S. at 5–6.

Northern's current operation of providing local service on an as-needed basis in response to customer communications.²³⁶

With regard to customer service, Derek Taylor explains that Iowa Northern's employees will play a critical role in maintaining and building on Iowa Northern's legacy of providing excellent customer service. CN plans to establish a Grain Desk staffed by Iowa Northern employees who currently work or have worked in customer service positions to facilitate a seamless transition for Iowa Northern customers.²³⁷ The Iowa Northern employees on the Grain Desk will leverage longstanding relationships with customers and knowledge of their businesses to ensure customer service quality is maintained during integration following approval of the Transaction.²³⁸ And these employees will be equipped to handle service requests and to train Iowa Northern customers on how to request service through CN's online platform.²³⁹

No conditions related to either local service or customer service are needed in this case. While CN does not necessarily object to NGFA's request that approval of the Transaction be conditioned on CN's development and implementation of a scheduled local service plan, given that CN was already planning to take that action,²⁴⁰ there is simply no need for such a condition, nor is there a competitive

²³⁶ *Id.* at 6.

²³⁷ *Id.* at 7.

²³⁸ *Id.*

²³⁹ *Id.*

²⁴⁰ NGFA Comments at 9.

issue that such a condition would be addressing. And as explained above, there is no basis for an oversight period.²⁴¹

More concerning is NGFA’s request that Applicants “maintain[] the status quo” with respect to customer service.²⁴² This vague and overly broad request would hinder Applicants’ ability to implement the planned changes described above that utilize Iowa Northern employees’ experience and longstanding customer relationships to ensure shippers continue receiving top-notch customer service.²⁴³ Moreover, NGFA identifies no legal justification or factual basis in the record for this condition.²⁴⁴

While these requested conditions should be rejected, Applicants recognize the interest that customers have in understanding the integration process. As such, Applicants commit to submitting a report on the progress of implementation of scheduled local service plans and customer service integration nine months from the effective date of a Board decision approving the Transaction.

F. There Is No Need or Justification for USDA’s Pricing Condition

The Board should reject USDA’s request that Applicants be required “to publish all tariffs for agricultural products that IANR currently publishes” and seek Board approval “to discontinue any IANR public tariff.”²⁴⁵ At the outset, USDA

²⁴¹ *Id.*

²⁴² *Id.* at 9–10.

²⁴³ *Id.* at 10.

²⁴⁴ *Id.*

²⁴⁵ USDA Comments at 7–8.

fails to recognize that 49 C.F.R. § 1300.5(a) requires a rail carrier to “publish, make available, and retain for public inspection” its currently effective rates and service terms for agricultural products and fertilizer. There is no basis, therefore, to impose any condition relating to the publication of tariffs for agricultural products.

Further, USDA does not explain on what legal or factual basis the Board might withhold approval to discontinue a tariff. USDA cites no legal support for this proposed condition, which is so vague as to be practically unenforceable. Requiring Applicants to seek Board approval before discontinuing any tariff currently published by Iowa Northern would be contrary to the current regulations, which simply require the publication of currently effective rates and service terms, and would place a combined CN-Iowa Northern at a disadvantage with respect to its Class I competitors.²⁴⁶

Further, it is worth noting that the premise behind USDA’s request—two rate comparisons, one for corn rates and the other for soybean meal and soybean oil—are incomplete and misleading. Take, for example, USDA’s purported rate comparison of corn rates on Iowa Northern’s Oelwein-to-Cedar Rapids route (76 miles) and CN’s Independence-to-Cedar Rapids route (64 miles).²⁴⁷ USDA’s comparison fails to account for the differences in how CN and Iowa Northern’s

²⁴⁶ See 49 U.S.C. § 10762(a)(1)–(2) (1995) (requiring rail common carriers to “publish and file with the Commission tariffs containing the rates” for transportation and services provided subject to the Interstate Commerce Commission’s jurisdiction and to keep tariffs “open for public inspection”), *repealed by* ICC Termination Act of 1995, Pub. L. No. 104-88, 109 Stat. 803 (Dec. 29, 1995).

²⁴⁷ USDA Comments at 7, Table 1.

tariffs distinguish between block size. While Iowa Northern’s tariff does not distinguish between car block sizes and only provides rates for single car shipments,²⁴⁸ CN’s tariff provides two different rates, with a lower rate for “shipments of car blocks of 25 cars or more.”²⁴⁹ Yet USDA uses the single-car rate rather than the 25-car block rate, which is a difference of \$250 per car. USDA also ignores that CN’s tariff rate for corn moving in shipper-supplied cars is notably *lower* than Iowa Northern’s tariff rates.²⁵⁰

Revised USDA Table 1b

Iowa Northern Railroad		Canadian National Railway	
Oelwein to Cedar Rapids – 76 miles		Independence to Cedar Rapids – 64 miles	
Low-Capacity Hoppers	High-Capacity Hoppers	Low-Capacity Hoppers	High-Capacity Hoppers
\$624	\$684	\$1,036 (CN car) \$786 (CN car) \$586 (shipper car)	\$1,140 (CN car) \$865 (CN car) \$645 (shipper car)

USDA similarly ignores the different rate structures for its example comparing corn moving to Cedar Rapids on two pairs of routes and cherry picks the higher route, even though grain elevators in the vicinity of both Osage and Manly can load in 25-car blocks and be able to take advantage of the lower tariff rate. That comparison also ignores real operational differences which impact cost

²⁴⁸ *Id.*, Ex. 2 at 1–2 (IANR Freight Tariff 3101S); *see id.* at 7, Table 1 (identifying low-capacity and high-capacity car rates).

²⁴⁹ *Id.*, Ex. 1 at 2 (“Note(s)” column and “Note(s) Description” in Tariff CN 004012-A7 (Supp. 5), Item No. 2060000-AE).

²⁵⁰ *Compare id.*, Ex. 1 at 2 (columns “C” and “D”) *with id.*, Ex. 2 at 2.

structures, including the fact that, unlike Iowa Northern’s straight path down its mainline, CN’s movement from Osage to Cedar Rapids currently requires a multi-train move, first from Osage to Dubuque and then double-back heading west to Manchester and then finally south to Cedar Rapids. The Transaction will actually improve efficiencies in this regard by allowing routing from Osage through Waterloo and on to Cedar Rapids.

USDA’s Table 2 comparing tariff rates for soybean meal and soybean oil moving is also misleading, as it does not acknowledge that CN’s rates absorb a \$300 Union Pacific “reciprocal switch at origin.”²⁵¹

G. Interchange with the CRANDIC

CRANDIC asks the Board to make clear that a decision approving the Transaction would “not alter or change the existing interchange agreements” with CN and Iowa Northern.²⁵² Applicants are not asking the Board to abrogate the interchange agreements, nor should the Board, so Applicants do not oppose that request. CRANDIC also requests that the Board direct CN to “adopt” a dispute resolution process for proposed changes to operations governed by the interchange agreements.²⁵³ There is no need for the Board to impose a dispute resolution process

²⁵¹ *Id.*, Ex. 3 at 1, 6 (“Note(s)” column for Iowa Falls to Chicago and “Note(s) Description” Item 2 in Tariff CN 004080-A3 (Supp. 20) Item No. 1120000-AC), Ex. 4 at 1 (“Note(s)” column for Iowa Falls to Chicago and “Note(s) Description” Item 2 in Tariff CN 004070-BO (Supp. 41) Item No. 1260000-AB); *see* App’x B, Ex. 22, UP Reciprocal Switching Circular, UP 8005 F, at 21 (stating reciprocal switch charge of \$300 per loaded car for traffic moving to CN at Iowa Falls, IA).

²⁵² CRANDIC Comments at 6.

²⁵³ *Id.* at 6–7.

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}}²⁵⁴ As such, this request should be rejected.

²⁵⁴ *See, e.g.*, Applicants' Supplement, App'x A at 4 (describing January 12, 2005 Interchange Agreement between CRANDIC and Iowa Northern). Moreover, CN continues to dialogue with CRANDIC about potential changes to improve operations in Cedar Rapids but has agreed to maintain the status quo post-Transaction until the parties can reach a mutually beneficial agreement. *See Taylor V.S.* at 10–11.

CONCLUSION

For the reasons set forth above, Applicants respectfully request that the Board grant the Application in its entirety and that the Board impose the voluntary commitments that Applicants have made in this proceeding as conditions on the Board's approval of the Transaction.

Respectfully submitted,

/s/ Matthew J. Warren

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CERTIFICATE OF SERVICE

I hereby certify that, on this 29th day of May 2024, the foregoing Applicants' Response to Comments and Requests for Conditions and Rebuttal in Support of Application was served by first-class mail or more expeditious means on all parties of record in this proceeding as well as the Department of Justice and the Department of Transportation.

/s/ Stephen S. Laudone

Stephen S. Laudone

APPENDIX A
VERIFIED STATEMENTS

**REBUTTAL VERIFIED STATEMENT OF
DANIEL R. SABIN**

BEFORE THE
SURFACE TRANSPORTATION BOARD

DOCKET NO. FD 36744

CANADIAN NATIONAL RAILWAY COMPANY
AND GRAND TRUNK CORPORATION
— CONTROL —
IOWA NORTHERN RAILWAY COMPANY

REBUTTAL VERIFIED STATEMENT OF DANIEL R. SABIN

My name is Daniel R. Sabin and I am Chairman of the Iowa Northern Railway Company (“Iowa Northern” or “IANR”). Further information about my background is in the verified statement I submitted with the application for CN to acquire control of Iowa Northern.

Canadian Pacific Kansas City (“CPKC”) has requested that the Board mandate haulage rights on the Iowa Northern system at cost as a condition for approval of the Application. For all of the reasons explained elsewhere in the CN/Iowa Northern rebuttal filed today, I do not think any haulage rights are necessary or appropriate. Setting that broader point aside, CPKC’s presentation of itself as a competitive alternative to Iowa Northern/CN rings hollow to me given my experience with CPKC and its predecessor¹ over the last 16 years since CP acquired control of the Dakota, Minnesota and Eastern Railroad (“DM&E”) and its subsidiary the Iowa, Chicago &

¹ In statements about events or my experience with CP predating the Canadian Pacific/Kansas City Southern combination, I refer to “CP” or “Canadian Pacific.”

Eastern Railroad Corporation ("IC&E"). Rather than acting as a strong competitor to Iowa Northern's other interline partners, and cooperatively working with Iowa Northern to chase down new business and iron out operational inefficiency, CP has raised rates, slowed service and put obstacles in the way of operational efficiency on all but the largest and most lucrative business opportunities. This situation has not improved since the Canadian Pacific/Kansas City Southern combination.

In 2008, Canadian Pacific acquired control of the DM&E and the IC&E, which interchanges with Iowa Northern at Nora Springs. Before this acquisition, Iowa Northern and DM&E/IC&E worked together to increase volumes of corn traffic to Cedar Rapids and jointly built a new interchange point a mile north of Nora Springs (the Stoffer interchange track), which vastly improved our interchange operations for both railroads. Before construction of the Stoffer interchange track, IANR needed to use the IC&E main line track at Nora Springs to interchange and capacity was very limited. With the Stoffer interchange track in place, IANR and IC&E could handle larger blocks of interchange traffic, and IANR no longer needed to block the IC&E main track to do so. For example, IANR could build a unit train of ethanol at Manly Yard, running IC&E locomotives from Manly, then pull down for additional cars at Stoffer and hand off solid trains to IC&E on the main track at Nora Springs. This allowed IC&E to be a highly competitive Iowa Northern connection.

I remember that CN responded to the improved IANR/IC&E service by improving its own service with Iowa Northern (at our interchanges at Waterloo and Cedar Rapids) to retain its market share of IANR-originated traffic.

Shortly after the acquisition of DM&E/IC&E, it became clear to me that Canadian Pacific was not going to continue the close cooperation at Nora Springs and the active pursuit of business opportunities with Iowa Northern. CP raised its division of interline rates on our outbound business and service levels dropped precipitously. At the same time, CP raised rates on their origin customers with traffic bound for IANR destinations and did not provide a sufficient supply of grain cars for these customers.

In addition, CP determined that IC&E and Iowa Northern had not formally added the Stoffer track to the interchange agreement and forced Iowa Northern to only use three limited interchange tracks (one Iowa Northern track and two CP tracks) in downtown Nora Springs. Iowa Northern was required to get track authority from the CP Dispatcher in Minneapolis to drop off or pick up cars in interchange on the CP interchange tracks. Often the Nora Springs downtown interchange tracks were blocked. Canadian Pacific reduced service at the interchange to a point where they would not pull the interchange for days after IANR delivery, so there would be no place for IANR to deliver additional cars and consequently customers were not receiving timely service. We presented the capacity challenges at Nora Springs to CP many times over the years and expressed a willingness to invest in necessary upgrades to allow IANR to interchange more traffic, but Canadian Pacific was unreceptive.

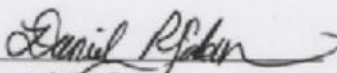
This situation has not improved since the Canadian Pacific/Kansas City Southern combination. IANR customers avoid routing over CPKC because of CPKC's high rates and poor service, and interchange between IANR and CPKC is at a very low volume. The traditional movements of corn from CPKC origins to Cedar Rapids via

Iowa Northern have dropped dramatically. I recognize that there are other factors in play, such as additional ethanol facilities coming online and fluctuation in corn harvests, but this dramatic drop is consistent with what we have experienced over the last 16 years – Canadian Pacific (now CPKC) has been uninterested in providing the competitive rates and service necessary to support joint-line opportunities with Iowa Northern.

VERIFICATION

I, Daniel R. Sabin, declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge. Further, I certify that I am qualified and authorized to file this statement.

Executed on this 29th day of May, 2024.


Daniel R. Sabin

VERIFIED STATEMENT OF DEREK TAYLOR

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

DOCKET NO. FD 36744

**CANADIAN NATIONAL RAILWAY COMPANY
AND GRAND TRUNK CORPORATION
—CONTROL—
IOWA NORTHERN RAILWAY COMPANY**

VERIFIED STATEMENT OF DEREK TAYLOR

My name is Derek Taylor. I was appointed Executive Vice-President and Chief Field Operating Officer for Canadian National Railway Company (“CN”) in November 2023. I bring more than 20 years of railroad operating experience at CN to this role where I am responsible for running CN’s operational plan.

I joined CN as Management Trainee in Winnipeg in 2000 and moved to progressively more senior roles. Prior to my current role, I served as Senior Vice-President, Transportation, Southern Region (2022–2023), Vice-President, Operational Excellence (2021–2022), Vice-President, Eastern Region (2019–2021), Vice-President, Southern Region (2018–2019), General Manager of the Regional Operations Center, Southern Region (2016–2018), General Manager, Midwest Division (2012–2016), General Superintendent of BC South and the Greater Vancouver Terminal (2009–2012), and Superintendent for the Memphis Zone (2005–2009). Most of my more than 24 years of railroading experience with CN has been spent in the United States.

I earned a Bachelor of Arts degree at DePauw University in Indiana. I have previously testified before the Surface Transportation Board in the following proceedings: *Oversight Hearing on Demurrage and Accessorial Charges*, Docket No. EP 754 (2019) and *Canadian Pacific Railway Company, et al.—Control—Kansas City Southern, et al.*, Docket Nos. FD 36500 & Sub-No. 1–5 (2022).

I am submitting this statement in response to some of the comments filed in this proceeding concerning CN’s acquisition of Iowa Northern Railway Company (“Iowa Northern”).

I. New Single-Line Service Paired With Streamlined Operations Will Create Efficiencies.

Canadian Pacific Kansas City (“CPKC”)’s argument that Applicants propose insufficient post-Transaction changes to Iowa Northern’s operations to achieve more efficient service and cost savings is simply wrong. It is true that CN is not proposing major—and potentially disruptive—changes to Iowa Northern’s operations or infrastructure. But CPKC’s witness, Mr. Zebrowski, ignores how new single-line service and several modest operational changes resulting from this Transaction will have appreciable and positive impacts on our service product.

A combined CN-Iowa Northern will be able to offer customers on both railroads new single-line service to and from Iowa that is more efficient than current routings. A primary benefit of single-line service offerings is the reduction of intermediate handling events such as interchange and yard switching. Each handling event increases the time a car is not moving toward its ultimate destination and decreases the distance a car can travel in a given day. Handling

events also consume finite locomotive and crew resources and track capacity. The downstream impacts of these handling events are decreased shipment and network velocity, longer transit times, increased dwell, and increased costs, all of which are bad for railroads and shippers alike. Therefore, CN is always looking for opportunities to establish new or enhance existing single-line service offerings which minimize intermediate car handlings and better serve our customers.

As Applicants explained in the Operating Plan, an important benefit of the Transaction is the streamlining of the interchange between CN and Iowa Northern at Waterloo and related operational modifications to permit more efficient single-line service. In Waterloo, the interchange of manifest traffic and unit trains currently occurs in two different locations near or in CN's Waterloo Yard. Post-Transaction, interchange of manifest traffic will be moved off of designated tracks on CN's mainline into CN's Waterloo Yard. This modification would mean traffic served on Iowa Northern's line to Manly would move immediately to CN's Waterloo Yard, which will then facilitate a more efficient, direct move toward Manly from the yard for northbound traffic. With the exception of any unit trains originating on the Oelwein Subdivision, unit trains will be able to pass through Waterloo Yard without changing locomotives or crews using CN's anticipated grant of trackage rights from Tara, IA to Dubuque, IA to Iowa Northern as part of this Transaction. These changes will improve fluidity in CN's Waterloo Yard, eliminate the inefficient reverse movement into or out of CN's yard that unit trains current perform during interchange, and eliminate the current complexity and delays of coordinating

locomotives and crews for unit trains. And as explained above, improvement in cycle times for leased shipper railcars due to fewer intermediate handling events will translate to improved car utilization and reductions in unit train cost.

Single-line service will also improve routing for traffic moving through Cedar Rapids. Traffic moving southbound on CN's Osage Subdivision to Cedar Rapids will now be able to travel direct to Cedar Rapids on Iowa Northern via Waterloo instead of traveling all the way to Dubuque before doubling back and arriving in Cedar Rapids via Manchester.

II. CN's Planned Implementation of Scheduled Local Service Plans Will Benefit Customers.

National Grain and Feed Association ("NGFA") says that CN has not provided details on plans relating to local service on a combined CN-Iowa Northern. Such detail was provided in the Operating Plan, where Applicants explained that Iowa Northern currently does not have a scheduled local service plan and instead typically provides local service on an as-needed basis in response to customer communications. The Operating Plan also reflected CN's plans to maintain this core operation in the near term post-Transaction to gain experience and familiarity with Iowa Northern's local customers, and then use that experience to implement a scheduled local service plan.

Scheduled local service plans are compatible with the flexibility Iowa Northern customers rely on today. They create predictability in service quality by helping the railroad effectively manage car supply, crew, and locomotive resources to timely meet customer requests. And scheduled local service plans ensure all

customers are receiving the service they need to operate their businesses while maintaining customers' ability to request service as their business needs fluctuate with the market.

On the Iowa Northern system, CN plans to implement a modular scheduled local service plan for each customer. On most of CN's U.S. network, CN employs daily scheduled service plans—in other words, each customer has a schedule of local service days (*e.g.*, daily; Monday–Friday; Monday, Wednesday, Friday; etc. based on customer demand). But on some portions of the network, CN utilizes a modular scheduled local service plan that combines regularly scheduled trains with an additional on-demand service component to account for unique customer needs and markets. Take, for example, service on the Cedar River Railroad Company that operates in Iowa. The Cedar River serves a number of grain elevators and processing plants between Waterloo and Lyle/Stacyville. The needs of grain customers are often less predictable month-over-month than other commodities, and the on-demand service component of modular scheduled local service plans is well-suited to this type of traffic. CN believes that this unique plan would also fit well with Iowa Northern customers' service expectations and business needs.

Under a modular scheduled local service plan, Iowa Northern trains will continue to operate—as they do today—southbound and northbound on the main line between Manly and Cedar Rapids seven days per week. Customers will be able to order cars for delivery or pickup, and those customers will be added to the scheduled local service plan on an as needed basis. Under this model, Iowa

Northern trains will pass customers each day, but will only stop to perform local service as requested.

As explained in the Application, CN will continue the current method of serving Iowa Northern customers in the near term post-Transaction while it gains experience and familiarity with Iowa Northern's local customers. CN anticipates that this period will last for approximately five to six months. After gaining this experience and familiarity with the local service needs on the Iowa Northern, CN will begin implementing modular scheduled local service plans for customers. As with daily operating plans, these modular plans are not static and can be reassessed, modified, or replaced as needed to meet customer needs.

III. Iowa Northern Employees Will Play A Critical And Ongoing Role In Providing Shippers Excellent Customer Service Post-Transaction.

I have also been asked to provide additional detail on plans relating to customer service functions on a combined CN-Iowa Northern, should the Board approve the Transaction. CN and Iowa Northern share the core value of providing excellent customer service. This shared value was a driving force behind CN's successful bid to acquire Iowa Northern, and it is animating the decisions Applicants are making as they prepare for post-Transaction integration.

Iowa Northern's employees with customer service experience will play a critical role in helping CN maintain and build on Iowa Northern's legacy of providing excellent customer service. CN understands that Iowa Northern's employees have expert insight into the business operations and needs of Iowa Northern's customers and have developed strong relationships over many years.

That is why CN has encouraged all Iowa Northern employees to remain with the railroad during this proceeding and post-Transaction.

One way CN intends to leverage the talent and customer service experience of Iowa Northern's employees is through the establishment of a Grain Desk. The Grain Desk will initially serve Iowa Northern customers and will be staffed by Iowa Northern employees familiar to existing customers and who currently work or have worked in customer service positions. In addition to providing core customer service functions, as part of CN's integration planning, Iowa Northern employees assigned to the Grain Desk will be also trained to help transition Iowa Northern customers to CN's online platform.

I would like to address two other points about Iowa Northern employees. *First*, NGFA suggests that Iowa Northern's "clerks" perform dispatching, crew calling, and customer service duties. This is incorrect. As Applicants explained in the Operating Plan, Iowa Northern dispatchers perform dispatching and crew calling functions whereas Iowa Northern clerical employees perform customer service and train reporting functions.

Second, CN is actively planning for the integration of CN and Iowa Northern following anticipated Board approval of the Transaction. In the Operating Plan, Applicants stated that CN planned to integrate crew calling and dispatching functions into the Homewood operations center no sooner than June 2025. Applicants clarify that, while dispatching and crew calling functions themselves may be integrated sooner as part of systems integration, Iowa Northern dispatching

employees will have until June 2025 to relocate to Homewood should they accept those Homewood positions. In the interim, Iowa Northern dispatchers who remain in Iowa would be given other work.

IV. A Combined CN-Iowa Northern Will Be Well-Positioned To Capitalize On The Opportunity to Grow Intermodal Business In Iowa.

CPKC and its expert witness cast aspersions on the growth in intermodal traffic that Applicants expect to realize post-Transaction from truck-to-rail diversions. CPKC suggests that CN could realize these benefits without acquiring Iowa Northern, that the Operating Plan fails to adequately account for the expected increase in intermodal traffic, and that the characteristics of CN's network are not conducive to eastbound intermodal traffic. These allegations are unfounded and based on misunderstandings of the Operating Plan and CN's existing operations in Iowa and Illinois. I address each of these assertions in detail below.

At the outset, I would like to clarify that CN has no intermodal operations in Iowa today. As reflected in the Application, a primary focus of this Transaction is the opportunity to pair CN's broad access to North American markets with Iowa Northern's strong agriculture, grain, and biofuels markets to promote growth in these industries. But CN is also excited to support the broad variety of industries on the Iowa Northern and pursue additional growth opportunities—and that includes developing and growing a robust intermodal operation in Iowa.

CPKC complains that it cannot determine how this growth in intermodal traffic will be handled by a combined CN-Iowa Northern. Yet CN and Iowa Northern have been completely transparent about the plan for growing intermodal

service based on truck-to-rail diversions. Applicants have identified two existing facilities that provide transloading services for intermodal traffic: Butler Intermodal Terminal and Manly Terminal and Logistics Park.¹ The Butler and Manly facilities have sufficient capacity to accommodate the anticipated growth in intermodal traffic arising from the Transaction.

Intermodal traffic will be received at the closest of these two intermodal locations and then move southbound to Waterloo on Iowa Northern's daily manifest train. From Waterloo, intermodal traffic destined for points on CN's broader network will move single-stack on manifest trains east through Dubuque to CN's Chicago Intermodal Terminal at Markham Yard in Homewood, IL where it will then be transferred to double-stack intermodal trains for the remainder of its journey. As explained in the Operating Plan, CN plans to add one train per day between Waterloo, IA and CN's Kirk Yard in Gary, IN to accommodate the expected increase in intermodal and manifest traffic diverted as a result of the Transaction.

Although CN typically runs intermodal traffic on unit trains, operational considerations can counsel in favor of transporting intermodal units in manifest service. Indeed, approximately {{ [REDACTED] }} of CN's intermodal traffic in the United States runs on manifest or co-loaded with manifest traffic. For example,

{{ [REDACTED]

¹ See Application, Operating Plan at 5, 22 (identifying Butler Intermodal Terminal and plans to negotiate with Union Pacific regarding same, and Manly Terminal and Logistics Park); Application, Verified Statement of Daniel R. Sabin at 3; CN's Responses to CPKC's Discovery Requests at 5 (attached as Exhibit A to Mr. Zebrowski's Verified Statement).

[REDACTED]

[REDACTED] } Additionally, in areas where intermodal traffic volumes may be too low to support dedicated, daily service, moving intermodal traffic on manifest trains with available capacity is a means of providing customers with a better level of service.

Finally, CPKC suggests that Applicants' plan to divert a meaningful amount of intermodal traffic is unrealistic due to supposed limitations of CN's network in Iowa and Illinois. CPKC draws attention to the height restriction of low-clearance tunnel in the vicinity of East Dubuque, IL, which restriction Applicants acknowledged in the Operating Plan would require single-stacking intermodal traffic between Iowa and Chicago. Operating circumstances limit CN's ability to run double-stack intermodal railcars elsewhere on its North American network, but those restrictions have not prevented CN from growing a thriving intermodal business that works around those constraints. For example, CN runs single-stack intermodal cars on several lanes in the United States when car weight and other operational restrictions so require—{ [REDACTED] [REDACTED] }. This network feature in no way precludes Applicants from realizing the benefits of anticipated truck-to-rail diversions.

V. CN Stands By Its Proposed Operational Changes In Cedar Rapids With CRANDIC.

CN believes the changes outlined in the Operating Plan reflect the best approach to improving efficiency, fluidity, and capacity in Cedar Rapids. CN has

worked to engage with Cedar Rapids and Iowa City Railway (“CRANDIC”) regarding future interchange in Cedar Rapids, and will continue to dialogue with the CRANDIC regarding how to improve interchange operations in Cedar Rapids post-Transaction. However, given the concerns expressed by CRANDIC in its comments on the Application, CN plans to maintain the status quo with respect to interchange operations with CRANDIC in Cedar Rapids while CN seeks to reach a mutually beneficial agreement.

To the extent that interchange operations with the CRANDIC remain the same, CN’s westbound traffic from Chicago to Cedar Rapids would continue to be switched in Dubuque before moving to Cedar Rapids via Manchester rather than route through Waterloo by way of Iowa Northern’s mainline.² And eastbound traffic received from CRANDIC in interchange would continue moving over Iowa Northern’s mainline to Waterloo for delivery to CN rather than moving north on CN to Manchester and then Dubuque as proposed in the Operating Plan.³

² See Operating Plan at 15 (describing current and proposed routing changes).

³ See *id.* at 16 (describing current and proposed routing changes).

VERIFICATION

I, Derek Taylor, declare under penalty of perjury that the foregoing information is true and correct to the best of my knowledge and belief. Further, I certify that I am qualified and authorized to file this statement.

Executed on this 29th day of May 2024.

A handwritten signature in black ink, appearing to read "Derek Taylor", is written above a horizontal line.

Derek Taylor

**REBUTTAL VERIFIED STATEMENT OF
SANDRA ELLIS**

BEFORE THE
SURFACE TRANSPORTATION BOARD

DOCKET NO. FD 36744

CANADIAN NATIONAL RAILWAY COMPANY AND GRAND TRUNK
CORPORATION
—CONTROL—
IOWA NORTHERN RAILWAY COMPANY

REBUTTAL VERIFIED STATEMENT OF SANDRA ELLIS

My name is Sandra Ellis, and I am the Vice President, Bulk, of CN. My background is described in my prior Verified Statement in this proceeding. I am submitting this rebuttal statement to emphasize that this transaction is about *growth* and *increasing* customer options and preserving interline competition. It is not about cost-cutting or decreasing customer options. As I explained in my initial Verified Statement, this transaction will be pro-competitive, pro-growth, and pro-customer and will support national and international supply chains that are critical to food security and emerging clean energy supply chains.

CPKC and its witnesses claim that CN’s “plan” post-transaction is to use “cost cutting” to profit from the transaction.¹ This is inaccurate.

As I explained in my initial Verified Statement, CN’s acquisition of Iowa Northern is about investing in long-term growth opportunities. I explained how the

¹ CPKC Comments, FD 36744, at 24–25 (filed Apr. 29, 2024); *id.*, Ex. 2, Verified Statement of Nathaniel S. Zebrowski ¶ 44; *id.*, Ex. 3, Verified Statement of W. Robert Majure, Ph.D. ¶ 60.

transaction benefits customers in supply chains for ethanol and renewables, grain, and fertilizers. Customers of both CN and Iowa Northern will benefit from operational efficiencies made possible by the transaction—including new single-line routing options, which will more quickly and efficiently move these critical commodities to and from origin and destination markets. Reducing the number of handling events will reduce dwell time and operating costs, while more efficient single-line routing will improve transit time and provide additional sourcing resilience for customers.

The first and most clear evidence showing that the proposed transaction is a pro-customer, pro-competition, pro-growth plan are the 30 statements of support filed by a variety of stakeholders, including CN and Iowa Northern customers who support the proposed transaction. They recognize that the CN-Iowa Northern combination will benefit their businesses, supply chains, employees, communities, and the economy.

These support statements are consistent with the conversations that I and my team have had with customers as we plan for future integration. My team and I have had the pleasure of reaching out to Iowa Northern and CN customers to discuss the proposed transaction and to learn more about their visions for growth and success and how the proposed transaction will benefit them. They are excited about how the new single-line service will offer them more optionality to reach more origin and destination markets; faster cycling times; better car utilization; and strong supply chain support. They are confident in CN's commitment and ability to support existing

supply chains. CN is excited to compete for these customers' business by offering safe, reliable service that will fuel their growth and success.

Another clear example that this transaction is about growth and not cost-cutting is the fact that CN plans to maintain the Iowa Northern workforce. The Application explains that it is CN's expectation that all existing Iowa Northern craft employees will be needed for operations on the Iowa Northern to help this combination succeed, noting that the transaction agreement includes provisions for a retention bonus for all current Iowa Northern employees. CN wants Iowa Northern employees to stay at the company for the long term and support the growth of the combined CN-Iowa Northern.

Yet another example relates to car supply. As explained in the Application, CN plans to retain Iowa Northern's existing fleet of railroad-owned cars and leased cars. Iowa Northern customers will therefore have access not only to Iowa Northern's car fleet, but also CN's U.S.-dedicated grain hopper car fleet of approximately 1,250 cars.² As my team and I have spoken with elevators and processors along the Iowa Northern about the proposed transaction, we understand that there is an anticipated demand and an opportunity for growing inbound grain shipments by rail. To support this anticipated growth of Iowa grain originations, CN is in the process of allocating additional cars to be available for customer use in Iowa for Fall 2024.

² See Application, FD 36744 (filed Jan. 30, 2024), Verified Statement of Sandra Ellis, at 2, 4.

CN has been clear and consistent from the beginning about its plan for this combination—to acquire Iowa Northern in order to invest in *growth*. Iowa Northern’s network complements CN’s grain, fertilizer, and ethanol and renewable fuels portfolio and presents opportunities to offer more efficient and competitive single-line rail service to these important industries along the Iowa Northern and throughout CN’s network. The new efficiencies and optionality will enable a combined CN-Iowa Northern to grow rail traffic, take trucks off the road, and support the success and growth of our customers’ businesses—in Iowa and beyond. These benefits will enhance the ability of a combined CN-Iowa Northern to partner with and serve important commodity groups and supply chains, and to enable them to compete and grow—which is exactly what this transaction is about.

VERIFICATION

I, Sandra Ellis, declare under penalty of perjury under the laws of the United States that the foregoing is true and correct to the best of my knowledge. Further, I certify that I am qualified and authorized to file this statement.

Executed on this 29th day of May, 2024.


Sandra Ellis

VERIFIED STATEMENT OF AMY HOMAN

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

DOCKET NO. FD 36744

**CANADIAN NATIONAL RAILWAY COMPANY
AND GRAND TRUNK CORPORATION
—CONTROL—
IOWA NORTHERN RAILWAY COMPANY**

VERIFIED STATEMENT OF AMY HOMAN

My name is Amy Homan. I am Vice President and Chief Marketing Officer of the Iowa Northern Railway Company (“Iowa Northern”). I have been with the railroad for 18 years. Before promotion to my current position, I was the Director of Carload Marketing. Before joining Iowa Northern, I was employed by Penford Products/Ingredion and Cargill primarily in customer service, sales and transportation management and before that I was with Procter and Gamble in quality control and warehouse logistics. I have an MBA from the University of Dubuque and my BA is from the University of Northern Iowa.

The purpose of this Verified Statement is to provide the Board with information relevant to two points raised in comments on the Canadian National/Iowa Northern control Application. As explained below, (1) the performance data Iowa Northern tracks to ensure top-notch service to its customers do not include the Class I railroad performance metrics that two commenters suggest be collected to set a performance baseline for conditions on approval of the

Application and (2) Iowa Northern does not equalize its rates except on very rare occasions.

I. Iowa Northern Uses Different Performance Data Than The Class I Metrics Two Commenters Have Proposed Be Collected

Two comments on the Application suggest the Board should collect data from Iowa Northern to provide a pre-Transaction baseline against which to measure post-Transaction quality of service to Iowa Northern-served customers. Both commenters suggest specific metrics for the pre-Transaction baseline.¹ USDA suggests origin dwell times, unfilled car orders, spot and pull fulfillment, carloadings and cars online. Although the USDA Comments do not refer to the Board regulations governing Class I railroad performance reporting, all but one of USDA's suggested metrics line up with the Class I reporting requirements in 49 U.S.C. Part 1250 and I understand USDA to refer to those metrics.² CPKC suggests the Class I railroad metrics the Board adopted in the Reciprocal Switching final rule, which are original estimated time of arrival, transit time and industry spot and pull.

As the Vice President and Chief Marketing Officer of the Iowa Northern, I am familiar with the performance metrics Iowa Northern uses to evaluate its

¹ See Comments of the U.S. Department of Agriculture, Docket No. FD 36744, at 8–9 (filed Apr. 29, 2024) (“USDA Comments”); Canadian Pacific Kansas City Limited Comments on Proposed Transaction, Docket No. FD 36744, at 36 (filed Apr. 29, 2024) (“CPKC Comments”).

² The exception is spot and pull fulfillment, by which I assume USDA refers to an industry spot and pull metric similar to either the metric temporarily reported by Class I railroads in EP 770 or the Board's Class I railroad Reciprocal Switching rule.

performance, maintain a high level of service to its customers and conduct efficient operations with all interline partners. Except for carloadings, Iowa Northern does not track any of the performance metrics suggested by USDA or CPKC.

II. Iowa Northern Sets Prices Flexibly in the Market, And Does Not Generally Equalize Its Rates

CPKC’s comments say Iowa Northern is neutral with respect to Class I railroads because it “equalizes its rate levels across IANR’s various connections, regardless of the distance that IANR moves the traffic on its own system.”³ This is not the case. When formulating a price offering for a customer, Iowa Northern uses a traditional pricing model that considers factors such as the complexity of operations, our own costs for the move (which includes the distance of our move), and the competitiveness of the particular market.

On rare occasions, Iowa Northern has equalized its rates {{ [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] }}. Iowa Northern has also occasionally equalized rates to encourage traffic from new customers. For example, when the {{ [REDACTED]

[REDACTED]

[REDACTED]

³ CPKC’s Comments on Proposed Transaction, Harman Second V.S. ¶ 20.

[REDACTED]

[REDACTED] }

VERIFICATION

I, Amy Homan, declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge. Further, I certify that I am qualified and authorized to file this statement.

Executed on this 29th day of May, 2024.

Amy Homan

VERIFIED STATEMENT OF JULIE M. CAREY

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

DOCKET NO. FD 36744

CANADIAN NATIONAL RAILWAY COMPANY AND GRAND TRUNK CORPORATION

---CONTROL---

IOWA NORTHERN RAILWAY COMPANY

**VERIFIED STATEMENT OF JULIE M. CAREY
NATIONAL ECONOMIC RESEARCH ASSOCIATES, INC.
(NERA)**

MAY 29, 2024

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**BEFORE THE
SURFACE TRANSPORTATION BOARD**

DOCKET NO. FD 36744

CANADIAN NATIONAL RAILWAY COMPANY AND GRAND TRUNK CORPORATION

---CONTROL---

IOWA NORTHERN RAILWAY COMPANY

**VERIFIED STATEMENT OF JULIE M. CAREY
NATIONAL ECONOMIC RESEARCH ASSOCIATES, INC.
(NERA)**

MAY 29, 2024

I. INTRODUCTION AND EXECUTIVE SUMMARY

My name is Julie M. Carey. I am an economist and Senior Managing Director with National Economic Research Associates, Inc. (“NERA”). I frequently provide expert evidence before regulatory agencies, including the Surface Transportation Board (“STB” or the “Board”), as well as in commercial disputes before arbitrators and courts. I have approximately 25 years of experience addressing economic issues in the energy and transportation sectors.

My work is routinely focused on economic analysis at the intersection of competition and regulation across the energy and transportation industries. I have conducted competition analyses many dozens of times in connection with the regulatory approval processes for mergers and acquisitions; claims of discrimination, manipulation, and anticompetitive behavior; and a variety of other purposes such as investigations and commercial disputes. I have substantial experience providing consulting and testifying expert opinions involving competition, negotiated and market-based rates, economic damages, and other economic analyses within regulatory and commercial disputes. For instance, I authored several Verified Statements in the STB proceeding involving the CP-KCS merger.

I have substantial railroad industry experience. I frequently conduct economic analyses within commercial and regulatory disputes regarding haulage, trackage, leased line and other rail service agreements. I also have worked on many rate reasonableness disputes before the STB, and I have provided economic evidence regarding future expectations of volume, revenue, and rates for a stand-alone railroad.

In addition to my economic consultancy practice, I have been an Adjunct Professor at Georgetown University since 2016. I teach energy economics and policy in the graduate economics and political economics programs, which includes instruction on the economics and regulation of railroad transportation. My Curriculum Vitae is attached as Appendix 1.

In this Verified Statement, I respond to Dr. Majure and Mr. Zebrowski’s Verified Statements regarding the competitive effects of the proposed Transaction, including hypotheticals raised by Dr. Majure and Mr. Zebrowski’s calculations on which Dr. Majure relies. In my response, I consider the actual competitive facts and circumstances surrounding this Transaction, and based on those facts I conclude that this Transaction will not lead to a substantial lessening of competition.

To start, in Section II, I show that Dr. Majure improperly concludes that potential horizontal effects may result from the CN-IANR Transaction because he relies on Mr. Zebrowski’s deeply flawed, incomplete, and unreliable route option analysis. Dr. Majure performed no quantitative

analysis of his own. Dr. Majure also fails to properly evaluate the competitive circumstances surrounding the routes he claims are 2-to-1 route options based on Mr. Zebrowski's route options analysis.

Dr. Majure bases his claims of horizontal effects on a collection of 2-to-1 route options identified by Mr. Zebrowski's calculations that include traffic movements involving the IANR area (1) to/from Western Canada, (2) through Chicago to/from locations in the Eastern U.S., and Canada (3) to/from Upper Midwest and Other Locations. Through my analysis, I determine that these traffic movements are made by shippers who fall into three categories:

- Shippers who will not observe a change in their competitive options as a result of the Transaction. This includes shippers who only have access to CN pre-Transaction, without access to any other railroad. For those shippers, IANR is not a competitive option pre-Transaction, so the Transaction will not result in competitive harm.
- Shippers in the Cedar Rapids area who will continue to have at least one economically attractive independent route alternative, and are therefore not properly categorized as using 2-to-1 routes.
- Shippers in Waterloo/Cedar Falls who will continue to have UP as a competitive option via reciprocal switch access and haulage, and therefore are not properly categorized as using 2-to-1 routes.

In performing this analysis, I examine actual traffic movements on relevant route segments to show that UP and CPKC move traffic today on those segments that could be used for a joint-line movement as alternatives. The fact that this traffic exists today provides strong evidence that these independent routing alternatives are attractive and economically viable. This means these alternatives will provide competitive constraints to CN post-Transaction. Consequently, these routes are not appropriately classified as 2-to-1 routes by Dr. Majure, who was relying on Mr. Zebrowski's calculations. Moreover, CN's gateway and reciprocal switch commitments will serve to further mitigate any competitive concerns by preserving rail customer access to alternative options with commercially reasonable rates and service. As a result, there is not likely to be a lessening of competition post-Transaction.

In Section III, I use traditional competition analyses relied upon by the STB and conclude that this Transaction does not lead to any concerns under these analyses. In III.A, I consider the STB's traditional test for 2-to-1 stations, and I discuss the sound economics behind this approach and the evidence that, except for those stations that currently only have access to one carrier, which will not change post-Transaction, an independent alternative will remain at every station in this Transaction. In III.B, I perform a between-corridor analysis by performing a 50/10 market share screen analysis (which evaluates competition between and among different geographic locations and

products) for products in the relevant BEAs and confirm that the CN-IANR Transaction is not likely to lessen competition.

In Section IV, I address Dr. Majure’s claims presented in the form of hypotheticals—which fail to analyze real-world circumstances or quantify economic harm to shippers—that lead him to assert that there are insufficient competitive alternatives on certain corridors and that CN overcounts competition. I do this in part by providing additional factual context not considered by Dr. Majure.

In Section V, I address Dr. Majure’s claim that the Transaction requires remedies because it will lead to a substantial lessening of competition. I do this by demonstrating the benefits of vertical integration, which can be reasonably expected to apply to the CN-IANR Transaction, and by discussing CN’s economically appropriate gateway commitment and commitment to maintain existing reciprocal switching arrangements. Because of the lack of a substantial lessening of competition from the CN-IANR Transaction—particularly after considering the volunteered commitments—I conclude that Dr. Majure’s recommended haulage remedy is unsupported and unnecessary.

II. DR. MAJURE RELIED ON AN INCOMPLETE AND FLAWED ANALYSIS ALLEGING 2-TO-1 ROUTE OPTIONS, BUT NO SUCH ROUTES EXIST.

A. Dr. Majure failed to properly evaluate the competitive circumstances surrounding the routes he claims are 2-to-1 route options.

Dr. Majure did not conduct an independent quantitative horizontal competition analysis in order to reach his conclusions that additional remedies are warranted. Instead, he depended on an unreliable and deeply flawed analysis performed by Mr. Zebrowski. Specifically, in Dr. Majure’s Verified Statement (“Majure V.S.”), Dr. Majure claims to present a horizontal competition analysis that “reveals two-to-one and other horizontal effects of the proposed acquisition,” but this analysis is built on Mr. Zebrowski’s deeply flawed route options calculations.¹ Stripped of Mr. Zebrowski’s calculations, Dr. Majure’s Verified Statement only consists of a theoretical discussion of hypothetical routes and claims of insufficient competition on those routes, without an examination of the facts before the STB in this specific Transaction.

¹ Majure V.S. at Section 5.4. In addition to the route options calculations, Mr. Zebrowski presents certain other tables and charts that are uninformative or misleading. For example, Charts 1 and 2 (showing driving distance between CN and IANR) and Tables 1 and 2 (traffic summaries of carloads by 2-digit STCC) do not present a product and geographic market competition analysis and ignore many economic factors, including railroad competitors. And Figure 1 presents an incomplete depiction of competitive alternatives, disregarding the competitive alternatives that UP, CPKC, and others provide. Dr. Majure references the Zebrowski V.S. at Chart 3 and pp. 3-4, which reports Charts 1 and 2.

In the Verified Statement of Mr. Zebrowski (“Zebrowski V.S.”), Mr. Zebrowski’s route options analysis improperly concludes that {{{ [REDACTED] }}} regions and {{{ [REDACTED] }}} cars (2021-2023) traveled on routes where CN and IANR are the only independent route options.² An examination of Mr. Zebrowski’s work reveals that it is deeply flawed, including because it (1) contains erroneous assumptions about the competitive circumstances of certain customers and (2) stops mid-analysis, leading to incorrect results. The Zebrowski summary is the only quantitative analysis that Dr. Majure references in his report.³

An investigation into route options that are actually available must be performed before any conclusions can be definitively drawn about customer impacts. Here, Mr. Zebrowski performed no such investigation,⁴ and as a result he identifies routes as “2-to-1s” where there are obvious existing alternative routes on other railroads.⁵ A slightly more in-depth look at the economically significant lanes identified by Mr. Zebrowski, and relied on by Dr. Majure, shows that there are no meaningful competitive concerns.

For example:

1. Even though certain issue routes identified involve IANR as a joint-line movement today, no potential joint-line move independent route alternatives (e.g., with UP) were evaluated to consider whether they are economically attractive substitute joint-line partners.
2. The route analysis erroneously assumes that certain customer locations are competitive today (i.e., open to other carriers), when in fact they are CN closed locations.⁶ This means that the customers do not have an IANR routing option today, and therefore the Transaction will have no competitive impact. The flawed economic conclusion arises from Mr. Zebrowski’s ill-advised assumption that all customers at the Waterloo, Cedar Rapids, and Cedar Falls stations currently have access to both CN and IANR, even though they do not.⁷
3. Mr. Zebrowski disregards independent railroad competitors’ direct access to customers through reciprocal switching tariffs, and thus wrongly concludes there is no independent

² Zebrowski V.S., Part III at pp. 14-16 and Chart 3 and Table 4.

³ Majure V.S. at Section 5.4. Dr. Majure submitted no electronic workpapers with his V.S. *See also* footnote 1.

⁴ At no point do Dr. Majure and Mr. Zebrowski present the full array of independent routing alternatives to the {{{ [REDACTED] }}} regions. Nor do they evaluate whether and to what extent those routing alternatives are reasonably able to provide a sufficient competitive constraint post-Transaction to the specific route. Dr. Majure fails to evaluate the competitive circumstances of any of these moves and arrives at sweeping and unsupported conclusions.

⁵ In previous work, Dr. Majure has considered routing options that were not present in the Waybill data because they were unused but that were “feasible based on the railroads’ networks” in his competition analysis. Verified Statement of W. Robert Majure, Ph.D., Finance Docket No. 36500, October 29, 2021, at para 69, and exhibits 4, 5, 6, 8, 9, and 10. Deposition of Dr. Robert Majure, February 7, 2022, at pp. 236-238 (redacted public version).

⁶ As I discuss in Section IV, the claimed 2-to-1 route options calculated by Mr. Zebrowski include closed locations with product types that are not likely to be constrained by a theoretical truck-rail combination option.

⁷ *See* Zebrowski workpaper “Traffic Data Analysis Workpaper”, {{{ [REDACTED] }}}.

railroad at certain customer stations, when in fact there is. Specifically, certain claimed 2-to-1 routes reflect CN customers in the Waterloo area that will continue to have UP as a competitive option going forward.

While it is acceptable to use Waybill Sample data to identify potentially affected route options as a preliminary step for identifying potential impacts on customers, it is just the first step. Taking the next step of evaluating real-world routing options reveals that there are no actual 2-to-1 routes. That alone is sufficient to disprove Mr. Zebrowski's claims and Dr. Majure's reliance on them. But a properly constructed analysis would not stop its analysis of competitive options by looking at direct rail routing alternatives. It should also analyze whether other competitive constraints exist *among* routes. This is critical when analyzing rail competition because a route analysis that does not consider product and geographic competition between different locations (extending beyond the narrow, analyzed corridor route) is likely to overstate potential competitive concerns.⁸ For many products, shippers can source the products from alternative locations, and shippers can use different railroad routes to transport those products (such as refinery products or farm products). This means that shippers do not need to rely on the exact origin-destination railroad route to achieve a lower price (in general), and shippers can turn to alternatives outside a specific origin-destination railroad route in response to any hypothetical increase in route price post-Transaction. Market share analyses like a 50/10 market share screen attempt to account for such source competition. I present such a 50/10 market share screen in Section III.B below, and it shows that there should be no meaningful competitive concerns in this Transaction.

Lastly, Dr. Majure does not consider how the Applicants' proposed remedies would address competition going forward. If Applicants' commitments were included in the analysis, Dr. Majure and Mr. Zebrowski would find that these remedies will enable and reliably preserve competitive options, as they did in prior transactions before the STB, including CP/KCS.

In summary, the flawed route analysis presented is incomplete and insufficient to support the claim of competitive harm by Dr. Majure. Based on the foregoing analysis, the Transaction is unlikely to diminish competition.

⁸ In addition, the analysis is conducted for the collection of counties in the area, which is narrower geographic area than assumed in past mergers and transactions before the STB and lacks economic analyses to support it.

B. Dr. Majure’s finding of competitive harm relies on alleged 2-to-1 routes that were improperly ascertained, and which in fact do not exist.

Dr. Majure bases his claims of horizontal effects⁹ on a collection of 2-to-1 route options identified by Mr. Zebrowski’s route options calculations. This set of options includes traffic movements involving the IANR area (1) to/from Western Canada, (2) through Chicago to/from locations in the Eastern U.S., and Canada (3) to/from Upper Midwest and Other Locations. Specifically, Mr. Zebrowski claims that there will only be CN and IANR route options for {{{ [REDACTED] }}} regions and {{{ [REDACTED] }}} carloads (2021-2023) post-Transaction.¹⁰ These traffic movements are made by shippers who fall into three categories:

- Shippers who will not observe a change in their competitive options as a result of the Transaction. This includes shippers who only have access to CN pre-Transaction, without access to any other railroad. IANR is not a competitive option pre-Transaction, so the Transaction will not result in competitive harm.
- Shippers in the Cedar Rapids area who will continue to have at least one economically attractive independent route alternative, and are therefore not properly categorized as using 2-to-1 routes.
- Shippers in Waterloo/Cedar Falls who will continue to have UP as a competitive option via reciprocal switch access and haulage, and therefore are not properly categorized as using 2-to-1 routes.

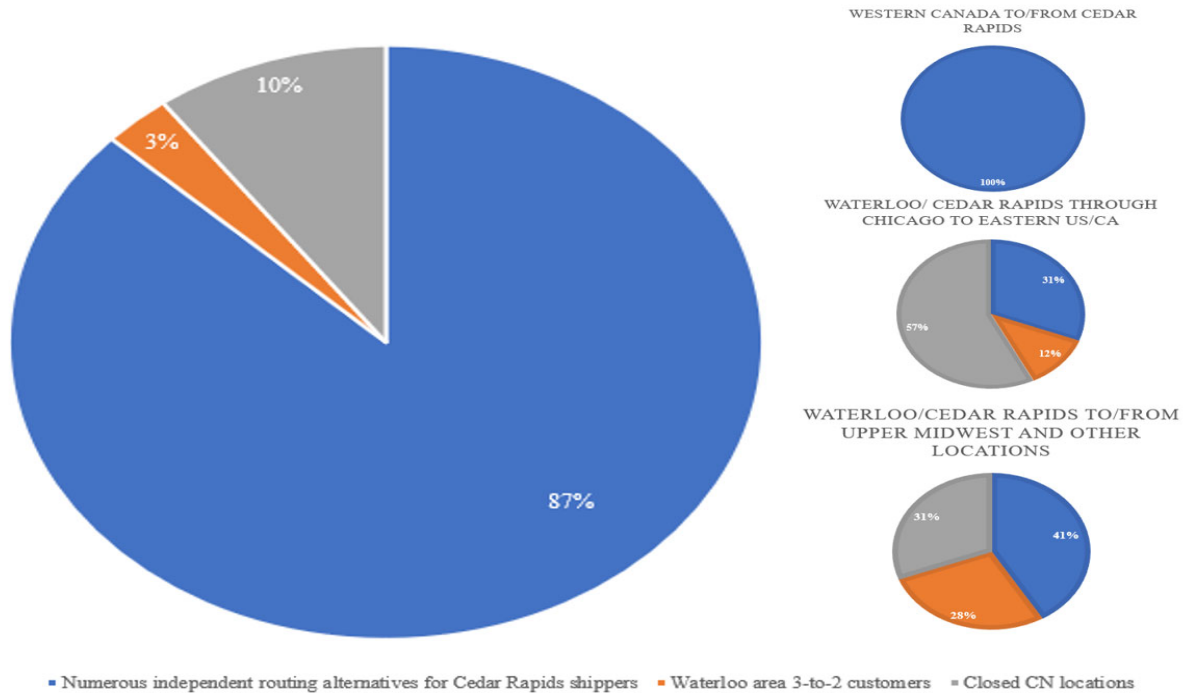
As I explain below, these routes are not 2-to-1 reductions in route options, as claimed by Dr. Majure based on Mr. Zebrowski’s calculations. **Figure 1** below summarizes the competitive circumstances for the {{{ [REDACTED] }}} carloads (2021-2023) as well as for each of the geographic traffic lanes summarized.¹¹

⁹ Majure V.S. at Section 5.4.

¹⁰ Zebrowski V.S., Part III at pp. 9-16 and Chart 3 and Table 4.

¹¹ There are {{{ [REDACTED] }}} carloads in the Western Canada to/from Cedar Rapids route for a CN served customer that does not have a reciprocal switching rate for IANR but has two other railroad alternatives.

Figure 1: Summary of Competitive Circumstances for Claimed to be 2-to-1 Route Options Post-Transaction by Dr. Majure, Based on Mr. Zebrowski's Calculations for (2021-2023) ¹²



As discussed further below, I examine actual traffic movements on relevant route segments to show that UP and CPKC move traffic today on the segments that could be used for a joint-line movement as alternatives. The fact that this traffic exists today provides strong evidence that these independent routing alternatives are attractive and economically viable.

In addition, Applicants' voluntary commitments to preserve commercially reasonable access to IANR gateways and to preserve reciprocal switching access will ensure the continued vitality of rail competitive options.

Taken together, the CN-IANR Transaction is unlikely to diminish competition.

1. Traffic movements between Western Canada and Cedar Rapids, IA have at least one economically attractive independent routing alternative.

The {{{ [REDACTED] }}} of the carloads on the claimed 2-to-1 route options that underpin Dr. Majure's horizontal effects conclusions travel on routes moving traffic between Western Canada and Cedar Rapids, IA. The traffic currently uses either a CN single-line move or a CPKC-IANR joint line

¹² See Carey HC-WP_Traffic Data Analysis.xlsx.

move. These route options comprise {{{ [REDACTED] }}} of the claimed 2-to-1 traffic, {{{ [REDACTED] }}} carloads during the 2021-2023 period, or approximately {{{ [REDACTED] }}}.¹³ But these are plainly not 2-to-1 routes.

As **Figure 2** below shows, the {{{ [REDACTED] }}} of this traffic ({{{ [REDACTED] }}} carloads) is with {{{ [REDACTED] }}}}, which is directly served by UP, and to which CN, IANR, and CIC have reciprocal switching access. The {{{ [REDACTED] }}}}, is a CN-served station where UP and CIC both have reciprocal switching access in place today. However, since IANR does not have reciprocal switching access to {{{ [REDACTED] }}} today,¹⁴ the Transaction has no effect on the competitive landscape.¹⁵ For the rest of the {{{ [REDACTED] }}}}, all customers except one are CIC-served stations, which have reciprocal switch access and can be immediately served by at least UP and CIC today.

¹³ See Carey HC-WP_Customers.xlsx. {{{ [REDACTED] }}}.

¹⁴ See CN, Optional Services CN 9001-US Reciprocal Switching U.S.A., effective March 12, 2024, at p. 9, available at <https://www.cn.ca/en/customer-centre/prices-tariffs-transit-times/optional-services-tariffs/>.

¹⁵ However, UP and CIC will continue to have competitive access post-Transaction.

Figure 2: Cedar Rapids shippers improperly identified by Mr. Zebrowski as facing a 2-to-1 change in route options for traffic movements between Western Canada and Cedar Rapids, IA, and their reciprocal switch access to Railroads¹⁶ {{{

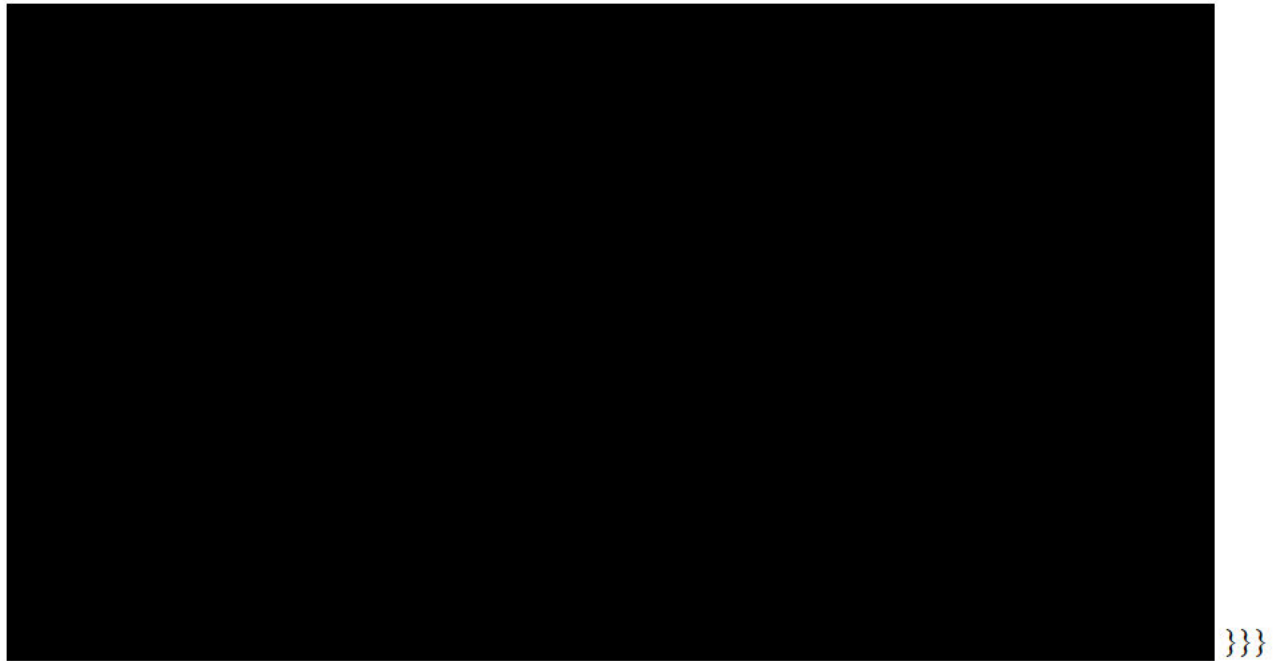
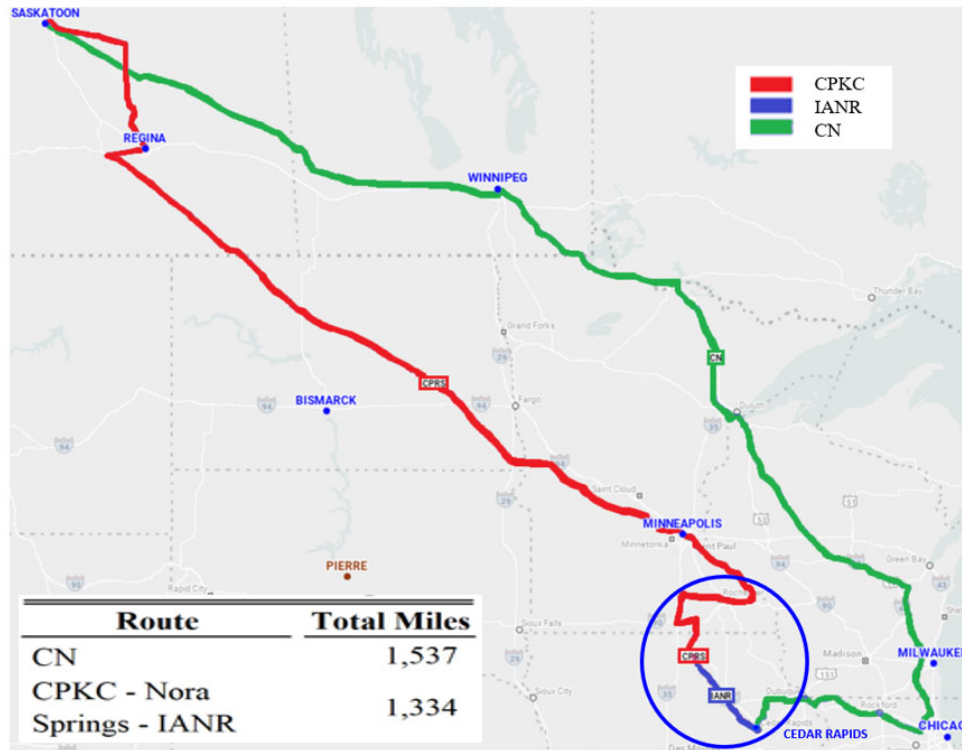


Figure 3 below depicts the two most actively used routes today for Western Canada and Cedar Rapids, IA traffic movements, including a CN single-line movement and a CP-IANR joint-line movement.¹⁷ For the CPKC-IANR option, CPKC carries the traffic for the vast majority of the distance, approximately 1,300 miles (92% of the route miles). IANR's portion is approximately 100 miles from Nora Springs to Cedar Rapids, IA. Therefore, the route economics are most substantially influenced by CPKC's longer leg of the route, and it is more difficult for IANR to economically influence the rate for the entire route.

¹⁶ See Carey HC-WP Customers.xlsx. Other shippers with CP-IANR carloads include {{{ [REDACTED] }}}

}}} See Union Pacific Amended Contract Summary UP STB-UPUPCQ 102997-A, available at https://www.stb.gov/wp-content/uploads/ACS-UP-2021-Q2_05-17-2021.pdf.

¹⁷ See Carey HC-WP Traffic Data Analysis.xlsx. {{{ [REDACTED] }}}

Figure 3: Most Frequently Used Routes from Western Canada to Cedar Rapids, IA Today¹⁸

Cedar Rapids shippers using the Western Canada and Cedar Rapids, IA traffic movements have another economically attractive independent routing alternatives post-Transaction that does not include IANR or CN. Specifically, CPKC-UP is a viable route option that is shorter than the CN option. This route option is readily available today with reciprocal access arrangements already in place:

- CPKC-UP joint line move with advantages of (1) a much shorter route than the CN single line route (1,264 versus 1,537 miles) and (2) avoiding reciprocal switching charges for UP served station.¹⁹

Note that the Waybill data file used by Mr. Zebrowski includes UP movements from Minneapolis to Cedar Rapids, which shows that this is a realistic routing option. This data also includes BNSF-CIC routing for {{{ [REDACTED] }}} between Minneapolis and Cedar

¹⁸ NERA analysis of PC Miler Rail, v 27.

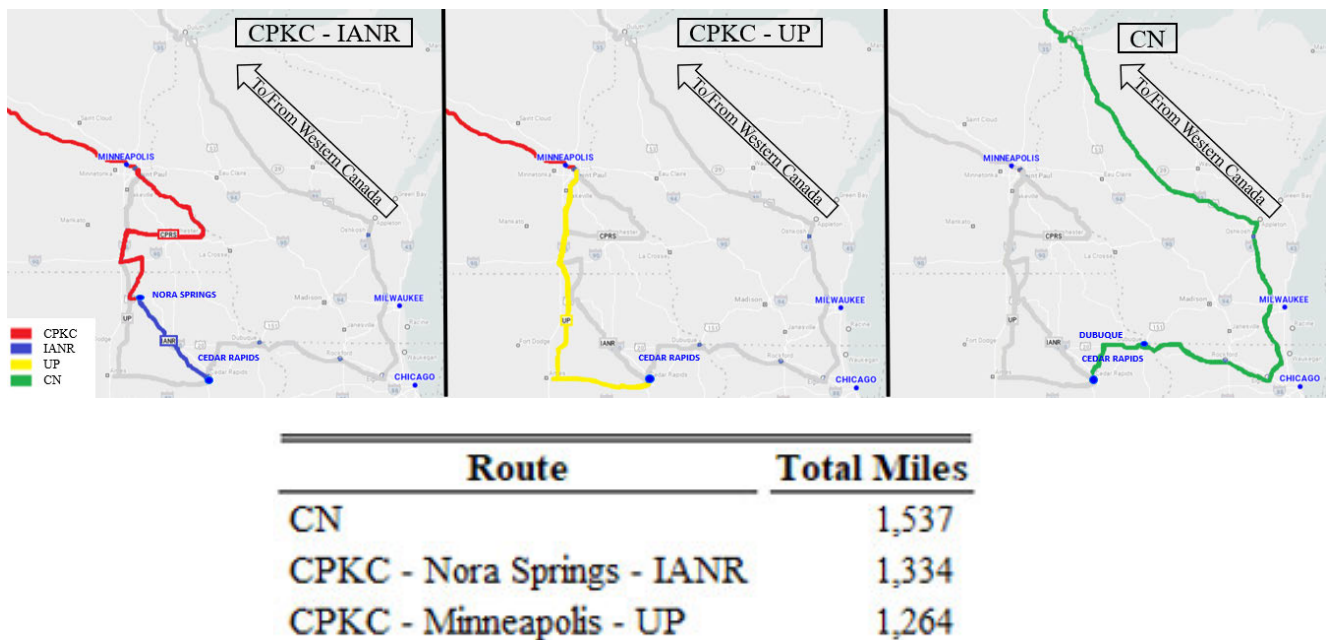
¹⁹ The UP route used to calculate the mileage relies entirely on the UP owned railroad lines. It is my understanding that UP has haulage rights over the IANR mainline. *See generally* Applicants' Supplement in Response to Decision No. 2, Docket No. FD 36744 (filed Apr. 12, 2024) ("Application Supplement"), at App'x A (describing the September 17, 1986 Agreement between CNW (now UP) and IANR, as amended by February 1, 1989 Supplement and February 1, 1994 Agreement, all of which were provided to the STB and CPKC).

Rapids. Because the independent UP option is such compelling evidence of a viable independent route, I have not included analysis on the BNSF-CIC routing.

This is not a true 2-to-1 situation. The Cedar Rapids shippers will not be sole-served post-Transaction; alternatives to IANR and CN will remain.

Figure 4 below compares the existing CPKC-IANR and CN traffic movements with the independent UP routing alternative on the Western Canada to Cedar Rapids, IA route that has the potential to replace IANR's role as the second railroad for the portion of the joint-line traffic movement with CPKC on the U.S. side of the border.

Figure 4: Independent Routing Alternative for a CPKC Joint-Line Movement from Western Canada to Cedar Rapids, IA²⁰



The CPKC-UP route covers distances between Western Canada and Cedar Rapids, IA that is competitive to the CPKC-IANR route (1,334 miles) used today with CPKC-UP (1,264 miles). Both routes are shorter hauls than the CN route used today, which is 1,537 miles long.

Today's use of a joint-line movement (CPKC-IANR), provides strong economic evidence that a substitute joint-line partner replacing IANR will also be competitive, with an additional benefit of a strong Class I railroad joint-line partner.

²⁰ NERA analysis of PC Miler Rail, v 27.

Further, UP currently uses the exact railroad route that can serve the Western Canada – Cedar Rapids traffic when combined with CPKC for a joint-line move, further supporting the ability to provide a competitive constraint to CN post-Transaction. These are not hypothetical movements. The UP routings from Minneapolis to Cedar Rapids are observable movements in the data relied on by Mr. Zebrowski.²¹ As discussed below, this is an active route used by UP today. Post-transaction, the strong economic benefits for CPKC associated with partnering with UP to continue to serve the corridor are such that it would not make economic sense for CPKC to forgo the opportunity (*i.e.*, it would not be a profit-maximizing decision). This partnership will result in vigorous competition with CN post-Transaction. In a similar context, Dr. Majure has recognized this point.²²

As shown in **Figure 5** below, UP has actual traffic movements between Cedar Rapids, IA and Minneapolis, MN which in total approximate {{{ [REDACTED] }}}.^{23, 24} The actual use of this routing is further support for the economic viability of the CPKC-UP independent route alternative. The UP-traffic movements include {{{ [REDACTED] [REDACTED] }}}. In addition, on numerous occasions in the past, UP has participated in joint-line moves with CN for traffic movements from Western Canada into Cedar Rapids IA area for {{{ [REDACTED] }}}.²⁵

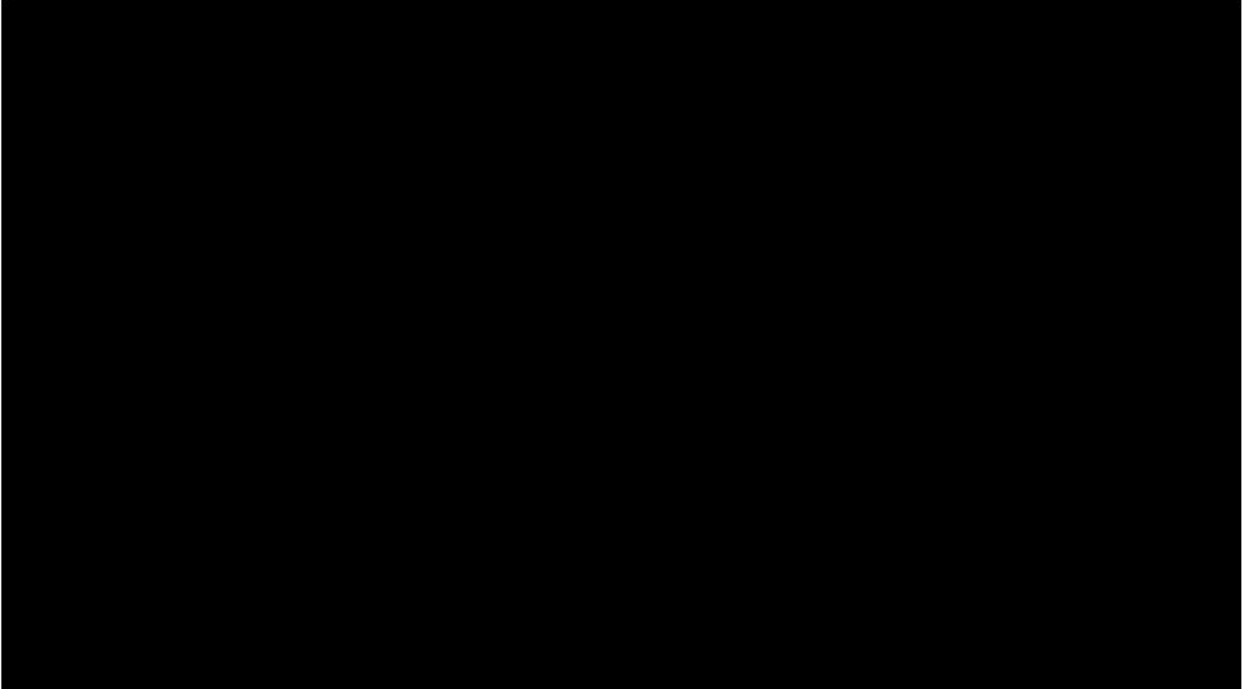
²¹ The data also displays UP routings from Cedar Rapids to Minneapolis.

²² See Expert Reply Statement of W. Robert Majure, Ph.D., Finance Docket No. 36500, July 12, 2022, at para 174.

²³ The traffic data relies on Mr. Zebrowski's collection of traffic movements for 2021-2023. The UP route segment is observable on its system route map. See UP, System Map, available at https://www.up.com/aboutup/reference/maps/system_map/index.htm.

²⁴ UP also had traffic movements on this route prior to 2021. See Carey HC-WP_Alternative Routes.xlsx.

²⁵ See Carey HC-WP_Alternative Routes.xlsx. There are multiple additional interchange locations in the Minneapolis area that could also be used as interchange alternatives.

Figure 5: UP Traffic Movements on the Minneapolis to Cedar Rapids Routes (2021-2023)²⁶ {{{

}}}

An additional economic advantage of the CPKC-UP route option is immediately achievable. A \$300/car reciprocal switching fee²⁷ is paid to UP when other railroads, including CPKC-IANR, deliver product to the UP-served {{{ [REDACTED] }}} customer on its railroad. This fee will be avoided if UP delivers the traffic. {{{ [REDACTED]

[[[[REDACTED]]}}].²⁸ The reduced cost enhances the competitiveness of CPKC-UP as compared to CPKC-IANR and CN single-line, and leads to a strong competitive constraint post-Transaction.

A comparison of the average actual CPKC-IANR railroad rate to an estimated CPKC-UP rate demonstrates the economic viability of the independent routing alternative for traffic movements for

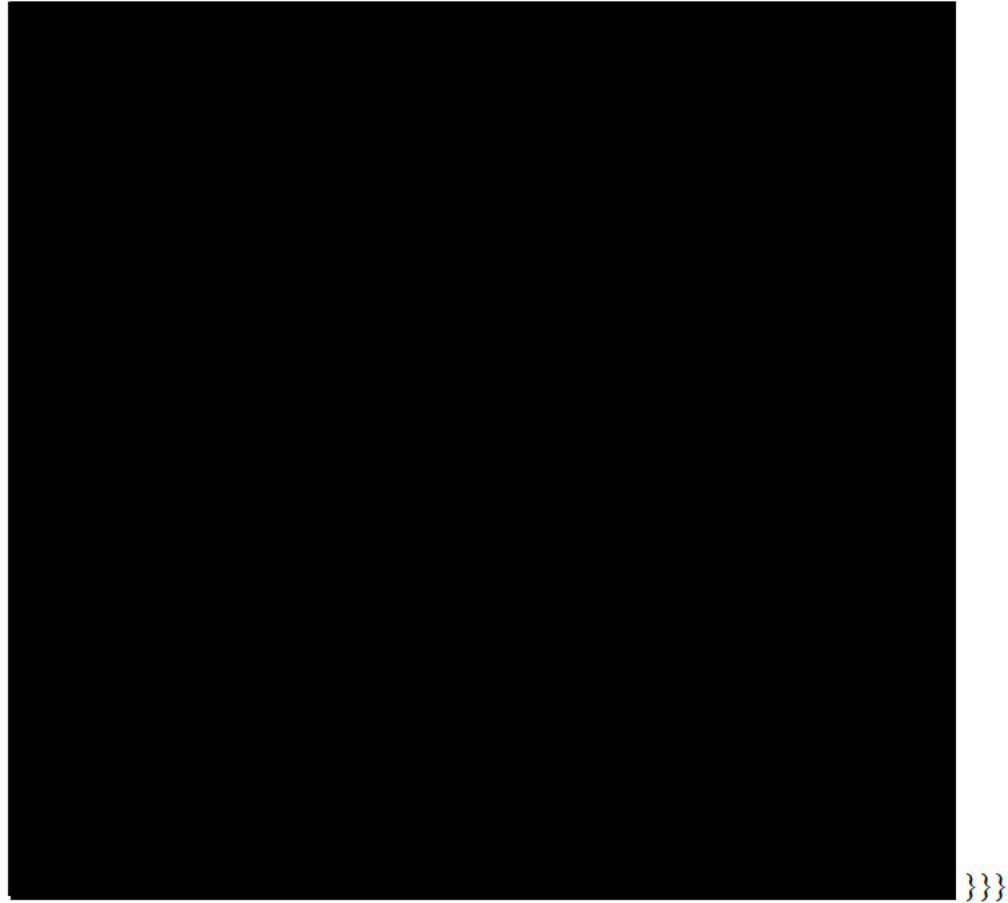
²⁶ See Carey HC-WP_Alternative Routes.xlsx.

²⁷ See UP Reciprocal Switching Circular UP 8005 F, effective January 1, 2024, available at <https://www.up.com/customers/shortline/recipswitch/index.htm>, CN, Optional Services CN 9001-US Reciprocal Switching U.S.A., effective March 12, 2024, available at <https://www.cn.ca/en/customer-centre/prices-tariffs-transit-times/optional-services-tariffs/>, and CIC Rules Book CIC 6100-H, effective September 15, 2021, available at <https://www.travero.com/ourservices/railfreightservices>.

²⁸ CN handled {{{ [REDACTED] }}} carloads and CPKC-IANR handled {{{ [REDACTED] }}} carloads to {{{ [REDACTED] }}} in the 2021-2023 period. See Carey HC-WP_Customers.xlsx.

Western Canadian to/from Cedar Rapids ({{{ [REDACTED] }}} and other customers),²⁹ as shown in **Figure 6** below.³⁰ The analysis shows that the CPKC-UP independent routing alternative is economically attractive with a {{{ [REDACTED] }}}.

Figure 6: Comparison of CPKC-IANR and CPKC-UP Linehaul Rate and Reciprocal Switch Costs for Traffic Movements from Western Canada to Cedar Rapids to UP Served Customer Location³¹ {{{



²⁹ The average actual CPKC-IANR rate for {{{ [REDACTED] }}}. However, including the other moves results in approximately the same rate. This rate analysis for the independent routing alternative is conducted for Western Canada and Cedar Rapids traffic movements because it is {{{ [REDACTED] }}}. See CPKC's Comments on Proposed Transaction, Finance Docket No. 36744, at pp. 18 and 21. See also Second Verified Statement of Jon Harman, at p. 14.

³⁰ To estimate the CPKC-UP rate, I used CPKC's rate per mile for the actual traffic moves (and apply it to the shorter route segment ending in Minneapolis instead of Nora Springs), along with a calculated-UP rate for {{{ [REDACTED] }}} traffic movements on the (Minneapolis-Cedar Rapids segment). Since actual traffic is moving on UP's rail segment today at the existing rate, it is reasonable to assume it is profitable. I also include the additional reciprocal switch charge that CPKC-IANR absorbs to access the UP-served station today (avoided by CPKC-UP).

³¹ See Carey HC-WP_Price Per Mile.xlsx.

The CPKC-UP route option has additional benefits from involving UP—a strong Class I railroad that serves many customers in the region. {{{ [REDACTED] [REDACTED] }}} Specifically, UP was involved in {{{ [REDACTED] }}} of the IANR interchanges during 2022–2023, as the joint line railroad partner for {{{ [REDACTED] }}} out of the {{{ [REDACTED] }}} carloads that IANR interchanged.³² Further, UP is one of the largest U.S. Class I railroads, and it has 1,512 route miles in Iowa.³³

Dr. Majure’s assertion that a currently unused independent route alternative—like CPKC-UP—is somehow irrelevant because it is not being used³⁴ ignores the nature of railroad competition.³⁵ Rail customers frequently turn to available alternatives for bargaining leverage, even if those alternatives do not win business.³⁶ Dr. Majure does not consider the economic value of a readily available route option for negotiations in general.

The immediate availability of an independent routing alternative that does not involve the Applicants will continue to provide a competitive constraint, restraining CN from seeking to raise prices post-Transaction.³⁷ Moreover, Dr. Majure disregards the economic advantages presented above regarding these specific independent routing alternatives for the Western Canada to/from Cedar Rapids route and the anticipated potential competitive response to CN post-Transaction. Shippers are sophisticated market participants and can be expected to understand the economic alternatives and negotiate among all available railroad route options, even if they did not do so in the past. I discuss this further in Section II.B.4.

³² See Carey HC-WP_Interchanges.xlsx. {{{ [REDACTED] [REDACTED] }}}

³³ UP owns 1,291 route miles and has 221 route miles of trackage and haulage rights for a total of 1,512 route miles operated. Iowa Department of Transportation, “Iowa State Rail Plan,” November 2021, Table 2.1: Iowa Route Mileage by Railroad and Non-Operating Railroad Owner, at p. 2-3, available at <https://iowadot.gov/iowainmotion/railplan/2017/IowaSRP2022.pdf>.

³⁴ Majure V.S. at para 49 discusses revealed preferences. See also Majure V.S. at para 52 for discussion of “independent routes that have actually been used.”

³⁵ In previous work, Dr. Majure has considered on routing options that were not present in the Waybill data (unused today) that were “feasible based on the railroads’ networks” in his competition analysis. Verified Statement of W. Robert Majure, Ph.D., Finance Docket No. 36500, October 29, 2021, at para 69, and exhibits 4, 5, 6, 8, 9, and 10. Deposition of Dr. Robert Majure, February 7, 2022, at pp. 236-238.

³⁶ Cedar Rapids shippers could be using the other routes in the competitive negotiations but lost the bidding solicitation. Also, shipper agreements could have a lengthy contract term and may not negotiate except every 5 or 10 years.

³⁷ Since the Canada portion of this route has only CN and CPKC as options, a third independent route without CPKC is not feasible.

As discussed above, CPKC has strong economic incentives to partner with UP.³⁸ While CPKC might desire a longer length of haul and larger revenues division today, post-Transaction competitive dynamics provide a strong economic incentive for a UP partner. Furthermore, {{

██████████ } }³⁹ In addition, IANR has expressed concern that CPKC has not sought to effectively work together in the past.⁴⁰

Lastly, in addition to the economically attractive independent routing alternative, in post-Transaction Cedar Rapids, shippers can continue to use the CP-IANR route with Applicants' gateway commitment, which includes the Nora Springs interchange.⁴¹ Specifically, the gateway commitment ensures that, in the future, Cedar Rapids customers will receive a competitive revenue factor for the IANR portion of these traffic movements post-Transaction. As a result, there is not likely to be a lessening of competition post-Transaction.

2. Route options through Chicago to/from locations in the Eastern U.S. and Canada are either CN closed stations (so the Transaction will have no effect) or have an economically attractive routing alternative (i.e., at least two alternatives will remain)

The {{{[REDACTED]}}} of the claimed 2-to-1 route options underpinning Dr. Majure's horizontal effects conclusions are routes for the IANR area through Chicago to/from Eastern U.S. and Canada for traffic using CN single-line or joint-line moves. These route options cover approximately {{{[REDACTED]}}} carloads of alleged 2-to-1 traffic during the 2021-2023 period, or approximately {{{[REDACTED]}}}.⁴² As discussed below, either the Transaction will not affect the competitive landscape, or there are strong actual alternatives based on (1) current access by a third or fourth railroad and (2) existing traffic on the western leg of the alternative route, showing it is an economically viable option.

Figure 7 below shows CN traffic movements involving 10 carloads or more for individual routes to or from the Waterloo and Cedar Rapids areas through the Chicago area and Eastern U.S. and Canada in 2021-2023. {{{ [REDACTED]

³⁸ See Expert Reply Statement of W. Robert Majure, Ph.D., Finance Docket No. 36500, July 12, 2022, at para 174.

³⁹ See Applicants' Rebuttal, Appendix B, Exhibit 8 (CPKC 00063 and CPKC 00064).

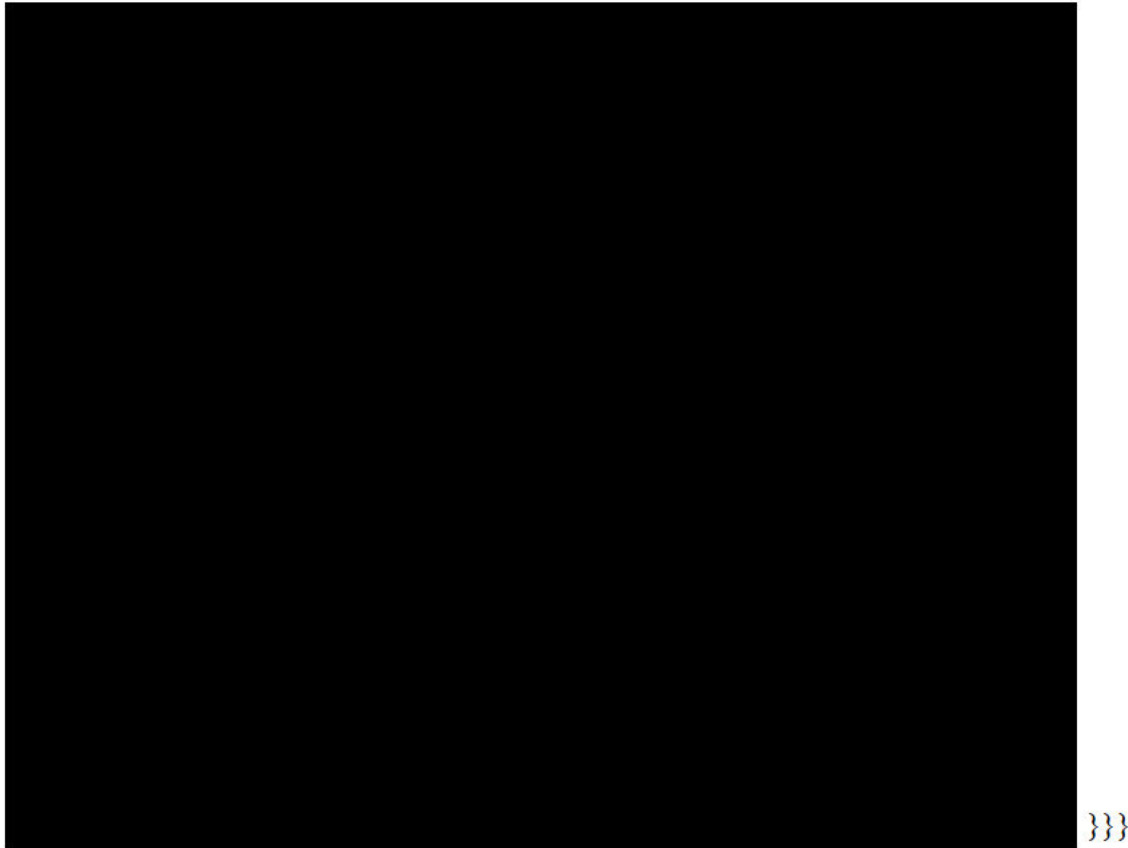
⁴⁰ Applicants' Rebuttal, Appendix A, Verified Statement of Daniel R. Sabin (May 29, 2024).

⁴¹ I further discuss the appropriateness of the gateway commitment in Section V.

⁴² See Carey HC-WP Traffic Data Analysis.xlsx. {{{ [REDACTED] }}}.

{} The next two largest routes involve {} and have approximately {} carloads per year, respectively. The remaining route options only have {} carloads per year or less.

Figure 7: CPKC's Assumed 2-to-1 Route Options Post-Transaction for Waterloo and Cedar Rapids Traffic Movements through Chicago to/from Eastern U.S. and Canada for 2021-2023⁴³ {}



For the first traffic group, Waterloo and Cedar Falls customers, {}, are at closed locations (i.e., not open to IANR or another railroad) and only have access to CN pre-Transaction.⁴⁴ These customers receive traffic movements {}, with approximately {} carloads for the 2021-2023 period.⁴⁵ Since IANR did not

⁴³ See Carey HC-WP_Traffic Data Analysis.xlsx.

⁴⁴ See Carey HC-WP_Traffic Data Analysis.xlsx.

⁴⁵ Ibid.

have access to these CN customers pre-Transaction the Transaction does not change any competitive options, and the Majure and Zebrowski claims that it is a 2-to-1 route are erroneous.

For the second traffic group, there are {{{ [REDACTED] }}} carloads involving Cedar Rapids area customers for the 2021-2023 period. This includes {{{ [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] }}}

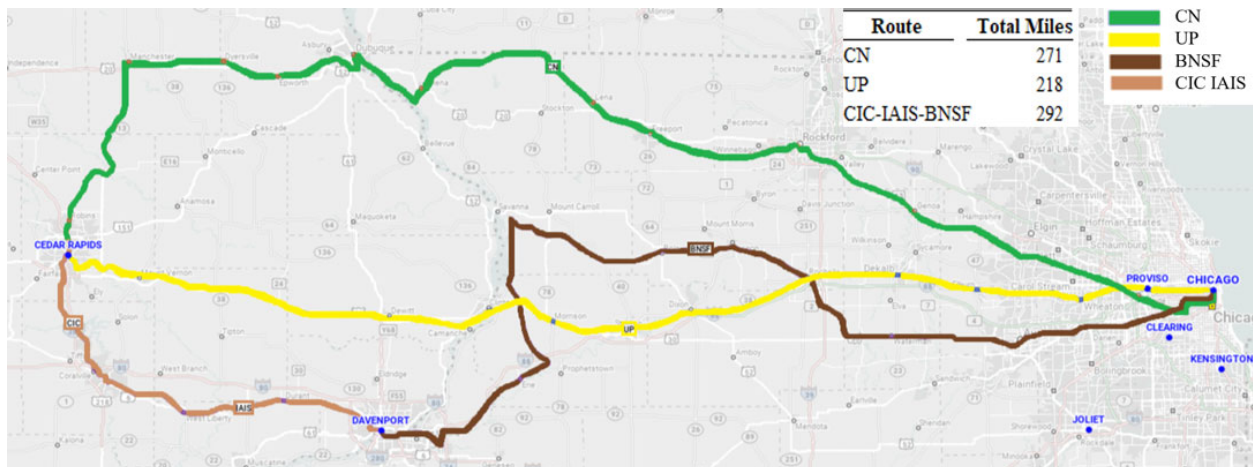
The remainder consists of {{{ [REDACTED]
[REDACTED] }}}}.

[REDACTED] }}}}.⁴⁶ These are CN served customers that are open locations that can be served by UP and CIC through reciprocal switching arrangements.⁴⁷

{{{ [REDACTED]
[REDACTED] }}}} ⁴⁸

Figure 8 below shows the economically attractive independent route alternatives to/from Chicago with Cedar Rapids, IA.

Figure 8: Routes to/from Cedar Rapids, IA and Chicago, IL⁴⁹



In fact, both UP and BNSF-CIC have used this exact route for other traffic movements between Chicago and Cedar Rapids.⁵⁰ Specifically, there are approximately {{{ [REDACTED] }}} for actual traffic movements to, from, or through Chicago and Cedar Rapids during the 2021-2023

⁴⁶ See Carey HC-WP Traffic Data Analysis.xlsx.

⁴⁷ See Carey HC-WP Traffic Data Analysis.xlsx.

⁴⁸ See Carey HC-WP Traffic Data Analysis.xlsx. See also Carey HC-WP Customers.xlsx.

⁴⁹ NERA analysis of PC Miler Rail, v 27.

⁵⁰ See Carey HC-WP_Alternative Routes.xlsx. As discussed in the prior section, CIC relies on haulage over IAIS to complete joint-line movements with BNSF. The CWS references the movements as BNSF-CIC.

period.⁵¹ In addition, UP has {{{ [REDACTED] [REDACTED] }}}.⁵² These alternative routes can readily serve Eastern U.S. and Canada locations, interconnecting with many railroads in Chicago.⁵³ This provides strong evidence of the economic viability of alternative routes and ability to act as a competitive constraint to CN post-Transaction.

An example of the erroneous assumptions in Mr. Zebrowski's 2-to-1 route option calculations, on which Dr. Majure relies, involves many Cedar Rapids area customer locations that IANR is able to access but {{{ [REDACTED] }}}. Mr. Zebrowski assumes, without checking, that IANR has a competitive route. However, upon review these routes are typically not economically plausible. Specifically, there is no economic reason for Cedar Rapids area customers to travel in the opposite direction from the destination to traverse the IANR railroad (i.e. north/west direction) and require an unnecessary interchange for traffic moves to/from the Eastern U.S., particularly with numerous competitive alternatives at their doorstep. In the claimed 2-to-1 route options, {{{ [REDACTED] }}}.⁵⁴

Further, the Application includes a commitment to maintaining reciprocal switching access to locations in both CN and IANR's voluntary reciprocal switch tariffs, which also ensures that Cedar Rapids area customers continue to access both UP and BNSF-CIC alternative routes in the future.⁵⁵

Third, approximately {{{ [REDACTED] }}} carloads involve traffic movements during the 2021-2023 period for Waterloo, IA area customers that CN has identified as 3-to-2 customer locations.⁵⁶ The CN customer locations in the Waterloo, IA area have reciprocal switch access to UP which is used along with its haulage agreement as an economically attractive independent route alternative (i.e., not true 2-to-1 circumstances).

⁵¹ See Carey HC-WP_Alternative Routes.xlsx.

⁵² UP's line between Clinton and Boone passing through Cedar Rapids and connecting to Chicago averages 65-75 trains per day. Iowa Department of Transportation, "Iowa State Rail Plan," November 2021, Table A.10: Descriptions of UP Subdivisions in Iowa – Iowa Area, at pp. A-33 – A-34, available at <https://iowadot.gov/iowainmotion/railplan/2017/IowaSRP2022.pdf>.

⁵³ Chicago interchanges with CSXT or CPKC could be used for majority of the 2-to-1 traffic volumes involving Quebec that are in close proximity of rail facilities open to interswitching competition. See <https://otc-cta.gc.ca/eng/interswitching>. The BNSF may have advantages on other routes that it can serve into the southeast including to Birmingham, Alabama including potential interchanges with CSXT.

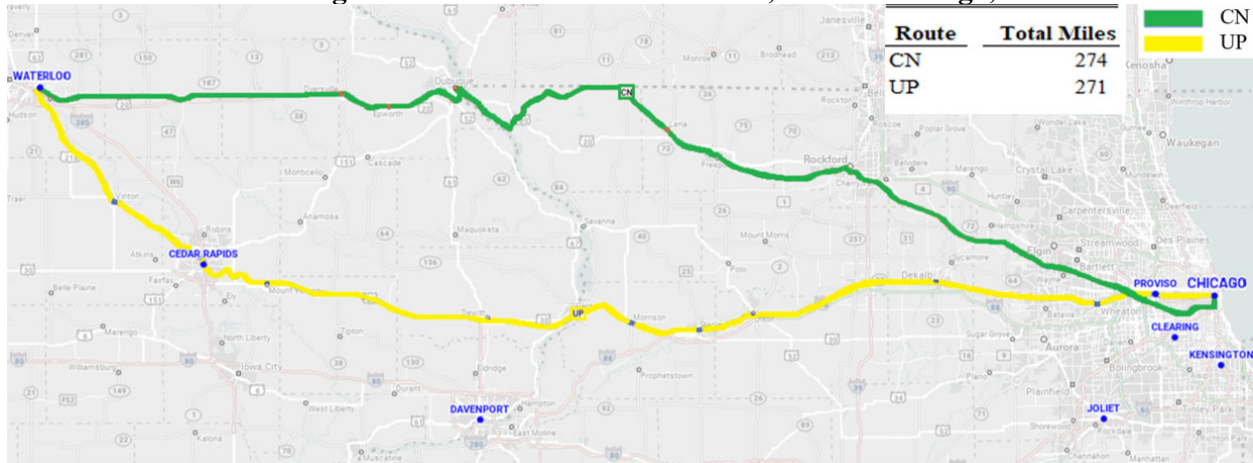
⁵⁴ See Carey HC-WP_Traffic Data Analysis.xlsx.

⁵⁵ Application, Finance Docket No. 36744, January 30, 2024 ("Application"), at p. 7.

⁵⁶ See Carey HC-WP_Traffic Data Analysis.xlsx.

Post-Transaction, UP will continue to have access to these CN customers in Waterloo, IA via reciprocal switching and use of its IANR haulage agreement.⁵⁷ Thus UP will continue as a haulage competitor on the north/south current IANR mainline from Manly to Cedar Rapids where it connects to its owned railroad facilities. UP is a strong competitive alternative route to Chicago to the CN- IANR post-Transaction, with nearly identical route miles as shown in **Figure 9** below. UP is serving these customers today for other traffic movements and is readily available post-Transaction to provide additional service on these routes immediately (as discussed in Section III below).

Figure 9: Routes to/from Waterloo, IA and Chicago, IL⁵⁸



I also note that {{{ [REDACTED] }}} unique route destinations involving movements through Chicago are {{{ [REDACTED] }}}. In the CP-KCS transaction, Dr. Majure viewed small volumes of less than 1 car per day as thin observations.⁵⁹

For all of the reasons discussed above, there is not likely to be a lessening of competition post-Transaction.

⁵⁷ See CN, Optional Services CN 9001-US Reciprocal Switching U.S.A., effective March 12, 2024, at p. 11. See also Application Supplement, App'x A at 3 (describing September 17, 1986 Agreement between CNW (now UP) and IANR, as amended by February 1, 1989 Supplement and February 1, 1994 Agreement and September 17, 1986 Trackage Rights Agreement Between CNW and IANR, as supplemented by August 17, 2011 Supplemental Agreement).

⁵⁸ NERA analysis of PC Miler Rail, v 27.

⁵⁹ Verified Statement of W. Robert Majure, Ph.D., Finance Docket No. 36500, October 29, 2021, at p. 56, App Vol. 2, Page 60, "...This issue was indirectly addressed in past implementations of this test by imposing a minimum of one carload per day on candidate BEA area-commodity pairs...I will use an equivalent threshold for reliability of the screen...."

3. Route options between the Waterloo area or Cedar Rapids and the Upper Midwest and other locations are either CN closed stations (so the Transaction will have no effect) or have an economically attractive UP Haulage routing alternative (i.e., at least one alternative will remain)

The remaining few claimed 2-to-1 route options underpinning Dr. Majure’s conclusions of horizontal effects are routes between Waterloo or Cedar Rapids areas and the Upper Midwest and other locations using either a CN single line or a IANR joint-line move. These route options comprise {{{ [REDACTED] }}} carloads of claimed 2-to-1 traffic during the 2021-2023 period, or approximately {{{ [REDACTED] }}}.⁶⁰ As discussed below, either the Transaction will not affect the competitive landscape, or there are strong actual alternatives based on (1) current access by a third or fourth railroad and (2) existing traffic on the western leg of the alternative route, showing it is an economically viable option.

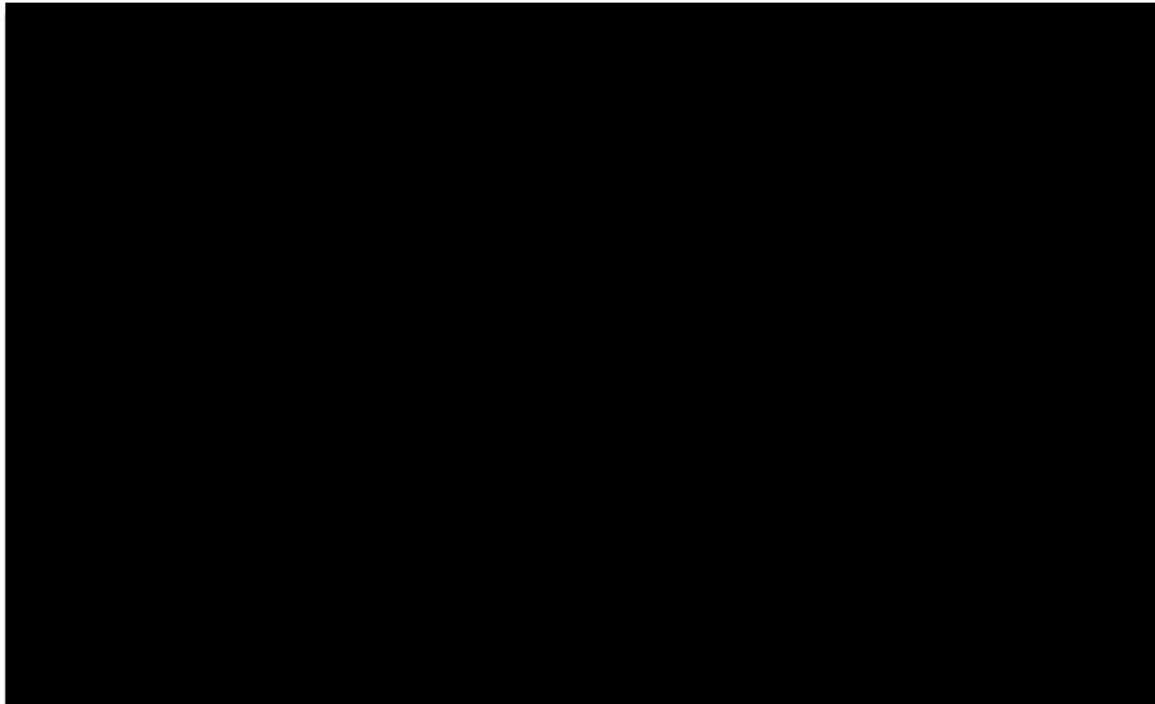
⁶⁰ Carey HC-WP_Traffic Data Analysis.xlsx. {{{ [REDACTED] }}}.

Figure 10 below shows all traffic movements where CN carried {{{█ }}} carloads or more during the 2021-2023 period for the Waterloo area traffic movements to and from the Upper Midwest and a few other locations.⁶¹ The {{{█ }}}
 {{{█ }}} The
 rest of the movements involved {{{█ }}} or less carloads per year.⁶²

⁶¹ {{{█ }}}

⁶² See Carey HC-WP_Traffic Data Analysis.xlsx.

Figure 10: Summary of Claimed 2-to-1 Route Options Post-Transaction Assumed by Dr. Majure from Mr. Zebrowski Calculations of CN and IANR Route Options for Waterloo and Cedar Rapids area traffic to/from Upper Midwest and Other Locations (2021-2023) ⁶³ (10 or more carloads) {{{



}}}

For the first traffic group,⁶⁴ there are {{{ [REDACTED] }}} from {{{ [REDACTED] [REDACTED] }}} customers in Waterloo, which are CN-closed stations (i.e., without access to any other railroad). These traffic moves {{{ [REDACTED] [REDACTED] }}}.⁶⁵ Since IANR does not have access to these CN customers pre-Transaction, the Transaction has no effect.

The second traffic group includes traffic movements for {{{ [REDACTED] }}} carloads involving Cedar Rapids customers. Specifically, there are {{{ [REDACTED] [REDACTED] }}}⁶⁶ {{{ [REDACTED] }}}.⁶⁷ There also are {{{ [REDACTED] }}} carloads involving La Crosse, WI-MN with IANR served location at Cedar Rapids, of

⁶³ See Carey HC-WP_Traffic Data Analysis.xlsx.

⁶⁴ Mr. Zebrowski also assumed that certain customers in Waterloo, Cedar Rapids and Cedar Falls have access to both CN and IANR pre-Transaction. See Zebrowski workpaper "Traffic Data Analysis Workpaper", {{{ [REDACTED] }}}.

⁶⁵ See Carey HC-WP_Traffic Data.xlsx.

⁶⁶ See Carey HC-WP_Traffic Data.xlsx.

⁶⁷ The 186 carloads with IANR for Cedar Rapids, IA and Fargo-Moorhead, ND-MN and Grand Forks ND-MN are interline moves with CP. See Carey HC-WP_Traffic Data.xlsx.

which there are {{{ [REDACTED]]}}}⁶⁸ and {{{ [REDACTED] [REDACTED]]}}.⁶⁹ Post-Transaction, these Cedar Rapids shippers will have independent route alternatives involving UP and BNSF-CIC.^{70, 71}

For the third traffic group, approximately {{{ [REDACTED] [REDACTED] [REDACTED] }}}} CN has identified this as a 3-to-2 customer location. Post-Transaction UP will continue to have access to current CN customers in Waterloo via reciprocal switching access and will continue as a haulage competitor⁷³ on the north/south current IANR mainline from Manly to Cedar Rapids where it connects at both ends to its network. UP can deliver traffic either as single-line or joint-line service (e.g., CPKC) as a competitive constraint post-Transaction.

To the extent that any {{{ [REDACTED] [REDACTED] }}, Applicants' gateway commitment will ensure that IANR customers enjoy continued access to interline options with carriers other than CN on commercially reasonable terms.⁷⁴

4. Economic competition from economically attractive independent route alternatives (even if unused today) can be expected to constrain CN post-Transaction.

Economically attractive independent route alternatives will keep prices competitive post-Transaction.

Economic literature on bargaining and negotiations reinforces that a fair market value competitive outcome can result from bilateral negotiations under certain conditions, including the

⁶⁸ This appears to be a reciprocal switch.

⁶⁹ See Carey HC-WP_Traffic Data Analysis.xlsx.

⁷⁰ These routes would include a portion of the CPKC joint-line movement discussed in Section II.B., including the Minneapolis to/from Cedar Rapids traffic movements reported in Figure 5 above. *See* Carey HC-WP Traffic Data Analysis.xlsx.

⁷¹ In addition, UP will continue as a haulage competitor on the north/south current IANR mainline from Manly to Cedar Rapids where it connects to its owned railroad facilities as an alternative route post-Transaction. *See* Application Supplement, App'x A at 3 (describing September 17, 1986 Agreement between CNW (now UP) and IANR, as amended by February 1, 1989 Supplement and February 1, 1994 Agreement).

72 { { {

}} See Carey HC-WP Traffic Data.xlsx.

⁷³ See Application Supplement, App'x A at 3 (describing September 17, 1986 Agreement between CNW (now UP) and IANR, as amended by February 1, 1989 Supplement and February 1, 1994 Agreement).

⁷⁴ Application, at pp. 4, 7.

ability to walk away from the negotiations (including for another alternative), comparable bargaining leverage, and negotiations not under circumstances of duress or coercion.⁷⁵

As discussed above, none of the traffic movements that Dr. Majure claims are 2-to-1 route options based on Mr. Zebrowski's calculations are true 2-to-1 circumstances. In fact, except for sole-served customers where the Transaction will not affect the competitive landscape, shippers have alternative routes to select from post-Transaction, typically two options in addition to the Applicants—including the economically attractive independent routing alternative for the Western Canada and Cedar Rapids traffic movements from CPKC-UP.⁷⁶

In the railroad industry, the existence of economically attractive independent routing alternative railroads (even if those alternatives are unused) often has direct, immediate, and substantial effect on competition. This happens for two reasons: (1) the customers can use the threat of switching to those alternatives explicitly in negotiations, and (2) the railroads are generally aware of such alternatives and know that if they increase prices unreasonably their customers may leave. Shippers can directly or indirectly use the existence of the competitive alternative as a constraint, even without giving any business to the alternative railroad. Consequently, viable competitive alternatives are able to provide a timely competitive constraint to any efforts by CN post-Transaction to increase prices above competitive levels. This competitive dynamic has been historically observed in the railroad industry and is recognized by the STB.⁷⁷

An example illustrating how a viable but unused competitive alternative can provide a competitive constraint is in the context of contract negotiations. Because traffic movements may reflect term agreements that extend over numerous years, a pre-existing unused but available independent railroad alternative may not be routinely used but nonetheless may be significant in

⁷⁵ See Avinash Dixit and Susan Skeath, *Games of Strategy*, 596-626 (W.W. Norton & Company, 2004), 2nd Edition; Robert Cooter and Thomas Ulen, *Law & Economics*, (Pearson Addison-Wesley, 2008), Fifth edition, at pp. 196-199; and Kenneth Binmore, Ariel Rubinstein & Asher Wolinsky, "The Nash Bargaining Solution in Economic Modeling," *Rand Journal of Economics*, Vol 17(2), at p. 176-188 (1986).

⁷⁶ One additional way to think about the economic benefits to shippers from the numerous readily available independent routing alternatives post-Transaction (as shown in the preceding sections) is to contrast the competitive circumstances to a railroad buildout opportunity. The agency has acknowledged the competitive constraint of a railroad build-out opportunity for a customer's competitive circumstances in the past. See, e.g., *Burlington N. Inc., et al.—Control & Merger—Santa Fe Pac. Corp., et al. ("BN/SF")*, 10 I.C.C.2d 661, 743-45, (1995). The competitive constraints available to shippers post-Transaction can be immediately used without delay or transactions costs. This is a superior economic constraint to the hypothetical new build competitive option which requires capital cost for the railroad link and causes a delay in initiating service. In the BN-SF transaction, the Board recognized the ability of a specific coal customer to build out as having an impact on competitive options and its ability to effectively constrain rates. *Id.*

⁷⁷ Decision No. 6, *Norfolk S. Ry.—Acquisition and Operation—Certain Rail Lines of the Del. & Hudson Ry. ("NS/D&H")*, Docket No. FD 35873 (STB served May 15, 2015), at p. 19.

negotiations upon expiration of the contract term. However, there is always a readily available competitor to turn to in case of a price increase by the railroad actively used.

In another context, the STB's approach to rate reasonableness disputes that explicitly recognizes that a single railroad provides a sufficient competitive constraint is consistent with the economic circumstances of this Transaction. Specifically, the STB does not allow a rate challenge if the shipper has the *ability* to use more than one railroad (i.e., even it is not actively using that alternative railroad). As an example, the STB requires the absence of intramodal competition for a finding of market dominance requirements to pursue a rate dispute.⁷⁸

The alternative routes that I discussed above are not purely hypothetical, even if some have not been used in the exactly the same manner. The rail segments are all in use today, just for slightly different traffic. As an example, {{{ [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED] }}} Therefore, these competitive alternatives are known to be viable and can be used for routes that go through Chicago to/from locations in the Eastern U.S. and Canada (with an interchange to/from an Eastern railroad). In both examples the competitive alternatives are actual competitors on the specific routes. The current traffic on these segments is evidence that the proposed competitive alternatives are likely to be economically attractive and viable in the future to serve Cedar Rapids customers as a joint-line partner for CPKC.⁷⁹

But even if there were no volumes on these routes today for other customers, there is ample economic support to consider these routes as providing a strong competitive constraint to CN post-Transaction. Indeed, even Dr. Majure has considered unused alternatives in this way in his prior work.⁸⁰ And the STB has previously used unused alternatives in its analysis.⁸¹

⁷⁸ See, e.g., *Market Dominance Streamlined Approach*, Docket No. EP 756 (STB served Aug. 3, 2020).

⁷⁹ Dr. Majure abstractly implies that these types of routes would not be competitive. This discussion lacks the specific competitive circumstances of the actual independent alternative routes identified. See *Majure V.S.*, Section 5.2 and 5.3. For such a discussion, see Verified Statement of W. Robert Majure, Ph.D., Finance Docket No. 36500, October 29, 2021, Section 4, beginning at p. 25.

⁸⁰ Verified Statement of W. Robert Majure, Ph.D., Finance Docket No. 36500, October 29, 2021, at para 69, and exhibits 4, 5, 6, 8, 9, and 10. Deposition of Dr. Robert Majure, February 7, 2022, at pp. 236-238.

⁸¹ The STB has acknowledged that an independent routing alternatives need not be currently used (i.e., unused but available) to be a sufficient competitive constraint post-Transaction. As an example, the STB made such a conclusion in the Norfolk Southern Acquisition of D&H Transaction stating the following:

CN has every incentive to keep prices competitive and reasonable post-Transaction. Changes in the economic circumstances, including a transaction, may lead shippers to explore more or different competitive route and rate offers in the future, and there is nothing stopping shippers from doing so going forward. One would expect a sophisticated company in a competitive business to act according to its economic incentives and turn to alternative route options that are independent of the Applicants in the future if CN raises prices above competitive levels post-Transaction. Sophisticated customers would be expected to do so going forward, even if they did not do so in the past. Moreover, one might also expect UP to more actively seek to serve these routes if prices increased above competitive levels as competitors also have an economic profit incentive to grow its business. The economic incentives of the shipper and railroad competitors are aligned, and both can be expected to be well understood by CN, providing it with an economic incentive to maintain pricing at competitive levels post-Transaction.

III. TRADITIONAL COMPETITIVE ANALYSES ACCEPTED BY THE STB TO EVALUATE PRIOR TRANSACTIONS CONFIRM THERE IS NO COMPETITIVE HARM.

A. Dr. Majure does not dispute that the CN-IANR Transaction results in zero 2-to-1 stations and only a few 3-to-2 customer stations that are unlikely to significantly diminish competition

1. Overview of STB approach and findings

The STB has historically imposed conditions to address 2-to-1 stations, while only considering conditions for unusual 3-to-2 circumstances where there is specific competitive harm.

“Relying on NSR’s waybills alone, NSR identified only four “potential” “2-to-1 corridors” (i.e., instances where independent O-D routing options are reduced from two to one as a result of the transaction). However NSR explains that these are not “true” 2-to-1 corridors, because three of the corridors have independent routing alternatives involving CSXT (a strong Class I competitor in the Northeast), and the fourth is more appropriately characterized as a 1-to-1 corridor because all routings involve the Montreal, Maine and Atlantic Railway (MM&A).”

NS/D&H, Docket No. FD 35873, Decision No. 6, at p. 19.

The STB made clear an alternative routing to the applicant’s route option was important. It did not say it required traffic volumes over that route. Indeed, the expert report supporting the transaction specifically indicates that CSXT was an unused railroad for numerous routing alternatives. Verified Statement of Curtis M. Grimm, Finance Docket No. 35873, November 5, 2014, at pp. 90-92. It also indicated that CSXT was only one of the participating railroads in the movement--suggesting it was a joint-line movement. Verified Statement of Curtis M. Grimm, Finance Docket No. 35873, November 5, 2014, at pp. 90-92. The circumstances in the current Transaction are similar the NS/D&H Transaction. Though the current Transaction may reflect an even stronger competitive circumstance as there is actual traffic moving on the same economically attractive independent routing alternative railroads as would be necessary as competitive constraint post-Transaction (as joint-line movements).

As discussed further below, based on my review, there are no 2-to-1 customer stations and no observable unique or significant economic impact considerations for the four customer stations that will go from 3-to-2 railroad competitors. I conclude there is no likely significant lessening of competition or economic harm to all shippers, including those few shippers who will go from 3-to-2 railroad competitors.

Notably absent from Dr. Majure's competitive effects analysis is any discussion of the STB's customary evaluation of the reduction in horizontal competition at individual shippers' stations. An initial element of horizontal competition analysis is an evaluation of whether the proposed transaction would reduce the number of independent railroad competitors for a shipper from 2-to-1.

There is no dispute that the CN-IANR Transaction will not cause any shipper to go from being served by two or more independent railroad competitors to just one.⁸² Such 2-to-1 reductions have raised consistent concerns of competitive harm by the STB due to the removal of the substantial economic opportunities associated with an open competitive location with access to two railroads. Access to two independent railroads enable the customer to negotiate with multiple railroads that can separately reach distant locations on the broader railroad network (either single line or joint line alternatives.) The lack of 2-to-1 situations at a station level indicates that there is an absence of any significant competitive overlap for individual shippers associated with that CN-IANR Transaction. This strongly supports the lack of demonstratable economic harm.

The economic significance of a 2-to-1 reduction in an independent railroad's ability to serve a customer location is substantial. Economic literature is robust regarding alternatives enabling robust negotiations and competitive market price outcomes.⁸³ Simply put, the ability to walk away from a negotiation (and turn down to a competing offer) and other economic conditions substantially facilitates a fair market value negotiated price. I discuss the competitiveness of negotiations for shippers in Section II.B.4.

There are numerous examples in historical transactions (and mergers) before the STB where the economic assessment of horizontal competition was based on whether the merger or transaction would result in a reduction from two independent railroads to one at a specific location. As an

⁸² Application, at p. 4, and Application Supplement, at p. 1.

⁸³ See Avinash Dixit and Susan Skeath, *Games of Strategy*, 596-626 (W.W. Norton & Company, 2004), 2nd Edition; Robert Cooter and Thomas Ulen, *Law & Economics*, (Pearson-Addison-Wesley, 2008), Fifth Edition, at 33-36 and 196-199; and Kenneth Binmore, Ariel Rubinstein & Asher Wolinsky, "The Nash Bargaining Solution in Economic Modeling," *Rand Journal of Economics*, Vol 17(2), at p. 176-188 (1986).

illustration, the CN and Bessemer transaction⁸⁴ evaluated 2-to-1 stations, and the DOJ also undertook this analysis to evaluate the competitive situation.⁸⁵

The STB has historically imposed conditions to address 2-to-1 stations, while only considering conditions for unusual 3-to-2 circumstances where there is specific competitive harm. For 3-to-2 traffic in the UP-SP Transaction, the STB concluded that the traffic “present[ed] little potential for significant, merger-related competitive harm.”⁸⁶ The STB has expressed the “desire to preserve 2 not 3 railroad competition” and to “focu[s] usually on preserving two-railroad competition, not on preserving three-railroad competition.”⁸⁷ The degree of competitive impact to 3-to-2 customers’ stations would generally be expected to have a much more muted economic effect than the 2-to-1 customer stations and therefore would be expected to require extraordinary circumstances to result in a substantially lessening of competition. In 3-to-2 circumstances where a customer has access to a second railroad competitor (used or unused), the required demonstration of economic harm is unlikely in most situations and would involve substantial economic evidence to support.

In part this is because of the strong intermodal competition that the railroad industry faces, particularly from trucking. Railroad services such as intermodal freight, grains, petroleum, ethanol and other products all face varying degrees of trucking competition that provides a competitive constraint on the day-to-day railroad pricing.⁸⁸ The STB has long recognized the rail and trucking competitiveness for freight traffic (containers and trailers), even over long distances of hundreds of

⁸⁴ “CN further explains that there are no 2-to-1 shippers (i.e., there is no shipper now capable of receiving rail service from more than one independent railroad that will be reduced to having only one independent railroad available to it), and that, although there is arguably one 3-to-2 shipper (i.e., a shipper now capable of receiving rail service from three independent railroads that, as a result of the Transaction, will have only two independent railroads available), that shipper will not be adversely affected by the nominal reduction in horizontal competition.” Decision No. 7, *Canadian Nat’l Ry., et al.—Duluth, Missabe and Iron Range Ry., et al.* (“CN/CMIR”), Docket No. FD 34424 (STB served Apr. 9, 2004), at pp. 11-12.

⁸⁵ “DOJ adds that the competitive situation at each of Thunderbird North and Fairlane can best be described as 2-to-1, because, at each location, the number of railroads that either have, or that with a build-in/build-out would have, access to the facility would decrease from two to one.” *Id.* at p. 44.

⁸⁶ Decision No. 44, *Union Pac. Corp., et al.—Control and Merger—S. Pac. Rail Corp., et al.* (“UP/SP”), 1 S.T.B. 233, 387 (1996).

⁸⁷ *NS/D&H*, Docket No. FD 35873, Decision No. 6, at p. 17.

⁸⁸ In addition to competition from other railroads, certain intermodal competition will continue to apply competitive pressure for the products that can rely on trucking, pipelines and waterborne transportation competitors. There are numerous products in the geographic area of IANR, such as petroleum, ethanol, and grains such as corn, that have these other alternatives. Moreover, traffic that faces intermodal competition but relies on a trucking for localized distributions to customers provides a substantial increase in competitive alternatives, since these customers can truck many miles to source alternative railroads. Association of American Railroads, “Freight Rail & Intermodal,” available at <https://www.aar.org/issue/freight-rail-intermodal/>. For petroleum products, pipelines, waterborne and trucking competitors can be used separately or jointly.

miles.⁸⁹ {{{ [REDACTED] }}} of these types of traffic were identified on 2-to-1 route options by Mr. Zebrowski.

Of particular relevance to this Transaction is the strength of UP as a rail competitor to CN throughout the IANR geographic area, since it will remain a competitive constraint to CN post-Transaction (including on many of the alleged 2-to-1 route options identified by Mr. Zebrowski). UP has a robust railroad network in the geographic area with railroad lines intersecting the northern and southern end of the IANR (at Manly and Cedar Rapids) for traffic moving east and west as well as a highly competitive haulage arrangement with IANR that allows haulage competitor service on the North/South route of the IANR mainline from Manly to Cedar Rapids. This highly economically attractive route coverage by UP has enabled it to become {{{ [REDACTED] [REDACTED] [REDACTED] }}}.⁹⁰ Furthermore, as I discuss in the next section, UP is currently actively serving 3-to-2 customers and can be expected to vigorously compete against CN in the future.

With these competitive dynamics, the presence of a third independent railroad competitor is unlikely to have a material further significant impact on the rates that rail shippers pay. Unique economic circumstances would be required to be shown that the economic characteristics separating two of the railroad competitors from the third one or other unique factors would be necessary to show significant economic impact.

As I discuss below, I do not see the 3-to-2 circumstances in the CN-IANR Transaction rising to the level of demonstrative economic harm to shippers.

2. Specific 3-to-2 customer stations

The Application and supplemental filing identify four shippers in Waterloo, IA, that will have access to one less railroad competitor as a result of the CN-IANR Transaction, resulting in reduction in railroad competitors from 3-to-2.⁹¹ Dr. Majure also does not discuss or dispute the shippers who face a 3-to-2 reduction in railroad competitors.

⁸⁹ See Improvement of TOFC/COFC Regulation, 364 I.C.C. 2731 (1981); Improvement of TOFC/COFC Regulations (R.R.-Affiliated Motor Carriers & Other Motor Carriers), 3 I.C.C.2d 869 (1987); Improvement of TOFC/COFC Regulations (Pickup & Delivery), 6 I.C.C.2d 208 (1989).

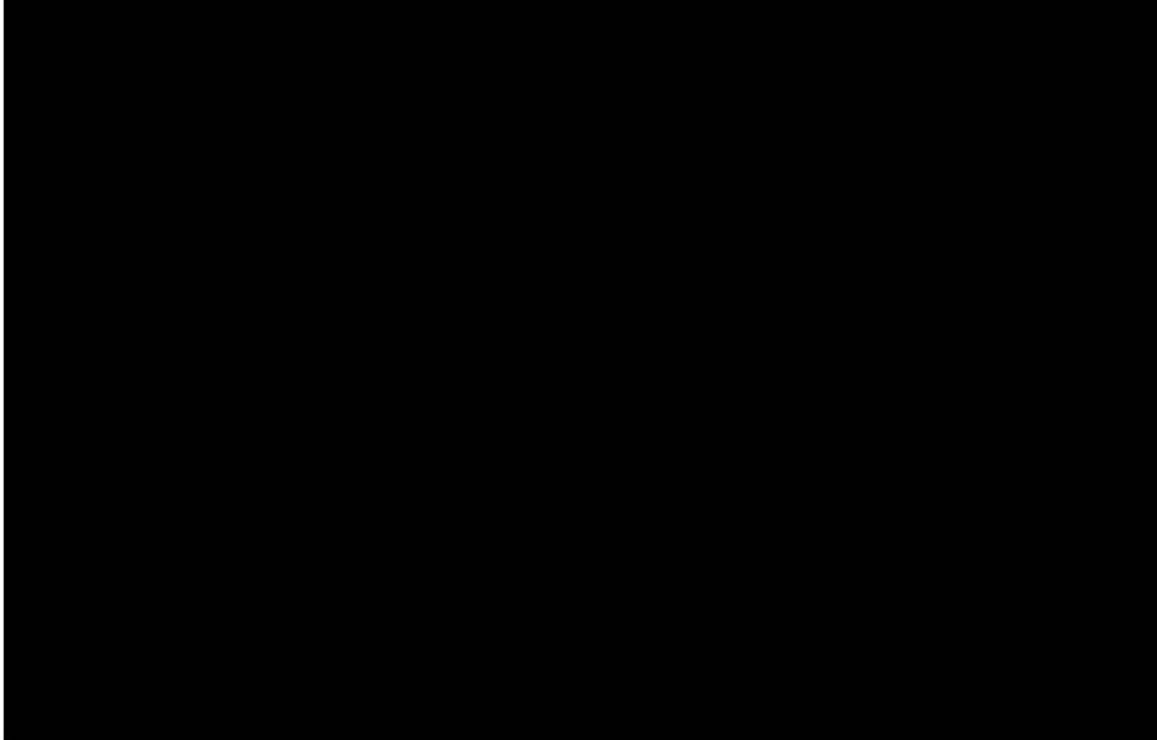
⁹⁰ {{{ [REDACTED] }}}. See Carey HC-WP_Interchanges.xlsx.

⁹¹ Verified Statement of David T. Hunt, Finance Docket No. 36744, January 30, 2024 (“Hunt V.S.”), at p. 14. Application Supplement, at p. 12.

The four 3-to-2 shippers resulting from the CN-IANR Transaction are: (1) Deere & Co., (2) Northland Products Co., (3) UTC Railcar Repair Services LLC, (UTC) and (4) {{ [REDACTED] }}.

The following figure details the 2022-2023 carloads by commodity type and the origin/destination of the traffic move for each these stations.

Figure 11: 2022-2023 Originating and Terminating Carloads for 3-to-2 Stations by Commodity⁹² {{{



}}}

The below list includes a summary of facts on the four stations located in Waterloo, IA identified as 3-to-2 stations, each of which have independent railroad alternatives:

- Northland Products Co. mostly takes in shipment of {{{ [REDACTED] }}} In 2022 and 2023, carloads were just over {{{ [REDACTED] }}} per year. This is a CN location that IANR and UP each can access today, and UP and CN will have access post-Transaction.⁹³

⁹² See Carey HC WP 3-to-2.xlsx.

⁹³ See Hunt V.S., at p. 14, SCRS-Hunt-Workpaper, at column T, and Carey HC WP 3-to-2.xlsx.

- {{{ [REDACTED] } } }⁹⁴
- UTC Railcar Repair Services LLC {{{ [REDACTED] } } } In 2022 and 2023, carloads were just over {{{ [REDACTED] } } } per year. This is a CN location that IANR and UP each have access today, and both UP and CN will have access post-Transaction.⁹⁵
- {{{ [REDACTED] } } }⁹⁶ {{{ [REDACTED] } } }⁹⁷

The {{{ [REDACTED] }}, had nearly {{{ [REDACTED] }}} of the traffic involving the 3-to-2 stations, {{{ [REDACTED] }}} yearly carloads in 2022-2023).⁹⁸ Today, these traffic movements involve {{{ [REDACTED] }}}. {{{ [REDACTED] }}}⁹⁹ In the 2022-2023 period, {{{ [REDACTED] }}}. {{{ [REDACTED] }}} {{{ [REDACTED] }}, including reciprocal switch access.¹⁰⁰ Today and tomorrow, CN needs to partner with another railroad to serve the specific locations that Northland uses today for the UP movement. However, as discussed above in Section II.B, CN can compete geographically with UP from other refinery locations with ample refineries in the Midwest and Gulf Coast areas served by CN. In this way, the CN-IANR Transaction could increase competition between UP and CN.

The {{{ [REDACTED] } }}, with nearly {{{ [REDACTED] }}} of the traffic involving the 3-to-2 stations {{{ [REDACTED] } }}} yearly carloads in 2022-2023),¹⁰¹ was identified by Applicants as a 3-to-2 location in their supplemental filing.¹⁰² The location was not

⁹⁴ See Application Supplement, at p. 12, and Carey HC WP 3-to-2.xlsx.

⁹⁵ See Hunt V.S., at p. 14, SCRS-Hunt-Workpaper, at column T, and Carey HC WP 3-to-2.xlsx.

96 { {

}} See Hunt V.S., at p. 14, SCRS-Hunt-Workpaper, and Carey HC WP 3-to-2.xlsx.

⁹⁷ See Hunt V.S., at p. 14, and SCRS-Hunt-Workpaper- column T.

98 {{{ [REDACTED] }}}}. See Carey HC WP 3-to-2.xlsx.

⁹⁹ Carey HC WP 3-to-2.xlsx.

¹⁰⁰ See Carey HC WP 3-to-2.xlsx.

101 {{{ [REDACTED] }}}. See Carey HC WP 3-to-2.xlsx.

¹⁰² See Application Supplement at p. 12.

originally identified by Mr. Hunt because it has switching access through a private contract not identified in the SCRS. {{{ [REDACTED]

}}}}¹⁰³ In 2022-2023, UP moved {{{ [REDACTED] }}} of the carloads via its substantial railroad network with use of its haulage agreement with IANR for the final short leg of the route, including reciprocal switch access.¹⁰⁴

I consider the total carloads associated with the remaining two customer locations to be de minimis. However, today UP is {{{ [REDACTED] }}} active in many of these traffic movements.¹⁰⁵ Today, UP uses its competitive haulage service along with reciprocal switching to access the customers.

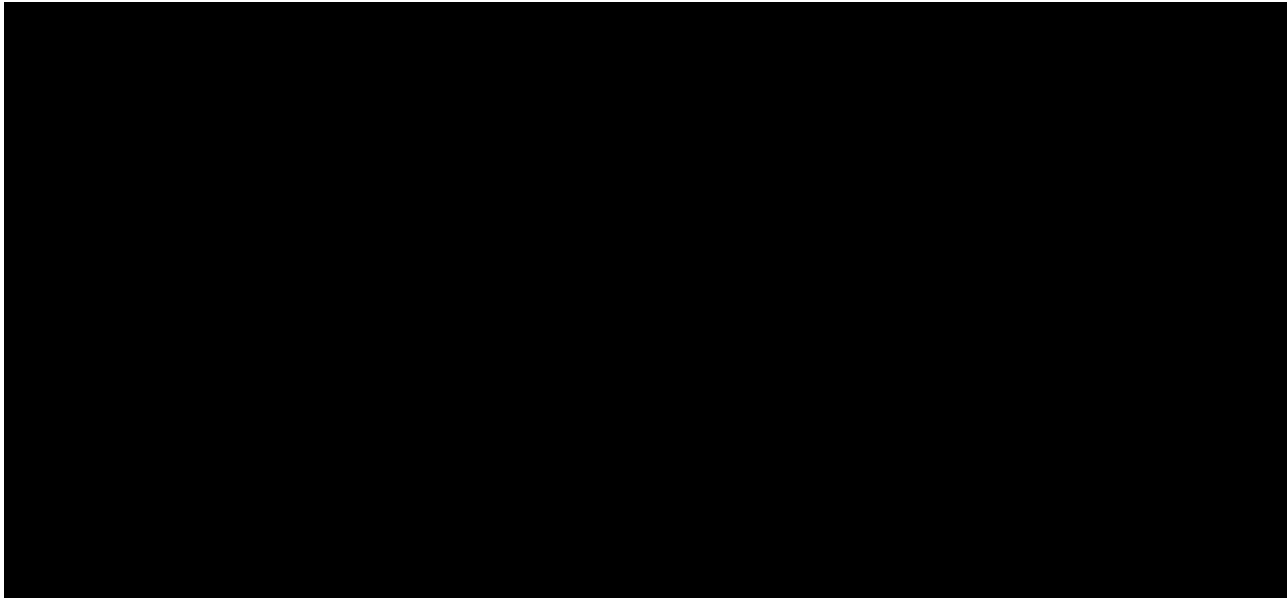
Analysis of the 3-to-2 customers shows that {{{ [REDACTED] }}}¹⁰⁶ In addition to the existing competition between UP and CN, there is sizable traffic that involves UP-CN joint line traffic movements. Post-Transaction, UP will continue to have the same economically attractive haulage and reciprocal switch access to the customer locations in Waterloo, IA available to these customers today. The competitiveness of UP today supports the sufficiency of the reciprocal switch access and UP haulage service over IANR to provide a competitive restraint post-Transaction. Thus, the CN-IANR Transaction is not likely to significantly lessen competition in the 3-to-2 circumstances. Moreover, CN will have the ability and the economic incentive to vigorously compete with UP post-Transaction due to the additional flexibility and efficiency of vertical integration with the IANR.

¹⁰³ Carey HC WP 3-to-2.xlsx {{{ [REDACTED]

}}}}
¹⁰⁴ See Carey HC WP 3-to-2.xlsx.

¹⁰⁵ See Carey HC WP 3-to-2.xlsx.

¹⁰⁶ See Carey HC WP 3-to-2.xlsx.

Figure 12: 2022-2023 UP and CN Carloads for 3-to-2 Stations by Customer¹⁰⁷ {{{

}}

B. A 50/10 market share screen confirms that the CN-IANR Transaction is not likely to significantly lessen competition

Dr. Majure raises concerns that Applicants did not present a between-corridor analysis for particular products in the Application.¹⁰⁸ Setting aside that a minor transaction does not require such an analysis, Dr. Majure could have but did not conduct a market screen analysis (such as a 50/10 market screen) to analyze the geographic and product market competition among traffic corridors or lanes for various products transported by IANR and CN to identify instances that require a deeper evaluation of any potential competitive concerns.¹⁰⁹ Other witnesses including Dr. Majure have relied on a 50/10 analysis in the past.¹¹⁰

A 50/10 market share screen analysis evaluates competition between and among different geographic locations and products. For example, competition exists between railroads that operate in different locations that deliver a specific product to the same destination market. In addition, competition also exists between railroads located in the same origin market to customers located in

¹⁰⁷ See Carey HC WP 3-to-2.xlsx.

¹⁰⁸ Majure V.S. at Section 5.1.

¹⁰⁹ Dr. Majure wrongly suggests that the referenced analysis is the “Board’s usual horizontal competition analysis.” Majure V.S. Section 5.4. The most common recent use of horizontal competition analyses is the market share screens for corridor/product combinations. In any event, even if a route option is used as a screen, it requires further analyses of the routes, which was not addressed by CPKC witnesses.

¹¹⁰ Verified Statement of W. Robert Majure, Ph.D., Finance Docket No. 36500, October 29, 2021, beginning at p. 50.

different regions but that purchase the same commodity. In other words, a single railroad route that shows the movement of traffic from one station in the origin to another station in a destination (which can be referred to as origin-destination route pair or route option), does not capture the full array of competitive dynamics.

The 50/10 market share screen analysis seeks to identify as a screen any origin area, or any destination area, where the combined railroad can participate in the move or perform the origination or termination of the traffic movement.¹¹¹ For this case, I treated the two BEAs through which IANR operates¹¹² as the geographic market in which IANR could originate or terminate movements.¹¹³ For the products analyzed I used a 5 digit STCC code, which captures many categories of products but combines logical groupings.¹¹⁴ The 50/10 market share screen then identifies any commodities where each of the Applicants has at least a 10% market share and where the combined market share of the Applicants post-Transaction must be 50% or more for a specific product/geographic market combination.^{115, 116} Any product/market combination that exceeds the screen threshold requires a closer look to investigate any potential competitive concerns. In other words, the screen is not a bright line test. Rather, it signals to take a closer look.

The results of the 50/10 market share screen analysis identify two instances requiring a closer look.¹¹⁷ Specifically, traffic movements of {{{ [REDACTED] }}} terminating in the geographic area.

¹¹¹ Verified Statement of Christopher A. Velturo, Finance Docket No. 35087, October 29, 2007, at pp. 87-88 and Attachment 3.

¹¹² BEA 100 and 103. Notably, BEA 103 is particularly small and reflects just the area around Cedar Rapids. *See* BEA maps in Surface Transportation Board, Carload Waybill Sample, available at <https://www.stb.gov/reports-data/waybill/>.

¹¹³ The IANR geographic market excludes Western Iowa BEAs that are the distinct metropolitan areas in those areas. In past STB proceedings, origin and destination geographic areas have relied on single BEAs in the US, provinces in Canada, and states in Mexico for 50/10 analyses that did not involve a short-line railroad like IANR. The geographic scope of the IANR geographic market (BEA 100 and 103) is smaller than many Midwestern BEAs. The combined IANR BEA market is about 1/2 of the size of Saskatchewan.

¹¹⁴ Products that vary on the 7-digit STCC level can be analyzed together (i.e. implicitly a 5-digit STCC), including for example various types of vegetable oils. *See* Verified Statement of W. Robert Majure, Ph.D., Finance Docket No. 36500, October 29, 2021, at pp. 37-39. In certain past cases, a 7-digit STCC code was used with the 4 or 5-digit STCC as further analysis. Here, I rely on the 5-digit STCC code. *See* Verified Statement of Christopher A. Velturo, Finance Docket No. 35087, October 29, 2007, at p. 151. *See also* Supplement Verified Statement of John H. Williams, Finance Docket No. 35081, December 5, 2007, at p. 12.

¹¹⁵ Dr. Majure and the Board have relied on a 50/10 analysis in the past. *See* Verified Statement of W. Robert Majure, Ph.D., Finance Docket No. 36500, October 29, 2021, at Appendix Section 7. *See also* Decision No. 35, *Canadian Pac. Ry., et al.—Control—Kan. City S., et al. (“CP/KCS”)*, Docket No. FD 36500, (STB served Mar. 15, 2023), at p. 68 (citing Majure V.S. paras 72-110).

¹¹⁶ Additionally, the analysis determines if more than 1 car a day is moved for a given commodity and it does not consider hazardous shipments.

¹¹⁷ *See* Carey HC-WP_50_10 Analysis.xlsx.

The Western Canadian {{{ [REDACTED] }}} movements for CN (single line) and CP's movement to Nora Springs is interchanged to the IANR for the final approximately 113-mile delivery to the southern endpoint of the IANR route at a UP served station on the UP line.¹¹⁸ As discussed in Section II.B.1, there are economically attractive alternative routes from Western Canada to Cedar Rapids, IA, including CPKC-UP for which shippers can negotiate that do not include the Applicants. These alternative routes remain a competitive constraint post-Transaction. In addition, this movement is covered by CN's gateway commitment post-Transaction.

The {{{ [REDACTED] }}} traffic movements are mostly within Iowa, which has many rail options along with a substantial distribution system of grain elevators and easy and low-cost truck access. Notably, Mr. Zebrowski's 2-to-1 route options calculations contain virtually {{{ [REDACTED] }}}¹¹⁹ The {{{ [REDACTED] }}} traffic moves identified in the 50/10 screen from IANR involve a CPKC-IANR joint-line move from {{{ [REDACTED] }}}.¹²⁰ UP maintains trackage rights over CPKC to {{{ [REDACTED] }}}¹²¹ Much of the CN {{{ [REDACTED] }}} traffic originates in Osage, IA, Stacyville, IA, and Toeterville, IA, and are 1-to-1 circumstances not affected by the Transaction.

Further, the railroads are located by grain elevators where producers store the product to be shipped in bulk to the customer.^{122, 123} Producers using these grain elevators have over 50 grain elevators within the same county and nearby counties from which to choose to delivery by truck and reach different railroads.¹²⁴ Trucks handle 5.8 times the tonnage of rail for grain products.¹²⁵

¹¹⁸ See Carey HC-WP_Traffic Data Analysis.xlsx.

¹¹⁹ See Zebrowski workpaper Traffic Data Analysis Workpaper.xlsx.

¹²⁰ See HC-WP_50_10 Analysis.xlsx.

¹²¹ Iowa Department of Transportation, "Iowa State Rail Plan," November 2021, Figure A.6: UP Network and Subdivisions in Iowa, at p. A-32, available at <https://iowadot.gov/iowainmotion/railplan/2017/IowaSRP2022.pdf>.

¹²² "The majority of the grain buyers are elevators that provide markets for both corn and soybeans." Iowa Farm Bureau, "Iowa Grain Buyers and Corn and Soybean Basis," March 1, 2023, available at <https://www.iowafarmbureau.com/Article/Iowa-Grain-Buyers-and-Corn-and-Soybean-Basis>. See also Kansas Farm Food Connection, "How Do Grain Elevators Work?," available at <https://kansasfarmfoodconnection.org/spotlights/how-do-grain-elevators-work>.

¹²³ There are over 550 grain buyers in Iowa who post daily bids online, creating a highly competitive array of carrier, mode, and destination options. Rebuttal Verified Statement of David T. Hunt, May 29, 2024, Page 1.

¹²⁴ Iowa Department of Transportation, "Iowa Grain Facilities," available at <https://iowadot.gov/iowarail/railroads/maps/Grain.pdf>.

¹²⁵ Rebuttal Verified Statement of David T. Hunt, May 29, 2024, pg. 9.

Producers can use many grain facilities connected to UP instead of CPKC-IANR and similarly can use CN or CPKC grain elevators.¹²⁶ In addition, Cedar Rapids shippers have access to many grain elevator along the IAIS route that could be used in conjunction with CIC for final termination at CIC stations.

The {{ [REDACTED] }} traffic has substantial rail and trucking competition that act in concert to provide a competitive constraint post-Transaction.

Thus, based on the 50/10 market share screen analysis, the CN-IANR transaction is not likely to lessen competition.

IV. DR. MAJURE’S DISCUSSION OF HYPOTHETICAL ROUTES FAILS TO ANALYZE REAL-WORLD CIRCUMSTANCES OR QUANTIFY ECONOMIC HARM TO SHIPPERS.

In this section, I discuss claims made by Dr. Majure in Sections 5.2 and 5.3 of his Verified Statement. Specifically, Dr. Majure presents a theoretical discussion regarding hypothetical routes, and he claims that unused competitive alternatives—and particularly unused joint-line movements—are unable to constrain CN post-Transaction (Section 5.3) or fully “protect shippers.”¹²⁷ He also suggests that the CN and IANR Transaction may reduce competition and increase costs to customers due to the close proximity of the two railroads and the loss of a next closest option (Section 5.2).¹²⁸ These claims are unsupported, as I discuss below.

In Section 5.3, Dr. Majure’s claim that a route is inferior because it is not currently used today focuses on the oat traffic movements between Western Canada and Cedar Rapids.¹²⁹ However, as I discuss in Section II.B.1 above, he fails to consider that the independent route alternatives include railroads that are actively using the specific rail line segments—as actual competitors today—that could be used to provide comparable joint-line service post-Transaction at lower cost and comparable service as pre-Transaction. The joint-line partners have the economic incentive to profit maximize and work together, which acts as robust competitive constraint to CN post-Transaction. See Section II.B.1 and II.B.4 above.

In Section 5.2, Dr. Majure claims that the CN and IANR Transaction may reduce competition and increase costs to customers due to the close proximity of the two railroads and the loss of a next closest option.¹³⁰ Specifically, Dr. Majure argues that a sole-sourced facility will lose competition as

¹²⁶ Ibid, See also Rebuttal Verified Statement of David T. Hunt, May 29, 2024, Page 11

¹²⁷ Majure V.S. at p. 19.

¹²⁸ Majure V.S. at pp. 13-16.

¹²⁹ Majure V.S. at p. 19.

¹³⁰ Majure V.S. at pp. 13-16.

a result of the Transaction for products that could be loaded into trucks and carried to the other railroads for service pre-Transaction.

In support of his claims, Dr. Majure presents a few stylized illustrations as examples.¹³¹ However, he fails to identify any actual traffic movements for CN and IANR that demonstrate reduced competition, nor does he provide economic analysis or other documentary evidence to support his claim. After reviewing the claimed 2-to-1 route options calculated by Mr. Zebrowski that are closed stations (i.e., not open to competition), which fit the sole-served customer example raised by Dr. Majure, the actual products shipped by these customers are not the type that are readily trucked to different locations. For example, the 2-to-1 route options include Waterloo and Cedar Falls customers such as {{{ [REDACTED] [REDACTED] [REDACTED] }}}} at closed locations (i.e., not open to IANR or another railroad) that only have access to CN pre-Transaction.¹³² The primary products that are transported include: {{{ [REDACTED] [REDACTED] [REDACTED] }}}}.¹³³ These various products are not commonly trucked to a centralized distribution terminal system (such as grain, ethanol, and petroleum terminal). Also, Dr. Majure provides no evidence that these closed customer locations have used the IANR railroad in the past by trucking product from the CN closed customer location in a work around approach.

Furthermore, the STB has acknowledged that a closed station for a sole-served customer that has only one independent route option pre-Transaction results in no change in competition post-Transaction.¹³⁴

Dr. Majure’s illustrations and discussions in Sections 5.2 and 5.3 are highly focused on CPKC specifically, which appears to be the crux of his concern with the CN-IANR Transaction. Despite his substantial emphasis on concern for CPKC, CPKC’s actual business with IANR customers today is {{{ [REDACTED] }}}.

131 Ibid.

¹³² See Carey HC-WP Traffic Data Analysis.xlsx.

¹³³ See Carey HC-WP Traffic Data Analysis.xlsx.

¹³⁴ See Decision No. 44, *UP/SP*, 1 S.T.B. at 374. In addition, the differential pricing regulatory regime that has been in place since the Staggers Act, recognizes that railroads may charge higher rates to customers at closed locations which provides more contribution to the overall network and services provided and supports revenue adequacy. See Hal Varian, *Microeconomic Analysis*, (W.W. Norton & Company, 1992), Third Edition, at pp. 241-253. See also American Association of Railroads, “Differential Pricing in the Freight Rail Industry”, available at <https://www.aar.org/wp-content/uploads/2020/08/AAR-Railroads-Differential-Pricing.pdf>.

Specifically, CPKC interchanges with IANR are approximately {{{ [REDACTED] }}} carloads in 2022-2023 period (i.e. {{{ [REDACTED] }}} cars per year), which is less than {{{ [REDACTED] }}} of the total IANR interchanges of {{{ [REDACTED] }}}.¹³⁵ CPKC is {{{ [REDACTED] }}} interchange partner with IANR.¹³⁶

The {{{ [REDACTED] }}} of CPKC traffic carloads contrast to UP which is {{{ [REDACTED] }}} with IANR in the region including {{{ [REDACTED] }}} carloads that IANR interchanged in 2022-2023.¹³⁷ UP's {{{ [REDACTED] }}} make it well positioned for joint line movements to and from the region.

Indeed, CPKC's traffic movements identified in Dr. Majure's and Mr. Zebrowski's claimed 2-to-1 routes mostly involve customer locations in Cedar Rapids and traffic movements with Western Canada (as shown in

¹³⁵ Carey HC-WP Interchanges.xlsx. {{{ [REDACTED] }}}
 {{{ [REDACTED] }}}
 {{{ [REDACTED] }}}

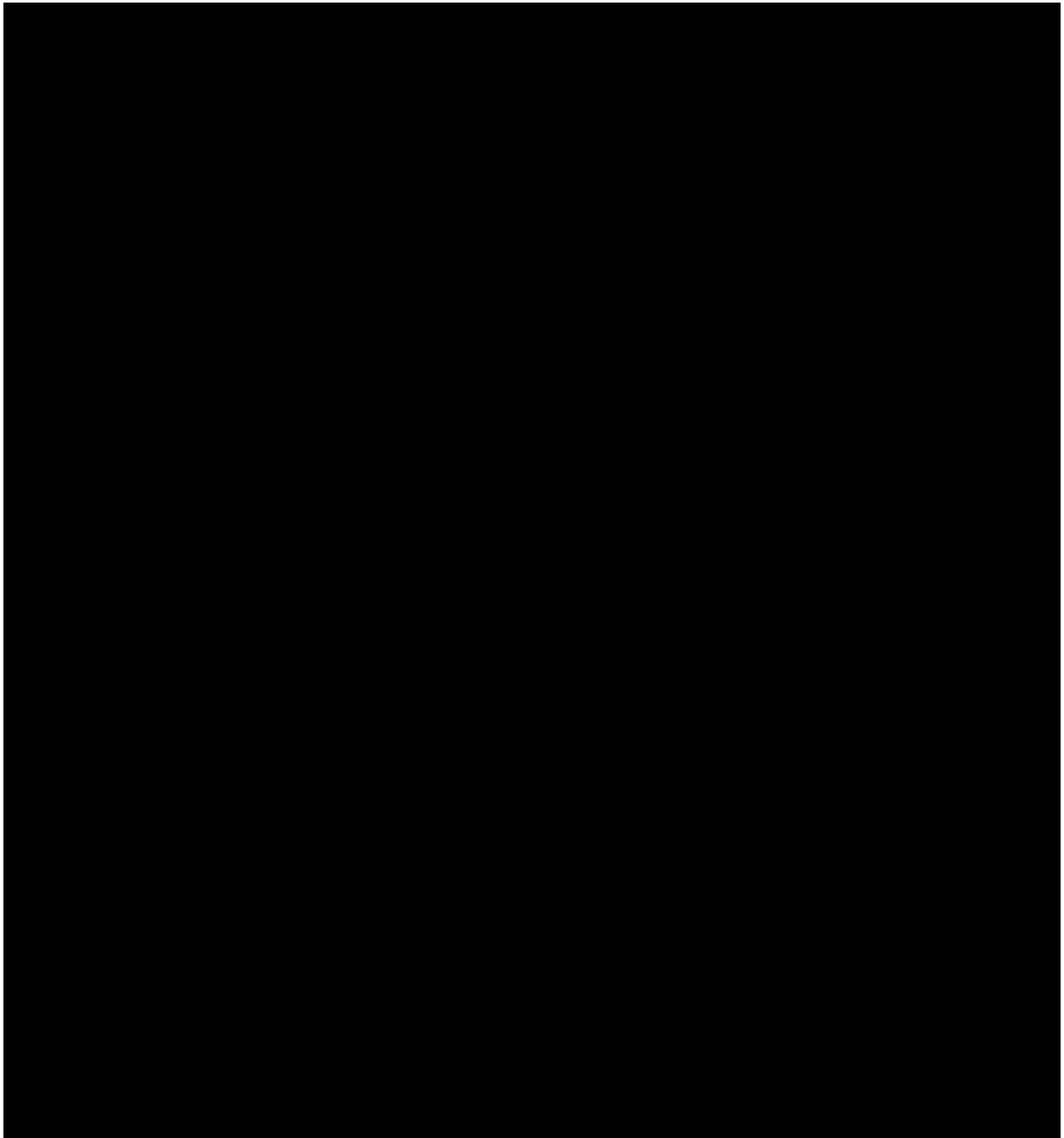
¹³⁶ Carey HC-WP Interchanges.xlsx. {{{ [REDACTED] }}}
 {{{ [REDACTED] }}}
 {{{ [REDACTED] }}}

¹³⁷ Carey HC-WP Interchanges.xlsx.

Figure 13 below). {{{

}}} In addition to Applicants' gateway commitment, these Cedar Rapids area customers have strong actual alternatives based on (1) current access by a third or fourth railroad and (2) existing traffic on the remainder of the alternative route, showing it is an economically viable option as discussed in Section II.B above. Therefore, as discussed further below in Section V. B and C, Dr. Majure's recommendation for CPKC haulage as a remedy is unsupported.

Figure 13: CPKC Traffic Movements in Dr. Majure's and Mr. Zebrowski's Claimed 2-to-1 Routes (2021-2023)¹³⁸ {{{



}}}

¹³⁸ See Carey HC-WP_Traffic Data Analysis.xlsx.

V. ECONOMIC CONSIDERATIONS FOR THE SUFFICIENCY OF CN'S PROPOSED REMEDIES FOR THE CN-IANR TRANSACTION

A. The benefits of vertical integration are well-recognized and can reasonably be expected to apply to the CN-IANR Transaction

Dr. Majure asserts that claimed efficiencies from the CN-IANR Transaction do not present cognizable justification and do not appear to offset lessened competition from the Transaction.¹³⁹ First, as discussed in Section II and III, Dr. Majure has not demonstrated a significant lessening of competition post-Transaction (relying solely on the flawed route analysis to support the conclusion of horizontal competitive effects).¹⁴⁰ Second, he does not present analysis to support his claim that there are no benefits from the vertical integration of CN and IANR. As discussed below, benefits from vertical integration are well recognized and it is reasonable to expect them to flow from the Transaction.¹⁴¹

As shown in **Figure 14** below, there are customer locations in the northern segment of the IANR system (purple line) as far north as (1) the Manly/Nora Springs area and (2) IANR's leased facilities on the NCIRC (Forest City-Goodell, IA (purple triangle lines with dotted line trackage right access over CPKC's lines) near UP (red) and CPKC (blue) railroad facilities. Post-Transaction, these northern IANR customers will have a new CN single-line railroad service for traffic that moves east and then south on IANR's mainline to Waterloo for onward eastern or westward movements on the CN mainline to access more distant market locations beyond the immediate Iowa region (as well as reverse moves to terminate traffic).

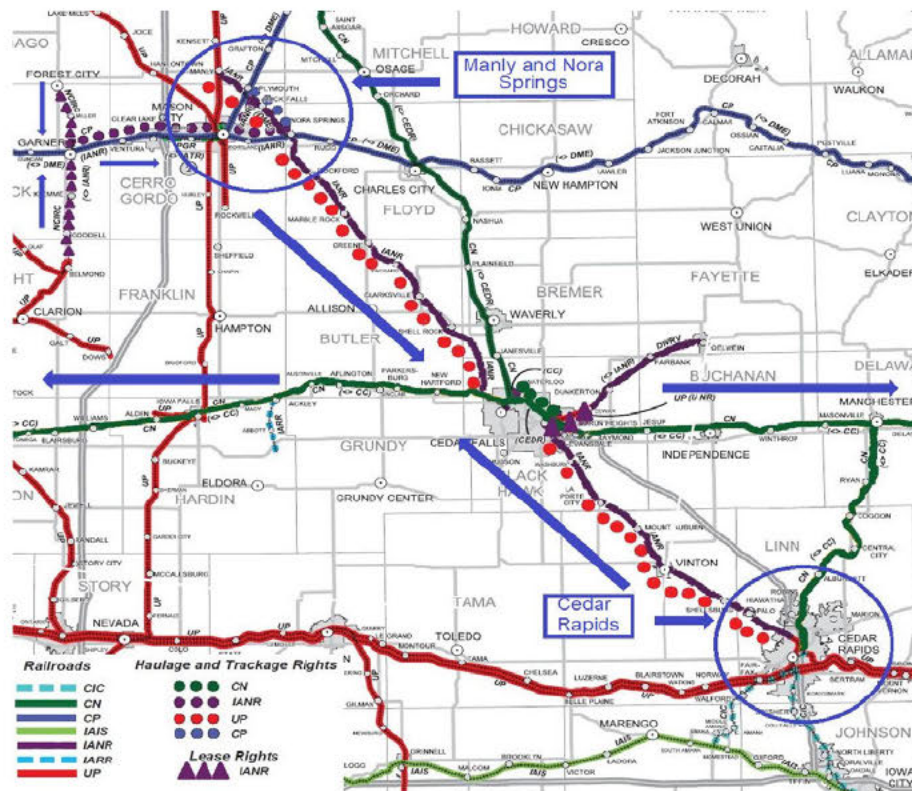
Similarly, customer locations in the southern region of the IANR system as far south as the Cedar Rapids, IA area (where UP (red) and CIC (light blue) operate railroad facilities) will gain new CN single line service for traffic that moves north on IANR's mainline to Waterloo for onward eastern or westward movement on the CN mainline to distant markets (as well as reverse moves to terminate traffic).

¹³⁹ Majure V.S. at Section 5.

¹⁴⁰ Majure V.S. at pp. 3, 23-24.

¹⁴¹ Majure V.S. at p. 23 para 55.

Figure 14: Vertical Integration of the IANR Mainline with the CN's East/West Route



Today, CN provides many IANR customers with joint-line service as a large interchange partner in recent years. Specifically, CN was involved in {{{ [REDACTED] }}} carloads that IANR interchanged as the joint line railroad partner.¹⁴²

The vertical integration of CN and IANR will allow IANR served customers to benefit from single-line service that avoids delay times and actual operational costs associated with interchange. The STB's Uniform Rail Costing System (URCS) costing tool provides itemized and unit and total variable costs for a rail move based on historical rail data and specific inputs provided by the user.¹⁴³ Utilizing URCS demonstrates that converting a single interchange movement to a single line movement reduces costs by about \$517 per car.¹⁴⁴ Today's IANR customers in Butler, Shell Rock and other

¹⁴² See Carey HC-WP Interchanges.xlsx. {{{ [REDACTED] }}}

¹⁴³ Surface Transportation Board, Uniform Rail Costing System (URCS), available at <https://www.stb.gov/reports-data/uniform-rail-costing-system/>.

¹⁴⁴ Rebuttal Verified Statement of David T. Hunt, May 29, 2024, page 25. Mr. Hunt compares the average total variable cost of a grain move interchanged from West to East to the average total variable cost of the same move without an interchange on both Western and Eastern railroads.

locations on the IANR mainline will be able to enjoy lower cost, shorter and more efficient CN single-line rail service post-Transaction.

The vertical integration of CN and IANR will likely have additional benefits in the form of enhanced long haul rail competition between the major Class I railroads. The vertical integration will enable CN to perform traffic movements more efficiently into and out of Iowa, enhancing CN's competitiveness against UP or CPKC, who can currently rely on single-line service for long-haul traffic movements.¹⁴⁵

For example, the Transaction will enable more single-line moves from origins or terminations on the IANR mainline from Manly to Cedar Rapids that would otherwise be joint-line moves on CN (or otherwise movements involving the UP or CPKC).

Another example is that a combined CN-IANR entity will have the ability to offer direct service to interchange in Chicago for movements from the Poet Bioprocessing Facility, one of IANR's large customers.¹⁴⁶ This route will improve CN's ability to compete with UP, which provides single-line service from Waterloo to Chicago via its haulage agreement with IANR. In this way, the CN-IANR Transaction will lead to enhanced long-haul competition between CN with other Class I railroads.

Economic literature recognizes the economic benefits of vertical integration. For instance, benefits from vertical integration arise through the removal of contribution margin and profit (i.e., revenue above variable cost) required by an upstream and downstream firm such as two railroads engaged in an interline movement when merged into a single firm or railroad. This economic benefit is sometimes referred to as removal of double marginalization.¹⁴⁷

Benefits from vertical integration specifically in regard to the railroad industry are well recognized by the STB. For instance, in the BN-SF combination, the Board's predecessor recognized that the vertical integration will "reduce the costs it incurs" and "improve the services it provides" with benefits to shippers in the form of "lower rates and improved service, including new single-line service."¹⁴⁸

¹⁴⁵ Currently, UP and CPKC can at least avoid an immediate interchange that CN requires.

¹⁴⁶ See Carey HC-WP_Interchanges.xlsx.

¹⁴⁷ F.M. Scherer and David Ross, *Industrial Market Structure and Economic Performance*, (Houghton Mifflin Company, 1990), Third Edition, at pp. 524-527; M.A. Utton, *Market Dominance and Antitrust Policy*, (Edward Elgar Publishing Limited, 1995), at pp. 216-219; and Dennis W. Carlton and Jeffrey M. Perloff, *Modern Industrial Organization*, (Pearson Addison-Wesley, 2005) Fourth Edition, at pp. 415-416.

¹⁴⁸ Decision No. 38, *BN/SF*, 10 I.C.C.2d at 743-45.

The reduced economic cost of an interchange and the inefficiency and opportunity cost associated with the delay in getting the traffic movement from the origin to the destination, supports the economic benefits a single line versus a joint-line traffic movement.¹⁴⁹

An illustration of the benefits of vertical integration is observable from a comparison of the rate per car-mile for traffic movements involving single line service as compared to a non-single line service for field crops (STCCs starting with 011) that include oats, corn, grains, rye, barley rice, etc.¹⁵⁰ {{{ [REDACTED] }}}¹⁵¹

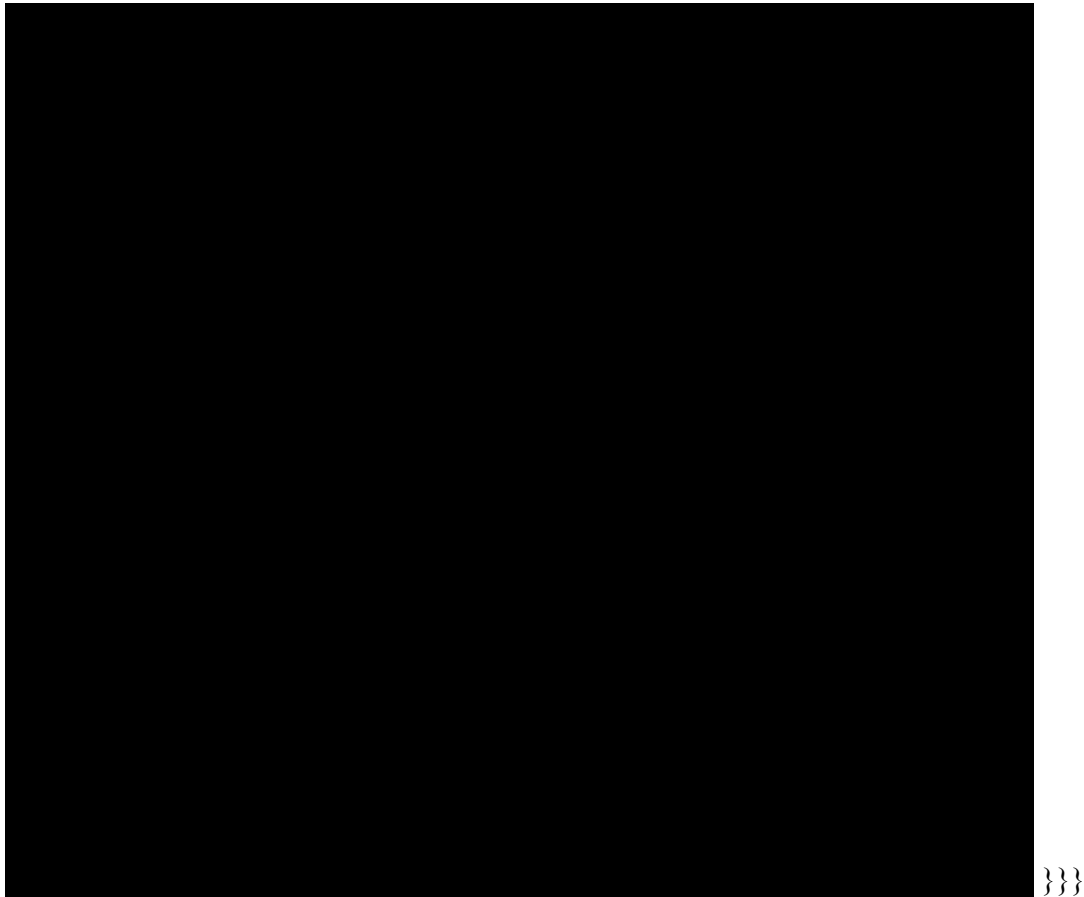
Figure 15 below shows a 14 - 19% decrease in rate per car-mile for long haul single line traffic moves of field crops instead of traffic movements that have one or more interchanges.

¹⁴⁹ When approving the CP-KCS combination, the Board recognized the end-to-end transaction would reduce travel time for traffic moving over the single line service as it will eliminate the need for interchange of traffic between the two separate systems. *See* Decision No. 35, *CP/KCS*, Docket No. FD 36500, at p. 3. *See also* pp. 18-19.

¹⁵⁰ American Association of Railroads, “Commodities”, available at <https://www.aar.org/wp-content/uploads/2017/12/AAR-Freight-Commodity-Statistics-2014-Sample.xlsx>.

¹⁵¹ Zebrowski V.S. at p. 6, para 12.

Figure 15 Rate per Car-mile for Single Line vs Non-Single Line Traffic Movements (STCCs starting with 011) for 2022¹⁵² {{{



Ultimately, there are strong and readily observable economic benefits associated with the CN-IANR Transaction that will outweigh any potential de minimis economic harm from the Transaction.

B. Applicants' gateway and other commitments are sufficient to address any competitive concerns.

Dr. Majure raises numerous generic concerns about CN's Transaction-specific commitments, and concludes that they are inadequate.¹⁵³ Dr. Majure also argues that Applicants' gateway commitment solely addresses vertical market power concerns and not horizontal concerns.¹⁵⁴ Dr. Majure did not comment on CN's commitment to maintain reciprocal switch tariffs (which cover many IANR and CN locations in Waterloo and Cedar Rapids) or acknowledge the role of UP's

¹⁵² See Carey HC-WP Single Line.xlsx.

¹⁵³ Majure V.S. at Section 6.

¹⁵⁴ Majure V.S. at Section 6.

haulage as a direct competitor overlapping the IANR mainline route segment between Manly and Waterloo and Waterloo and Cedar Rapids.

As an initial matter, there is no bright line separating vertical and horizontal market power. In fact, certain cases can involve aspects of vertical and horizontal competitive effects. This is recognized by Dr. Majure when he refers to hybrid cases¹⁵⁵ and the ability of railroad mergers to have the potential to be both horizontal and vertical in nature.¹⁵⁶ The DOJ/FTC 2023 Merger Guidelines acknowledge that everything is analyzed together, and transactions are not purely viewed as vertical or horizontal.¹⁵⁷ DOJ/FTC replaced the 2010 Horizontal Merger Guidelines and 2020 Vertical Merger Guidelines with the Draft Merger Guidelines in 2023.¹⁵⁸

More importantly, however, Dr. Majure makes no effort to evaluate the Applicants' commitments to determine whether and to what extent they will be effective and sufficiently robust remedies to aide any shipper-specific potential impact post-Transaction. Dr. Majure does not discuss any actual traffic movements or the specific competitive circumstances regarding the claimed 2-to-1 routes, or how Applicants' gateway and other commitments would function with the real-world actual railroad competitors.^{159, 160} His general discussion also does not adequately reflect the real-world competitors that he seeks to illustrate.¹⁶¹

¹⁵⁵ Majure V.S. at p. 26, fn. 49.

¹⁵⁶ Majure V.S. at p. 8, para 19.

¹⁵⁷ DOJ and FTC, Merger Guidelines, December 18, 2023, available at https://www.ftc.gov/system/files/ftc_gov/pdf/P234000-NEW-MERGER-GUIDELINES.pdf.

¹⁵⁸ DOJ, "Justice Department and Federal Trade Commission Release 2023 Merger Guidelines", December 18, 2023, available at <https://www.justice.gov/opa/pr/justice-department-and-federal-trade-commission-release-2023-merger-guidelines> and DOJ and FTC, Merger Guidelines, December 18, 2023, p. 4, available at https://www.ftc.gov/system/files/ftc_gov/pdf/P234000-NEW-MERGER-GUIDELINES.pdf.

¹⁵⁹ Majure V.S. at Section 5.4.

¹⁶⁰ In Section II (route options) and III (50/10 and 3-to-2 stations), I discuss the specific route and customer location specific competitive circumstances along with competitive constraints.

¹⁶¹ Dr. Majure's Exhibit 5 (at p. 27-28) horizontal/parallel illustration sets aside the competitive dynamic between railroad segment A to B. This ignores that the joint-line carriers on segment A to B which appears to represent CPKC-IANR and CPKC's approximately 1,300 miles or 92% of the route mile haul vs IANR's 113 miles (8%). With the substantial share of the route haul and origin competition with the CN single line, the CPKC route economics and competition with CN are most substantially influenced by CPKC. Further, Dr. Majure ignores that CPKC would generally be expected to desire a longer length of haul with IANR as compared to a lower revenue for a shorter haul involving either of the joint line partners that likely reduces CP's revenue division. However, private financial gains and losses to CPKC are not relevant to a competition analysis of whether there is economic harm to customers.

The Applicants' commitments provide an extra layer of protection beyond the substantial real-world competitive constraints from strong actual alternatives discussed in Section II.B, to further ameliorate any potential of competitive effects from the Transaction.¹⁶²

I understand that Applicants' gateway commitment seeks to ensure that IANR customers will enjoy continued access to interline options with carriers other than CN on commercially reasonable terms.¹⁶³ As an example, and as discussed further below, in addition to the strong actual alternatives, the gateway commitment will ensure that Cedar Rapids customers that rely on joint-line movements with CPKC-IANR today will receive commercially reasonable rates and service for the IANR portion of these traffic movements post-Transaction.¹⁶⁴ The gateway commitment is a reasonable and appropriate remedy to ensure continued joint-line movements, and it protects against any diminished competition post-Transaction for customers that have joint-line movements with IANR today. It ensures that affected shippers will continue accessing economically attractive independent alternatives to connect to the broader railroad network in North America.

In addition to Applicants' gateway commitment, I also understand that Applicants made a commitment to maintain reciprocal switching access to locations in both CN and IANR's voluntary reciprocal switch tariffs.¹⁶⁵ Dr. Majure did not reference this reciprocal switching commitment and appears to have not considered the implications on any potential horizontal effects. The reciprocal switching commitment ensures that shippers that currently have access to competitor railroads via reciprocal switching will continue to have such access post-Transaction to strong actual alternative routes.¹⁶⁶ Importantly, this remedy applies to the four 3-to-2 stations and is an economically appropriate remedy to ensure that these customers will continue to have multiple rail options post-Transaction.¹⁶⁷

¹⁶² See Section II.B above. The Transaction either will not affect the competitive landscape, or there are strong actual alternatives based on (1) current access by a third or fourth railroad and (2) with substantial existing traffic on the remainder of the alternative routes, showing they are economically viable options.

¹⁶³ Application, at pp. 4, 7.

¹⁶⁴ "If the customer wants a joint/through rate, Iowa Northern will ask the other linehaul carriers in the route for their factors and then publish the joint rate. If a customer asks for a Rule 11 rate, Iowa Northern typically provides that rate. For traffic that terminates on Iowa Northern, the originating linehaul carrier (or sometimes an intermediate linehaul carrier) typically requests Iowa Northern's division and then publishes a through/joint line rate." See Application Supplement at p. 6. See Application, at p. 19.

¹⁶⁵ Application, at p.7. CN also committed to maintaining Union Pacific access to {{ [REDACTED] }} which is not listed in CN's reciprocal switching tariff. See Application Supplement, at pp. 12-13.

¹⁶⁶ Majure V.S. at Section 6.

¹⁶⁷ In Section II and III I discuss UP's reciprocal switch access to 3-2 customer locations in Waterloo along with its haulage agreement.

For these reasons, I find the Applicants' gateway and reciprocal switch tariff commitments to be well-tailored to ensure that there will be continued competition on joint line movements (including with CPKC-IANR today) as well as the small number of 3-to-2 stations that will result from the Transaction.

C. Dr. Majure's recommended haulage remedy is unsupported, unrelated to this Transaction and unnecessary, and it ignores UP's existing haulage over the IANR mainline

Based on his reliance on Mr. Zebrowski's route analysis, which as shown above in Section II.B. is deeply flawed, Dr. Majure makes sweeping conclusions that the Board should impose "haulage or trackage rights . . . at a discount off the rates IANR would have charged."¹⁶⁸

Dr. Majure argues that Applicants' gateway commitment is not an appropriate remedy for his alleged horizontal effects (which, as noted above, are not present in this Transaction) and could only address vertical effects.¹⁶⁹ However he does not specifically analyze the impact of Applicants' gateway commitment on his asserted competitive concerns. Nor does he consider how and to what extent Applicants' commitment to maintain reciprocal switch tariffs (which cover many IANR and CN locations in Waterloo and Cedar Rapids) also ameliorates his alleged competitive concerns.

Lastly, he does not acknowledge the existing haulage rights that UP already has on the IANR mainline route segment between Manly and Waterloo and Waterloo and Cedar Rapids.¹⁷⁰

Since Applicants' gateway commitment and reciprocal switching commitment fit any potential competitive concern for the Transaction, Dr. Majure's request for CPKC haulage is unnecessary and duplicative.¹⁷¹

From an economic efficiency perspective, regulatory intervention should be limited to interventions needed to remedy the concern and should go no further. Doing so will maximize the Transaction-related benefits. Overly broad interventions that create advantages for particular

¹⁶⁸ Majure V.S., Section 6 at pp. 28-30, paras. 71-73. See also Majure V.S. at p. 30, para 74, characterized as a "separate remedy".

¹⁶⁹ Majure V.S. Section 6.

¹⁷⁰ Majure V.S. Section 3, para 12 states "CN also serves many of the same endpoints that CPKC or UP offer for shippers into or out of Iowa." He does not refer to UP haulage. *See also* Application Supplement, App'x A at 3 (describing September 17, 1986 Agreement between CNW (now UP) and IANR, as amended and supplemented).

¹⁷¹ The Board has stated that "harms caused by the merger must be distinguished from pre-existing disadvantages that other railroads, shippers, or communities may have been experiencing that are not "merger-related" (i.e., pre-existing disadvantages that will neither be caused nor exacerbated by the merger)." *See* Decision No. 7, *CN/CMIR*, Docket No. FD 34424, at p. 14.

competitors and non-competitive market outcomes stifle effective market operations and stifle competition.

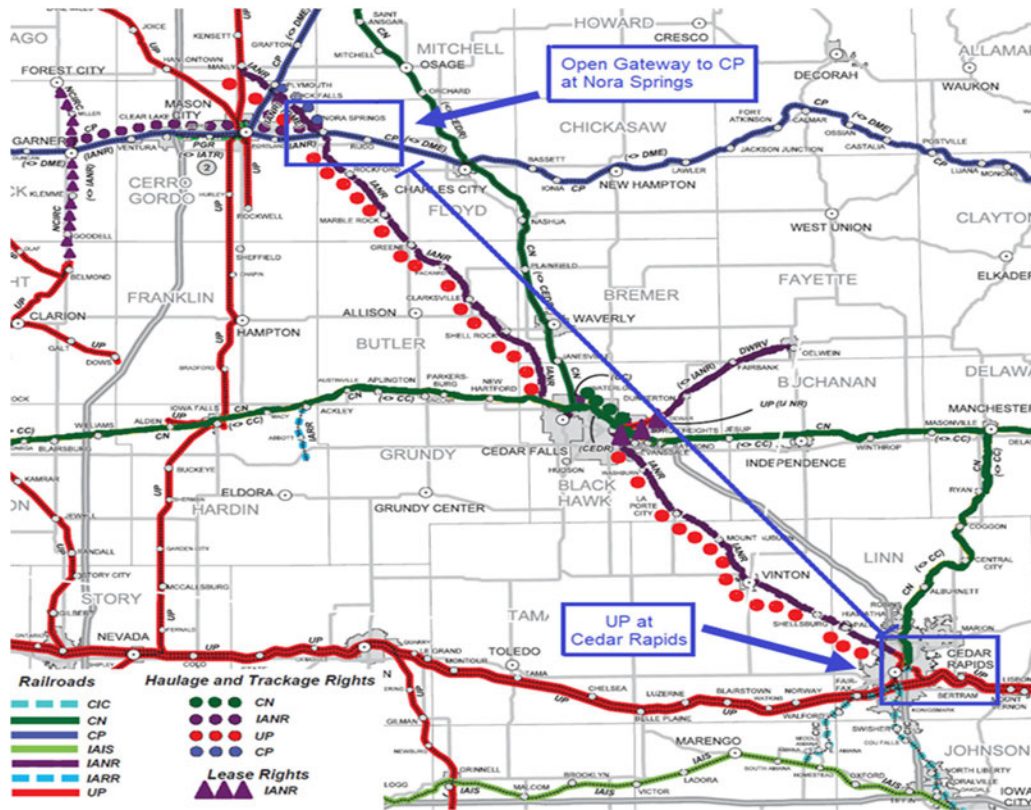
As discussed above, Applicants' gateway commitment applies, among other things, to CPKC's joint-line moves with IANR post-Transaction, and thus it covers all of the CPKC traffic that Mr. Zebrowski alleges to be 2-to-1 traffic, which as shown in Section III.C, is {{{ [REDACTED] [REDACTED] }}}.¹⁷² As detailed above, these customers will continue to have access to additional competitive rail options. Applicants' gateway commitment further ensures that customers will have an additional joint-line option for CPKC movements interchanged at Nora Springs.

The map below in **Figure 16** shows the IANR mainline from Manly to Cedar Rapids in purple, along with a red dotted line of UP as a haulage competitor as well as the blue line indicating the CPKC-IANR option that will be preserved by the gateway commitment.

172 {{{

}}} See Carey HC-WP Traffic Data Analysis.xlsx.

Figure 16: IANR Mainline with UP Haulage Competitor and CPKC Interchange Competitor in Post-Transaction



In the past the Board has recognized the important economic role that gateway commitments provide to ensure no diminished competition post-Transaction. In the CSX-PanAm transaction as it relates to joint-line rates, the Board imposed a condition on pricing and access that has the effect of “maintaining open ‘gateways’” to and from PAS.”¹⁷³ These terms would ensure operation “in a nondiscriminatory fashion” and allowing “B&E [to] have the incentive and flexibility to compete for traffic against CSX.”¹⁷⁴ In addition, the STB also required CP-KCS to “...keep gateways open on commercially reasonable terms...” for interline traffic movements.¹⁷⁵

In short, Dr. Majeure’s claim that the Board should impose new haulage rights “with a discount” is unsupported. CPKC-IANR moves today will still be available after the acquisition, and moreover these moves will face continued competition from CPKC-UP. Existing reciprocal switching access will be preserved, both for the four 3-to-2 customers on CN’s lines and for other

¹⁷³ Decision No. 9, *CSX Corp., et al.—Control and Merger—Pan Am Sys., Inc., et al.* (“CSX/Pan Am”), Docket No. FD 36472 (STB served Apr. 14, 2022), at pp. 14.

¹⁷⁴ Decision No. 9, *CSX/Pan Am*, Docket No. FD 36472, at pp. 14-15.

¹⁷⁵ Decision No. 35, *CP/KCS*, Docket No. 36500, at p. 12.

customers. These voluntary commitments from Applicants fully protect against any hypothetical competitive harm.

VI. CONCLUSION

For the many reasons discussed throughout this report, Dr. Majure improperly concludes, without any analytical support, that potential horizontal effects may result from the CN-IANR Transaction because he relies on Mr. Zebrowski's deeply flawed and unreliable route option analysis and fails to properly evaluate the competitive circumstances surrounding the routes he claims are 2-to-1 route options.

The collection of 2-to-1 route options identified in Mr. Zebrowski's calculations are not in fact 2-to-1 reductions in route options, as explained in Section II.

In addition, I evaluated analyses of the independent alternative and the evidence that such an alternative will remain at every station (i.e. 3-to-2 stations). I also perform a between-corridor analysis by performing 50/10 market share screen analysis for products in the relevant BEAs and confirm that the CN-IANR transaction is not likely to significantly lessen competition.

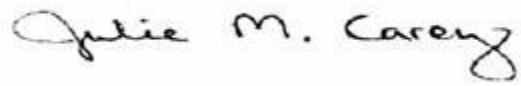
I address Dr. Majure's hypotheticals—which fail to analyze real world circumstances or quantify economic harm to shippers—that lead him to claim that there are insufficient competitive alternatives on certain corridors and that CN overcounts competition.

Lastly, I address Dr. Majure's claim that the transaction requires remedies because it will lead to a substantial lessening of competition. The benefits of vertical integration are real and substantial and can be reasonably expected to apply to the CN-IANR Transaction. Also, in my view CN has proposed economically appropriate commitments to keep gateways open on commercially reasonable terms and maintain existing reciprocal switching access. Because of the lack of a substantial lessening of competition from the CN-IANR Transaction—particularly after considering the volunteered commitments—I conclude that Dr. Majure's recommend haulage remedy is unsupported and unnecessary.

VERIFICATION

I, Julie M. Carey, declare under penalty of perjury that I have read the foregoing Verified Statement, that I know the facts asserted therein, and that the same are true as stated. Further, I certify that I am qualified to an authorized to submit this Verified Statement.

Executed on May 29, 2024

A handwritten signature in cursive script that reads "Julie M. Carey". The signature is written in dark ink and is positioned above a horizontal line.

**REBUTTAL VERIFIED STATEMENT OF
DAVID T. HUNT**

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

DOCKET NO. FD 36744

**CANADIAN NATIONAL RAILWAY COMPANY AND GRAND TRUNK
CORPORATION
—CONTROL—
IOWA NORTHERN RAILWAY COMPANY**

Rebuttal Verified Statement of David T. Hunt

May 29, 2024

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1. Assignment and summary of findings

My name is David T. Hunt. I am a Vice President with Oliver Wyman. My Verified Statement submitted with the January 30, 2024 Application details my qualifications and my decades of experience in the freight railroad industry.

In this Rebuttal Verified Statement, I have been asked to respond to certain claims made by commenters CPKC and USDA with regard to the acquisition, my prior diversion analysis, and shipment options for certain traffic.

My key findings are as follows:

- CPKC argues that the acquisition of IANR by CN would have negative competitive effects, but the acquisition has no such negative effects:
 - Post-acquisition, IANR customers will continue to have many competitive transportation options. There are approximately 580 grain buyers in Iowa who post daily bids online, creating a highly competitive array of carrier, mode, and destination options for grain. Since most grain initially moves from farms by truck, Iowa farmers have multiple destination options, such as elevators, terminals, or processors. These options include access to grain elevators on Union Pacific, which serves a diverse network of elevators that are both larger and have better rail capabilities – several can load 100-car shuttle trains – and can reach the same competing end markets via the nation’s interstate rail system.
 - CPKC’s claim that the CN acquisition of IANR would result in the loss of buildout opportunities is not supported by any evidence of past activity or current desire. Shipping options are so plentiful in Iowa that there is no evidence of any actual or threatened buildout. Buildouts almost never occur and, where they do occur, are limited to high-

- volume traffic generators such as power plants and mines, where rate savings can justify the initial capital cost and ongoing maintenance expense.
- CPKC’s request for haulage rights to serve transloads on IANR ignores that transload facilities inherently compete with each other and that CPKC already serves transload facilities near the IANR transloads that it seeks to access. For example, shippers already have an option of using the CPKC transload at Mason City, which is just 10 highway miles from the IANR transload at Manly that CPKC seeks to access. CPKC’s request for haulage rights to the Butler Logistics Park and the Bryant Yard transload similarly ignores that CPKC already operates a transload at New Hampton that is located 38 highway miles from the IANR Butler Logistics Park at Shell Rock and 40 highway miles from the Bryant Yard facility in Waterloo.
 - CPKC’s claim that the acquisition of IANR by CN would reduce competition for Iowa shippers is in error.
 - Shippers in the 19-county region served by IANR will continue to have multiple transportation options. All interline options now available to IANR shippers will remain available, and additional competition will be introduced by a new single-line CN service for these shippers. IANR and CN are surrounded by competing railroads that offer elevator and transload facility options to farmers and other shippers that use IANR facilities.
 - CPKC’s assertion that the CN Osage Subdivision is a competing parallel line is clearly in error. These lines do not serve the same customers and have different physical and operational characteristics. For example, the IANR line can handle railcars with a gross weight of 286,000 pounds, while the CN Osage Subdivision can only handle railcars with a gross weight of 268,000 pounds. This is significant for heavy commodities, such as

grain in covered hoppers or ethanol in tank cars, since the full capacity of the car cannot be used on the Osage Subdivision due to weight restrictions.

- Contrary to CPKC's claims, the CN traffic diversion estimates are achievable and are based on well-established mathematical modeling principles:
 - CPKC's assertion that CN does not need the transaction to achieve the estimated truck-to-rail diversions ignores the benefits of single-line service and the more efficient use of existing terminals. Constructing additional terminals would add to the cost of transportation instead of better leveraging existing facilities that have available capacity. By using existing IANR trains and terminal facilities and existing CN service to Gary, IN, the planned intermodal service can start up at an incremental operational cost.
 - CPKC disputes projected truck-to-rail diversions on the basis that CN must run single-stack between Iowa and Chicago due to the Dubuque Tunnel on CN's network. CPKC's own experience, in addition to that of other railroads, shows that single-stack container service is an effective option where double-stack service is not operationally feasible.
 - CPKC claims the URCS-derived unit cost factors used in the truck-to-rail diversion model are not intuitive and appear illogical. Examples are provided in Section 4.3 that fully demonstrate that the unit cost factors from the truck-to-rail model are consistent with results from URCS, differing by less than 1%.
 - CPKC witness Mr. Zebrowski created a figure that he claims demonstrates that the truck-to-rail model produces illogical results because it does not follow an expected linear trend. The diversion model was clearly stated to be based appropriately on logistic regression. Mr. Zebrowski does not appear to recognize that a logistic regression has a

nonlinear relationship between inputs and outputs, and thus the CPKC calculations are inaccurate and misleading in expecting a linear representation.

- CPKC attempts to simplify the rail-to-rail diversion results by dividing them into four broad categories and then dismissing each category. The rail-to-rail diversions provided in support of the CN-IANR transaction were based not on four aggregations but on hundreds of individual market-by-market assessments, utilizing a consistent methodology that considered the individual characteristics of each traffic record. By oversimplifying the diversion results into four categories and attempting to dismiss each category, Mr. Zebrowski is ignoring the fact that there are over {{ [REDACTED] }} unique combinations of origin-destination pairs in the IANR traffic file for which parties each make independent decisions on the best transportation options for their shipments.
- CPKC repeatedly expresses concern about CPKC's existing joint line traffic with IANR bound for the Quaker Oats' facility. While CN provides transportation services to this shipper via reciprocal switching access, the rail-to-rail diversion model assumed that Quaker Oats would continue to use the CPKC-IANR route via the UP reciprocal switch option, since the CN route is more circuitous compared to the CPKC route from Western Canada.
- The US Department of Agriculture's questioning of interchange impedance costs used in the rail-to-rail diversion model lacks any supporting evidence or alternative costs. The impedance costs are based on a rigorous analysis using the STB Confidential Carload Waybill Sample, and these impedance costs have been used in several major railroad merger cases before the Interstate Commerce Commission and the Board. The basis for diversion by removing an interchange and providing single-line service is recognized by shippers in this proceeding and has been recognized by the Board in past proceedings.

2. Iowa shippers have robust competitive options

2.1 Grain shippers have multiple freight transportation options

Grain is a key commodity for the state of Iowa, and Iowa farmers typically have a wide range of competitive options to sell their grain to elevators or processors and then for elevators to move the grain to the next step of the logistics chain. The state is known for its extensive network of grain elevators and processing plants, which creates a highly competitive set of product, geographic, intermodal, and intramodal options. CPKC witnesses Mr. Harman and Dr. Majure ignore the highly competitive nature of grain markets in an attempt to manufacture an alleged loss of competition due to the acquisition of IANR by CN. Their views on the competitive environment are not consistent with the fundamental nature of grain markets and of Iowa's agriculture logistics and supply chain.

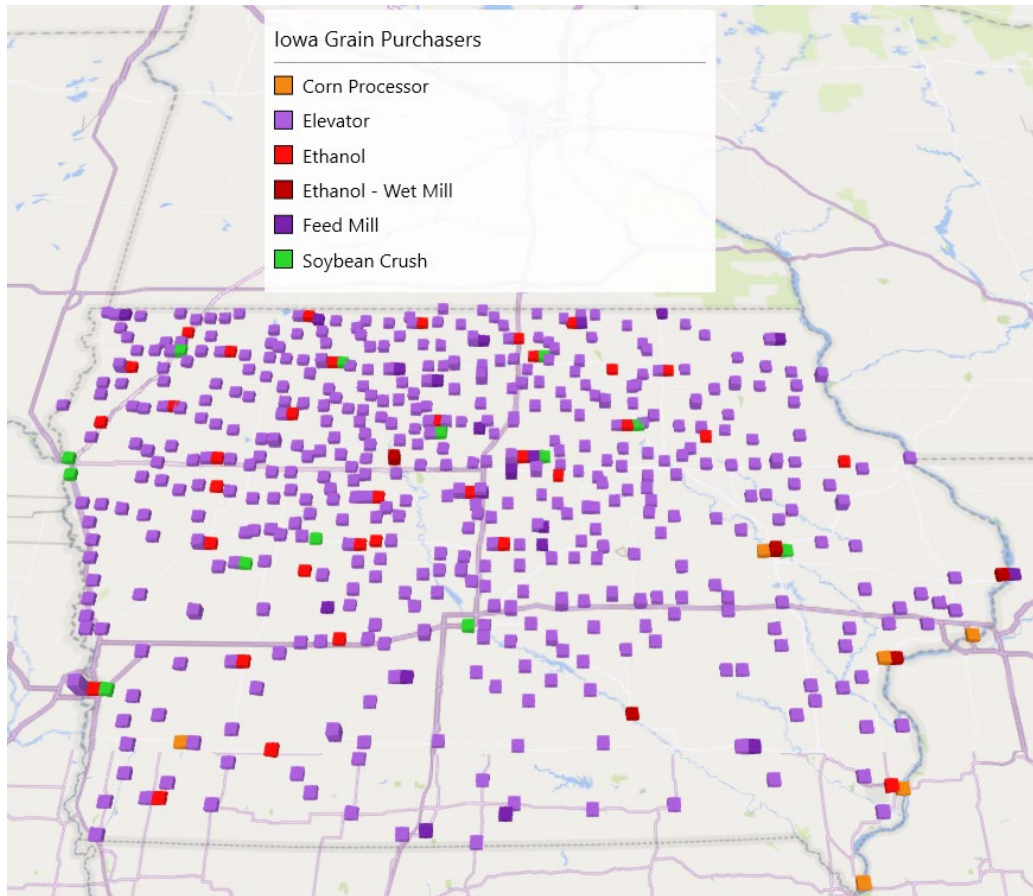
All grain starts its movement in the logistics chain in trucks from individual farms. As a result, grain producers in regions that can readily truck grain to multiple elevators have significant competitive options. Iowa is one such region, with hundreds of competitive destinations where farmers or their intermediaries can sell their grain. There are approximately 580 grain buyers in Iowa who post daily bids online, creating a highly competitive environment where farmers can evaluate purchase prices and transportation costs before selecting the best shipping option for their agricultural products.¹

Exhibit 2-1 displays the location and type of grain buyers throughout Iowa. These buyers may utilize rail or truck for furtherance of grain in the grain processing and logistics network. The majority of grain buyers are elevators that provide markets or storage destinations for both corn and soybeans. There also are 42 ethanol plants in the state, several large corn processors,

¹ [Iowa Grain Buyers and Corn and Soybean Basis](#), Iowa Farm Bureau, March 1, 2023.

and 17 active soybean crush facilities. The density of these 580 grain buyers creates a highly competitive network in which farmers have a wide range of options to optimize financial returns from the disposition of their crops. Nothing about this market for grain purchases will change due to an acquisition of IANR by CN.

Exhibit 2-1: 580 Grain Purchasers in Iowa by Location and Type²



The choice of whom to sell to and the criteria for selection can vary depending on various factors, including market conditions, location, quality of the grain, individual farmer preferences, and ultimately the net price, factoring in transportation mode and costs to the grain facility in the value chain. Farmers have the option to store grain on site while retaining control over their

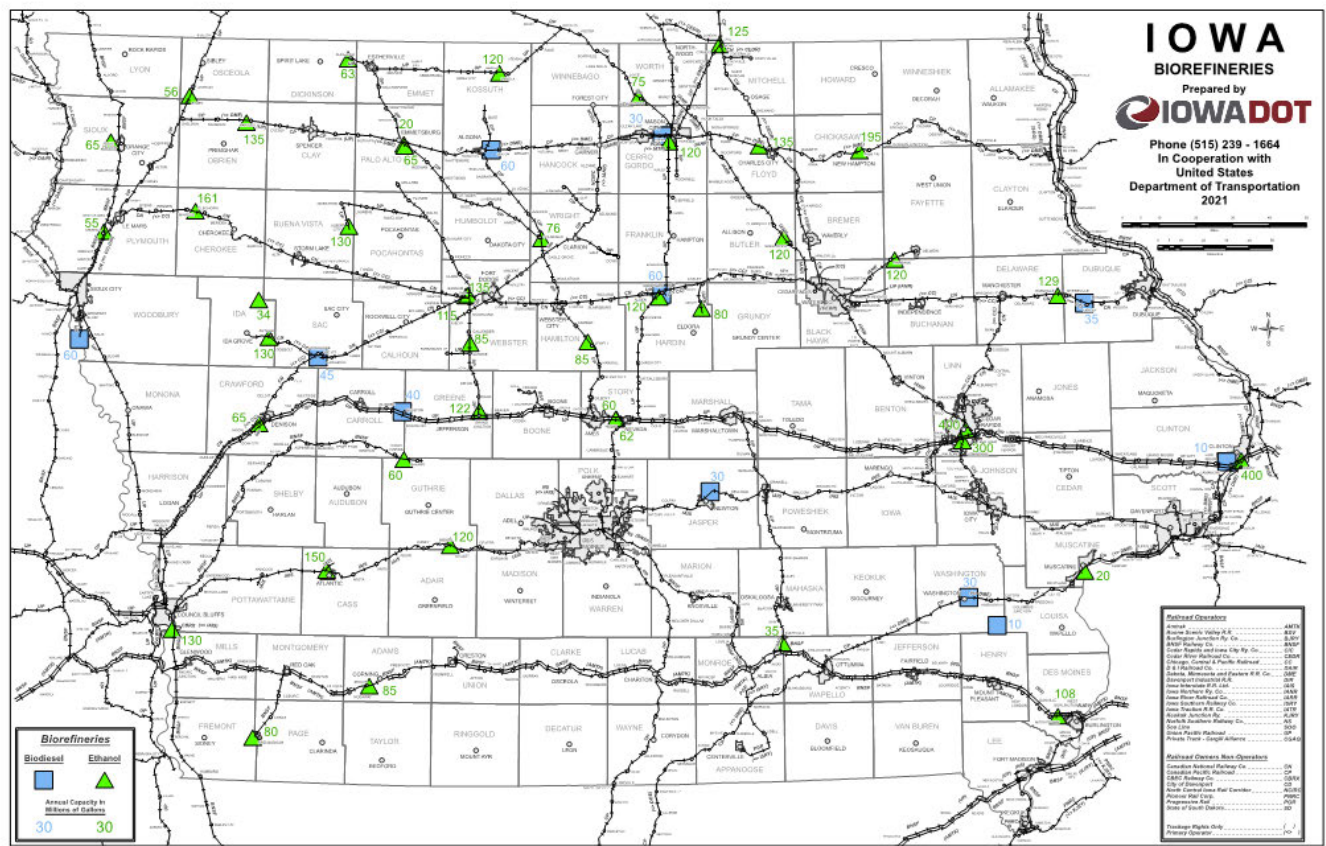
² [Iowa Grain Buyers and Corn and Soybean Basis](#), Iowa Farm Bureau, March 1, 2023.

product, sell to local elevators or cooperative elevators, enter into direct contracts with grain processors, and use online grain trading platforms.

Farm sales to an elevator (local or cooperative) often will be driven by the net price the farmer can obtain for their grain. A given elevator's proximity to end markets (processing plants for example) and transportation capabilities can impact the price at which a farmer can sell grain. The size and rail capacity of an elevator also can impact a farmer's choice of where to sell their grain, as an elevator with a 100-railcar loading capacity can handle a significantly larger volume of grain than one with only a 24-railcar loading capacity. Larger loading capacity means that an elevator can offer larger shipments and potentially meet the volume requirements of processors that prefer to receive grain in bulk.

Exhibit 2-2 displays the mix of grain facilities and their railcar capacity (from less than 25 cars to 100 or more) along railroad lines in Iowa. This includes both elevators and processing plants. In Iowa's northern grain-rich area, there is a significant density of elevators and corresponding rail lines, providing multiple competitive shipping options.

Exhibit 2-3: Biorefineries in Iowa by Annual Gallon Capacity⁴

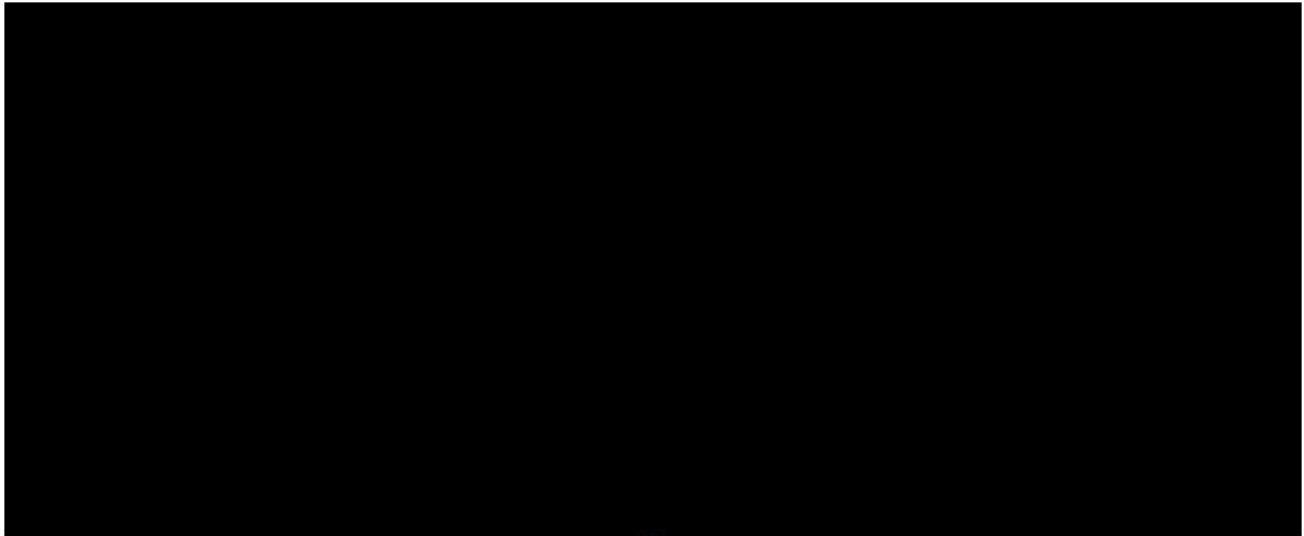


While grain is the largest commodity group on CN and IANR in Iowa, rail overall is not the dominant transportation mode for the Iowa grain market, since truck handles 5.8 times the tonnage – 69.1 million tons for truck compared to 11.8 million tons for rail, as shown in Exhibits 2-4 and 2-5. The acquisition of IANR by CN would not harm the competitive dynamics of Iowa transportation markets.

⁴ Iowa Biodiesel and Ethanol Processing Plants, Iowa Department of Transportation.

Exhibit 2-4: Iowa Market Share by Railroad for Grain⁵

All Iowa rail originations of grain {{{



}}}

Exhibit 2-5: Iowa Truck Traffic for Grain⁶

All Iowa truck originations of grain

Mode	Truckloads	Tons
Truck	4,478,449	69,075,479

The impact of this competitive landscape is that the various participants in the grain markets have multiple options to bring their respective products to market. For example, consider the competitive options of corn farmers in the Iowa counties through which IANR and CN have lines. These farmers can truck their corn to elevators located on CN and on IANR, but they also can market their grain to competing nearby elevators and processors on the nearby north-south UP rail line or UP's mainline across central Iowa, which serves a strong network of elevators that are larger, have better rail capabilities (several can load 100-car shuttle trains), and can reach the same end markets. This competitive environment would continue exactly as it is now following an acquisition of IANR by CN.

⁵ 2022 STB Confidential Carload Waybill Sample; STCC=0113; Origin State=Iowa. Adjusted using IANR 2022 traffic data so the IANR totals are correct. Used an average net weight of {{{ [REDACTED] }}} from the 2022 STB CCWS multiplied by the Adjusted Carloads Total for a total of 11.8 million tons of grain.

⁶ 2021 S&P Global Transearch; STCC=0113; Origin State=Iowa.

2.2 Acquisition of IANR by CN will have no practical impact on buildouts by CN or IANR customers

CPKC's witness Dr. Majure claims that the acquisition would result in a loss of shippers' hypothetical ability to construct a new track from a facility located on CN's lines to IANR's lines (or vice versa) and thus would be a harm to competition.⁷ But Dr. Majure does not point to a single customer that was planning such a buildout or that has appeared in this proceeding to express concerns about the loss of a buildout option. Nor does he or CPKC identify a single past buildout between IANR's lines and CN's Osage Subdivision, or explain why a buildout would even make sense for shippers with truckable traffic and ready access to competing railroads like UP, BNSF, and CPKC. Grain is a highly fungible commodity, and as described above in Section 2.1, farmers have numerous options to market their grain, including through elevators located on CPKC, UP's transcontinental line and Spine Line, and IAIS; through sales to ethanol and other processors and to feedlots; and through truck-barge options for transport via the Mississippi River. From the point of view of these farmers, it would create no value for a grain elevator on IANR to incur the substantial capital cost and ongoing operational expense of building out a line to the Osage Subdivision (or another railroad), when the farmers could simply deliver their grain via truck to elevators on that railroad and reap whatever cost savings might be available.

Buildouts are rare and, where they occur, are limited to high-volume traffic generators such as power plants and mines, where the rate savings can justify the initial capital cost and ongoing maintenance expense of a buildout:

- Assuming the right-of-way could be acquired and an easement perfected to provide the right-of-way, the Iowa Department of Transportation estimates that the cost to build a rail spur is

⁷ FD 36744, Canadian National Railway Company and Grant Trunk Corporation – Control – Iowa Northern Railway Company, CPKC Comments on Proposed Transaction, April 29, 2024, pp. 2 and 6, and Exhibit 3, Verified Statement of W. Robert Majure, PhD, April 29, 2024, p. 15 (hereafter, "Majure VS").

\$100 per linear foot or more than \$528,000 per mile (not including right-of-way, grading, engineering, or switches).⁸

- In addition, the average cost for all qualities of land in the counties served by CN and IANR is more than \$12,000 per acre;⁹ at an average of 12 acres of land per mile of 100-foot-wide railroad right-of-way, the cost of land would add at least another \$144,000 per mile.¹⁰

This cost of nearly \$672,000 per mile for materials and land does not include the significant cost for corridor assembly, permitting, labor, engineering, grading, culverts and bridges, road crossings, signal systems, and switches. Nor does it account for the potential need to cross rivers and highways, or the additional expense which would be associated with any buildouts within a community and dislocations of current land use.

2.3 There is no transaction-related loss of competition with regard to transloads

Transloads serve two primary purposes: First, transloads extend the market area served by a railroad by transferring cargo between railcars and trucks for transport to customers that lack a rail siding and thus do not have access to direct rail service. Second, they allow companies that lack a rail siding to deliver their product to any transload facility on any nearby railroad for onward movement by rail.

Grain elevators are effectively transload facilities. However, for the purposes of this discussion, transloads are designated as facilities that serve non-grain commodities, such as resins, chemicals, minerals, and building materials. Transloads can range in complexity; examples include a simple team track at a station or yard or facilities with paved areas adjacent

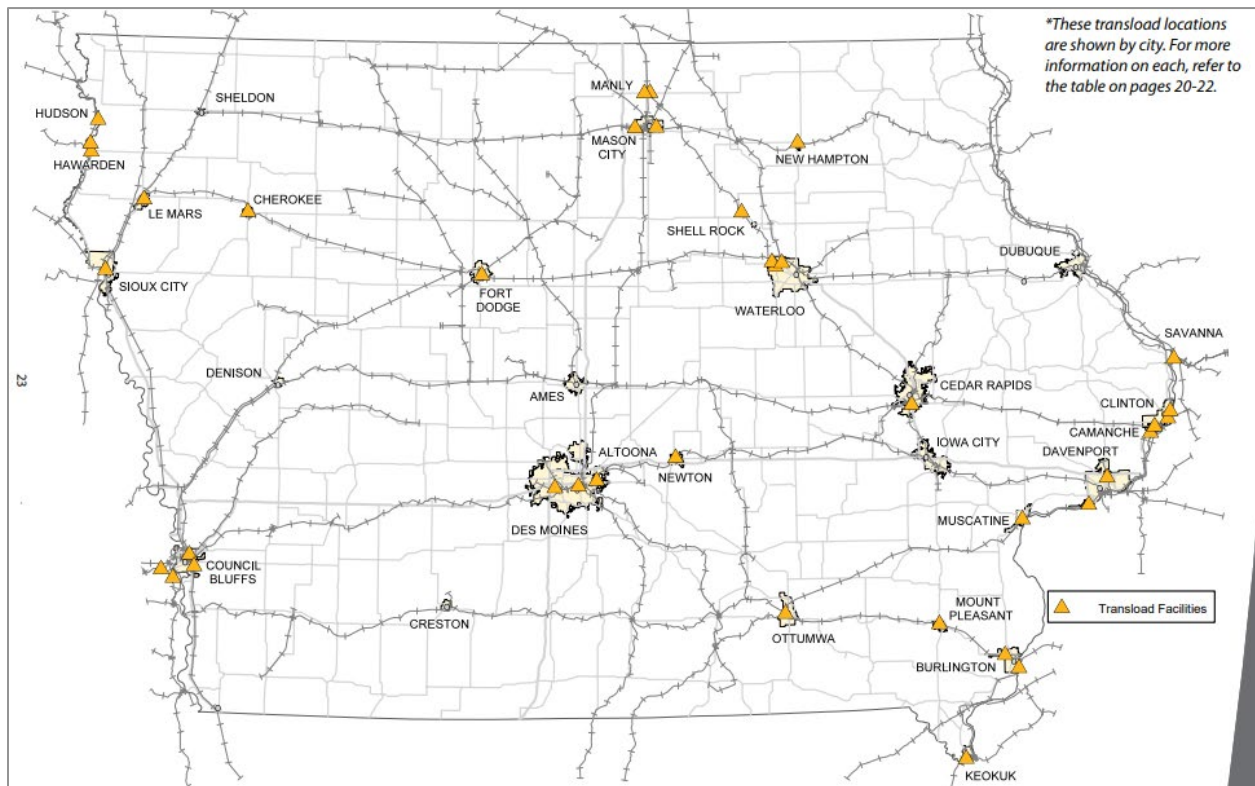
⁸ [“How much does it cost to build a rail spur or siding?”](#) Frequently Asked Questions, Iowa Department of Transportation.

⁹ Unless otherwise specified, references to CN refer to the Osage Subdivision, which runs from Mona Jct., IA to London, MN.

¹⁰ [Outlook for Land Values in 2024 and Beyond](#), Iowa State University Extension and Outreach, December 2023.

to tracks in a dedicated area, which may include sheds for cross-dock transfer from boxcars to trucks. The most sophisticated transloads include conveyors and other bulk loading equipment and/or warehousing.

CPKC requests haulage rights to serve transloads on IANR. Yet there is no transaction-related loss of competition when it comes to these transloads. They are, like many other transloads, basic facilities with tracks connecting to paved areas for transloading of bulk materials and lumber from rail to truck, and cross-platform docks for transloading commodities such as paper or feed products from boxcars to trucks. It is especially puzzling that CPKC should seek haulage rights to the IANR transload at Manly, when CPKC operates its own transload just 10 highway miles away at Mason City. It is similarly puzzling that CPKC should seek haulage rights to the Butler Logistics Park and the Bryant Yard transload, since it operates a transload at New Hampton that is located 38 highway miles from the IANR Butler Logistics Park at Shell Rock and 40 highway miles from the Bryant Yard facility in Waterloo. As shown by Exhibit 2-6, shippers in counties served by IANR have multiple existing transload options, none of which they will lose as a result of the transaction.

Exhibit 2-6: Iowa Transload Locations¹¹

3. CPKC's claim that the combination would reduce competition because CN and IANR serve the same county or move the same commodity is in error

CPKC claims that the acquisition of IANR by CN would reduce competition for online and offline shippers. This claim is incorrect, as customers using IANR facilities will not be harmed if CN acquires IANR, for several reasons.

First, far from being harmed, farmers and other customers located within IANR's territory that currently utilize facilities on IANR will retain all their current routing options and will enjoy an additional competitive option through single-line IANR-CN service.

Second, farmers and other offline customers near IANR's lines have competitive rail options far beyond those considered by CPKC witness Mr. Zebrowski. Figure 1 of Mr.

¹¹ [Iowa Rail Toolkit](#), Iowa Department of Transportation, 2019, p. 23.

Zebrowski's Verified Statement presents an incomplete and misleading picture of the competitive options available to these customers.¹² The figure purports to show that CN and IANR are the only railroads available to these offline customers. But farmers and other offline customers that use elevators and traditional transload facilities on IANR have access to similar facilities on many additional competitive railroads. The map shown in Exhibit 3-1 on the next page, which is cited in CPKC's comments on the proposed transaction, presents a more accurate picture of these competitive options.¹³

As the map clearly shows, IANR is surrounded by competing railroads. The UP east-west transcontinental mainline serves the southern portion of the area, and the UP north-south Spine Line connects with IANR at Manly. The former DM&E line of CPKC serves the northern portion of IANR's territory, while the IAIS mainline serves the southern portion. Thus, farmers and other customers are not limited to elevators and transload facilities located on IANR and CN, but can ship via elevators on competing rail carriers serving the area if they are not satisfied with the rates and services that would be offered at IANR points by CN after acquisition of IANR.

¹² Zebrowski VS, April 29, 2024, p. 3.

¹³ FD 36744, Canadian National Railway Company and Grant Trunk Corporation – Control – Iowa Northern Railway Company, CPKC Comments on Proposed Transaction, Exhibit 1. Verified Statement of John Harman, Attachment A (Iowa Department of Transportation Rail Tool Kit), April 29, 2024 (hereafter, "Harman VS").

Exhibit 3-1: Railroads in Northeastern Iowa¹⁴

Third, factors other than rail-to-rail competition discipline rail rates for grain. As described in Section 2.1, farmers have options to sell corn and soybeans to nearby processing plants and cattle feeding operations, often without the need for rail transport, or to move products by truck to barge loading terminals on the Mississippi River. These competitive alternatives are quite real: Some 62% of corn grown in Iowa is used for ethanol production, and an additional 15% is used in cattle feeding operations.¹⁵ Yet CPKC and Mr. Zebrowski would have the Board believe that

¹⁴ Excerpt from [Iowa Freight Rail Service Map](#), Iowa Department of Transportation.

¹⁵ [Corn: It's Everything](#), Iowa Corn.

farmers near IANR's lines have no effective alternatives to CN and IANR, which is not the case at all with such vibrant competition.

Fourth, Mr. Zebrowski does not account for competitive pressure on rates from truck-barge movements on the Mississippi River. Trucks are more efficient than railroads for grain movements under 250 miles. IANR and all the counties it runs through are within 250 miles of Mississippi River terminals.¹⁶ Farmers can deliver directly from the farm to barge terminal elevators or hire third-party truckers. The truck-barge option disciplines rail rates for feed grains going to the Southeast and grain for export.

The assertions by CPKC and Mr. Zebrowski that an acquisition of IANR by CN would reduce competition are thus clearly in error, because they fail to recognize that:

- All interline options now available to online IANR shippers will remain available and that additional competition will be introduced by a new single-line CN service for these shippers;
- IANR and CN do not exist in a vacuum but rather are surrounded by competing railroads that offer elevator and transload facilities to farmers and other shippers that use IANR facilities;
- The large market for local grain consumption for ethanol and other products and for cattle feeding further disciplines rail rates and service;
- Farmers can truck grain to competing elevators, in some cases hundreds of miles away; and
- Farmers have the option of using truck-barge service as an alternative to compete with rail rates when moving products to the Southeast and for export.

Moreover, CPKC ignores real differences between the CN Osage Subdivision and IANR lines. The IANR and CN Osage Subdivision are approximately the same length, but IANR originates approximately {{ [REDACTED] }} as many railcars as the CN Osage Subdivision. IANR's

¹⁶ [Corn Transportation Profile](#), United States Department of Agriculture, August 2014, p. 9.

infrastructure also is much better suited to serve traffic that originates in northeastern Iowa: Corn, soybeans, and ethanol are heavy-loading commodities that are most efficiently carried in covered hopper and tank cars with a gross weight on rail of 286,000 pounds. While IANR can run 286,000-pound cars on its line, the CN Osage Subdivision does not permit 286,000-pound cars. Traffic moving on the CN Osage Subdivision thus cannot be loaded to the full capacity of the railcars that are ordinarily used in grain and ethanol services, and this inefficiency impacts the commercial competitiveness and traffic flows for such commodities on the two lines.

4. Refutation of claims by CPKC and USDA related to traffic diversion models¹⁷

As described in the Application, the acquisition of IANR could enable CN to remove an estimated 14,619 trucks from roads each year, producing public benefits, including reduced carbon emissions, reduced highway congestion, and reduced public expenditures for highway maintenance. These 14,619 trucks are equivalent to 8,338 railcars and containers (Exhibit 4-1). The truck-hauled commodities diverted to CN are projected to include industrial chemicals, agriculture and food products, farm machinery, lumber, and transportation equipment.

In addition, the acquisition could divert an estimated 10,503 railcars from other railroads (Exhibit 4-1). This traffic would include food products, ethanol, fertilizers, and revenue empty railcars.

¹⁷ FD 36744, Canadian National Railway Company and Grant Trunk Corporation – Control – Iowa Northern Railway Company, Comments of the US Department of Agriculture, April 29, 2024, p. 6; (hereafter, “USDA Comments”).

Exhibit 4-1: Estimated Diversion Results Summary for CN Acquisition of IANR¹⁸

Category	Rail-to-rail (carloads)	Truck-to-rail (carloads)	Truck-to-rail (containers)
Bulk goods	72	50	685
Food products	3,602	1,200	1,833
Industrial products	266	587	2,119
Petroleum and chemicals	3,260	663	293
Transportation equipment	3,303	262	519
All other	-	-	127
Total	10,503	2,762	5,576

4.1 CPKC’s claim that the estimated diversions appear achievable without the transaction is in error

CPKC argues that CN does not need the transaction to achieve the estimated diversions; instead, CN could just as easily build its own terminal facilities to attract this business.¹⁹ The construction of additional intermodal and transload facilities would however be counterproductive for several reasons:

- Building additional terminals adds to the cost of transportation instead of better leveraging existing facilities that already are not operating anywhere near capacity. Railroading and terminal facilities in particular have high fixed costs and benefit from economies of scale. Adding more facilities in the market would only bifurcate service, raising costs, reducing density, and reducing service levels as less traffic would be moved through each facility. And a facility operating closer to capacity might operate on weekends or two shifts per day instead of one to open up additional capacity and provide better service to customers without adding additional infrastructure (and cost).

¹⁸ FD 36744, Canadian National Railway Company and Grant Trunk Corporation – Control – Iowa Northern Railway Company, Application, Appendix B. Verified Statement of David T. Hunt, January 30, 2024, reproduction of Exhibit 2-1; (hereafter “Hunt VS”).

¹⁹ Majure VS, April 29, 2024, ¶ 56.

- The transaction-related offering of intermodal service between Chicago, IL and Butler, IA would not duplicate any existing rail service. By using existing IANR trains and terminal facilities, and existing CN service to Gary, IN,²⁰ which already passes through the CN intermodal hub at Homewood, IL, the planned intermodal service can start up at an incremental operational cost. Using existing facilities greatly reduces start up risk and cost, and increases the likelihood of success in attracting traffic to a route that has available capacity.

Just as CPKC argues that CN could build additional facilities to achieve these benefits, so could CPKC build new facilities to compete with a combined CN-IANR. The Iowa Department of Transportation Rail Toolkit shows that two transload facilities are already accessible to CPKC at Mason City in close proximity to IANR.²¹

4.2 CPKC’s claim that diversions are not achievable because of the need to run single-stack trains through the Dubuque Tunnel is in error

CPKC disputes projected truck-to-rail diversion levels on the basis that CN must run single-stack between Iowa and Chicago due to the Dubuque Tunnel on CN’s network. While railroads certainly prefer double-stack service because it is more efficient, single-stack container service is an effective option where double-stack service is not operationally feasible because of height restrictions. In North America, a number of important rail corridors have functioned, and several still function today, with effective single-stack service. Indeed, CPKC itself has a long history of running single-stack service. For example:

- For years prior to acquiring CSX trackage rights between Buffalo and Chicago (which were negotiated in 2013), CPKC competed with a single-stack, high cube (9’6”) service offering or

²⁰ CPKC Comments, April 29, 2024, p. 40.

²¹ Harman VS, April 29, 2024, p. 21.

by double stacking international boxes through the Detroit River Tunnel (CPKC cannot double stack high-cube boxes through the tunnel). The CSX trackage rights that CPKC acquired to get double-stack clearance added approximately 125 miles (23%) to the CP route between Toronto, ON and Chicago, IL.²²

- NS has provided single-stack intermodal service between Mechanicville, NY and Ayer, MA – a distance of 153 miles – on its only route serving the New England market since 2009 because of a lack of double-stack clearance through the 4.75 mile long Hoosac Tunnel. In the future, NS will be able to reroute its intermodal train to Ayer via CSX, but the work required to do this has not been completed yet, so NS is still running single-stack trains east of Mechanicville.²³
- CSX intermodal trains from northern New Jersey to Baltimore and points south down to Florida and from Baltimore west run in single-stack configuration due to the Howard Street Tunnel. A project is underway and expected to be finished in 2025 that should allow CSX to operate double-stack trains in the I-95 corridor between the US Southeast and Northeast, and to operate double-stack trains from the Port of Baltimore to points west.²⁴
- NS Harrisburg to Baltimore: The NS intermodal train to/from Baltimore cannot accommodate double-stack containers due to the overhead catenary on Amtrak from Baltimore to Perryville, MD. There are no plans to change this situation.²⁵

The above examples make clear that single stacking is operationally feasible and is a common way to address height restrictions, including by CPKC.

²² Oliver Wyman analysis.

²³ “[It’s official: Berkshire & Eastern to take over Pan Am Southern operations](#),” Trains Magazine, August 29, 2023.

²⁴ “[Howard Street Tunnel Project to Complete Double Stack Clearance](#),” CSX press release, November 30, 2021.

²⁵ Oliver Wyman research.

4.3 CPKC’s claim that truck-to-rail diversions are arbitrary and unrealistic is in error

The STB Uniform Rail Costing Model (“URCS”) and railroad R-1 reports were used to derive rail unit cost factors for the truck-to-rail diversion model. These factors were presented in the Application and are reproduced below as Exhibit 4-2.²⁶

Exhibit 4-2: Cost of Rail Moves Originated In CN-Served Locations

Exhibit B-4 from Hunt Verified Statement of January 30, 2024²⁷

Service type	Variable costs, per ton mile	Fixed costs, per ton	Fixed IC costs, per ton	Variable IC costs, per ton mile
Intermodal	.057	5.58	15.34	.002
Auto	.109	5.58	9.37	.007
Flatbed	.030	5.58	2.44	.002
Dry Bulk	.024	5.58	1.96	.002
Liquid Bulk	.026	5.58	2.31	.002

Mr. Zebrowski argues that these URCS-derived unit cost factors are “not intuitive and in some cases appear illogical.”²⁸ Yet Mr. Zebrowski does not attempt to offer any alternatives to the URCS-derived costs that were used, nor does he provide specific examples of what he considers to be realistic rail costs.

The following examples show how the unit cost factors in Exhibit 4-2 closely correspond to costs calculated using the STB URCS program for individual movements. Exhibit 4-3 shows an example of an interline movement of grain traveling 1,500 miles. The movement is in a covered hopper and weighs 105 tons.²⁹ The correct unit cost factors to apply to this traffic are from the “dry bulk” category in Exhibit 4-2. Using the truck-to-rail model as described in the Application,

²⁶ Hunt VS, January 30, 2024, Exhibit B-5.

²⁷ Hunt VS, January 30, 2024, Exhibit B-4, reused in Zebrowski VS as Table 5.

²⁸ Zebrowski VS, April 29, 2024, ¶¶37-46.

²⁹ 105 tons per car is the average for STCC 0113 (grain) in a covered hopper based on the STB 2021 Public Use Carload Waybill Sample.

the calculations are straightforward, with the unit cost being multiplied by the distance, tons, and number of interchanges where applicable, resulting in an estimated total rail cost of \$4,887.

Exhibit 4-3: CN Truck-To-Rail Diversion Model, Interline Movement of One Covered Hopper Filled With 105 Tons of Grain Moving 1,500 Miles³⁰

Cost factor	Unit cost (dry bulk)	Distance	Tons	# of interchanges	Total cost
Variable cost/ton-mile	\$0.024	1,500	105	N/A	\$ 3,780
Fixed cost/ton	\$5.580	N/A	105	N/A	\$ 586
Fixed IC cost/ton	\$1.960	N/A	105	1	\$ 206
Variable IC cost/ton-mile	\$0.002	1,500	105	1	\$ 315
Estimated total cost					\$ 4,887

Exhibit 4-4 shows the results of the URCS Phase III program for this same bulk movement. The origin railroad is “West” (western railroads) and the terminating railroad is “East” (eastern railroads). The URCS model was given the same 1,500 total miles, one interchange, and 105 tons of grain in a covered hopper, as in the example above. The URCS calculated cost is \$4,850, which is only \$37 (seven-tenths of 1%) different than the cost derived from the diversion model using the factors that Mr. Zebrowski claims to be illogical. This is of course what one would expect, since the unit cost factors for the diversion model are developed from URCS costing.

³⁰ Hunt VS, Section B-2.1 “Rail cost estimation model,” January 2024. No drayage costs are used in this example to allow comparison to URCS rail costs.

Exhibit 4-4: URCS Screenshot of Interline Movement of One Covered Hopper Filled With 105 Tons of Grain Moving 1,500 Miles³¹

Surface Transportation Board - Railroad Cost Program			2021	Unit Cost Year	Clear Detailed Parameters	Export Results	
Using 2021 Unit Costs			1	2	3	4	5
LINE	DESCRIPTION	SOURCE	ORR	JRR1	JRR2	JRR3	TRR
RR	Railroad	[User]	WEST				EAST
DIS	Distance	[User]	750.0				750.0
SG	Segment Type	[User]	OD				RT
FC	Freight Car Type	[User]	Covered Hopper Cars				
NC	Number of Cars	[User]	1				
OWN	Car Ownership	[User]	Railroad				
WT	Weight per Car (tons)	[User]	105				
CDM	Commodity	[User]	0133 Grains				
SZ	Shipment Size	[User]	Single				
REV	Revenue	[User]					
VARIABLE COST SUMMARY							
Category			WEST				EAST
Variable Costs			\$1,770.15				\$2,582.04
Loss & Damage			\$0.89				\$0.89
Ex Parte Adjustment (i.e., Make Whole)			\$289.87				\$206.27
Total Variable Costs			\$2,060.91				\$2,789.21
							\$4,850.12

Exhibit 4-5 continues with the example of grain moving 1,500 miles, but in this case, the shipment is changed to single-line service with no interchanges. The only change between the diversion model calculations shown above for Exhibit 4-3 and the calculations shown below for Exhibit 4-5 is that the number of interchanges has gone from one to zero. Using the unit cost factor developed for the truck-to-rail model, providing the service as a single-line movement lowers the estimated total cost from \$4,887 to \$4,366, a difference of \$521 (10.7%).

Exhibit 4-5: CN Truck-To-Rail Diversion Model, Single-Line Movement of One Covered Hopper Filled With 105 Tons of Grain Moving 1,500 Miles³²

Cost factor	Unit cost (dry bulk)	Distance	Tons	# of interchanges	Total cost
Variable cost/ton-mile	\$0.024	1,500	105	N/A	\$3,780
Fixed cost/ton	\$5.580	N/A	105	N/A	\$586
Fixed IC cost/ton	\$1.960	N/A	105	0	\$0
Variable IC cost/ton-mile	\$0.002	1,500	105	0	\$0
Estimated total cost					\$ 4,366

³¹ Surface Transportation Board, Railroad Cost Program, version 2017.1, Unit Cost Year = 2022.

³² Hunt VS, Section B-2.1 "Rail cost estimation model," January 2024. No drayage costs are used in this example to allow comparison to URCS rail costs.

Exhibits 4-6 and 4-7 show URCS Phase III results for this same movement as a single-line move by western and eastern railroads. The URCS cost on the western railroads is \$3,923, while the URCS cost on the eastern railroads is \$4,743, for an average cost of \$4,333. This average cost is \$517 less than the interline cost from URCS shown in Exhibit 4-5, with the only difference being the change from interline handling to a single line move. The URCS average cost of \$4,333 is only \$33 (eight-tenths of 1%) different than the cost of \$4,366 estimated using the unit cost factors developed for the Application truck-to-rail model.

Exhibit 4-6: URCS Screenshot of Single-Line Movement of One Covered Hopper Filled With 105 Tons of Grain Moving 1,500 Miles – Western Railroads³³

Surface Transportation Board - Railroad Cost Program			2021	Unit Cost Year	Clear Detailed Parameters			Export Results	
Using 2021 Unit Costs			1	2	3	4	5	Version 2017.1	
LINE	DESCRIPTION	SOURCE	ORR	JRR1	JRR2	JRR3	TRR	Total	
RR	Railroad	[User]	WEST						
DIS	Distance	[User]	1,500.0					1,500.0	
SG	Segment Type	[User]	OT						
FC	Freight Car Type	[User]	Covered Hopper Cars						
NC	Number of Cars	[User]	1						
OWN	Car Ownership	[User]	Railroad						
WT	Weight per Car (tons)	[User]	105						
COM	Commodity	[User]	0113 Grains						
SZ	Shipment Size	[User]	Single						
REV	Revenue	[User]							
VARIABLE COST SUMMARY									
Category			WEST					Total	
Variable Costs			\$3,390.91					\$3,390.91	
Loss & Damage			\$1.78					\$1.78	
Ex Parte Adjustment (i.e., Make Whole)			\$530.35					\$530.35	
Total Variable Costs			\$3,923.04					\$3,923.04	

Exhibit 4-7: URCS Screenshot of Single-Line Movement of One Covered Hopper Filled With 105 Tons of Grain Moving 1,500 Miles – Eastern Railroads³⁴

Surface Transportation Board - Railroad Cost Program			2021	Unit Cost Year	Clear Detailed Parameters			Export Results	
Using 2021 Unit Costs			1	2	3	4	5	Version 2017.1	
LINE	DESCRIPTION	SOURCE	ORR	JRR1	JRR2	JRR3	TRR	Total	
RR	Railroad	[User]	EAST						
DIS	Distance	[User]	1,500.0					1,500.0	
SG	Segment Type	[User]	OT						
FC	Freight Car Type	[User]	Covered Hopper Cars						
NC	Number of Cars	[User]	1						
OWN	Car Ownership	[User]	Railroad						
WT	Weight per Car (tons)	[User]	105						
COM	Commodity	[User]	0113 Grains						
SZ	Shipment Size	[User]	Single						
REV	Revenue	[User]							
VARIABLE COST SUMMARY									
Category			EAST					Total	
Variable Costs			\$4,368.67					\$4,368.67	
Loss & Damage			\$1.78					\$1.78	
Ex Parte Adjustment (i.e., Make Whole)			\$372.09					\$372.09	
Total Variable Costs			\$4,742.55					\$4,742.55	

³³ Surface Transportation Board, Railroad Cost Program, version 2017.1, Unit Cost Year = 2022.

³⁴ Surface Transportation Board, Railroad Cost Program, version 2017.1, Unit Cost Year = 2022.

The series of exhibits above demonstrate that: a) the cost factors derived from URCS and shown in Exhibit 4-2 provide reasonable and realistic depictions of the comparable rail costs used in the Application truck-to-rail diversion model; and b) URCS validates the assumption that there are significant cost savings when an interchange is removed.

URCS is used by the Board for regulatory costing purposes and is a reasonable basis for the unit cost factors used in the truck-to-rail diversion model. By employing long-accepted rail and truck cost analysis methodologies, the approach used in the truck-to-rail model provides reasonable and realistic estimates of rail service costs for different service types.³⁵

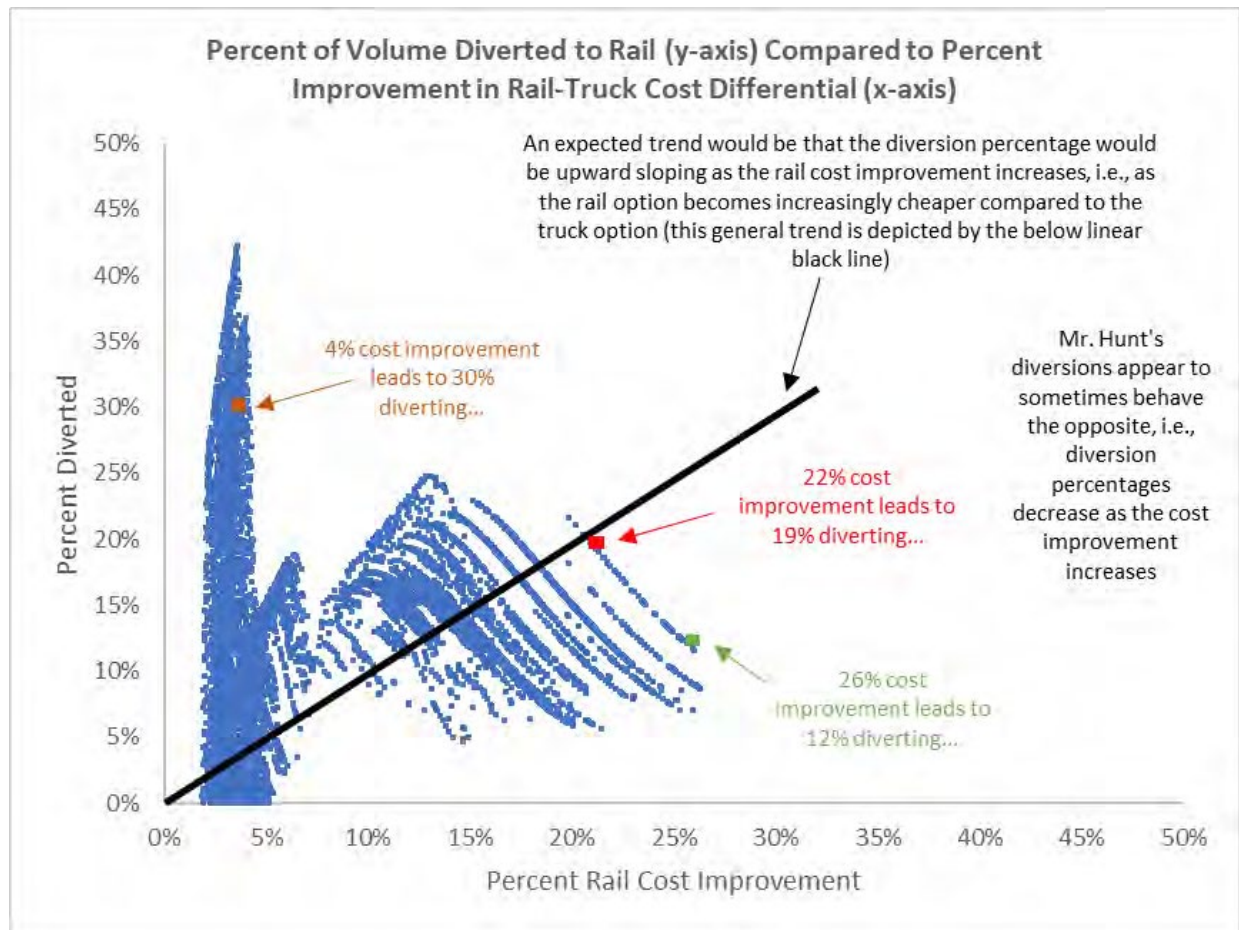
4.4 Mr. Zebrowski erroneously challenges the truck-to-rail diversion model based on an incorrect linear regression assumption

Mr. Zebrowski incorrectly treats what is a *logistic regression* like it is a linear regression, by assuming a linear relationship between rail cost improvement and the percent diverted to rail. He states, “An expected trend would be that the diversion percentage would be upward sloping as the rail cost improvement increases...this general trend is depicted by the below linear black line” [underline added].³⁶ This statement is shown in Exhibit 4-8 (reproducing Mr. Zebrowski’s Figure 3), where a black arrow points to a straight line that he claims is the expected trend.

³⁵ Mr. Zebrowski’s suggestion that the diversion model’s treatment of truck movements from Linn County, IA to Ascension Parish, LA of Miscellaneous Industrial Organic Chemicals (STCC 2818) shows inconsistencies is meritless. Based on the STB Public Use Carload Waybill Sample (which was listed as a source in Hunt VS, January 30, 2024), STCC 2818 historically moved in a mixture of tank cars (88%), intermodal service (9%), and covered hoppers (3%). Therefore, in the diversion model, STCC 2818 was divided into liquid bulk (tank cars), dry bulk (covered hoppers), and intermodal using these percentages. The chosen method for distributing the traffic by physical characteristics established a realistic representation of how and in what form the commodities are actually shipped and how diversions are likely to occur.

³⁶ Zebrowski VS, April 29, 2024, Figure 3.

Exhibit 4-8: Mr. Zebrowski's Attempt to Show Errors in the CN Truck-To-Rail Diversion Model³⁷



Mr. Zebrowski's attempt to compare a logistic regression to a linear line creates multiple fundamental errors that render his criticism of the diversion estimates meaningless.³⁸

Mr. Zebrowski's first fundamental error is that he inaccurately uses a straight line to represent the truck-to-rail logistic regression model. Near the top of Exhibit 4-8, Mr. Zebrowski places an arrow pointing to the upwardly sloping linear black line and refers to it as the "expected trend."³⁹ The truck-to-rail model is clearly stated to be a logistic regression model in the Application, and Mr. Zebrowski references it as a logistic regression model in his

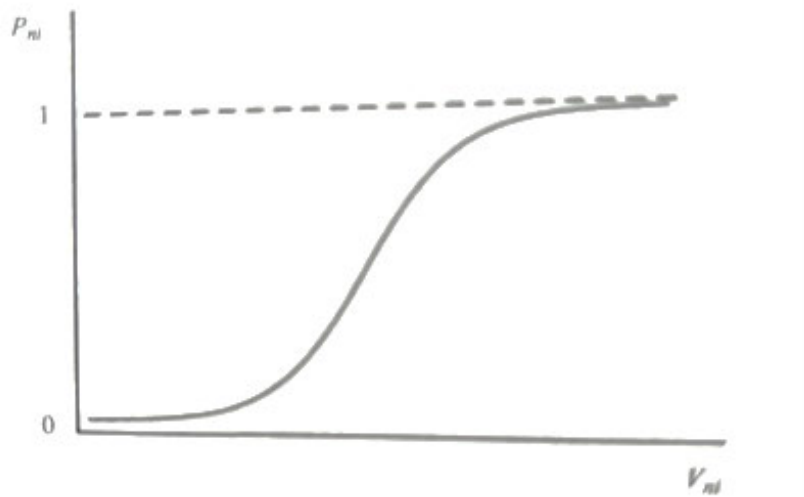
³⁷ Reproduction of Zebrowski VS, April 29, 2024, Figure 3.

³⁸ Zebrowski VS, April 29, 2024, ¶47-48.

³⁹ Zebrowski VS, April 29, 2024, Figure 3.

statement.⁴⁰ But Mr. Zebrowski does not appear to recognize that logistic regressions have a nonlinear relationship between inputs and outputs, and it is improper and inaccurate to use a linear representation. Logistic regressions form a sigmoid, commonly referred to as an S-curve, as shown in Exhibit 4-9.⁴¹

Exhibit 4-9: Example of an S-Curve Produced in a Logistic Regression⁴²



Logistic regression is commonly used to model transportation mode choices.⁴³ Intuitively, when the rail cost is close to or exceeds the truck cost, then changes to the rail cost relative to the truck cost will have a small impact on rail share. Similarly, if the rail cost is already low compared to the truck cost, changes to the rail cost will have a small impact on rail share. These two extremes represent the “flatter” portions of the S-curve. The steep part of the S-curve

⁴⁰ See Hunt VS, January 30, 2024, Section B.3, January 2024, and Zebrowski VS, April 29, 2024, footnote 46.

⁴¹ See, for example, Train, Kenneth E., “Discrete Choice Methods with Simulation,” 2nd Edition, Cambridge University Press, 2009, pp. 37-38.

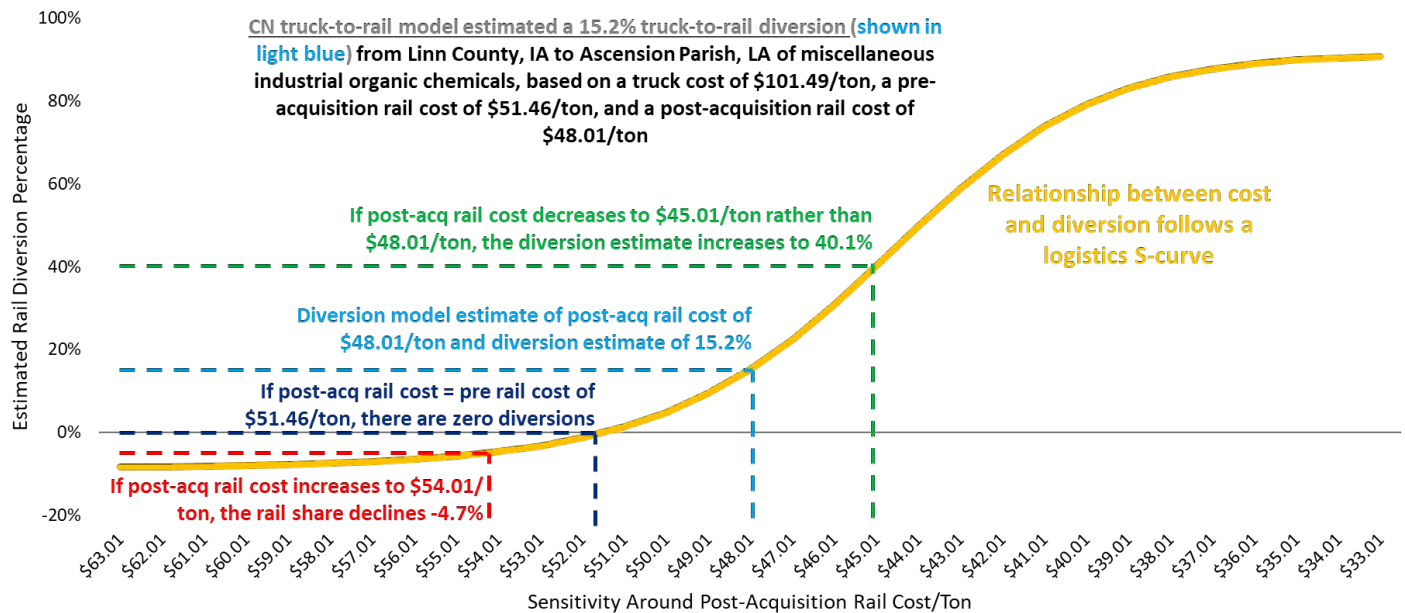
⁴² Train, Kenneth E., “Discrete Choice Methods with Simulation,” 2nd Edition, Cambridge University Press, 2009, Figure 3-1.

⁴³ See, for example, [Chapter 3.0: “Mathematical Models for Predicting Mode Choice,”](#) in Development of Long-Distance Multimodal Passenger Travel Modal Choice Model, US Federal Highway Administration, July 23, 2012. Section 3.5 states that “The majority of the mode choice models involving transportation are logit based” and that “Logistic regression models are used to predict the probabilities of the different possible outcomes of a categorical dependent variable (mode choices), given a set of independent variables (socioeconomic characteristics, trip purpose, trip length, etc.).” Note that a logit model is a logistic regression model, or as stated by the FHWA in Section 3.5.1 “A multinomial logit model is a regression model which generalizes logistic regression by allowing more than two discrete outcomes.” Also see Discrete Choice Analysis: Theory and Application to Travel Demand, Moshe Ben-Akiva and Steven R. Lerman, MIT Press, 1985.

represents those situations where truck and rail are more competitive and changes in price will have a larger impact on market share.

When Mr. Zebrowski claims the truck-to-rail model should follow a linear line, rather than an S-curve, he is misunderstanding the nature of the logistic regression behind the diversion analysis. Exhibit 4-10 demonstrates that the truck-to-rail model used in the Application is both logical and grounded in proper cost tradeoffs, contrary to Mr. Zebrowski's claims. The percentage diversion increases as the post-acquisition rail cost relative to the truck cost decreases, and the percentage diversion decreases as the post-acquisition rail cost relative to the truck cost increases.

Exhibit 4-10: CN Truck-To-Rail Model is Based on a Logistic Regression S-Curve That Behaves as Designed to Estimate Diversions⁴⁴



⁴⁴ Example is Linn County, IA-Ascension Parish, LA, STCC 2818, taken from row 4494 of "Highly-Confidential-Diversion-Hunt-Workpaper.xlsx," T2R-All tab, January 2024. Calculations contained in "HC-May2024-IANR-Hunt-Workpaper.xlsx," LogReg tab.

The example in Exhibit 4-10 is a projected truck-to-rail diversion from CN's acquisition of IANR as modeled using the CN truck-to-rail diversion model.⁴⁵ The truck movement of miscellaneous industrial organic chemicals moves from Linn County, IA to Ascension Parish, LA. The truck cost is estimated at \$101.49/ton and the pre-acquisition rail cost is estimated at \$51.46/ton. The post-acquisition rail cost is estimated at \$48.01/ton and the truck-to-rail model predicts a 15.2% diversion to rail (light blue line in Exhibit 4-10).

To demonstrate that the model does not behave “the opposite, i.e., diversion percentages decrease as the cost improvement increases” as claimed by Mr. Zebrowski, a sensitivity analysis also is shown in Exhibit 4-10.⁴⁶ If the post-acquisition rail cost decreases another \$3/ton to \$45.01/ton, rather than \$48.01/ton, and truck costs remains at \$101.49/ton, then the estimated diversion increases to 40.1% (green line). This is the expected behavior – rail cost declines relative to truck cost, so the estimated rail diversion increases. If the post-acquisition rail cost is equal to the pre-acquisition rail cost and the truck cost remains unchanged, then the model shows zero diversions, again as expected (dark blue line). Finally, if the post-acquisition rail cost is higher than the pre-acquisition rail cost and the truck costs remains unchanged, rail would lose 4.7% share to truck (red line). This is consistent behavior for a logistic regression model and demonstrates that the CN truck-to-rail model is behaving exactly as designed.

A second fundamental error made by Mr. Zebrowski is when he invents a “rail cost differential” metric and uses this metric to highlight three examples in Exhibit 4-8 above.⁴⁷ The examples show a “rail cost differential” of 26%, 22%, and 4% and a diversion percentage of 12%, 19%, 30%, respectively. Mr. Zebrowski contends that as his “rail cost differential” metric

⁴⁵ Example is Linn County, IA-Ascension Parish, LA, STCC 2818, taken from row 4494 of “Highly-Confidential-Diversion-Hunt-Workpaper.xlsx,” T2R-All tab, January 2024.

⁴⁶ Zebrowski VS, April 29, 2024, Figure 3.

⁴⁷ Zebrowski VS, April 29, 2024, Figure 3.

decreases, diversions should also decrease. The calculations for Mr. Zebrowski's "rail cost differential" are shown in Exhibit 4-11. The second example in Exhibit 4-11 has a truck cost of \$71.97 per ton, a pre-acquisition cost of \$64.69 per ton, and a post-acquisition cost of \$49.20 per ton. This creates a pre-acquisition ratio of rail cost to truck costs of 90.1% and a post-acquisition ratio of 68.5%, for a "rail cost differential" of 21.5%.

Exhibit 4-11: Calculation of Mr. Zebrowski's Incorrect "Rail Cost Differential" Metric⁴⁸

Truck cost/ton	Pre-acquisition rail cost/ton	% pre-rail to truck cost	Post-acquisition rail cost/ton	% post-rail to truck cost	Zebrowski "rail cost differential"	% rail diversion	Mode
\$59.56	\$64.69	108.6%	\$49.21	82.6%	108.6% - 82.6% = 26.0%	11.6%	Intermodal
\$71.97	\$64.69	90.1%	\$49.20	68.5%	90.1% - 68.5% = 21.5%	18.6%	Intermodal
\$68.44	\$29.40	43.0%	\$26.80	39.2%	43.0% - 39.2% = 3.8%	30.3%	Railcar

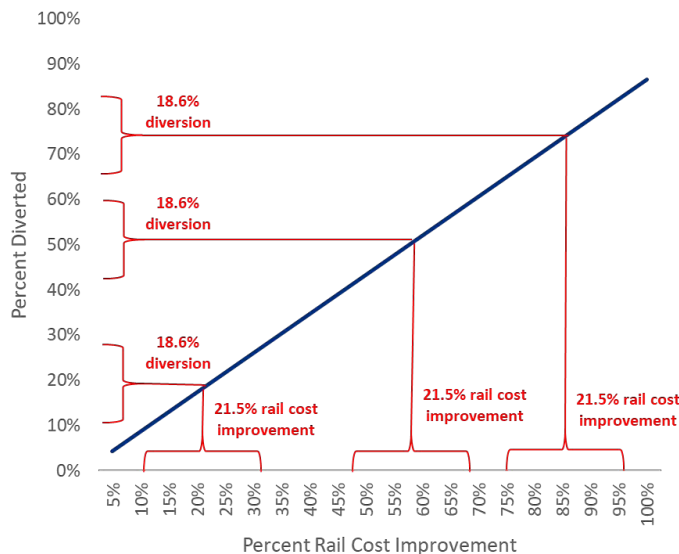
The issue with Mr. Zebrowski's "rail cost differential" metric is that it again incorrectly assumes that a logistic regression follows a linear trend. Exhibit 4-12 demonstrates why this does not make sense. The left side of Exhibit 4-12 shows an example of a linear model, as Mr. Zebrowski incorrectly assumes, where a 21.5% rail cost improvement leads to an 18.6% diversion, regardless of the starting point. Thus, if the rail cost improves by 21% from 10% below truck costs to 31% below truck costs, the diversion estimate is 18.6%. If the rail cost improves by 21% from 47% to 68%, Mr. Zebrowski's diversion estimate is still 18.6%. However, for a logistic regression, as shown on the right side of Exhibit 4-12, the starting point (ignored by Mr. Zebrowski) is important. If the rail cost improves by 21% from 10% to 31%, the diversion estimate would be 12.2%. If the rail cost improves by 21% from 47% to 68%, the diversion estimate would be 41.4%.

⁴⁸ Zebrowski VS, April 29, 2024, Figure 3; and "Hunt Diversion Analysis Workpaper.xlsx," Table and Figures tab, April 30, 2024.

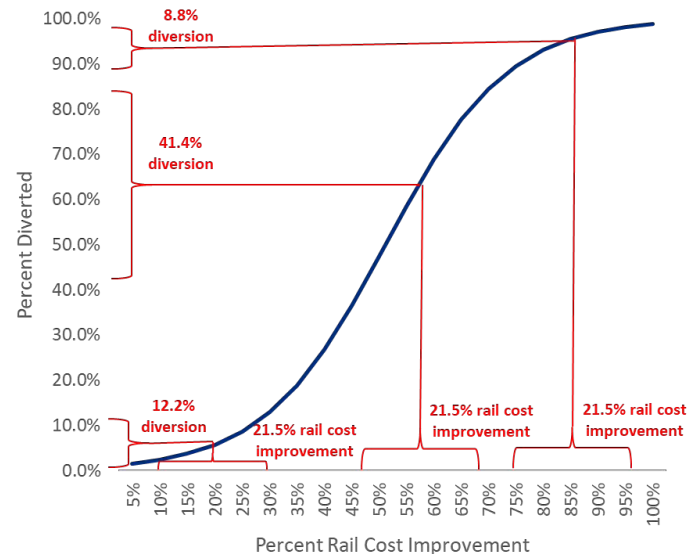
This better matches common sense reality. If there were a \$1,000 difference in the price of rail versus truck, a \$100 change in the price of rail would be unlikely to affect customer choices. But if there were only a \$50 difference, then a \$100 price change would be more likely to affect a customer's choices. By ignoring the starting position for rail versus truck costs in the truck-to-rail logistic regression model, Mr. Zebrowski incorrectly claims that the model produces illogical results.

Exhibit 4-12: Mr. Zebrowski's "Rail Cost Differential" Metric Incorrectly Assumes a Linear Relationship Between Rail Cost Improvement and Diversion Percentage⁴⁹

Under Mr. Zebrowski's incorrect linear interpretation, a 21.5% rail cost improvement would lead to an 18.6% diversion regardless of the starting relationship between truck and rail costs



In a logistics regression, which follows an S-curve, a 21.5% rail cost improvement would lead to different diversions depending on the starting relationship between truck and rail costs



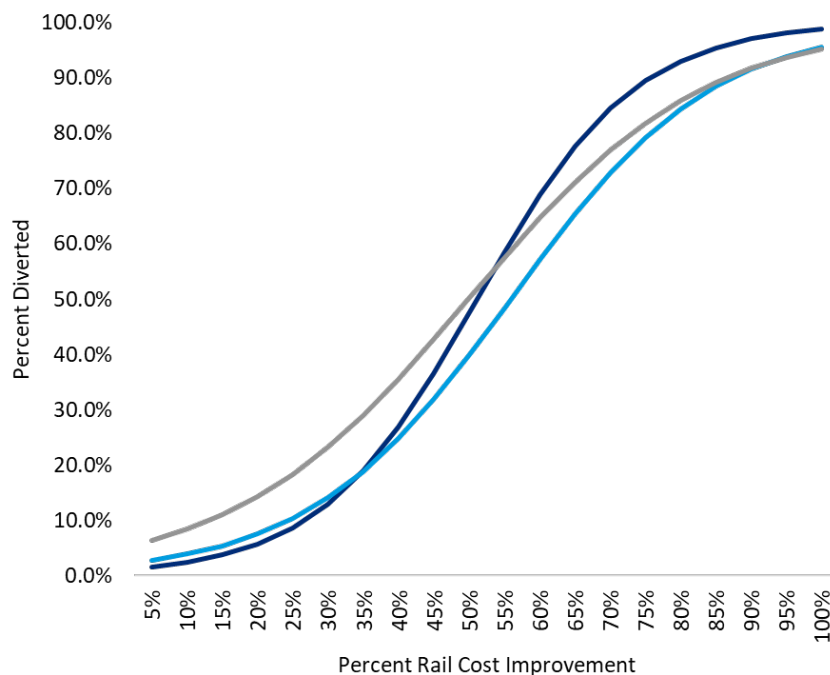
A third fundamental error made by Mr. Zebrowski is that he combines all five service types into a single chart, without considering that each service type was calibrated in the CN truck-to-rail diversion model with different parameters and using different cost structures. This was

⁴⁹ Zebrowski, VS, April 29, 2024, Figure 3, and "Hunt Diversion Analysis Workpaper.xlsx," Table and Figures tab, April 30, 2024. Exhibit 3-12 based on Mr. Zebrowski's example of a "22% cost improvement leads to 19% diverting."

clearly expressed in the Application, which stated “Coefficients were calculated for intermodal, automotive, dry bulk, liquid bulk, and flatbeds by minimizing the sum of the square error.”⁵⁰

Furthermore, the Application provided truck and rail costs for each of the different service types.⁵¹ Mr. Zebrowski’s assertion that “there are no consistent relationships between the modeled improvement in the cost differential between truck and intermodal rail service and the modeled amount of traffic that Mr. Hunt forecasts would be diverted” derives entirely from his decision to mix and match different service types.⁵² When a logistic model is calibrated, the model coefficients are established that best fit the data. These coefficients then determine the shape of the S-curve, as demonstrated in Exhibit 4-13.

Exhibit 4-13: Illustrative Example of How Different Calibrations of a Logistic Regression Creates Differently Shaped S-Curves



⁵⁰ Hunt VS, January 30, 2024, Section B.3.

⁵¹ Hunt VS, January 30, 2024, Exhibit B-4 for rail and Exhibit B-6 for truck.

⁵² Zebrowski VS, April 29, 2024, ¶47.

In short, Mr. Zebrowski took five different calibrations of a logistic regression S-curve, combined them onto the same chart, and then incorrectly claims it is illogical because it did not follow a straight line. Any one of Mr. Zebrowski's fundamental errors would cause his chart shown in Exhibit 4-8 to be incorrect. However, all three fundamental errors create an inaccurate set of conclusions that has zero relevance to the CN truck-to-rail diversion model.

4.5 CPKC's claim that the rail-to-rail diversion model is suspect is in error

Mr. Zebrowski attempts to simplify the rail-to-rail diversion analysis by dividing it into four broad categories and then attempts to dismiss each of these categories.⁵³ However, the diversions that are provided in support of the CN-IANR transaction were based on an individual market-by-market assessment utilizing a consistent methodology that considered the individual characteristics of each traffic record. Rather than behaving as four simple markets as Mr. Zebrowski claims, the IANR traffic file contains over {{ [REDACTED] }} unique combinations of shippers and consignees and over {{ [REDACTED] }} unique combinations of origin-destination pairs.⁵⁴ By oversimplifying the diversion results into four categories and attempting to dismiss each category, Mr. Zebrowski is ignoring the fact that there are numerous parties each making independent decisions on the best transportation options for their shipments.

Most of Mr. Zebrowski's claims are based on questioning the benefits of diverting traffic from a route with interchanges to single-line routes. This position is puzzling, given the Board's acknowledgement in its CP-KCS merger approval decision that "The Board has recognized more efficient single-line service as a benefit of mergers, and it is logical that at least some traffic

⁵³ Zebrowski VS, April 29, 2024, Table 9.

⁵⁴ Hunt workpaper "HC-IANR-TrafficFile.xlsx." The number of unique shipper-consignee pairs was {{ [REDACTED] }}, but due to alternative abbreviations of some names the actual number is lower.

would be drawn from other rail carriers due to improved service.”⁵⁵ Indeed, Mr. Zebrowski’s testimony in that proceeding stated “These [CP-KCS] diversions are principally made possible by new single-line service options.”⁵⁶

Despite Mr. Zebrowski’s newfound skepticism, the potentially impacted customers identify only benefits from single-line service with no interchange. Shipper comments as part of this proceeding (see Exhibit 4-17) have recognized the value that single-line service would provide, from improved efficiency and expanded markets to single-line pricing. For example, Scoular stated that “We are excited that the acquisition would provide single-line pricing from both grain elevators and processors to Scoular destination markets.”⁵⁷ Exhibit 4-14 responds to each of Mr. Zebrowski’s four categories of traffic diversions.⁵⁸

Exhibit 4-14: Assessment of Mr. Zebrowski's “Four Categories” of Traffic Diversions

Columns 1 and 2 are taken from Zebrowski VS⁵⁹

Zebrowski category	Annual railcar diversions	Assessment
#1 - Terminating at Armour, IA on UP Industrial Lead	2,434	Mr. Zebrowski’s first category contains a mixture of fertilizer {{ [REDACTED] }} and empty revenue movements {{ [REDACTED] }} inbound to Armour, IA. CN originated {{ [REDACTED] }} of the fertilizer carloads, which were diverted from an existing gateway of Superior, WI to a gateway of Cedar Rapids, IA, where the traffic is assumed to move into UP’s account and be handled by IANR due to restrictions on the UP Industrial Lead. For the revenue empty cars, diversions were allowed when the CN/IANR route was more efficient – either with respect to distance or number of interchanges – which would lead to improved car utilization. There were no diversions outbound from Armour, IA due to restricted access on UP.
#2 - Diverted from CIC-IAIS routing toward Chicago	2,776	Mr. Zebrowski focuses his comments on traffic between Iowa and Chicago that currently uses the two-carrier routes IANR-UP or IANR-CPKC or the three-carrier route IANR-CIC-IAIS and asked how the post-transaction route will be “meaningfully improved.”

⁵⁵ FD 36500, CPRS, et. al. – Control – KCS, et. al., Surface Transportation Board Decision No. 35, March 14, 2023, p. 34.

⁵⁶ FD 36500, CPRS, et. al. – Control – KCS, et. al., Richard W. Brown and Nathaniel S. Zebrowski VS, October 29, 2021, ¶7.

⁵⁷ FD36744 Support Letters Filing of April 3, 2024, letter of Paul Maass, CEO, Scoular, March 20, 2024.

⁵⁸ Zebrowski VS, April 29, 2024, ¶¶51-54.

⁵⁹ Zebrowski VS, April 29, 2024, Table 9.

Zebrowski category	Annual railcar diversions	Assessment
		Iowa-Chicago is a highly competitive traffic lane, and a single-line CN/IANR route would be an attractive option for shippers over joint-line options, especially on movements where IANR is the originating or terminating carrier.
#3 - Originating at Butler, IA (Shell Rock Soy)	2,753	Mr. Zebrowski focuses his comments on Iowa-E. St. Louis traffic currently moving over three carriers (IANR to UP to either ALS or TRRA) and asks why the post-transaction route would be better than the existing route. CN and UP both can serve the Iowa-E. St. Louis lane. The two-carrier CN/IANR to ALS or TRRA route is more efficient than a three-carrier route and will therefore be able to divert traffic.
#4 - Other diversions	2,535	Mr. Zebrowski's dismissal of revenue empty movements is misguided. He claims that "the prior carrier handling the car and the location where that car was last placed are more likely to dictate the routing." Mr. Zebrowski fails to mention that about {{[REDACTED]}} of these diverted cars are originated on IANR and are outbound. He also fails to mention that another {{[REDACTED]}} are originated on CSX or NS, and the diversions are traffic where CN/IANR can connect with the eastern road to terminate the movement. For example, {{[REDACTED]}} shipped ethanol from {{[REDACTED]}} to {{[REDACTED]}} using an IANR-Waterloo, IA-CN-Chicago, IL-NS route. There are records of empty cars moving from {{[REDACTED]}} to Iowa for {{[REDACTED]}}. Most of the empty movements use a NS-Chicago, IL-CN-Waterloo, IA-IANR route, but some show a different carrier west of Chicago. Diversions of the cars west of Chicago were allowed if the CN/IANR routing was more efficient (based on distance and/or number of interchanges). If CN/IANR could provide a more efficient route, diversions were allowed since this would lead to better fleet utilization for the customer.

Mr. Zebrowski next discusses what he characterizes as "questionable diversion results" and "unrealistic modeling exercises" related to rail-to-rail diversion estimates.⁶⁰ But he fails to provide any actual example of traffic that was projected to divert to CN-IANR, instead concocting a fictional example to make his point. His fictional example involves a two-carrier route with a low-volume interchange⁶¹ versus a single-line route. Low-volume interchanges vary by location, but many do not have daily switching, which adds delays for customers. A single-line route is therefore an efficient and effective competitor even at greater route circuitry. (As discussed in Section 4.7 below, the impedances used for interchanges in the diversion model are

⁶⁰ Zebrowski VS, April 29, 2024, ¶56.

⁶¹ "Low volume" in this case refers to 2-10 cars on average interchanged per day, as defined in Hunt VS, January 30, 2024, Exhibit C-2.

based on what was observed in the STB’s CCWS, which is fully based on actual shipper behavior – not fictional examples.)

Mr. Zebrowski’s fictitious example seems disingenuous when compared to diversions he claimed in the CP-KCS merger application. For example, in the CP-KCS merger, Mr. Zebrowski diverted traffic from New Orleans, LA to Elkhart, IN from an NS single-line route of 1,075 miles to a CPKC single-line route of 1,476 miles; 401 additional route miles (nearly 40% longer) than the single-line incumbent route.⁶² CPKC in its merger application touted the efficiency gains from removal of the interchange at Kansas City and diverted traffic from shorter rail routes to longer CPKC routes – the very things that Mr. Zebrowski now claims are “questionable” and “unrealistic.”

4.6 CPKC Quaker Oats traffic was not diverted in the model

CPKC’s comments repeatedly express concern about CPKC’s existing joint line traffic with IANR bound for the Quaker Oats’ facility in Cedar Rapids, IA. The Cedar Rapids Quaker Oats facility is directly served by Union Pacific; IANR, CN, and CRANDIC have access through reciprocal switching. CN provides a competitive option and does transport oats that Union Pacific switches to this facility. However, the Application’s rail-to-rail diversion model did not divert any of the CPKC-IANR traffic to a CN-IANR alternative. One reason for this is that the CN route to Quaker Oats is more circuitous than the CPKC route, since CN travels east toward Chicago before doubling back to Iowa.

⁶² FD 36500, CPRS, et. al. – Control – KCS, et. al, Richard W. Brown and Nathaniel S. Zebrowski VS, October 29, 2021; *see also* FD 36500, Statement of David T. Hunt, February 28, 2022, pp. 10-11 and Exhibit 4-1 (explaining fallacy of Brown and Zebrowski assumptions).

4.7 USDA’s comment that the switching impedance costs in the rail-to-rail diversion model are excessive is unfounded

The US Department of Agriculture (“USDA”) states that “the assumed switching impedance costs in the rail-to-rail diversion analysis seem to excessively avoid routes with one or more switches, and to overstate the benefit of potential single-line service.”⁶³ However, the USDA provides no rationale or analysis to support this assertion, and in fact the switching impedances in the model are based on a well-established methodology that has been used in multiple prior agency proceedings to estimate the impact of an interchange (and thus the relative benefit of single-line service that eliminates an interchange).

The impedances used are described in Exhibit C-2 of the original statement and reproduced in Exhibit 4-15 below. The impedance can be characterized as the “cost” of a high-volume interchange being equivalent to 350 miles of rail distance. A low-volume interchange is equivalent to 650 miles of rail distance.

Exhibit 4-15: Junction Impedances Based on Historical Volume From STB Waybill Data⁶⁴

2019 interchange volume in loaded units/year	Junction impedance	Notes
Same family	0	No impedance at interchange
<730	650	<2 loaded units/day
730 to <3,650	550	2-10 loaded units/day
3,650 to <17,800	450	10-50 loaded units/day
>17,800	350	>50 loaded units/day

These impedances were established in the mid-1990s through a rigorous analysis of the STB Confidential Carload Waybill Sample (“CCWS”) initially as part of the ATSF–BN merger (see Exhibit 4-16) and later used in a broad series of rail mergers and regulatory cases.⁶⁵ I

⁶³ Comments of US Department of Agriculture, April 29, 2024.

⁶⁴ Hunt VS, January 30, 2024, Exhibit C-2. “Units” refers to either railcar or containers/trailers moving in rail service.

⁶⁵ FD 32549, Verified Statement of Mark A. Hornung, ALK Associates.

participated in the analysis that developed these longstanding impedance values while employed at ALK Associates. To calibrate the impedance values with real-world interchange impacts, the analysis involved running the ALK Advanced Traffic Diversion Model using the CCWS under a “no-merger” scenario to establish the impedances that best replicated historical interchange patterns. These switching impedances have been used in subsequent merger proceedings before the Board since ATSF-BN, including but not limited to the CSX and NS acquisition of Conrail, the CN acquisition of IC, and most recently the CP-KCS merger.

Exhibit 4-16: Impedances as Established in the Traffic Diversion Analysis for the ATSF-BN Merger (Screenshot)⁶⁶

The quality measurements were tabulated for four traffic statistics: routes, units (vans for intermodal, cars for other service types), net tonnage, and total revenue. The best overall results were found for the following set of impedances (in units of "A" mainline miles):

Run through	350
Through block	450
Daily switching	550
Less than daily switching	650

These quantitative findings from analysis of the CCWS data are supported by the consistent qualitative evidence in this proposed transaction and prior mergers that customers highly value single-line service. For example, the letters that individual shippers have submitted in support of a CN-IANR combination emphasize the benefits that those customers see in single-line service (Exhibit 4-17).

⁶⁶ FD 32549, Verified Statement of Mark A. Hornung, ALK Associates, , pp. II 24 and 613.

Exhibit 4-17: Customer Support for Single-Line Service as a Result of CN Acquisition of IANR

Not exhaustive; underline for emphasis added

Company	Quote	Reference
Sukup Manufacturing Co., which manufactures grain storage, drying, and handling equipment, based in Sheffield, IA	"If approved, this combination would allow CN to <u>offer single-line service to even more destinations, facilitating more efficient rail service and helping supply chains stay on track</u> . As the largest family-owned and operated manufacturer of grain storage, and grain drying/handling equipment, Sukup Manufacturing depends on efficient and reliable rail service to keep us on track and continuously deliver quality products to our customers."	FD36744 CN-IANR Application, Appendix C. Support Statements, letter of Steve Sukup, CEO, Sukup Manufacturing January 15, 2024
New Cooperative, Inc., a farmer-owned grain, agronomy, energy and feed cooperative headquartered in Fort Dodge, with 82 operating locations	"We are particularly excited about the opportunity to continue rail service to our facility at Garner, IA. And <u>our business will benefit from the more efficient single-line service</u> available and connecting points on Iowa Northern to greater access to CN's broad network and service offerings without losing Iowa Northern's access other rail carriers."	FD36744 Support Letters Filing of March 1, 2024, letter of Dan Dix, CEO, New Cooperative, February 27, 2024
Viterra Canada, one of Canada's largest grain handlers and marketers	"CN's acquisition of Iowa Northern would create additional opportunities for our company.... <u>Expanded single-line rail service has a significant impact on the success of our supply chains and ultimately the success of our industry</u> . At Viterra, we rely substantially on our supply chain partners, including rail carriers."	FD36744 Support Letters Filing of March 1, 2024, letter of Kyle Jeworski, CEO, Viterra Canada, February 27, 2024
Borregaard USA, Inc., a producer of biochemicals	"Borregaard utilizes both the CN and the IANR when routing cars to our Manly, IA transloading terminal. Having both locations services by the same railroad will allow for faster transit times by reducing interchange points.... We are particularly excited about the opportunity to streamline the transit of lignosulfonates into this area."	FD36744 Support Letters Filing of April 3, 2024, letter of Melanie Knoepke, Logistics Service Manager, Borregaard USA, February 27, 2024
Scoular, a \$10B global agribusiness company	" <u>We are excited that the acquisition would provide single-line pricing</u> from both grain elevators and processors to Scoular destination markets. We also support this acquisition because it would allow Scoular to access new geographical markets."	FD36744 Support Letters Filing of April 3, 2024, letter of Paul Maass, CEO, Scoular, March 20, 2024
OCI Methanol Marketing	"OCI Methanol ships methanol via CN/IANR to Manly Terminal, marking a significant step in their logistical operations. This strategic move leverages the efficient transportation network provided by CN/IANR, ensuring timely and reliable delivery of methanol to its destination."	FD36744 Support Letters Filing of April 15, 2024, letter of Chris Venice, Commercial Director, OCI Methanol Marketing, April 11, 2024
Zinpro Corp., which operates an animal nutrition manufacturing plant on IANR in Shell Rock	"We have used the IANR to transport raw materials to our plant since it opened in 2013. We have shipped exports out of the Butler Intermodal Terminal in Shell Rock, IA to points in Southeast Asia. We believe the CN expanded presence in Iowa will lead to additional opportunities to use rail in our growing global business.... We are particularly excited about the opportunity to transport bulk liquids that we import from Europe directly to our plant in Shell Rock, IA."	FD36744 Support Letters Filing of April 15, 2024, letter of Matt Audette, Director of Supply Chain, Zinpro Corp., April 11, 2024
Shell Rock Soy Processing LLC	"We are the newest independent soybean crush facility in the United States; our competitive access to markets for our products is critical. In particular, CN's acquisition of Iowa Northern would	FD36744 Support Letters Filing of April 29, 2024, letter of Corey Jorgenson,

Company	Quote	Reference
	create additional opportunities for our company in shipping soybean meal and soybean oil into various domestic and export channels. It will also allow our continued competitive origination of soybeans both on the acquired line, as well as the extended CN network in the upper Midwest. <u>We look forward to the extended single-line reach that will result from the CN-IANR combination....</u> We anticipate more efficient transits through direct service as opposed to hand offs to a servicing carrier.”	CEO, Shell Rock Soy Processing, April 25, 2024
Valor Victoria, which provides inland intermodal logistics and private rail terminals	“Our partnership with CN and the Iowa Northern Railway Company centers on a private rail terminal that has served large importers and agricultural exporters in the Midwest for the last several years. This rail capability has increased the value of crops to the Midwest farming community, driven efficiencies into complex supply chains, and benefited local communities in very tangible ways.... <u>I look forward to the extended [] single-line reach of the CN-IANR combination....</u> We are particularly excited about the opportunity to continue serving Midwest-based importers and exporters by moving intermodal containers closer to their locations.”	FD36744 Support Letters Filing of April 29, 2024, letter of Ashley Ritterman, CEO, Valor Victoria, April 15, 2024

Most recently, in the CP-KCS merger proceeding, the Board acknowledged these same impedance costs, stating that “CN, in support of its responsive application, assumed an impedance cost associated with interchanges – expressed in route miles – of between 350 and 650 miles depending on the traffic volume exchanged at the junction, which highlights in quantitative terms the benefits of single-line service.”⁶⁷

In short, the trade-off between interchanges and additional circuitry used in traffic diversion modeling in the CN-IANR transaction is well established and has been accepted by the Board in prior mergers as a basis for estimating traffic impacts, is anchored in the analysis of the CCWS and consistent with other rail merger and acquisition applications, and is supported by customer statements.

⁶⁷ FD 36500, Canadian Pacific Railway Limited et. al. – Control – Kansas City Southern et. al, Surface Transportation Board Decision, March 15, 2023, p. 35.

VERIFICATION

I, David T. Hunt, declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge. Further, I certify that I am qualified and authorized to file this statement.

Executed on this 29th day of May, 2024.

A handwritten signature in blue ink, appearing to read "David T. Hunt", with a long horizontal flourish extending to the right.

David T. Hunt

APPENDIX B

EXHIBITS

Index of Exhibits

Number	Description
Exhibit 1	Iowa Department of Transportation, Iowa Rail Toolkit (2019) (excerpts)
Exhibit 2	CN's Responses and Objections to Canadian Pacific Kansas City Limited's First Set of Interrogatories and Requests for Production of Documents (Mar. 21, 2024) (contains highly confidential information)
Exhibit 3	Canadian Pacific Kansas City Limited's First Set of Requests for Production of Documents to Forest City Economic Development, Inc. and North Central Iowa Rail Corridor, L.L.C. (Mar. 19, 2024)
Exhibit 4	Forest City Economic Development, Inc., Manager of North Central Iowa Rail Corridor, L.L.C. Discovery Responses (Apr. 3, 2024)
Exhibit 5	Farmers Co-Op Association Discovery Responses (Apr. 3, 2024)
Exhibit 6	CN00005 Highly Confidential {{ [REDACTED] }} (portions redesignated "public")
Exhibit 7	CPKC 00004 Highly Confidential {{ [REDACTED] }}
Exhibit 8	CPKC 00063 Highly Confidential {{ [REDACTED] }}
Exhibit 9	CPKC 00067 Highly Confidential {{ [REDACTED] }}
Exhibit 10	CPKC 00186 Highly Confidential {{ [REDACTED] }}
Exhibit 11	CPKC 00187 Highly Confidential {{ [REDACTED] }}
Exhibit 12	CPKC 00189 Highly Confidential {{ [REDACTED] }}
Exhibit 13	CPKC 00191 Highly Confidential {{ [REDACTED] }}
Exhibit 14	CPKC 00192 Highly Confidential {{ [REDACTED] }}

Number	Description
Exhibit 15	CPKC 00195 Highly Confidential {{ [REDACTED] }} [REDACTED] }}
Exhibit 16	IANR00037 Confidential { [REDACTED] } [REDACTED] }
Exhibit 17	IANR00045 Confidential { [REDACTED] } [REDACTED] }
Exhibit 18	IANR00046 Highly Confidential {{ [REDACTED] }} [REDACTED] }}
Exhibit 19	IANR00087 Highly Confidential {{ [REDACTED] }} [REDACTED] }}
Exhibit 20	Verified Statement of W. Robert Majure, Docket No. FD 36500 (Oct. 28, 2021) (excerpts from redacted public version)
Exhibit 21	Deposition of W. Robert Majure, Ph.D., Docket No. FD 36500 (Feb. 7, 2022) (excerpts from redacted public version)
Exhibit 22	UP Reciprocal Switching Circular, UP 8005 F (effective Jan. 1, 2024)

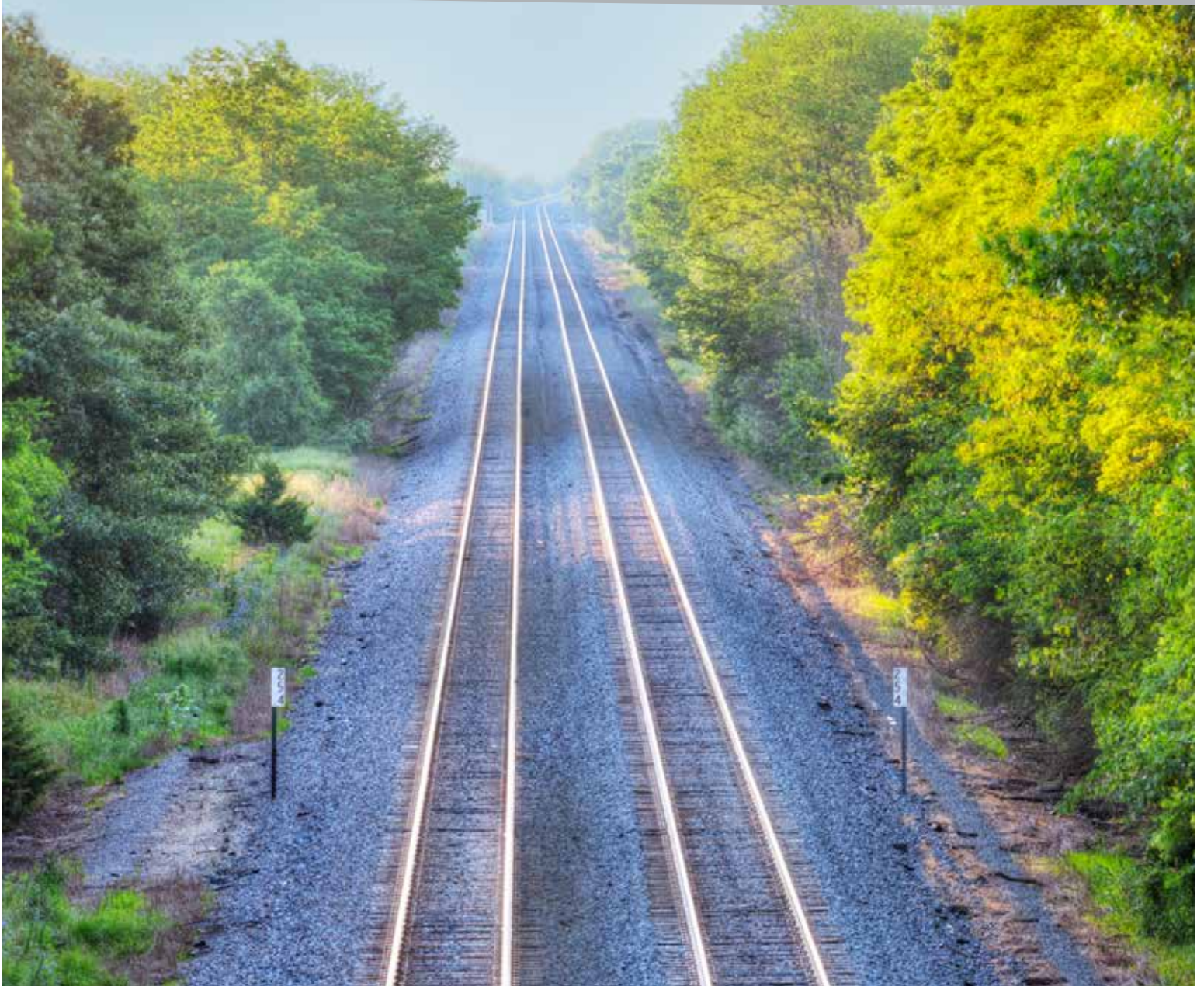
Exhibit 1

Iowa Department of Transportation, Iowa Rail
Toolkit (2019) (excerpts)

PUBLIC VERSION

IOWA RAIL TOOLKIT

2019



www.iowadot.gov

Railroads in Iowa are essential to the state's economy and the region's economic competitiveness. There are 19 railroads in Iowa that connect shippers, manufacturers, and producers to a robust North American network of trading partners. Iowa shippers benefit from a rail network of 3,825 miles that moves the equivalent of 3.5 million truckloads per year of freight originating or terminating within the state.

Almost every product you can think of can move by rail with proper planning.

The Iowa Department of Transportation, with assistance from the Iowa Economic Development Authority, first assembled this Iowa Rail Toolkit to support the exploration of rail transportation services in the state in 2014. Since then, almost 2,000 toolkits have been distributed and the response has been overwhelmingly positive.

Information is included in the handbook to help make shipping by rail in Iowa easier and more understandable. Chapters have been assembled to provide current information on the benefits of rail transportation and basic explanations of how to access the rail network. A directory of Iowa railroad companies is included listing contact information and a basic profile of each network. Economic development resources are also identified to help new users find resources for using and establishing rail access.

The Iowa DOT is committed to providing a safe and robust multimodal transportation network that supports the region's economy. We hope that this Iowa Rail Toolkit will help you and your business find benefits in utilizing Iowa's rail transportation system.

Sincerely,

A handwritten signature in black ink, reading "Mark Lowe", is positioned above the printed name.

Mark Lowe
Iowa Department of Transportation Director

EMERGENCY NOTIFICATION SYSTEMS (ENS) AT HIGHWAY-RAIL GRADE CROSSINGS

As with all modes of transportation, Safety is a prime concern. Effective September of 2016, 49 CFR Part 234 E requires every railroad crossing in the United States to have an Emergency Notification Sign (shown below).

The purpose of the ENS sign is to provide the public with critical emergency contact information at every highway-rail grade crossing. The information contained on the ENS sign enables the public to reach the railroad responsible for the crossing and to identify the specific crossing in the event of an emergency. In cases of unsafe crossing conditions or railroad-related emergencies, look for the sign near the crossing. It can usually be found on the crossbuck or crossing signal mast. You should also call 911.

This system also enables railroads to document calls from the public reporting unsafe conditions at highway-rail and pathway grade crossings and to track the remedial actions taken by the railroads as required by the rule.



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RAILROAD INDEX

<i>It is not uncommon for a railroad to be owned by one entity and the operations of the rail line contracted out to another railroad. Also, when a railroad is acquired by another, it is not uncommon for the acquired railroad to continue operating under an individual or legacy name. Those relationships are noted in parentheses.</i>	Abbr.	Type of railroad*	Profile page with more information
BNSF Railway	BNSF	Class I	46
Boone & Scenic Valley Railroad	BSV	Short line/ Tourist	48
Burlington Junction Railway	BJRY	Short line	50
Canadian Pacific Railway Ltd. (owner of Dakota, Minneapolis & Eastern Railroad)	CP	Class I	52
CBEC Railway (operated by Iowa Interstate Railroad)	CBEX	Short line	(see IAIS)
Cedar Rapids & Iowa City Railway Co. (also known as CRANDIC)	CIC	Short line	54
Cedar River Railroad Co. (owned by CN)	CEDR	(see CN)	(see CN)
Chicago, Central & Pacific Railroad (owned by CN)	CC	(see CN)	(see CN)
CN (owner of Cedar River Railroad and Chicago, Central & Pacific Railroad)	CN	Class I	56
D & I Railroad Co. (owned by State of South Dakota)	DAIR	Short line	58
D & W Railroad (operated by Iowa Northern Railway Co.)	DWRR	Short line	(see IANR)
Dakota, Minnesota & Eastern Railroad (owned by Canadian Pacific)	DME	(see CP)	(see CP)
Iowa Interstate Railroad Ltd.	IAIS	Regional	60
Iowa Northern Railway Co.	IANR	Short line	62
Iowa River Railroad	IARR	Short line	64
Iowa Southern Railway	ISRY	Short line	66
Iowa Traction Railway Co. (owned by Progressive Rail Inc.)	IATR	Short line	68
Keokuk Junction Railway Co. (owned by Pioneer Railcorp)	KJRY	Short line	70
Norfolk Southern	NS	Class I	72
North Central Iowa Rail Corridor LLC (operated by Iowa Northern Railway Co.)	NCIRC	Short line	(see IANR)
Union Pacific Railroad	UP	Class I	74

***Class I railroads** include the largest freight-hauling railroads. The rail lines of the seven Class I railroads span the North American continent.

Regional railroads are midsize freight-hauling railroads that normally operate at least 350 miles of track and may span multiple states.

Shortline railroads are smaller railroads that include local railroads as well as railroads that primarily do car switching. Tourist railroads offer passenger rides usually in restored historic rail equipment and often accompanied by an on-site museum.

INDEX TO REFERENCED ORGANIZATIONS

Iowa Department of Transportation	Iowa DOT
Iowa Economic Development Authority	IEDA
Federal Railroad Administration	FRA
Federal Highway Administration	FHWA
Association of American Railroads	AAR
American Short Line and Regional Railroad Association	ASLRRA



GETTING STARTED



ABOUT IOWA'S RAIL SYSTEM

Overview

Iowa has a robust and thriving rail transportation system consisting of 3,825 miles of mainline track. Of the 19 railroads in Iowa, five are Class I railroads (those that have a national presence); one is a regional railroad spanning two states; the remainder are shortline or switching railroads. The railroads run the gamut from operating hundreds of miles of track within Iowa to only a few miles.

Through connections with the national rail system and ports, Iowa's railroads can send or receive shipments throughout the world.

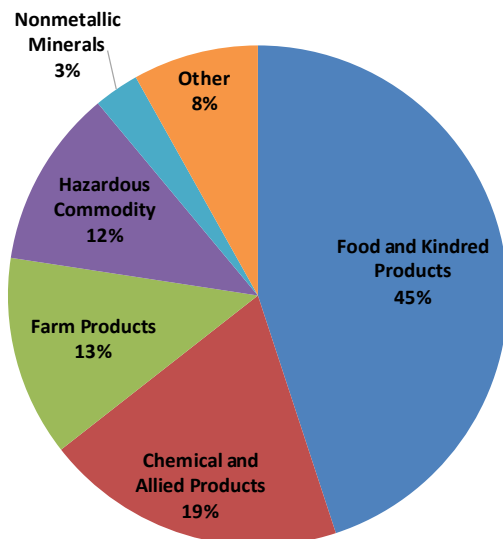
The rail transportation system is a critical component of Iowa's agricultural and manufacturing economy, carrying more than 86 million tons of inbound or outbound freight. Some routes play a key part in the national freight system carrying more than 265 million tons of freight through the state to other destinations.

Commodities transported by rail in Iowa

Railroads in Iowa carry just about every product you can imagine. They range from agricultural products to coal, from wind generator components to ethanol. The charts below show the quantities and percentages of commodities shipped to and from Iowa in 2016.

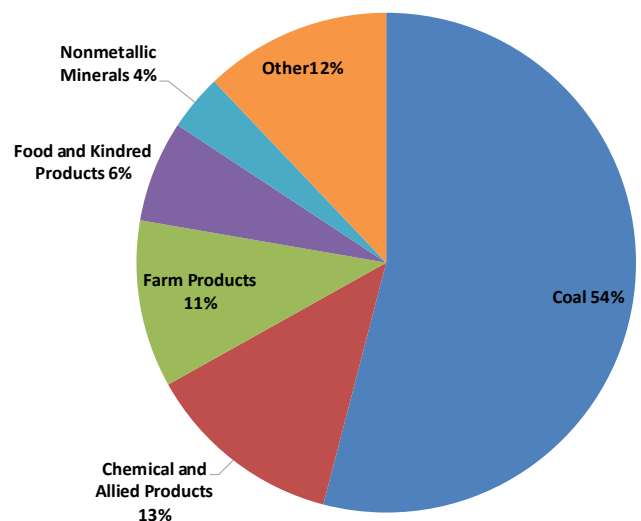
Rail traffic originating in Iowa in 2016

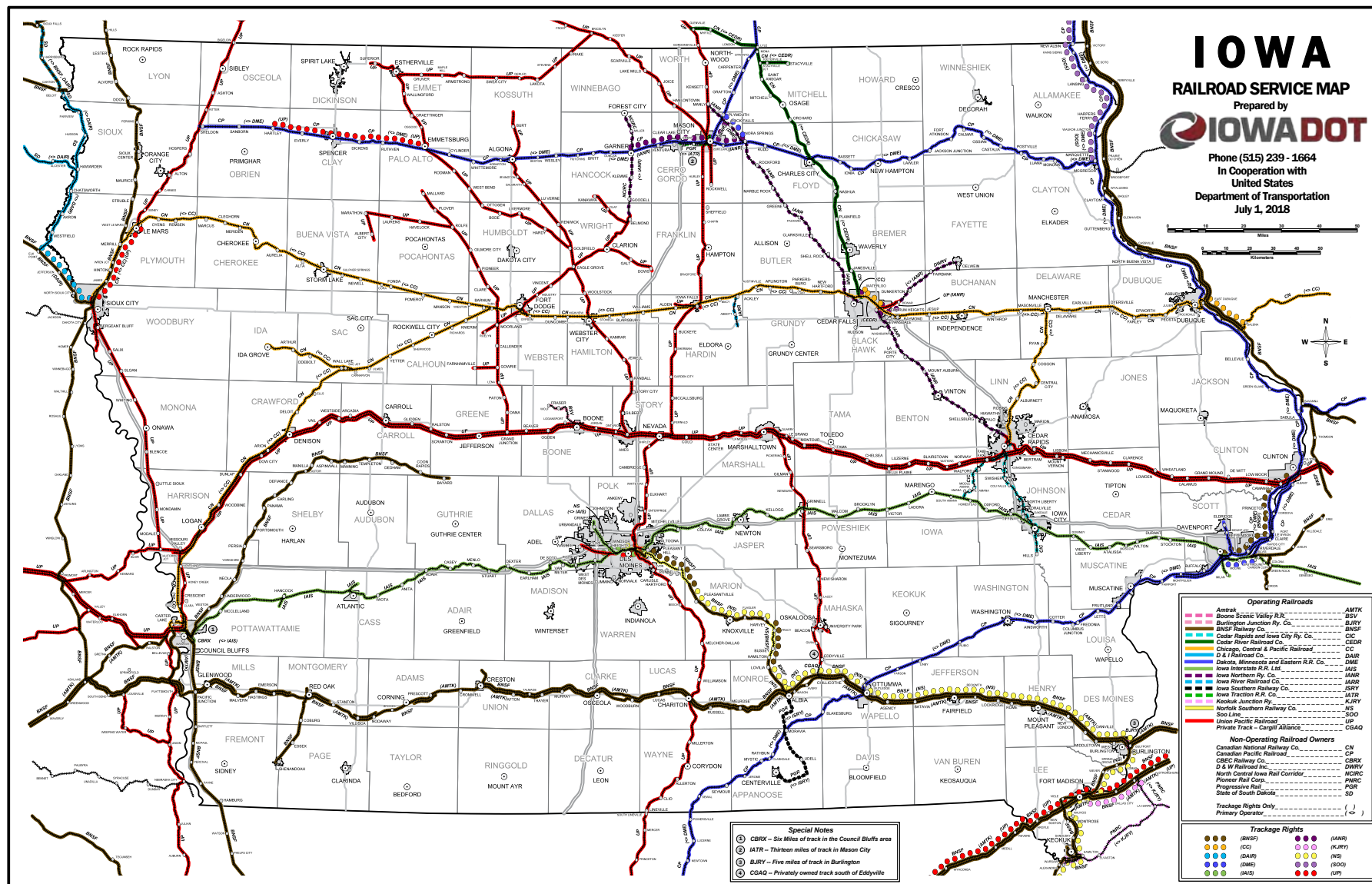
Commodity	Tons	Carloads
Food and kindred products	21,921,912	242,131
Chemical and allied products	9,500,231	113,049
Farm products	6,329,500	142,067
Hazardous commodity	5,627,288	54,055
Nonmetallic minerals	1,428,714	10,392
Other	3,961,363	60,467
Total tons	48,769,008	
Total carloads		622,161



Rail traffic terminated in Iowa in 2016

Commodity	Tons	Carloads
Coal	20,371,929	159,206
Chemical and allied products	4,838,203	46,743
Farm products	4,079,327	36,978
Food and kindred products	2,472,708	30,487
Nonmetallic minerals	1,336,993	15,455
Other	4,558,167	97,839
Total tons	37,687,327	
Total carloads		386,708







SELECTING RAIL AS A MODE OF TRANSPORTATION

ALTERNATE ACCESS TO RAILROADS

TRANSLOADING

A SOLUTION FOR SHIPPER WITHOUT DIRECT RAIL ACCESS

Transloading

In its broadest definition, transloading is the process of transferring freight between two modes of transportation. This toolkit will focus on transferring freight between rail and trucking.

Transloading allows a shipper to take advantage of the cost, speed, and capabilities of more than one mode of transportation. For example, it can link the flexibility of a truck to the long-haul efficiency of rail. A larger shipment can be hauled a long distance by rail and divided at a site near the end-use market into several truck movements for deliveries to customers in the area.

Trucking coupled with long-haul rail service may offer cost savings and improve the flexibility and reliability within the supply chain. Transloading may be a viable option whenever a shipper or customer does not currently have railroad tracks into or at a facility.

Transloading works for many commodities, including finished and unfinished goods, fresh food and beverage products, lumber, paper, metals, building materials, a variety of packaged bulk commodities, as well as special shipments that cannot travel their entire route by road.

How a shipper gains access to the rail system to transload a shipment varies a great deal. A shipper may utilize high-tech container shipping (covered in the next section on intermodal shipping) or a simple rail car set out on a siding (a team track). Between those two extremes there are a variety of options with varying levels of service.

How does transloading work?

The diagram on the following page illustrates an example of a transload process. In this example, there is a transload at both ends of the commodity's journey. The transload process can produce greater economic benefits if only one end of the transportation process uses a transload operation.

Types of transloading

Transloading facility with warehousing

A full-service transloading facility with warehousing can add value and flexibility to your supply chain. By offering short- or long-term storage and handling for goods, a shipper can position goods closer to end users. Products can be reloaded from a larger-quantity rail car, stored, and shipped direct to customers meeting their needs for speed and reliability. Each transload facility may offer a variety of services such as on-call delivery from their warehouse; merchandise consolidation and distribution; packaging, labeling, assembly, or other value-added services.

Some transloading facilities specialize in a particular product or type of product such as a cold storage transload/warehouse that deals only in refrigerated or frozen goods.

Basic transloading facility

Other transloading facilities have the ability to shift from mode to mode, but lack warehousing and have limited or no value-added services and staffing. Also, a transload facility may be dedicated to a single type of product with particular requirements such as an ethanol transloading site or a food grade product transloading site. Other facilities may have the capability for multiple types of products.

Cross dock

At a cross-dock transloading facility, cargo is unloaded from an incoming truck or rail car and is reloaded, typically within the same day, directly into outbound trucks, trailers, containers, or rail cars. Inventory is not held during the process. A cross dock typically allows level loading between modes.

Team track

A team track is the most basic type of transload facility. It is a simple siding or spur track where railcars are placed, available for public use to load or unload freight. No services or equipment are provided by the track owner. A team track may be owned by the railroad, business served by the railroad, industrial park, public agency, or freight terminal operator. It is the responsibility of the shipper or receiver to load/unload the car(s). The shipper or receiver must provide any needed equipment, as well as blocking and bracing to secure the load. Once the cars are loaded, the railroad is notified to pick them up.

Example of a transload process

Inbound	Process	Outbound	Description
	Load		The commodity is loaded on a short-haul truck for delivery to a transload facility.
	Transport by truck		The truck delivers the commodity to a transload facility, usually within 50 miles of origin.
	Transload		The commodity is loaded onto rail cars. This can be accomplished in many ways depending on the commodity. Transload facilities for bulk liquid commodities will have specialized bays where liquids are pumped through a pipeline to a rail tank car. Dry bulk commodities may use gravity, pneumatics, or a mechanical means to transfer from one mode to another. Forklifts, cranes, and other lifting equipment may be used for other commodities.
	Terminal handling		The loaded rail car will be spotted for pick up by a railroad carrier. Transload facilities may be served by a single railroad or multiple railroads. Multiple railroad carriers serving a transload facility offer the advantage of price competitiveness and routing options.
	Ship by rail		The loaded rail cars are routed to the transload facility near the destination, or may be delivered directly to the customer if they are rail served.
	Store (optional)		Sometimes, at the option of the customer (and when available) the transload will store the commodity on-site until the customer requests the material. Options may exist for either long- or short-term storage.
	Transport by truck		The commodity is transloaded to short-haul trucks for the final leg of the journey and the cycle is complete.

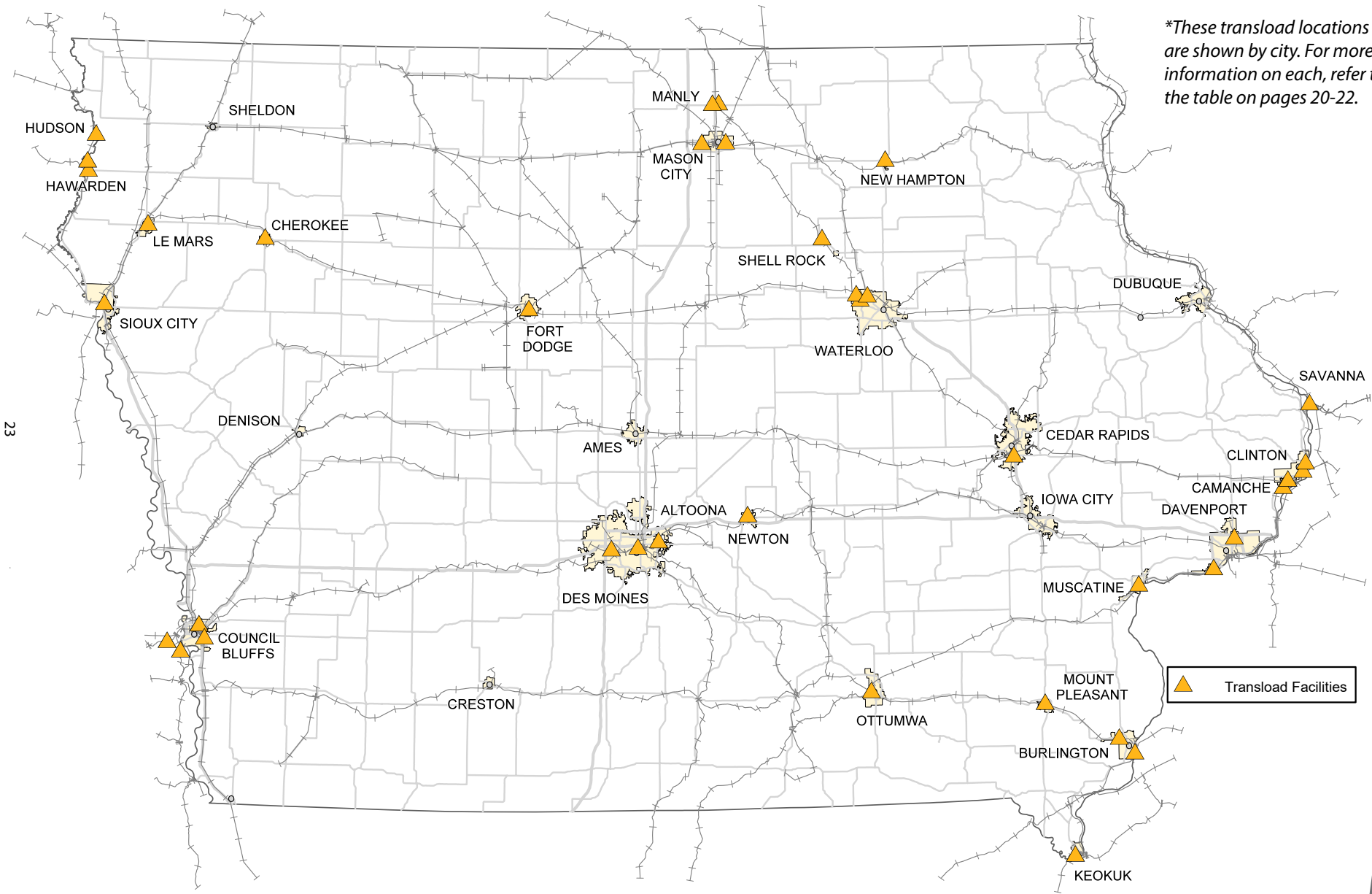
Iowa's transloading facilities

The table and map on the following pages show transloading locations that have been identified through conversations with railroad staff, along with a brief description and the name of a contact person or number. Contact the transloading location directly to find out more about the services, staffing, and capabilities of each location.

TRANSLOADING FACILITIES AND WAREHOUSES WITH RAIL SERVICE				
Location	Name	Services	Railroad	Contact
Altoona, IA	Iowa Cold Storage	Large capacity refrigerated warehouse resources, cross dock	BNSF, UP	iowacold.com 515-957-8595
Altoona, IA	Merchants Distribution Services	135,000 sq ft heated high cube warehouse and cross-dock facility with 8 rail doors. Pallets, roll paper, packaged food, coiled and flat steel, and unitized building materials. Located one mile from I-80 in the Altoona Business Park.	IAIS	sales@merchantsdsm.com 515-244-2123
Atlantic, IA	IAIS	Railroad-owned two-acre rolled stone tarmac with 800 foot single-side accessible rail siding.	IAIS	Andy Laurent 319-423-5186
Boone, IA	PDM Distribution Services, Inc.	BRC certified food-grade and non-food-grade packaging, transloading, and warehousing.	BSV	Terry Goodman terry.goodman@pdmcompany.com 515-264-8655
Boone, IA	Boone & Scenic Valley Railroad	Team Track Accessibility	BSV	Travis Stevenson travis.stevenson@bsvrr.com 515-432-4249
Burlington, IA	Burlington Junction Railroad	Provides transloading for liquid and dry bulk products, lumber, machinery, oversize, plastics. Industrial development sites available. Rail served barge transfer facilities.	BJRY, BNSF	www.bjryrail.com 319-753-6157 transload@bjryrail.com
Camanche, IA	ADM Terminal Service	Enclosed facility with 8 tracks and 100 railcar spots. Can handle bulk and dimensional cargo.	BNSF, CP, UP	Jim Dougherty 563-259-2474
Camanche, IA	Union Pacific Distribution Services	12-acre wind component distribution center	UP	Cheryl A. Schow 402-233-3538
Cedar Falls, IA	Standard Distribution Co.	Third-party logistics and transloading	CN	www.standardddist.com info@sdcdc.com
Cedar Rapids, IA	CRANDIC	Cross dock, team track for dry material transfer via PD truck	CRANDIC	Jeff Woods 319-786-3660
Centerville, IA	Iowa Southern Railway	Car loading and unloading facilities handling steel products, lumber, and feed ingredients	ISRY	Michael Johns 641-954-1519
Cherokee, IA	Cloverleaf Cold Storage	Warehouse facility	CN	712-225-5151 cherokee@cloverleaf.com
Clayton, IA	Consolidated Grain and Barge	Transload to/from barge, rail, truck, and storage of aggregates, minerals, ag products, biomass, and project cargo. Track space for 30 railcars with options for expansion. Truck access to four interstate highways.	CP	ctlconline.com/terminals/ clayton-ia
Clear Lake, IA	Progressive Rail Services	Third-party logistics and transloading, 70,000 square-foot warehouse storage	IATR	Michael Johns 641-529-0061
Clinton, IA	ADM Terminal Services	Bulk material handling. Facilities include dry bulk barge dock, ground and covered storage	BNSF, CP, UP	Jim Dougherty 563-259-2474
Clinton, IA	Clausen Companies	Food grade and non-food grade warehouse space including temperature control, rail/truck transfer for dry and liquid bulk as well as packaged products, 80 car spots	UP	Cheryl A. Schow 402-233-3538
Council Bluffs, IA	IAIS	Transloading space available for customer-direct or third-party rail-truck accessibility. 20+ car spots available on two tracks, along with 7 acres of rolled stone tarmac, end ramp, lighting, perimeter fencing, and a third-party truck scale on site. I-29/80 highway access within ¼ mile.	IAIS	Andy Laurent 319-423-5186
Council Bluffs, IA	IAIS	Intermodal facility	UP, BNSF, KCS, CN	intermodaldistro@iaisrr.com

Council Bluffs, IA	Union Pacific Distribution Services	Team track with a four-car spot and side dock	UP	Cheryl A. Schow 402-233-3538
Davenport, IA	Catch-Up Logistics	Frozen, refrigerated, and dry storage	CP	412-441-9512
Davenport, IA	Murray Warehousing		CP	www.murrawarehouse.com 563-333-4587
Davenport, IA	Savage Services	Box car, flat car, and bulk transload facility with more than 20 railcar spots. Enclosed 20,000 square foot warehouse. Outside laydown storage area. Hazardous and non-hazardous liquids and dry bulk commodities, lumber, steel, pipe, break bulk materials.	SDR, CP	Dan Price DanielP@savageservices.com
Des Moines, IA	Luckey Logistics LLC	Plastics, scale available, 60 railcar spots	UP	815-672-2931
Dubuque, IA	Foodliner Inc./Quest Liner	Food and plastics	BNSF, CN	800-251-9569
Emery, IA		This transload facility includes car loading and unloading facilities, a truck height dock, liquid transfer capability with track pans, crane service for heavy lifts and flat car loading for machinery.	IATR	Michael Johns 641-529-0061
Fort Dodge, IA			CN	
Hawarden, IA	GCC Dakotah Cement (raw cement)	3,000 feet of track leased for a cement terminal with additional track space as needed for storage.	DAIR	Jack Parliament 724-552-3818
Hawarden, IA	Poet Nutrition (corn oil)	1,800 feet of track leased for a truck to rail transload with additional track space as needed for storage	DAIR	Jack Parliament 605-330-6588
Hudson, SD	Siouxland Energy Transload (SELC)	Nearly 7,000 feet of private track constructed by SELC for their ethanol transloading operation.	DAIR	Jack Parliament 712-722-4904
Keokuk, IA	KJRY	Team track	KJRY	Dale Montgomery 309-697-1400
Le Mars, IA	Burlington Junction Railway	Provides transloading of liquid and dry bulk products, lumber, machinery, and oversize. Industrial development sites available.	CN	www.bjryrail.com 319-753-6157 transload@bjryrail.com
Manly, IA	Manly Logistics Park and Waterloo Terminal	Three-mile loop track and cross-dock facility	IANR	Amy Homan ahoman@iowanorthern.com 319-431-2605
Manly, IA	Manly Terminal/Yard	800-car rail classification yard, 100-acre site for liquid storage and transload, wind turbine component distribution center	IANR	641-454-4000
Mason City, IA	Emery Yard	Wet and dry chemicals, wet and dry foods, propane transloading	UP, IATR, CP	Michael Johns 641-529-0061
Mason City, IA	Cartersville Elevator Inc.	Warehouse rail-to-truck and truck-to-rail transload	CP	Richard Weiner 641-749-2584
Mason City, IA	Iowa Traction Railway Co.	Cross dock, feed ingredients bagging services, bulk commodity transloading of all types. Interchanging with UP and CP.	IATR	Michael Johns 641-529-0061
Middleton, IA	Commerce Center of Southeast Iowa	Existing rail and truck served warehouses available as well as building sites.	BNSF	Eric Pitcher 312-850-5699 eric.pitcher@bnsf.com
Moravia, IA	Iowa Southern Railway	Propane transload, railcar to truck. Interchange with BNSF, NS, and CP.	ISRY	Michael Johns 641-954-1519
Mount Pleasant, IA	Burlington Junction Railway	Provides transloading for liquid and dry bulk products, oversize, and plastics. Industrial development sites available.	BJRY, BNSF	www.bjryrail.com 319-753-6157 transload@bjryrail.com
Muscataine, IA	CAMII Warehouse Inc.	Warehousing facility	CP	563-264-8871

Muscatine, IA	Kinder Morgan Terminals	Bulk liquid storage and warehousing (chemicals and herbicides), tank truck loading/unloading, tank car unloading, tank car to tank truck transloading. Four available rail car spots.	CP	Greg Chappell 319-262-8621 www.kindermorgan.com/content/docs/terminalbrochures/r_Muscatine.pdf
New Hampton, IA	New Hampton Transfer & Storage	300,000 square feet of climate-controlled warehouse facilities, railcar transload	CP	Jonas Schwickerath 641-394-3191 www.nhwarehouse.com info@nhwarehouse.com
Newton, IA	IAIS	Transloading access on two parallel railroad-owned tracks with 56 car spots. Adjacent rolled stone tarmac with lighting available for project, dimensional, or bulk commodities. Industrial roadway access to I-80.	IAIS	Andy Laurent 319-423-5186
Omaha, NE	Geo Transload LLC	Warehouse, 32 car spots, dry bulk capable	UP	402-504-6146
Omaha, NE	Omaha Transloading	Covered and enclosed facilities with 15 tracks and spots for 300 railcars. Can handle bulk and dimensional cargo. Has warehouse available.	BNSF	www.omahatransloading.com 402-341-2233 steven2@omahatransloading.com
Ottumwa, IA	Burlington Junction Railway	Provides transloading for liquid and dry bulk product, machinery, oversize, and plastics. Industrial development sites available.	BJRY, BNSF	www.bjryrail.com 319-753-6157 transload@bjryrail.com
Ottumwa, IA	Questliner/Foodliner Inc.	Transloading facility for wet and dry chemicals, dry foods, plastics, and petroleum products, 23 car spots	CP	questliner.com
Savanna, IL	Riverport Railroad	Enclosed and uncovered facilities with three tracks and spots for 999 cars, bulk and dimensional cargo capability, and warehouse and industrial development options available.	BNSF	www.riverportrailroad.com 815-273-3200
Shell Rock, IA	Butler Logistics Park	Rail car storage, industrial building space available, cross-dock/warehouse facility	IANR	Bill Rhodes 319-415-8150 wrhodes@iowanorthern.com
Sioux City, IA	Big Soo Terminal	Multi-commodity, multi-dimensional rail/truck and rail/barge transload terminal, two tracks, 65 car spots, 100,000-square-foot warehouse storage, 6 million gallons of liquid tank storage capacity, 125,000 tons of dry bulk storage capacity, 15 acres outside storage, river dock for transferring products to barges	UP	www.bigsoo.com Kevin Knepper 712-258-0537
Sioux City, IA	Floyd Valley Transload	Transload for dry and liquid bulk as well as machinery. Non-hazardous commodities only. Access to interstate, state highway, and river port.	BNSF	Brad Cummings bradcummings@live.com 712-244-5103
Various locations in northwest Iowa		100,000-square-foot warehouse storage, 6 million gallons of liquid tank storage capacity, 125,000 tons of dry bulk storage capacity, 15 acres outside storage,	DAIR	Jack Parliament 605-330-6588
Waterloo, IA	Waterloo Terminal/ Bryant Yard	Self-serve, cross dock, and direct rail-to-truck transload facility	IANR	Bill Rhodes 319-415-8150 wrhodes@iowanorthern.com
Waterloo, IA	Kinder Morgan, Black Hawk Terminal	Handling fertilizer and steel bar, rail/truck/storage transloading, access to US 20, I-380, and US 63, warehouse services	UP	www.kindermorgan.com Fred Nordman 319-233-5273
West Liberty, IA	Custom Farming Transload	River dock for transferring products to barges	IAIS	Larry Regennitter 319-627-4168
Williams, IA	Williams Bulk Transfer (WBT)	State of the art materials handling terminal. Access to I-35 and US 20 as well as the CN railroad. Also offering outdoor storage and development opportunities.	CRANDIC, CN	Jeff Woods 319-786-3698 jeffwoods@alliantenergy.com



**These transload locations are shown by city. For more information on each, refer to the table on pages 20-22.*

▲ Transload Facilities

IOWA RAILROAD PROFILES



The railroad profiles in this section were prepared using the annual reports and input from railroads in Iowa. Contacts, transload facilities, and map information are included. Please contact each company about specific services and available resources.

BNSF RAILWAY (BNSF)

www.bnsf.com

Emergency number: 800-832-5452

Corporate headquarters

2650 Lou Menk Drive
Fort Worth, TX 76131-2830

General offices

Sioux City, Iowa



Overview

BNSF is among the largest railroads in the United States today with operating mileage totaling more than 32,000 miles covering 28 states and three Canadian provinces. BNSF covers the western two-thirds of the United States from major Pacific Northwest and California ports to the Midwest, Southeast, and Southwest; and from Canada to Mexico. The railroad operates 597 miles of track in Iowa, which runs from Burlington to Glenwood. Operations are on mainline tracks in the east, south, and west parts of the state as well as several branch lines (see map).

Transloading

Altoona, IA	Middletown, IA
Burlington, IA	Mount Pleasant, IA
Camanche, IA	Ottumwa, IA
Clinton, IA	Sioux City, IA
Council Bluffs, IA	Savanna, IL
Dubuque, IA	Omaha, NE

Intermodal

Omaha, NE

www.bnsf.com/customers/prices-and-tools/intermodal-advisor

Railroad interchanges

Albia, IA	APNC	Keokuk, IA	KJRY
Burlington, IA	BJRY	Mount Pleasant, IA	BJRY
Clinton, IA	CP	Ottumwa, IA	BJRY, IAIS, CP
Council Bluffs, IA	CN	Quad Cities, IA	CP
Davenport, IA	IAIS	Sioux City, IA	CN, DAIR
Des Moines, IA	IAIS		

Contact(s)

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Director, Public Affairs

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763-782-3212

Peter Skosey

State government affairs

peter.skosey@bnsf.com

312-850-5678

John Rider

Economic development

john.rider@bnsf.com

913-551-4148

Eric Pitcher (eastern Iowa)

Economic development

eric.pitcher@bnsf.com

312-850-5699

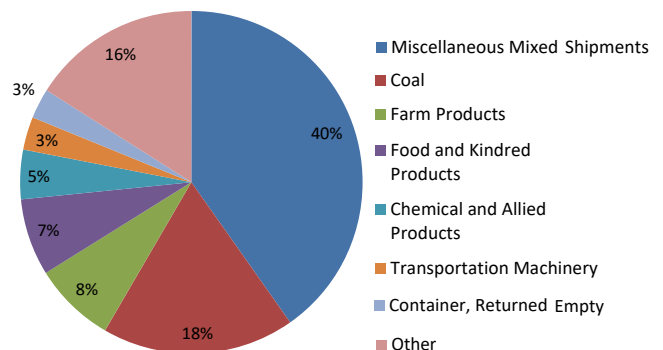
BNSF in Iowa

Miles of track owned/leased/served in Iowa 597

Miles operated under trackage rights in Iowa 35

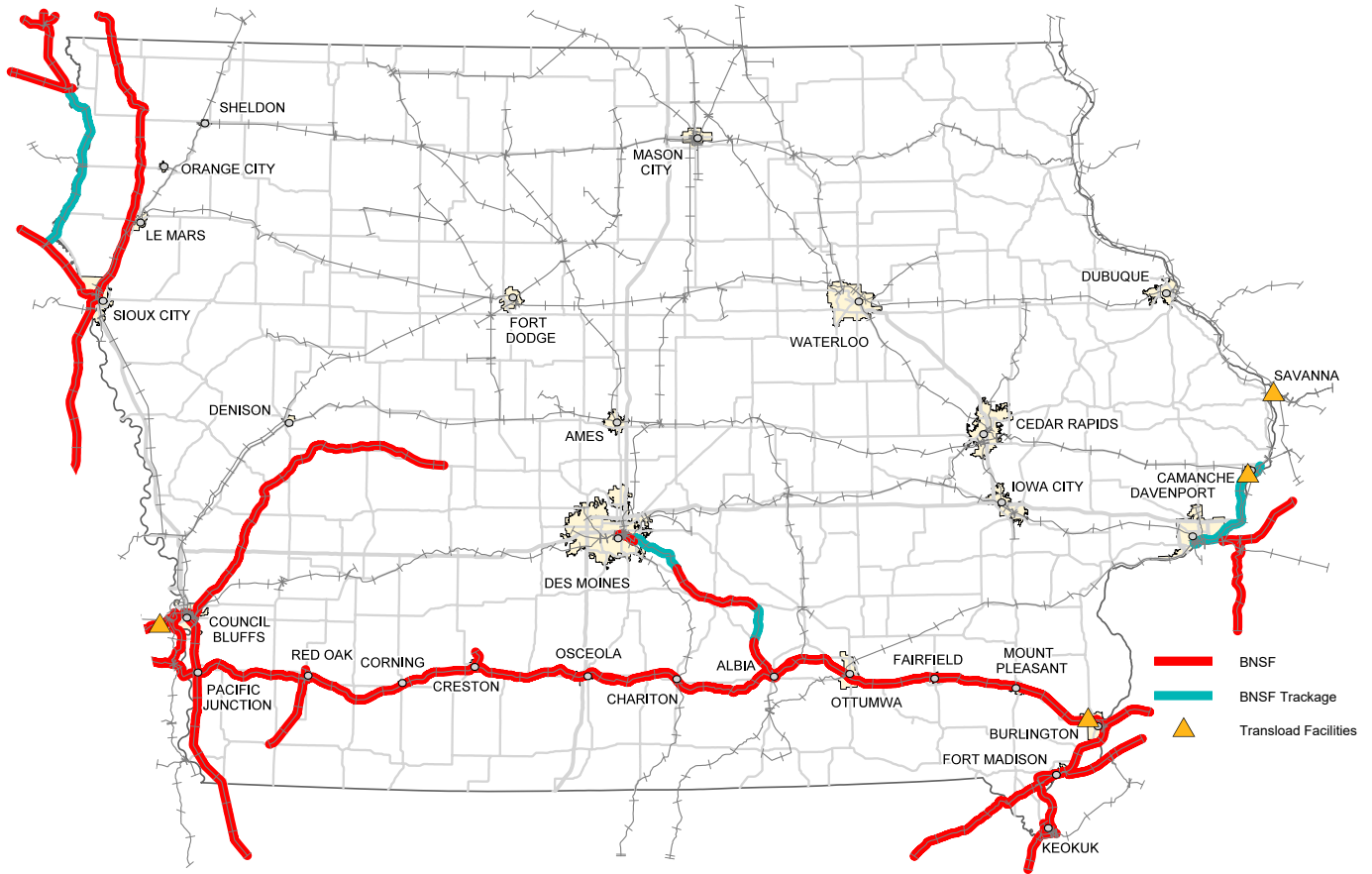
Employees in Iowa 701

Commodities



Marketing development summary

Since 2015, BNSF has been instrumental in locating 10 new or expanded facilities in Iowa, creating nearly 250 new jobs and more than \$3 billion in investments. Projects include BNSF Logistics in Shenandoah, Orascom Construction Industries in Wever, and United Farmers Cooperative in Osceola. Iowa is also home to one BNSF Certified Site: Commerce Center of Southeast Iowa in Middletown.



BOONE & SCENIC VALLEY RAILROAD (BSV)

www.bsvrr.com

Emergency number: 515-433-0524

Corporate headquarters

225 10th St.
P.O. Box 603
Boone, IA 50036

Overview

BSV is a nonprofit operating museum located in Boone, Iowa. In 1983, BSV purchased 12 miles of track that was scheduled for abandonment by the Chicago and North Western. A nonprofit historical society was established and began passenger service later that year. Since 1983, BSV has operated a passenger excursion train over the 12 miles of track from Boone to Wolf. In February 2001, BSV obtained an additional 1.66 miles of right of way from downtown Boone eastward to the Boone Industrial Park from the Union Pacific Railroad to serve the industries located in the park. Currently, freight service is only provided on the 1.66 miles to the Boone Industrial Park. Current employment totals four people, all located in Iowa.

Transloading

Boone, IA

Railroad interchanges

Boone, IA UP

Potential development opportunities

Boone is developing a 150 acre addition to the Boone Industrial Park. This will provide space for up to 17 industrial sites. Most will be accessible by rail from the Boone and Scenic Valley railroad, which has interchange with the Union Pacific railroad for potentially nation-wide shipping availability.



Contact(s)

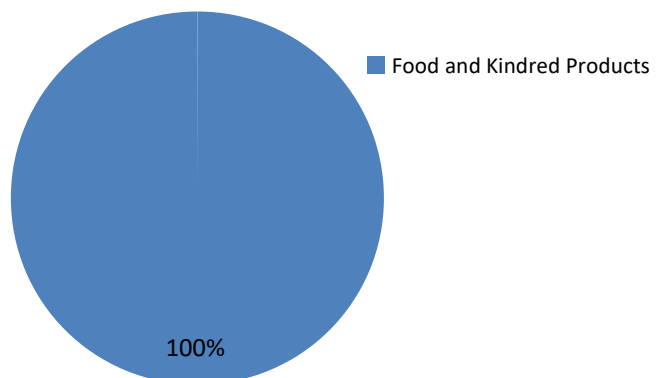
Travis Stevenson
General manager

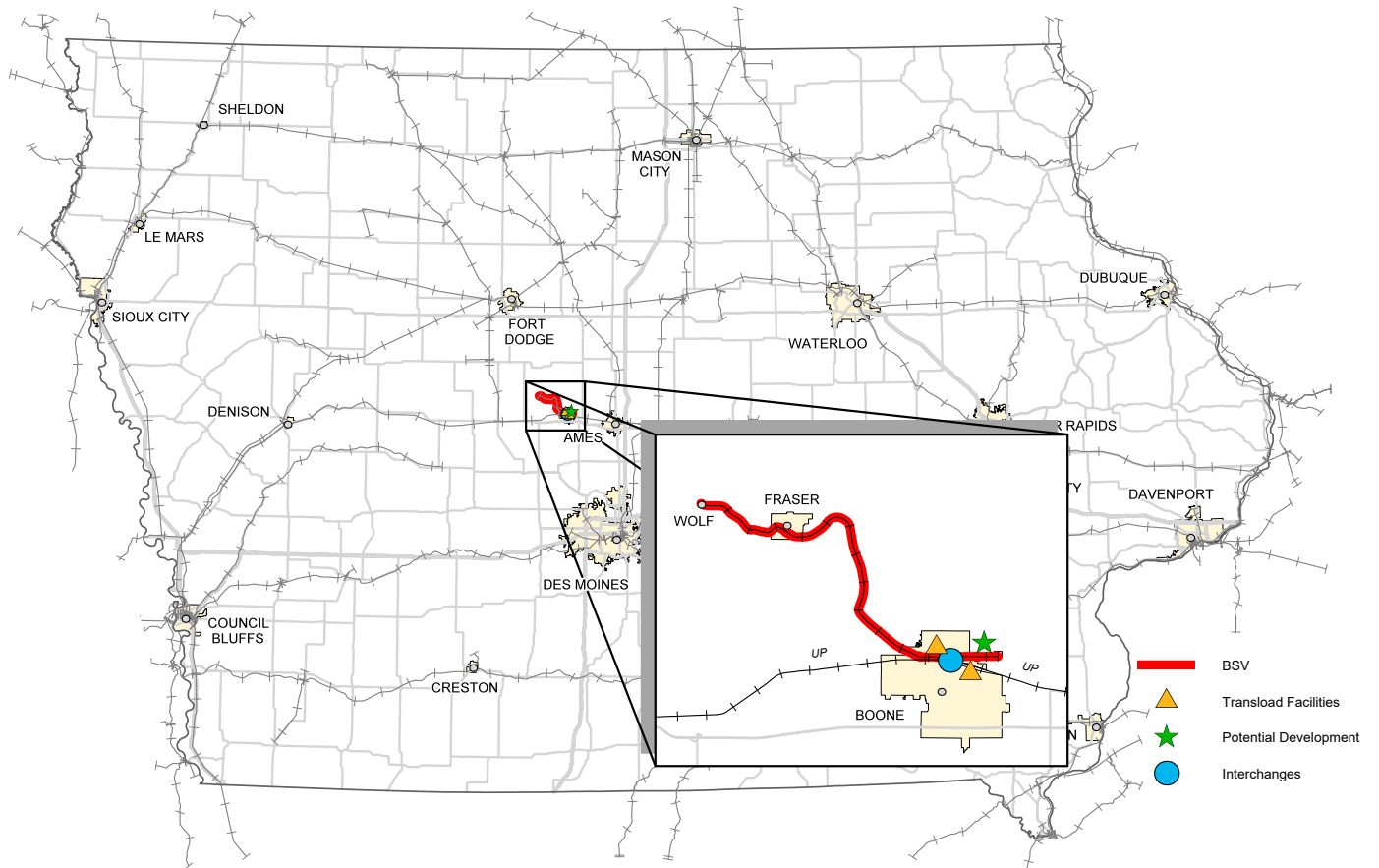
travis.stevenson@bsvrr.com
515-432-4249

BSV in Iowa

Miles of track owned/leased/serviced in Iowa	12
Miles operated under trackage rights in Iowa	0
Employees in Iowa	4

Commodities





BURLINGTON JUNCTION RAILWAY (BJRY)

www.bjryrail.com

Emergency number: 888-753-6157

Corporate headquarters

200 Jefferson St.
Burlington, IA 52601
Phone: 319-754-5000

General offices

1510 Bluff Road
P.O. Box 37
Burlington, IA 52601
Phone: 319-753-6157



Overview

The BJRY is a shortline railroad that was established in 1985 and is headquartered in Burlington, Iowa. BJRY provides rail switching and commodity transloading services in Burlington, Mount Pleasant, and Ottumwa in Iowa, as well as at locations in Illinois and Missouri.

Transloading

Burlington, IA

Le Mars, IA

Mount Pleasant, IA

Ottumwa, IA

Railroad interchanges

Burlington, IA	BNSF
Le Mars, IA	CN
Mount Pleasant, IA	BNSF
Ottumwa, IA	BNSF

Potential development opportunities

Henry County – Mount Pleasant

Forty-acre greenfield site suitable for manufacturing and transloading operations

Des Moines County – Burlington/West Burlington

Forty-acre greenfield site suitable for manufacturing and transloading operations

Contact(s)

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General manager

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319-753-6157

Jonathon Wingate

Marketing manager

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319-753-6157 ext.102

Andrew Hoth

Corporate relations

hothlaw@mchsi.com
319-754-5000

General inquiries

bjry@lisco.com

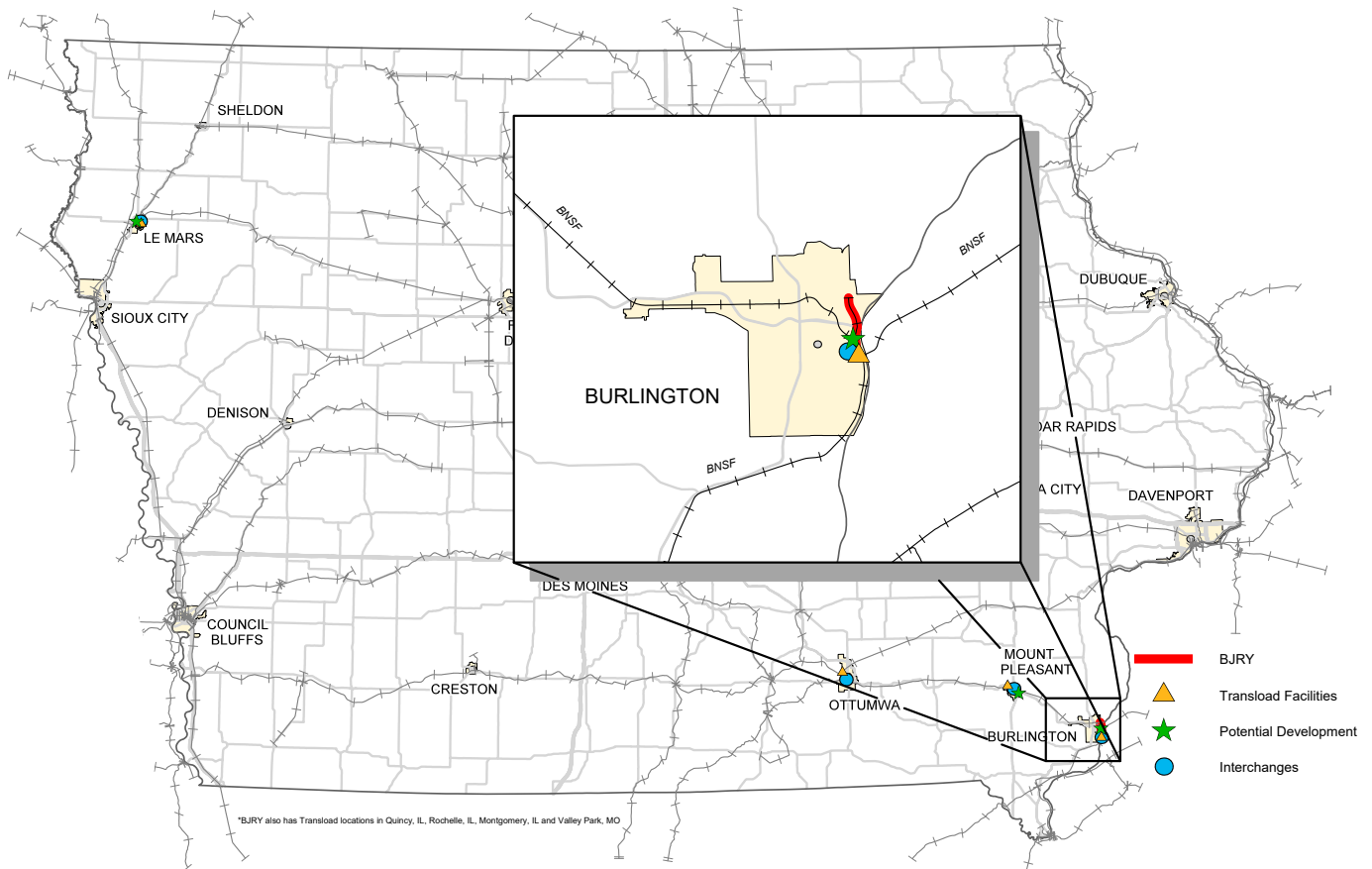
BJRY in Iowa

Miles of track owned/leased/served in Iowa	12
Miles operated under trackage rights in Iowa	0
Employees in Iowa	17

Marketing development summary

BJRY provides customers with a fully integrated approach to accessing the freight rail network for both domestic and international shipments. In addition to rail switching services, BJRY provides complete logistical solutions for the needs of our customers. BJRY can handle all or part of the rail shipment process – everything from ordering and billing cars, facilitating transloads from rail-to-truck or truck-to-rail at origin or destination, and provide support with its Class I partners as your commodity moves on the rail network.

BJRY provides this logistic support and offers transload services at each of its terminals. BJRY is able to provide to its customers custom daily reports, on-demand switching, dedicated customer support, and it has locomotives and crews stationed at each site. BJRY has experience handling most types of commodities, including lumber, paper, building materials, frozen food, liquid and dry bulk commodities, machinery, and specialty/oversize loads.



Operates in Iowa as the Dakota, Minnesota and Eastern Railroad Corp.

CANADIAN PACIFIC (CP)

www.cpr.ca

Emergency number: 800-766-HELP (4357)

Corporate headquarters
7550 Ogden Dale Road S.E.
Calgary, AB T2C 4X9

General offices
120 S. Sixth St.
Minneapolis, MN 55402



Overview

CP operates in Iowa as the Dakota, Minnesota and Eastern Railroad Corp. CP operates a transcontinental railroad network in the United States and Canada with a total of 14,000 route-miles. The CP network serves the ports of Montreal and Vancouver in Canada, and reaches key U.S. gateways, including Chicago, Minneapolis/St. Paul, Milwaukee, and Kansas City. CP's corporate headquarters are located in Calgary, Alberta, Canada, while its U.S. operations are based in Minneapolis. Iowa operations include a main route following the Mississippi River from the Minnesota border to Muscatine (crossing the Mississippi River at Sabula for route toward Chicago), then onto Ottumwa and the Missouri border, plus routes operating from Mason City west to Sheldon, east to Marquette, and north into Minnesota.

Transloading

Camanche & Clinton, IA

Davenport, IA

Mason City, IA

Muscatine, IA

New Hampton, IA

Railroad interchanges

Sheldon, IA	UP
Mason City, IA	UP
Clinton, IA	UP, BNSF
Dubuque, IA	CN
Moravia, IA	ISRY
Quad Cities, IA	IAIS, BNSF
Nora Springs, IA	IANR
Ottumwa, IA	BNSF, NS

Contact(s)

Arielle Giordano
Government Affairs

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Will Wangerin
Manager Industrial
Development

will_wangerin@cpr.ca

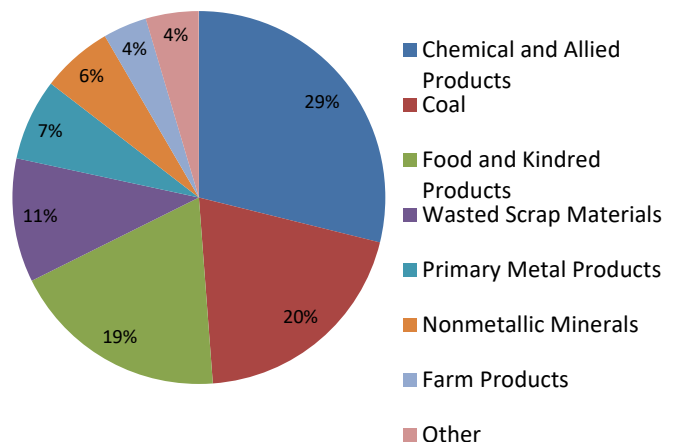
CP in Iowa

Miles of track owned/leased/served: 650

Miles operated under trackage rights in Iowa 11

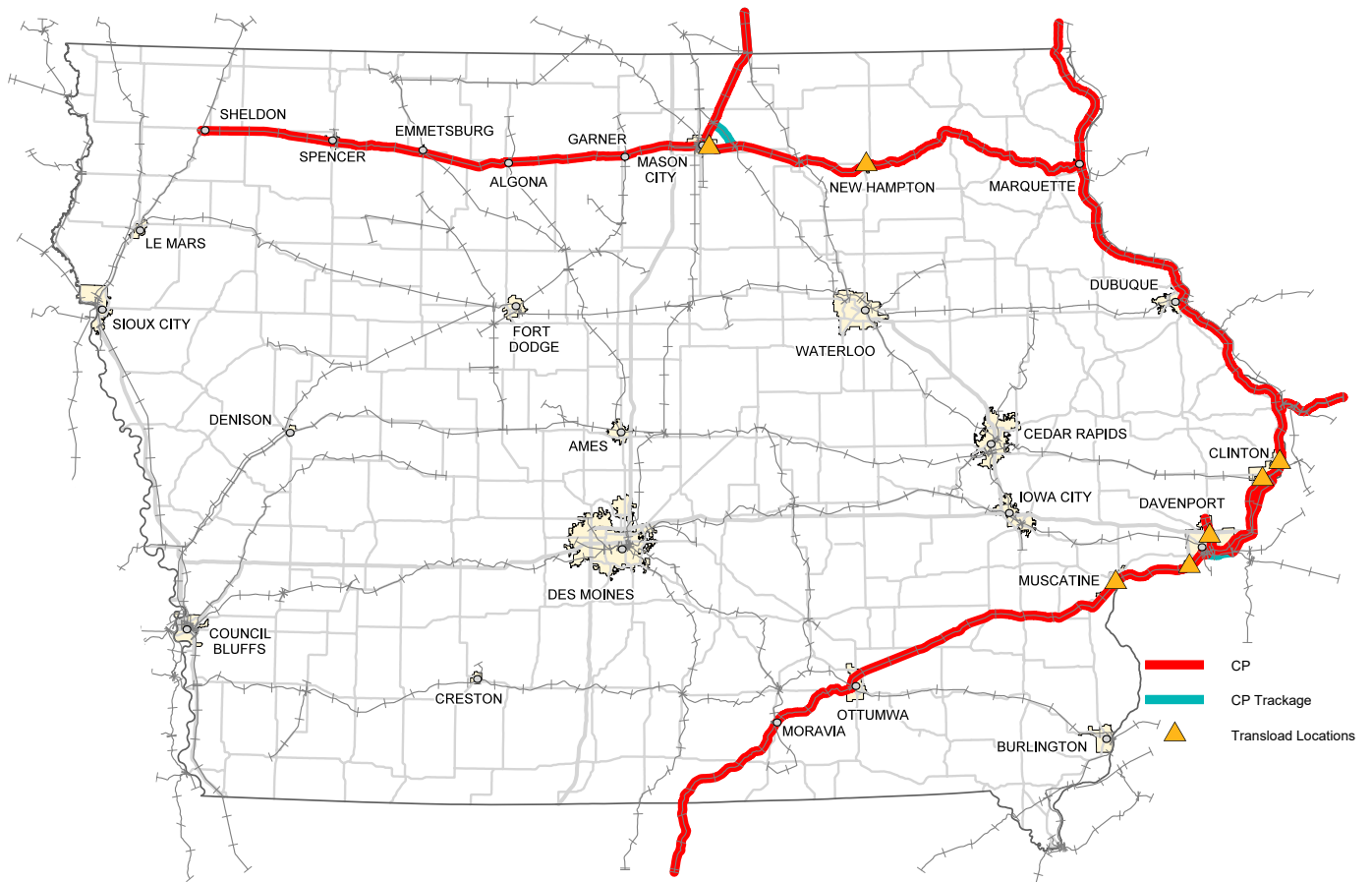
Employees 465

Commodities



Marketing development summary

What used to arrive today now gets there yesterday. CP helps its customers become more competitive and grow their business with faster and more reliable transit times.



CEDAR RAPIDS AND IOWA CITY RAILWAY CO. (CRANDIC) (CIC)

www.crandic.com

Emergency number: 319-786-3645

Corporate headquarters

2330 12th St. SW
Cedar Rapids, IA 52404
Phone: 319-786-3686

Overview

CIC, more commonly referred to as CRANDIC, is a shortline railroad providing freight rail service in the Cedar Rapids to Iowa City corridor. CRANDIC connects with two Class I (UP, CN) and two shortline railroads (IANR, IAIS). Priding itself on customer service and flexibility, CRANDIC has been instrumental in supporting economic development in eastern Iowa.

Transloading

Cedar Rapids, IA

Railroad interchanges

Cedar Rapids, IA	CN, UP, IANR, IAIS
Iowa City, IA	IAIS
Homestead, IA	IAIS

Major existing customers

Alliant Energy	Ingredion
Archer Daniels Midland Co.	International Paper
Cargill	

Potential development opportunities

Cedar Rapids, IA	Big Cedar Industrial Center
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Tools and resources for shippers and developers

CRANDIC's website provides points of contact for all aspects of rail transportation. CRANDIC also provides customers access to RMI software for billing, tracking, etc. Staff is available 24/7 to answer your questions.



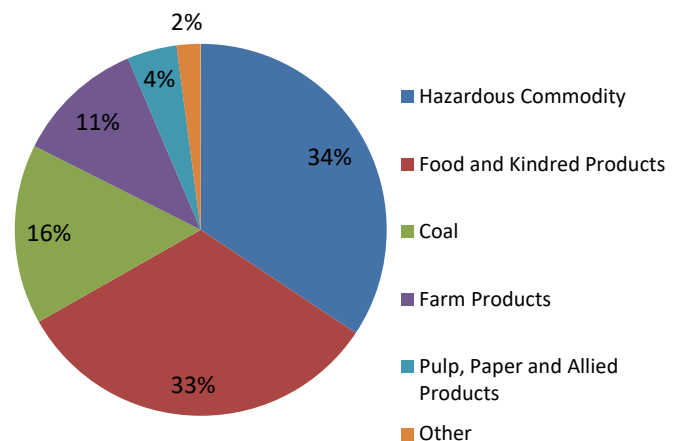
Contact(s)

Jeff Woods Industrial development, marketing, and rates	jeffwoods@alliantenergy.com 319-786-3698
Scott Whiting Customer service	scottwhiting@alliantenergy.com 319-786-3660

CRANDIC in Iowa

Miles of track owned/leased/served in Iowa	94
Miles operated under trackage rights in Iowa	0
Employees in Iowa	80

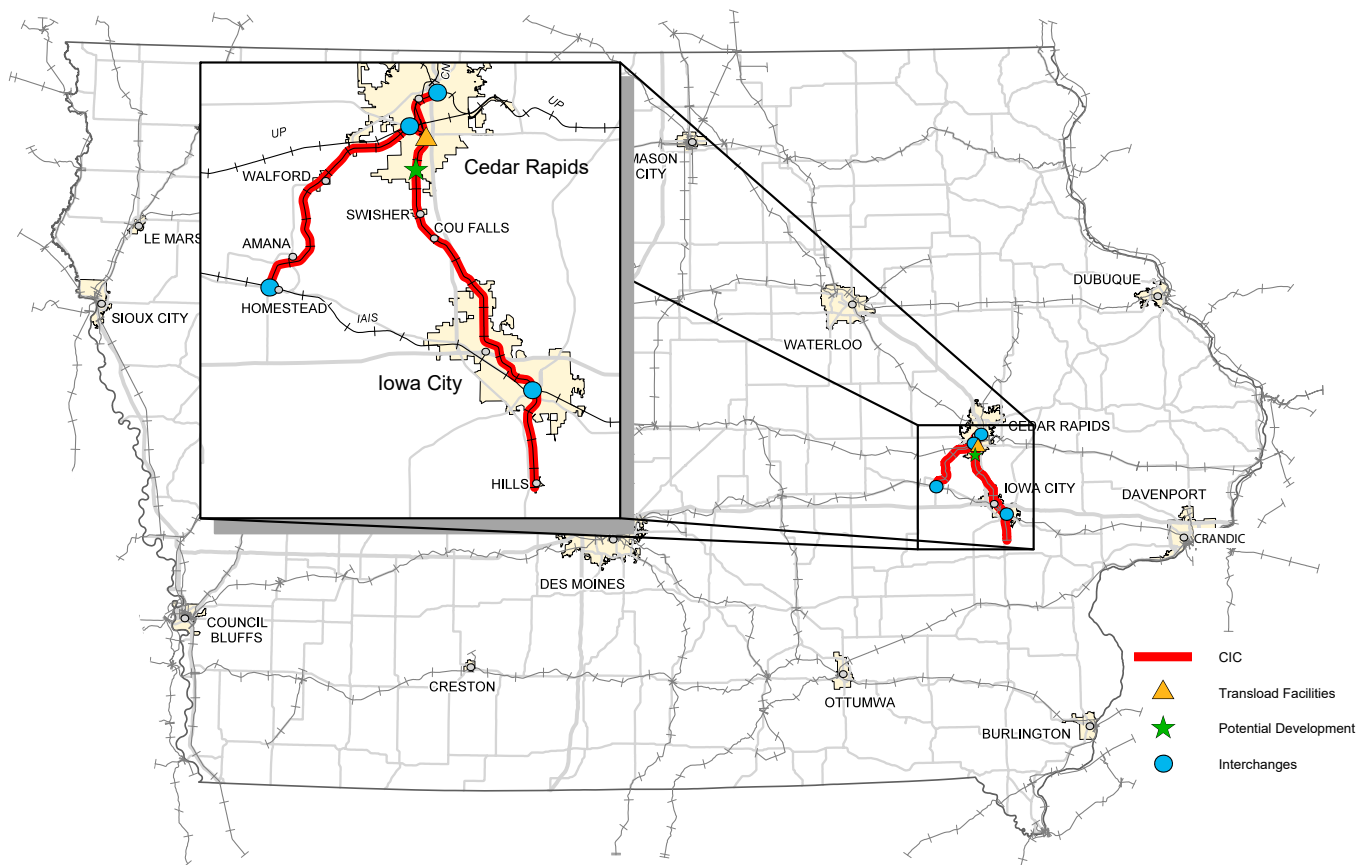
Commodities



Marketing development summary

CRANDIC provides direct freight service to 16 industries, and via reciprocal switching, bridge traffic, transloading, and many others. Operating 24/7, CRANDIC offers unique pricing and service options in conjunction with its connecting carrier partners. CRANDIC handles 105,000 carloads of freight annually. Main products hauled are corn, coal, and ethanol. Its 80 employee-strong workforce maintains 94 miles of main line and secondary track and eight locomotive/slug units. Having invested \$50 million to rebuild or expand yards, main lines, bridges, and locomotives since 2007, CRANDIC is poised to provide safe, reliable rail service for decades. In 2005, CRANDIC was selected as the Short Line Railroad of the Year by RailwayAge magazine. It is the only railroad to twice receive the Argus Rail Business Win-Win Award, presented by Argus Media at the North American Rail Shippers Association's annual meeting to honor the best railroad-shipper partnerships in the industry.

CRANDIC's website provides points of contact for all aspects of rail transportation. CRANDIC also provides customers access to RMI for billing, tracing, etc. Staff is available 24/7 to answer your questions.



CN (CN)

www.cn.ca

Emergency number: 800-465-9239

Corporate headquarters

935 de La Gauchetiere St. W
Montreal PQ H3B 2M9

General offices

17641 S. Ashland Ave.
Homewood, IL 60430

Overview

Through our subsidiary, the Chicago, Central & Pacific Railroad, CN's rails stretch the breadth of Iowa, from the Missouri River in the west to the Mississippi in the east. We carry a wide variety of manufactured and industrial products like food, machinery, electrical equipment, chemical products, and primary metals. In addition to serving local businesses, CN's ethanol franchise is centered in the Hawkeye State with several plants along the route between Dubuque and Sioux City and Council Bluffs. The largest rail yard and facility on CN's Iowa network are in Waterloo. In 2020, CN invested over US\$35 million to support growing demand and enable supply chains in Iowa. The program focused on continued investments in Positive Train Control as well as the replacement of rail and ties and maintenance of bridges, level crossings, culverts, signal systems, and other track infrastructure.

Transloading

Cedar Falls, IA

Cherokee, IA

Fort Dodge, IA

Le Mars, IA

Waterloo, IA

Railroad interchanges

Cedar Rapids, IA

CRANDIC, IAIS, IANR, UP

Council Bluffs, IA

IAIS, UP, BNSF

Dubuque, IA

CP

Iowa Falls, IA

UP

Sioux City, IA

DAIR, UP, BNSF

Waterloo, IA

IANR, UP

Iowa river port terminals

Dubuque, IA

Bulk commodities

Potential development opportunities

Cedar Falls, IA

Fort Dodge, IA

Iowa Falls, IA

Le Mars, IA

Webster City, IA



Contact(s)

Jim Fountain

Manager – business
development and real estate

James.Fountain@cn.ca

708-332-3559

Larry Lloyd

Manager, Government
& Public Affairs

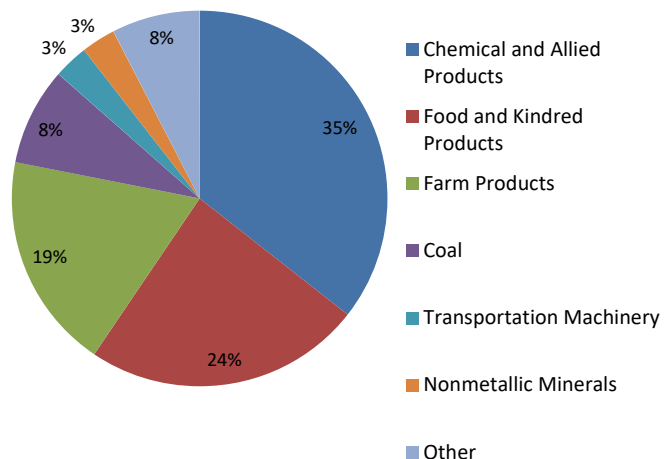
Larry.Lloyd@cn.ca

312-505-4625

CN in Iowa

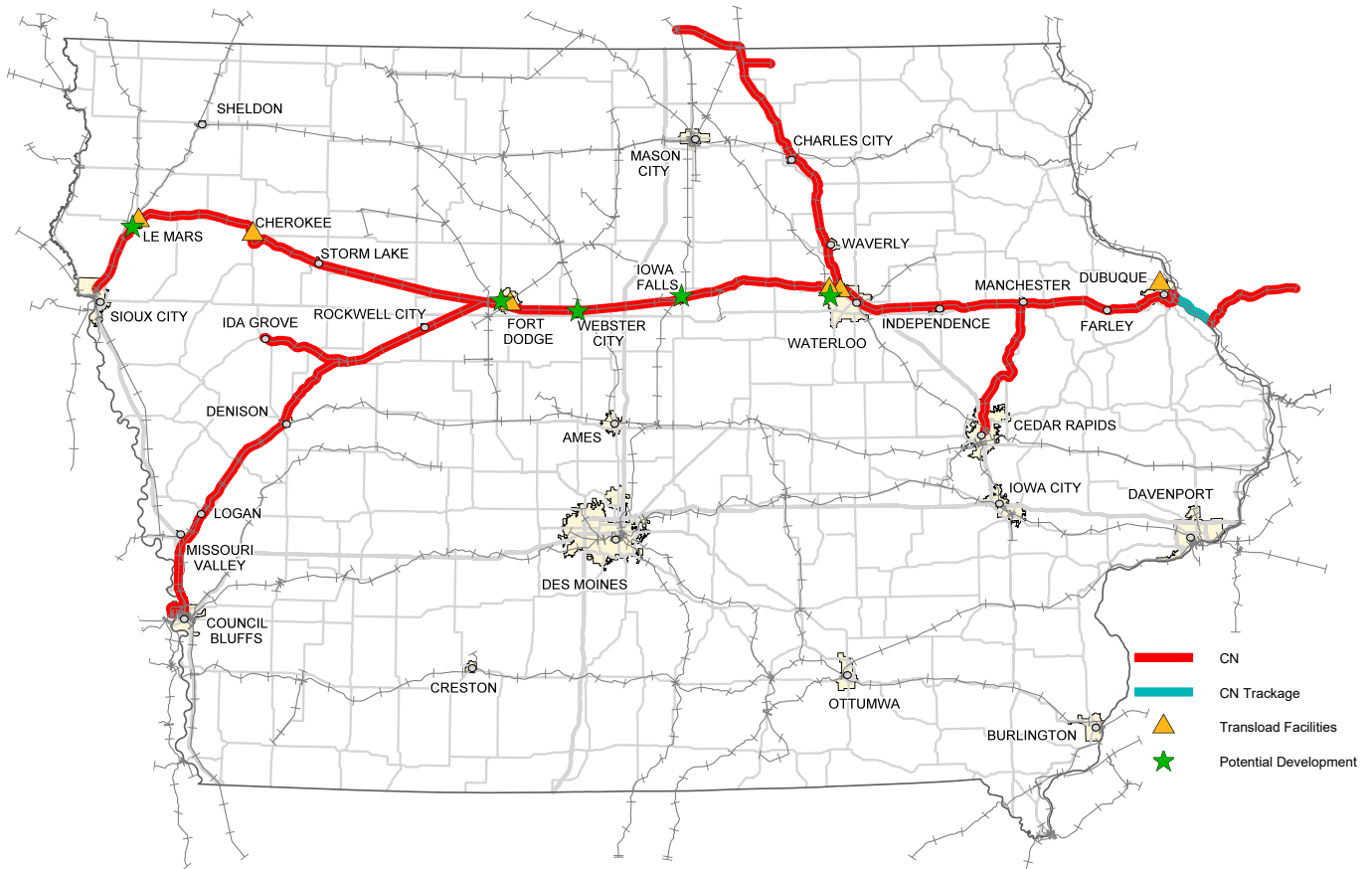
Miles of track owned/leased/served in Iowa	574
Miles operated under trackage rights in Iowa	0
Employees in Iowa	262

Commodities



Marketing development summary

CN serves Iowa with main-line routes from Council Bluffs and Sioux City through Fort Dodge, Waterloo, and Dubuque and onto Chicago, where connections are made with the rest of CN's North American network. Branches extend to Cedar Rapids and Ida Grove, Iowa; and southern Minnesota. CN serves numerous unit-train loading facilities, providing single-line service to the Gulf elevators for export.



D & I RAILROAD CO. (DAIR)

www.dirailroad.com

Emergency number: 800-843-7992

Corporate headquarters

350 S. Main Ave. Suite 400
Sioux Falls, SD 57104
Phone: 605-330-6588

Overview

DAIR was established in 1981 as a result of the bankruptcy of the former Milwaukee Road. The State of South Dakota purchased a majority of the rail lines in South Dakota, and a portion of the track miles in Iowa. DAIR interchanges with BNSF, CN, and UP in Sioux City, Iowa.

Transloading

Hawarden, IA

Hudson, SD

Various locations

Railroad interchanges

Sioux City, IA BNSF, CN, UP

Sioux Falls, SD BNSF

Major existing customers

L.G. Everist Inc.	Aggregates
Poet BioRefining - Hudson	Ethanol, DDGs
Siouxland Energy Transload	Ethanol
GCC Dacotah Cement	Cement
Poet Nutrition	Corn oil
Prinsco Inc.	Agricultural drain tile
BX Civil & Construction Inc.	Magnesium, calcium chloride



Contact(s)

Jack Parliament jdparliament@lgeverist.com
President/General manager 605-330-6588

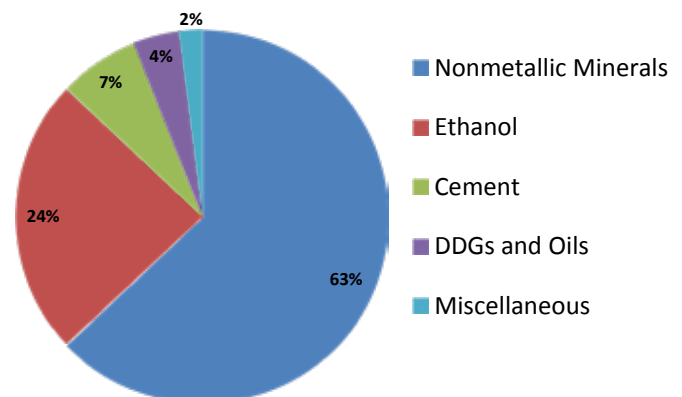
DAIR in Iowa

Miles of track owned/leased/served in Iowa: 39

Miles operated under trackage rights in Iowa 0

Employees 0

Commodities

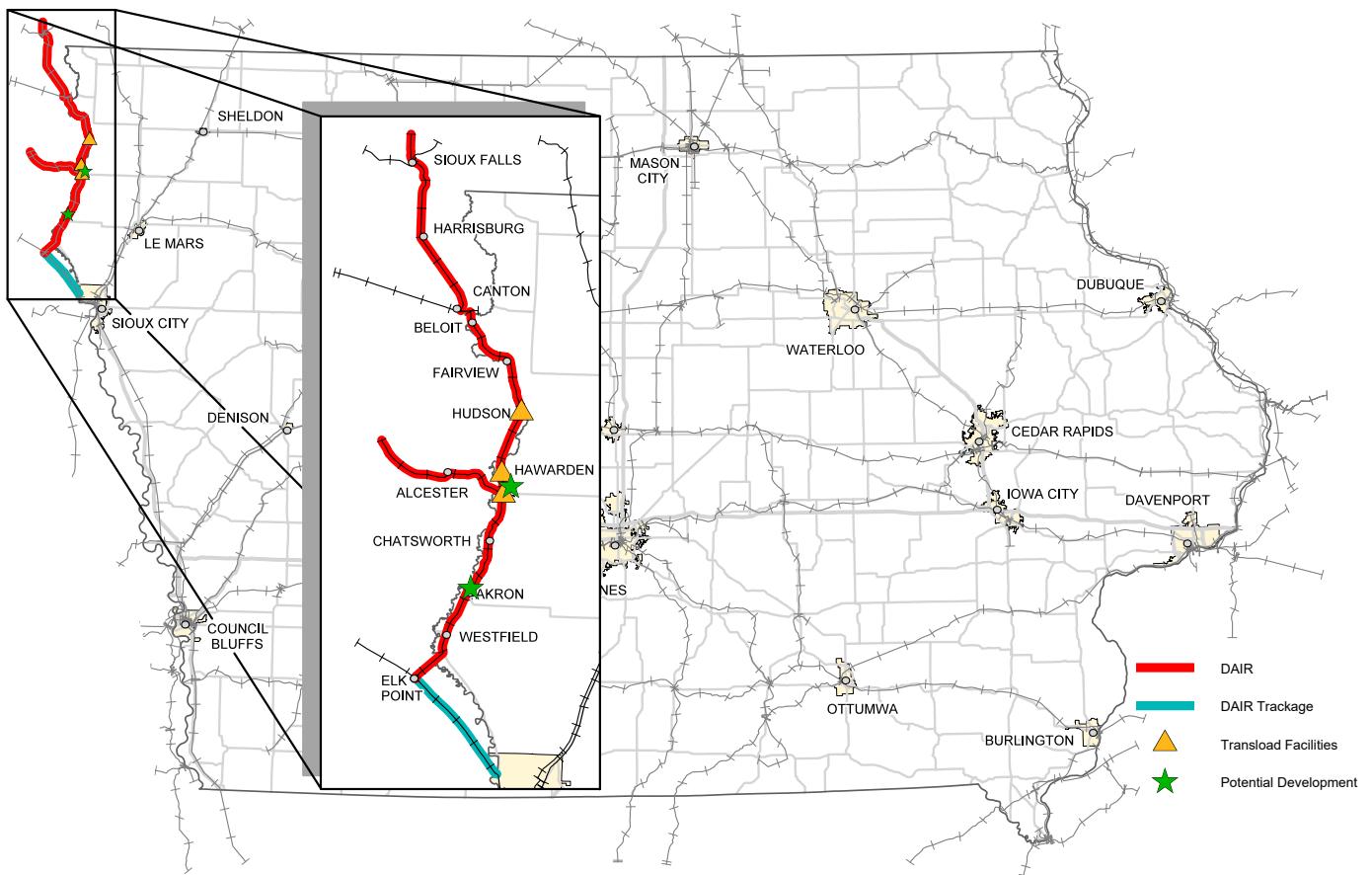


Marketing development summary

DAIR has upgraded all of its bridges and track to 286,000-pound capability. It operates seven days per week on an as-needed basis, with regular service operating five days per week. There are currently seven transload locations in operation in Hudson, SD and Hawarden, IA:

Siouxland Energy	Ethanol
Poet Nutrition	Corn oil
GCC Dacotah Cement	Raw cement
Green Plains Renewable Energy	Corn oil
Purina/Land O Lakes	DDGs
Agri Trading Company	Corn oil
Valero Energy	Corn oil

DAIR is still developing their transload site in Hawarden, Iowa, and welcomes additional customers. We also have numerous greenfield sites for industry development. DAIR regularly interchanges manifest and unit trains with our respective Class I partners.



IOWA INTERSTATE RAILROAD LTD. (IAIS)

www.iaisrr.com

Emergency number: 800-321-3891

Corporate headquarters

Iowa Interstate Railroad Ltd.
5900 Sixth St. SW
Cedar Rapids, IA 52404
Phone: 319-298-5400

Overview

IAIS is one of the few regional railroads that connects with the entire Class I railroad system (BNSF, UP, CN, CP, KCS, CSXT, and NS) at multiple locations. The IAIS main line operates from Council Bluffs through Des Moines, Iowa City, and Davenport, Iowa; to Chicago and Peoria, Illinois.

Transloading

Altoona, IA

Newton, IA

Atlantic, IA

West Liberty, IA

Council Bluffs, IA

Intermodal

Council Bluffs, IA

Blue Island, IL

Railroad interchanges

Blue Island, IL IHB, CSXT, NS, CPRS, CN, UP, CFE, BNSF

Cedar Rapids, IA CRANDIC

Council Bluffs, IA BNSF, UP, CN KCS

**Davenport, IA/
Rock Island, IL** BNSF, CPRS

Des Moines, IA BNSF, NS, UP

Iowa City, IA CRANDIC

Peoria, IL TZPR, TPW, IMRR, NS, UP, BNSF, CN, KJRY

Utica, IL CSXT



Potential development opportunities

Dexter, IA

West Metro I-80 Rail Park

Newton, IA

Former Maytag Plant

Iowa City, IA

Iowa City Industrial Park

Stuart, IA

Stuart I-80 Rail Park

Marengo, IA

Former Quad Graphics Building

Contact(s)

Carrie Evans

Vice president, sales and marketing

cmevans@iaisrr.com

319-298-5408

Marty Hanson

Director, Customer Service

mjhanson@iaisrr.com

319-298-5426

Al Satunas

Chief operating officer

ajsatunas@iaisrr.com

319-298-5418

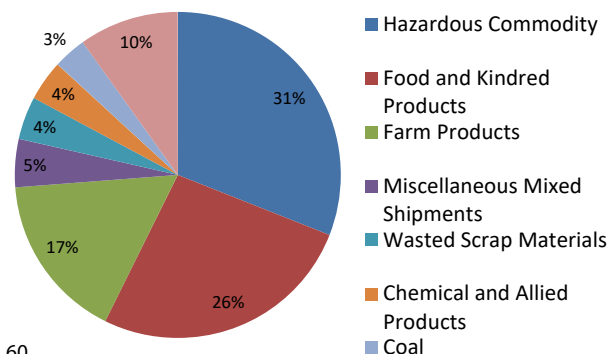
IAIS in Iowa

Miles of track owned/leased/served in Iowa 306

Miles operated under trackage rights in Iowa 62

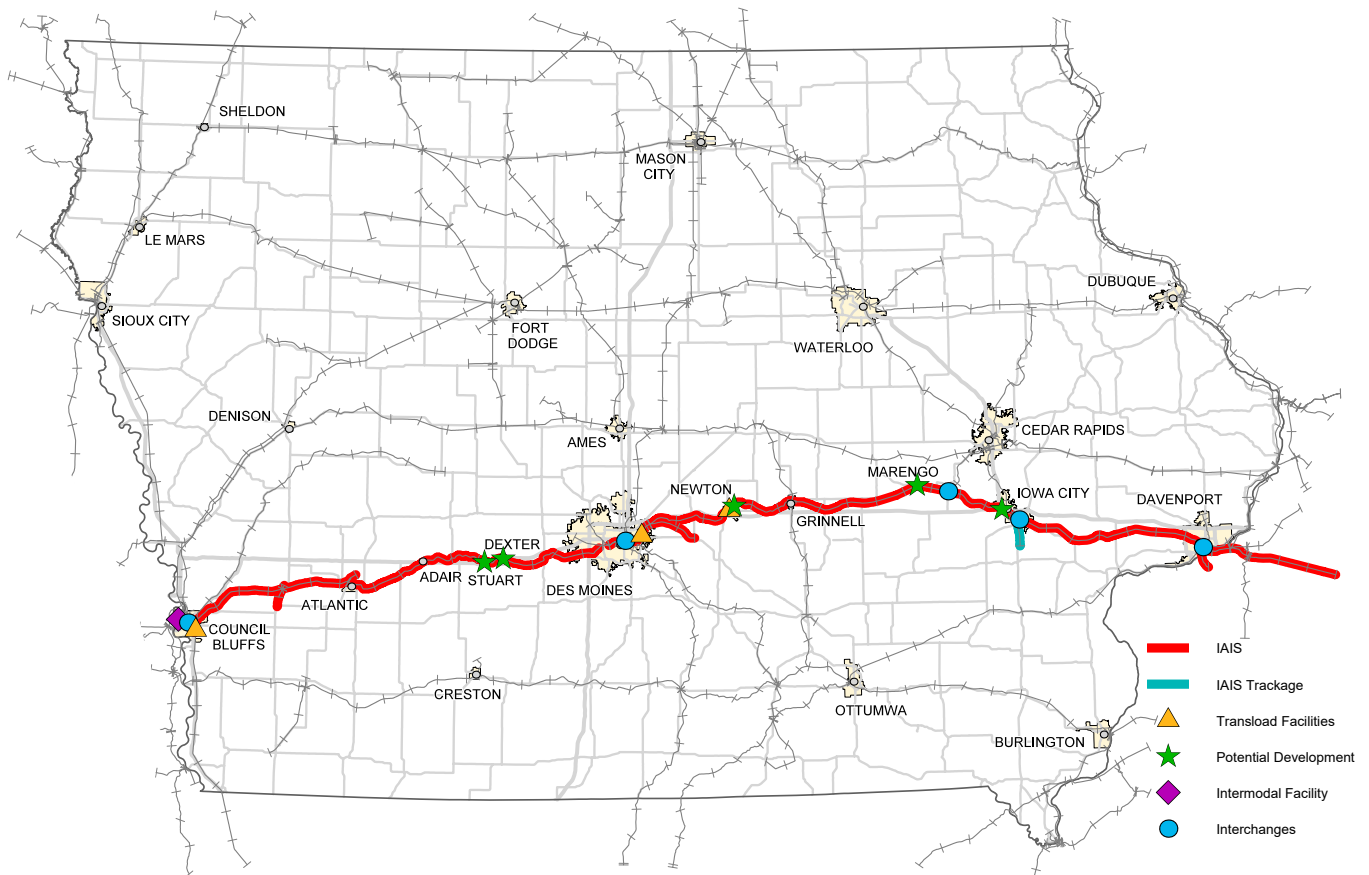
Employees in Iowa 182

Commodities



Marketing development summary

Connecting national rail network to Chicago, the Quad Cities, Des Moines, and Omaha. Regional railroads provide the flexibility and nimble service of a short line, with the multi-state connections of a much larger railroad. IAIS connects to six Class I railroads at various points on our 580-mile system. The company works closely with its customers to tailor their service to the needs of Iowa and Illinois business. IAIS has proven capability to move freight in ways that many railroads cannot or will not. They can assemble and move full unit trains over hundreds of miles; or handle single-car shipments of high-value commodities. Besides being a low-cost freight service provider, IAIS is also known for their ability to listen to their customers and provide tremendous value for their logistics supply chain.



IOWA NORTHERN RAILWAY CO. (IANR)

www.iowanorthern.com

Emergency number: 800-392-3342

Corporate headquarters

201 Tower Park Drive, Suite 300
Waterloo, Iowa 50701
Phone: 319-888-7070

Overview

IANR operates over 253 miles of track in northeast Iowa. Their line runs diagonally northwest to southeast from Manly to Cedar Rapids. Passing near or through Mason City, Waterloo, and Cedar Rapids. There are also two branch lines; one from Waterloo to Oelwein, and the other from Forest City south to Belmond.

Transloading/development opportunities

Manly, IA

Shell Rock, IA

Waterloo, IA

Linn and Benton counties, IA

Railroad interchanges

Manly, IA

UP

Nora Spring, IA

CP to CSXT, NS, and KCS

Waterloo, IA

CN to BNSF, CSXT, and NS

Cedar Rapids, IA

UP, CN, CIC to IAIS



Contact(s)

Amy Homan
Director of marketing

ahoman@iowanorthern.com
319-888-7070

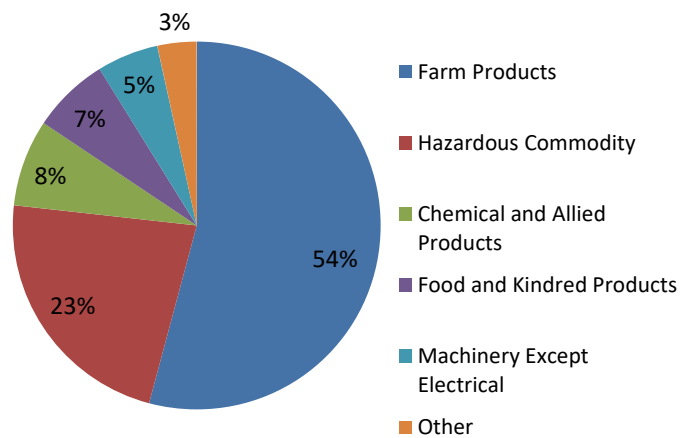
IANR in Iowa

Miles of track owned/leased/served in Iowa	219
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Miles operated under trackage rights in Iowa	35
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Employees in Iowa	101
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Commodities

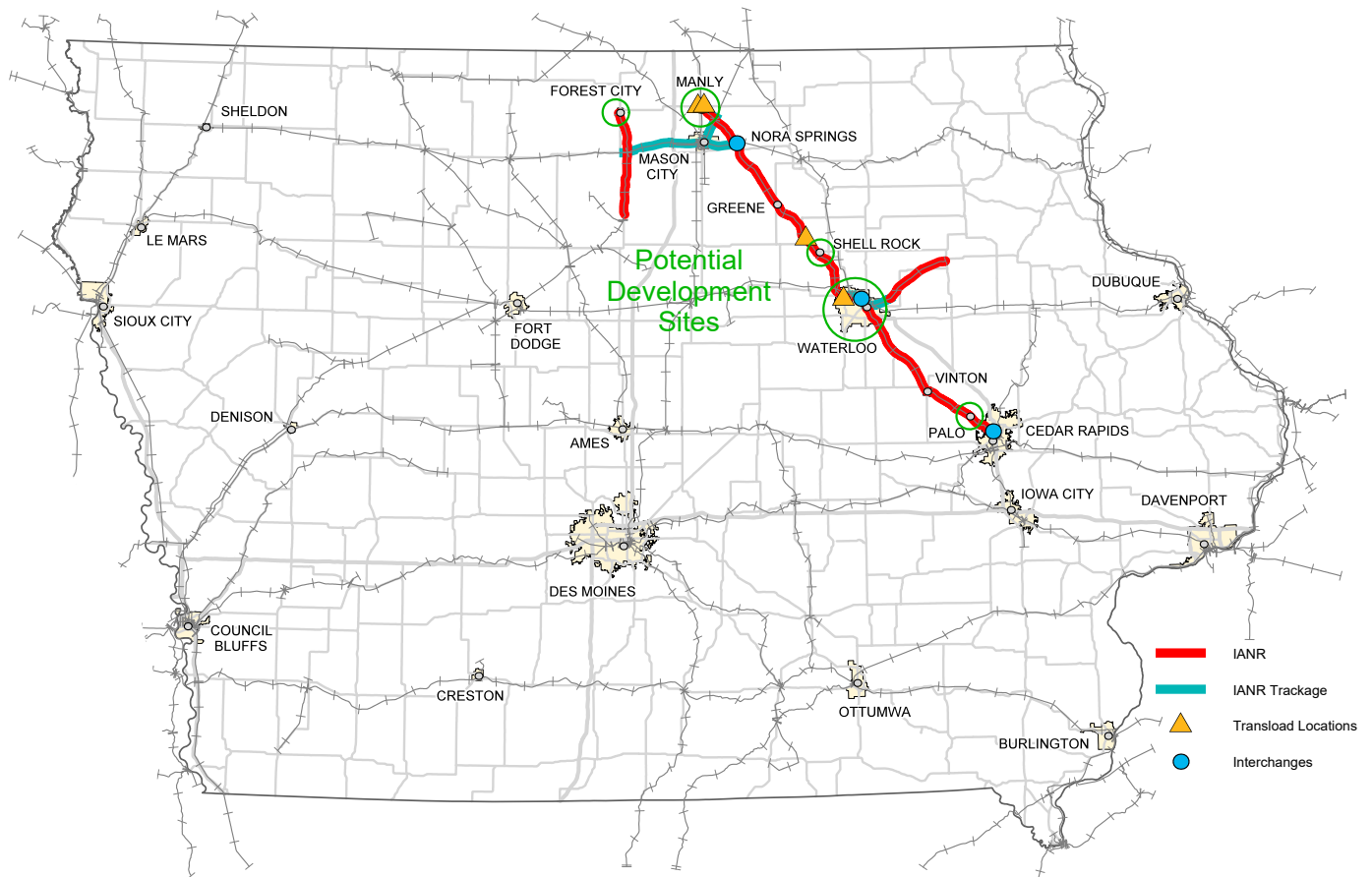


Marketing development summary

IANR is a leader in market development with high service levels, intense attention to customer needs, and deep knowledge of the regional agricultural marketplace – all of which help our customers to be more competitive. Major industrial expansion has occurred along the IANR lines, with traffic having more than tripled during the past decade. IANR's success in a competitive industry has been achieved with its commitment and dedication to personalized customer service.

IANR has multiple facilities for transloading services, including Manly Terminal, Manly Logistics Park, and Butler Logistics Park (in Shell Rock) with additional rail-served industrial parks under development at Forest City, Oelwein, Vinton, and Cedar Rapids (Palo). IANR is an integral part of agriculture and industry in Iowa and is a proud link in the chain from the farmer's field to the end product. From the grain railed in for production, to ethanol and other co-products railed out to market, IANR provides quality service on both ends of the process for agricultural producers.

IANR is located in the heart of the Midwest and connects with virtually every rail system in the nation giving our customers reliable, cost-effective and efficient rail service to every market in North America. IANR has direct connections with the UP, CN, CRANDIC, and CP. These interchanges also make it possible to connect with BNSF, Kansas City Southern, CSXT, and NS.



IOWA RIVER RAILROAD INC. (IARR)

Emergency number: 641-858-6056
641-751-5105 after hours

Corporate headquarters
33371 170th St.
Steamboat Rock, IA 50627
Phone: 641-868-2676



Overview

IARR is based in Steamboat Rock, Iowa. It operates between Steamboat Rock and Ackley, Iowa, carrying corn byproducts and ethanol from Pinelake Corn Processors to the interchange with the CN.

Railroad interchanges

Ackley, IA CN

Major existing customers

Pine Lake Corn Processors LLC Steamboat Rock, IA

Potential development opportunities

Steamboat Rock, IA
Potential transload location

Contact(s)

Renee Schachterle
Yardmaster

rschachterle@pinelakecorn.com
641-868-2676

Curt Bennet
General manager

641-868-2676

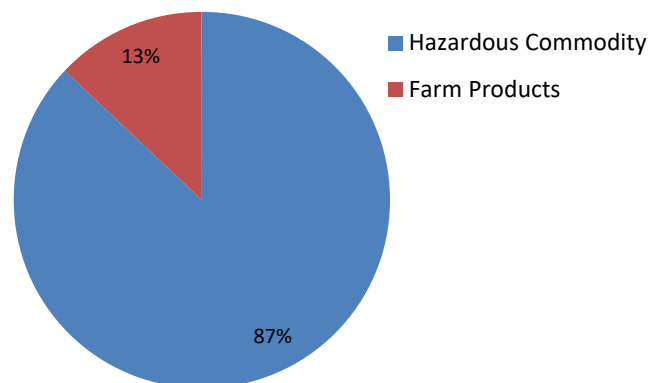
IARR in Iowa

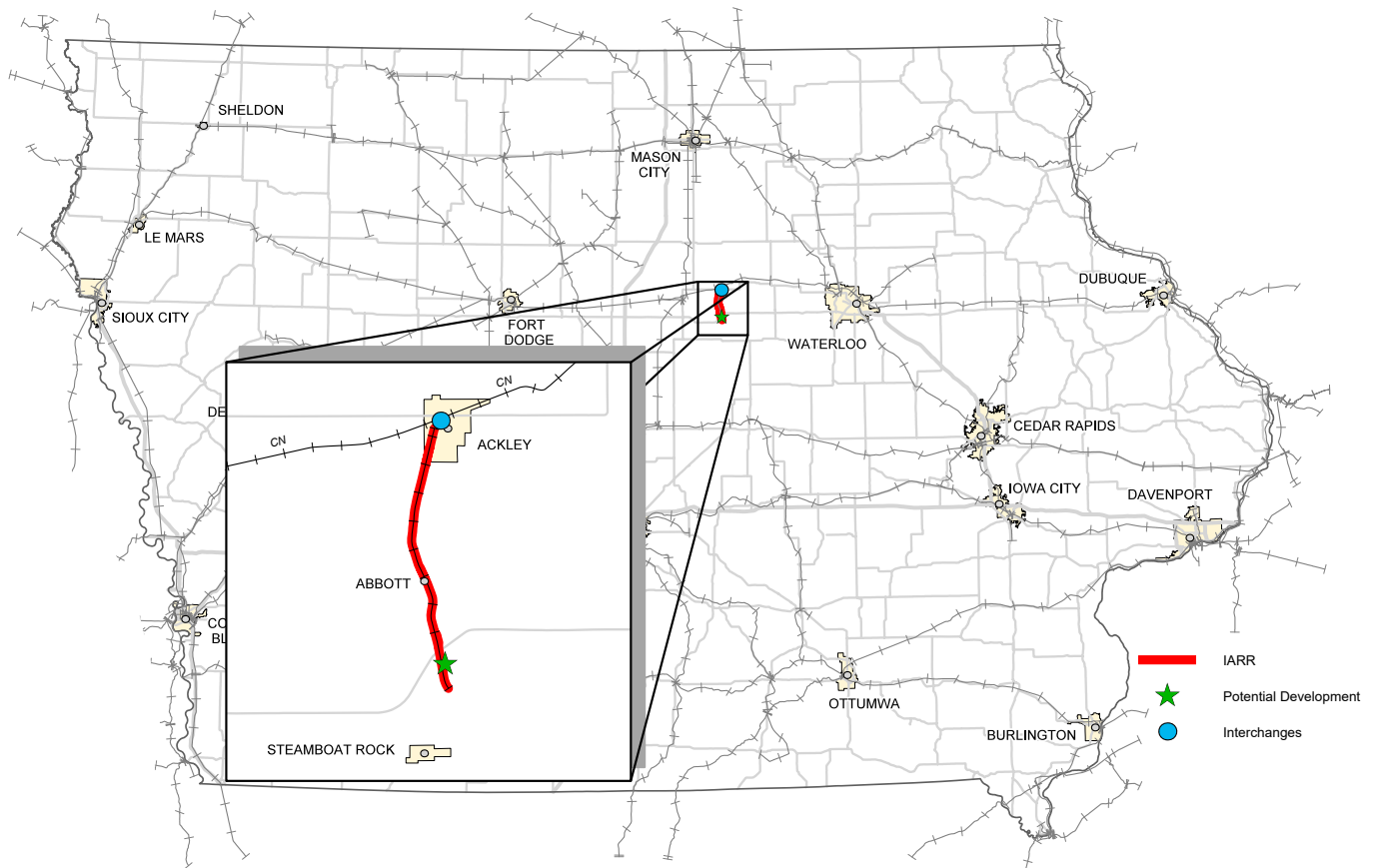
Miles of track owned/leased/serviced in Iowa	9
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Miles operated under trackage rights in Iowa	0
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Employees in Iowa	1
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Commodities





IOWA SOUTHERN RAILWAY (ISRY)

Emergency number: 641-437-7029
641-529-0061 after hours

Corporate Headquarters

1303 S. 21st St.
 P.O. Box 321
 Centerville, IA 52544

Overview

The Iowa Southern Railway (ISRY) joined the Progressive family of shortlines in 2016. The railroad consists of 35.3 miles of track, formerly operated by the BNSF, the Wabash Railroad, and the Rock Island, in Monroe and Appanoose counties, Iowa.

Railroad interchanges

Albia, IA	BNSF, NS
Moravia, IA	CP

Major existing customers

RELCO, Inc.	Albia, IA
Lee Container, Inc.	Centerville, IA
Bemis Corporation	Centerville, IA
Centerville Iron & Metals	Centerville, IA
Rio Tinto Aluminum	Centerville, IA
Iowa Steel & Wire	Centerville, IA
World Foods Processing, Inc.	Centerville, IA
Growmark, Inc.	Moravia, IA
Performance Pipe, Inc.	Centerville, IA



Contact(s)

David J. Fellon
 President

dfellon@progressiverail.com
 612-791-3255

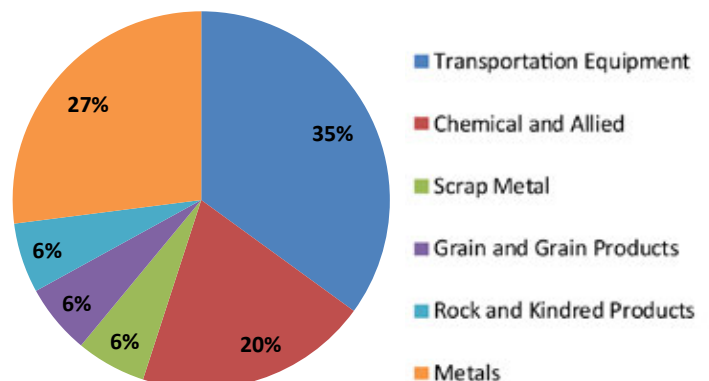
Michael R. Johns
 Vice president
 Industrial Development

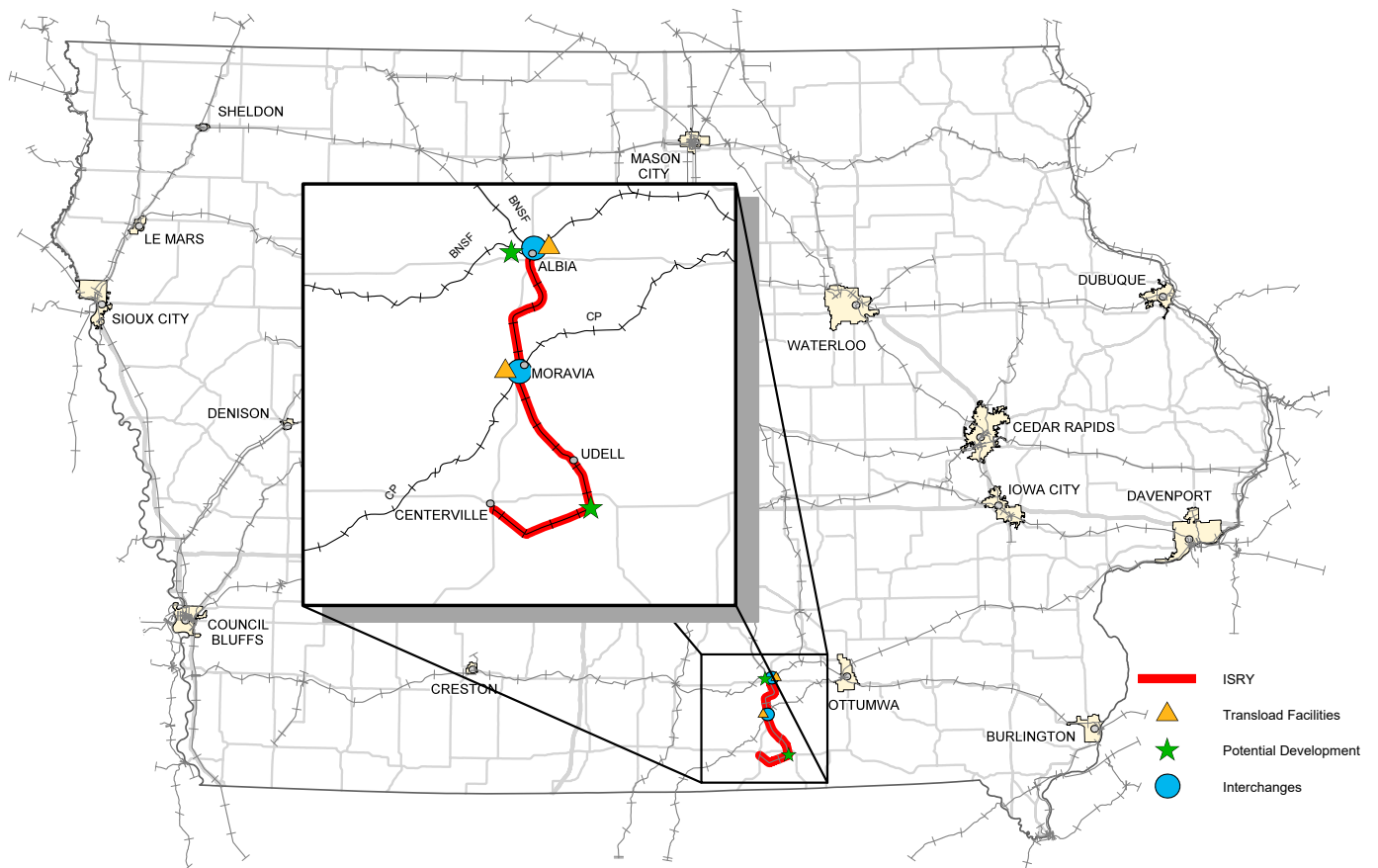
mjohns@progressiverail.com
 641-954-1519

IARR in Iowa

Miles of track owned/leased/serviced in Iowa	35
Miles operated under trackage rights in Iowa	0
Employees in Iowa	7

Commodities





IOWA TRACTION RAILWAY CO. (IATR)

www.progressiverail.com

Emergency number: 641-424-4600

Corporate Headquarters

Progressive Rail
21778 Highview Ave.
Lakeville, MN 55044
Phone: 612-791-1190

General offices

12045 W. State St.
P.O. Box 309
Mason City, IA 50401
Phone: 641-424-2600

Overview

IATR is one of seven railroads owned and operated by Progressive Rail Inc. out of Lakeville, Minnesota. IATR is an electric railroad that serves 10.4 miles of track between Mason City and Clear Lake, Iowa. The railroad serves agribusiness and industry in northern Iowa and southern Minnesota. Their operations at Emery, Iowa provide direct switching of train cars and transloading service between trucks and train.

Transloading

Mason City, IA

Railroad interchanges

Mason City, IA

UP, CP

Potential development opportunities

Clear Lake, IA

Transload facility

Mason City, IA

Industrial rail access



Contact(s)

David J. Fellon

President (Marketing/Sales)
Progressive Rail
Lakeville, Minnesota

dfellon@progressiverail.com

612-791-3255

Michael R. Johns

Marketing manager
Mason City, IA

mjohns@progressiverail.com

641-529-0061

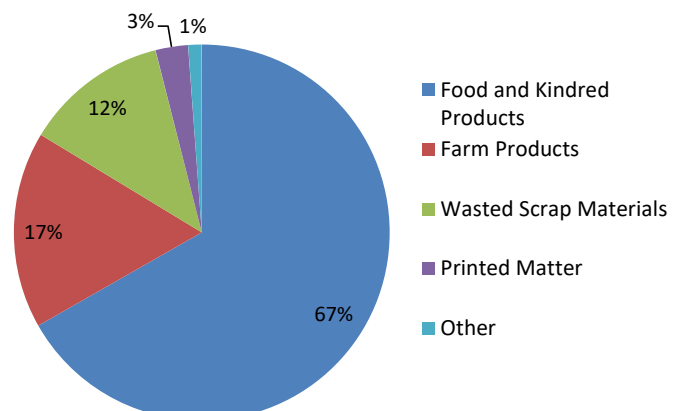
IATR in Iowa

Miles of track owned/leased/serviced in Iowa 10.4

Miles operated under trackage rights in Iowa 0

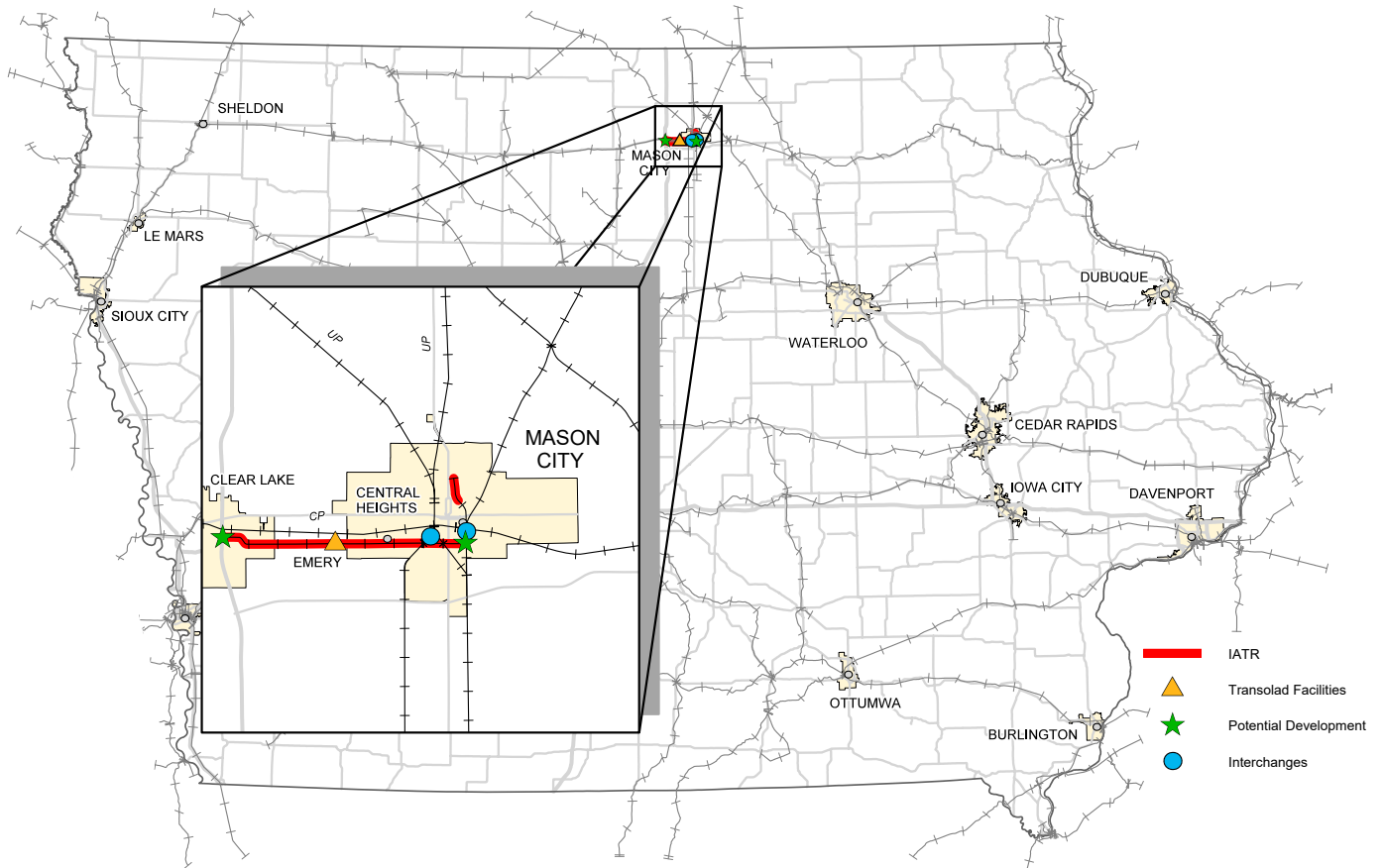
Employees in Iowa 3

Commodities



Marketing development summary

IATR interchanges with CP and UP, both at Mason City. Switching service is daily, Monday through Friday, and as needed on weekends. IATR presently moves soybean meal, soybeans, biofuels, oils and animal fats, scrap metals, fertilizers, livestock feed ingredients, utility poles, and bulk liquids. The railroad also operates a transload center at its Emery (rural Cerro Gordo County – near Mason City) yard facility.



KEOKUK JUNCTION RAILWAY CO. (KJRY)

www.pioneer-railcorp.com

Emergency number: 800-914-7851

Corporate Headquarters

1318 S. Johanson Road
Peoria, IL 61607
Phone: 309-697-1400

Overview

KJRY, a wholly owned subsidiary of Pioneer Railcorp, operates 114 miles of track from Peoria, Illinois, to Keokuk, Iowa, 12 miles of track in Illinois from La Harpe to Lomax; and has trackage rights from Lomax, Illinois, to Fort Madison, Iowa, a distance of approximately 15.5 miles over the BNSF, allowing the KJRY to interchange traffic with the UP. KJRY also provides service to other Keokuk shippers via reciprocal switching and transloading. The railroad's principal commodities are corn, corn germ, corn syrup, meal, gluten feed, and railroad wheels.

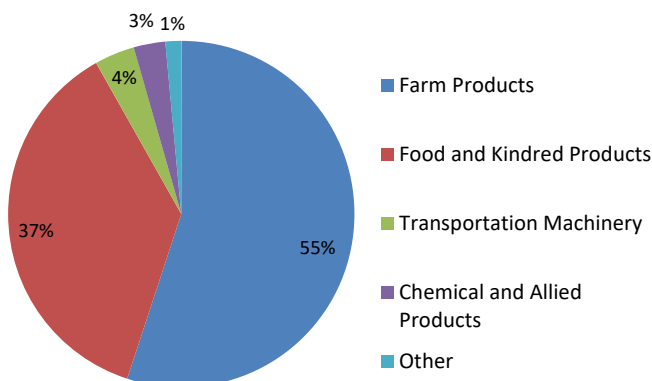
Transloading

Keokuk, IA

Railroad interchanges

Keokuk, IA	BNSF
Fort Madison, IA	UP
Peoria, IL	BNSF, UP, CN, NS, IAIS, TPW, IMRL, TZPR

Commodities



Contact(s)

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Storage, purchasing, emergencies

Tom Black tblack@pioneer-railcorp.com
Transportation, safety

Nathan Johns njohns@pioneer-railcorp.com
Governmental affairs, pricing, business development, general inquiry

Angela Ibbotson aibbotson@pioneer-railcorp.com
Customer service

Frank May fmay@pioneer-railcorp.com
Real estate, right of way, utilities

KJRY in Iowa

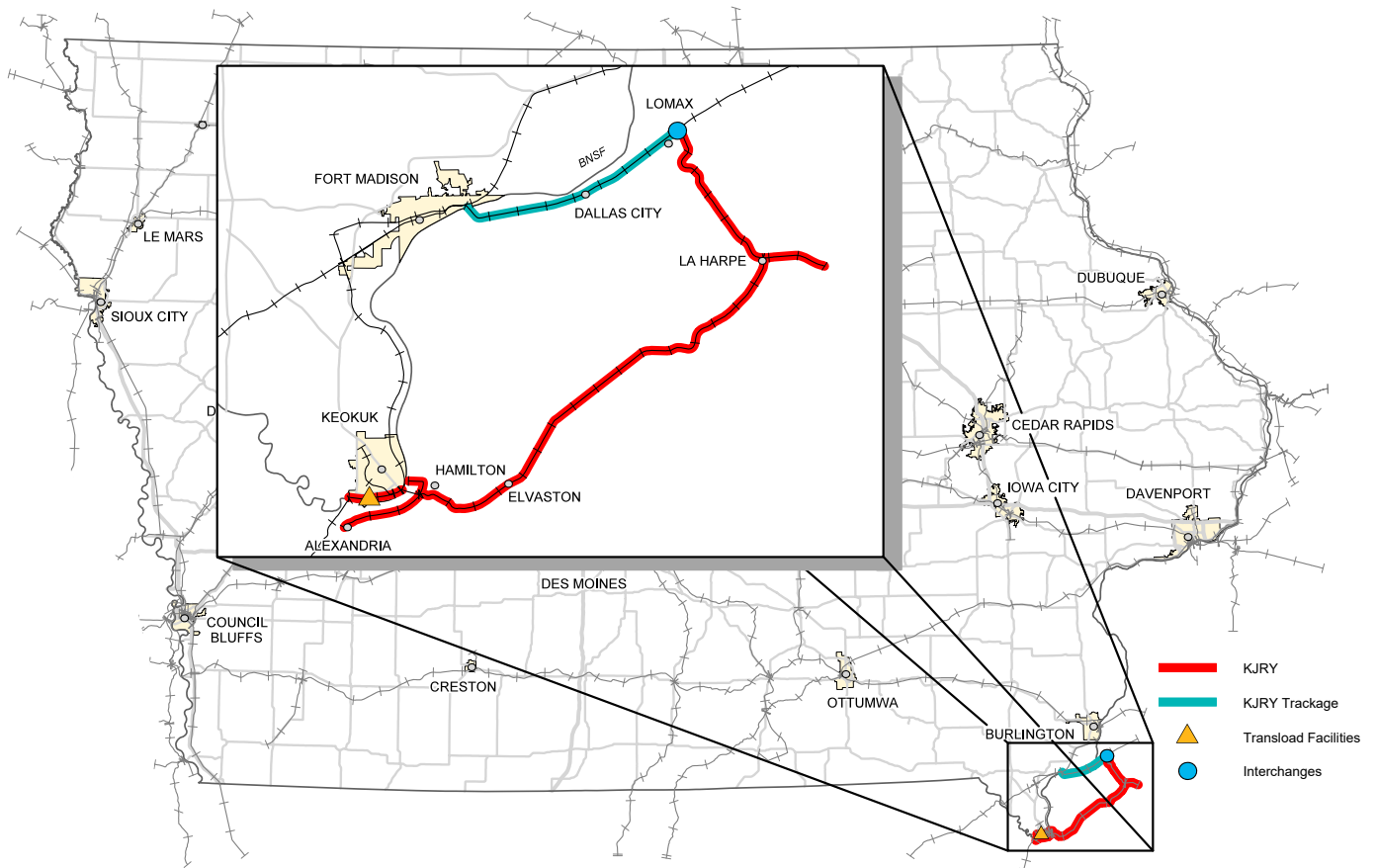
Miles of track owned/leased/serviced in Iowa 5

Miles operated under trackage rights in Iowa 3

Employees in Iowa 17

Marketing development summary

KJRY, through its multiple Class 1 interchanges, is able to offer reliable, cost-effective service allowing its shippers access to the entire North American freight rail network. KJRY continues to make significant investments in its infrastructure so Iowa's rail network remains a valuable asset for the expansion of existing industry and development of new industry. When rail service is not available at a shipper's/customer's facility, transloading can provide a competitive mode, as well as the opportunity to expand their markets. Transloading provides shippers and customers with the ability to combine the economics of rail with the flexibility of trucks. KJRY has several sites for transloading, giving customers that are not directly rail served, with the advantages of rail.



NORFOLK SOUTHERN (NS)

www.nscorp.com

Emergency number: 800-453-2530

Corporate Headquarters

Norfolk Southern Corp.
Three Commercial Place
Norfolk, VA 23510

Overview

NS operates 20,000 miles of track in 22 states and Washington, D.C. The company supports international trade with service to every major eastern seaport, 10 river ports, and nine lake ports. In Iowa, NS has operating agreements with BNSF to run on track from Keokuk through Burlington, and onto Des Moines.

Railroad Interchanges

Des Moines, IA	UP, IAIS
Ottumwa, IA	CP



Contact(s)

National Customer Service Center 800-635-5768

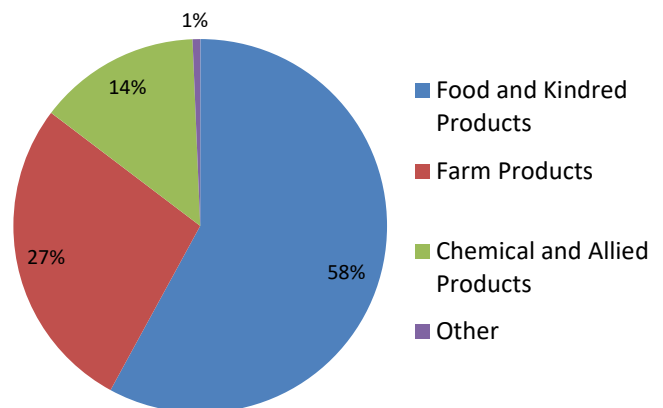
NS in Iowa

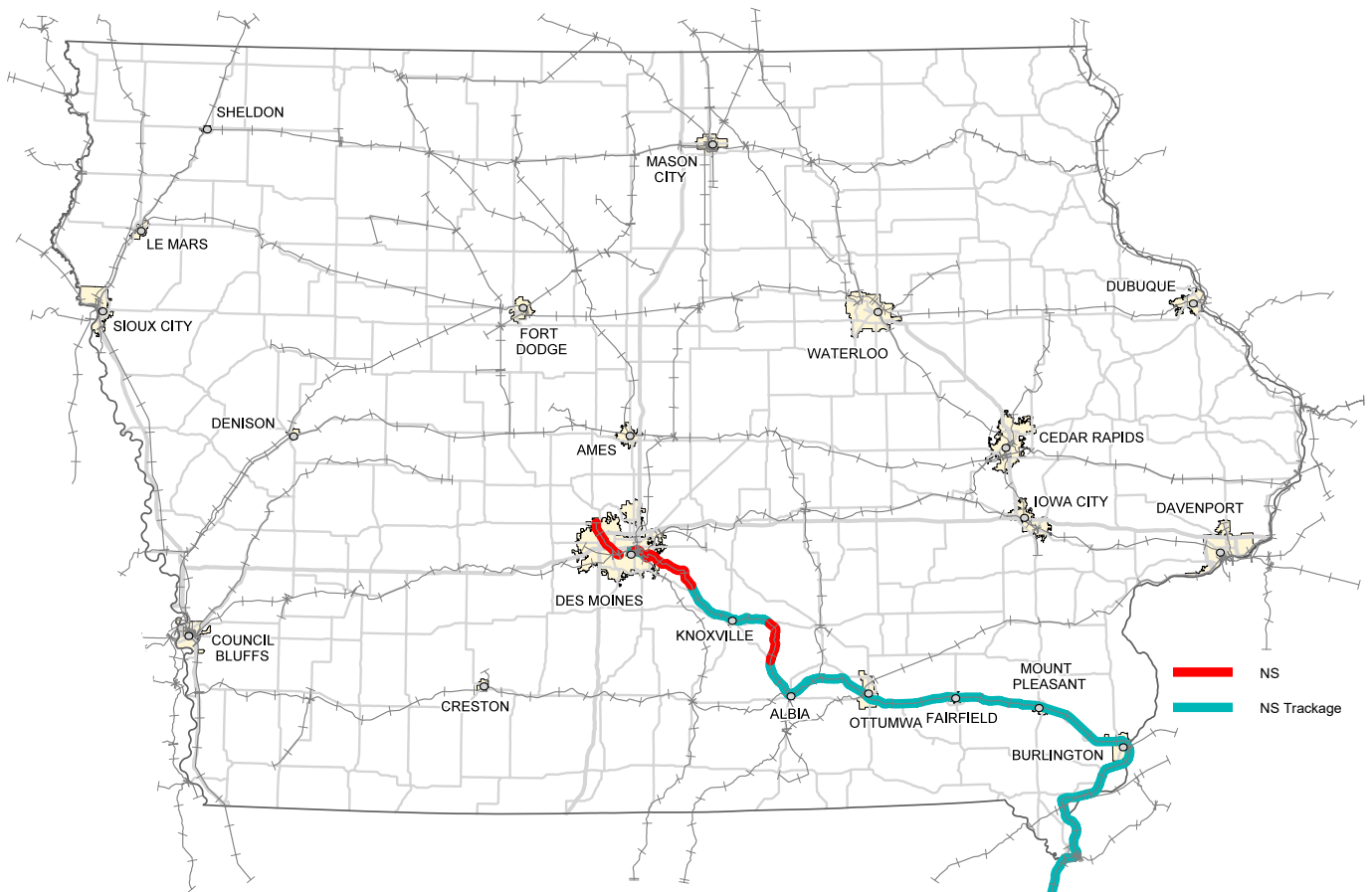
Miles of track owned/leased/served in Iowa	99
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Miles operated under trackage rights in Iowa	37
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Employees in Iowa	0
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Commodities





SAVAGE DAVENPORT RAILROAD (SDR)

www.savageservices.com

Emergency number: 855-563-4072

Corporate Headquarters

901 W Legacy Center Way
Midvale, UT 84047

Overview

SDR operates 2.8 miles of track on the north side of Davenport, servicing a new, city-owned, Savage-operated transload facility and providing rail services for industrial center businesses. SDR provides direct interchange with the DM&E (CP) railroad. The transload facility features over 20 rail car spots and 20,000 square feet of indoor warehousing with indoor rail car and truck loading.

Transloading

Davenport, IA

Railroad Interchanges

Davenport, IA DM&E (CP)



Contact(s)

Dan Price

Vice President, Business Development

DanielP@savageservices.com

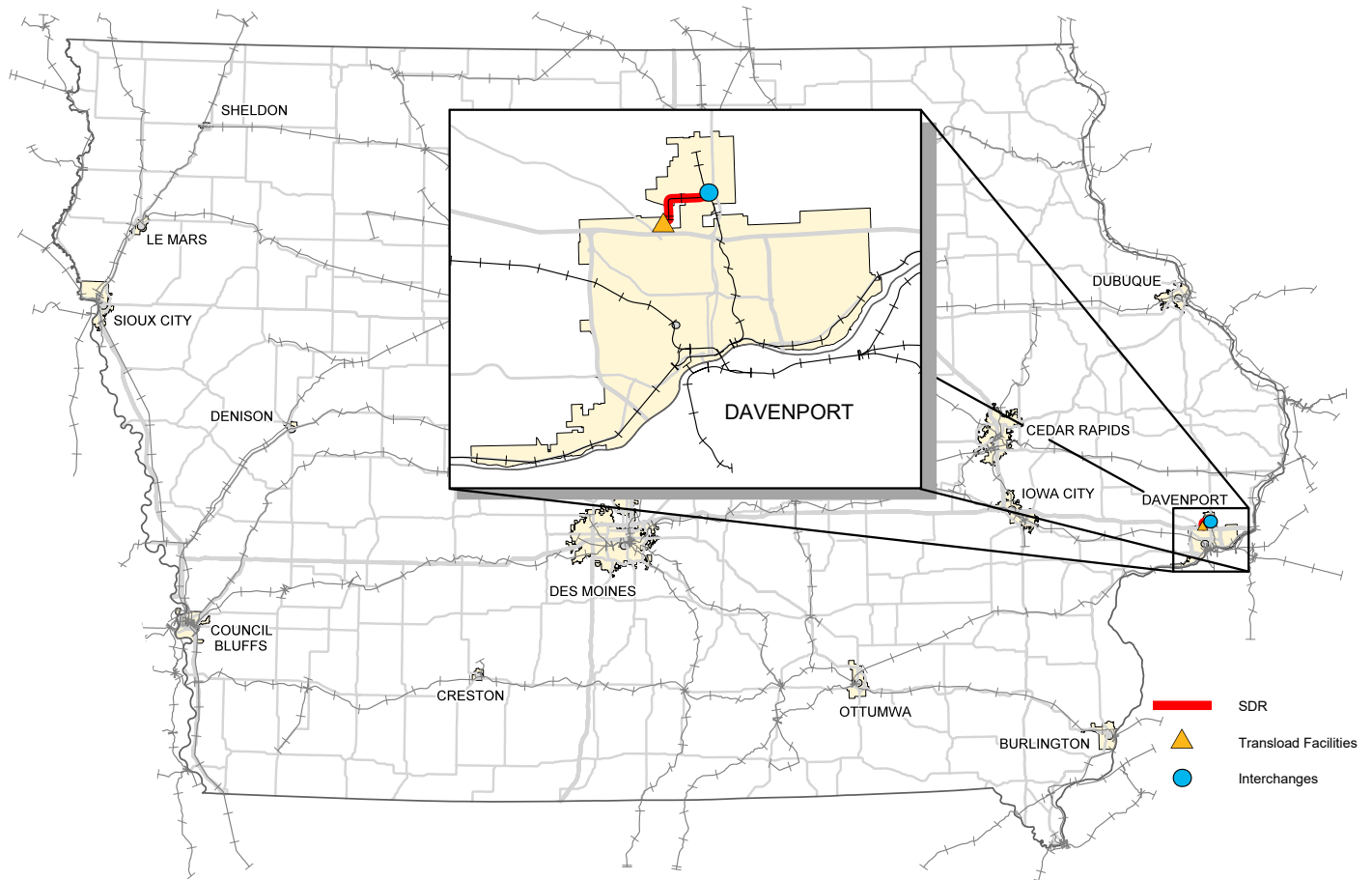
Jeff Hymas

Communications Director

JeffHymas@savageservices.com

NS in Iowa

Miles of track owned/leased/serviced in Iowa	2.8
Miles operated under trackage rights in Iowa	0
Employees in Iowa	2



UNION PACIFIC RAILROAD (UP)

www.up.com

Emergency number: 888-877-7267

Corporate Headquarters

1400 Douglas St.
Omaha, NE 68179
Phone: 402-544-5000

Overview

Union Pacific Railroad and the Chicago & North Western Transportation Co., which merged in 1995, have been part of the Iowa landscape since the 1850s. Today, UP's tracks span the length and breadth of the state. The east-west main line corridor provides a direct route from Chicago to the West Coast, while the north-south "Spine Line" main line running through Des Moines and Mason City connects Minneapolis-St. Paul and Kansas City. In northwest Iowa, an extensive branch line network exists.

Transloading

Camanche, IA	Des Moines, IA
Clear Lake, IA	Manly, IA
Clinton, IA	Sioux City, IA
Council Bluffs, IA	Omaha, NE

Railroad interchanges

Boone, IA	BSV	Iowa Falls, IA	CN
Cedar Rapids, IA	CRANDIC, CN, IANR	Manly, IA	IANR
Clinton, IA	CP	Mason City, IA	CP, IATR
Council Bluffs, IA	CN, IAIS	Sheldon, IA	CP
Des Moines, IA	IAIS, NS	Sioux City, IA	CN
Emmetsburg, IA	CP	Waterloo, IA	CN, DAIR
Fort Madison, IA	KJRY		



Contact(s)

Cheryl A. Schow
Network Economic &
Industrial Development
WY, NE, IA

caschow@up.com
402-233-3538

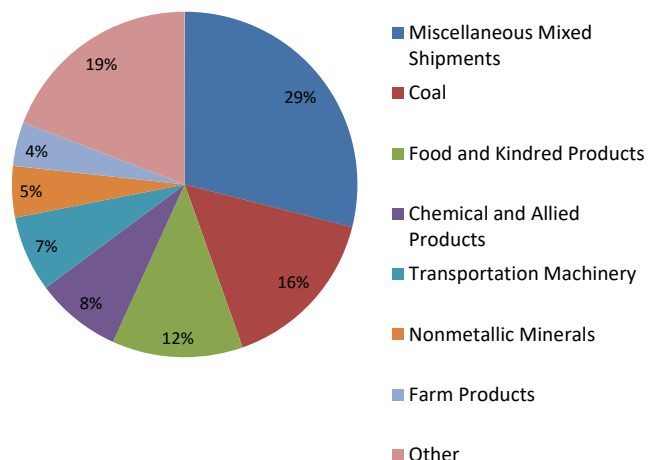
Kelli O'Brien
Public affairs

kobrien@up.com
515-263-4585

UP in Iowa

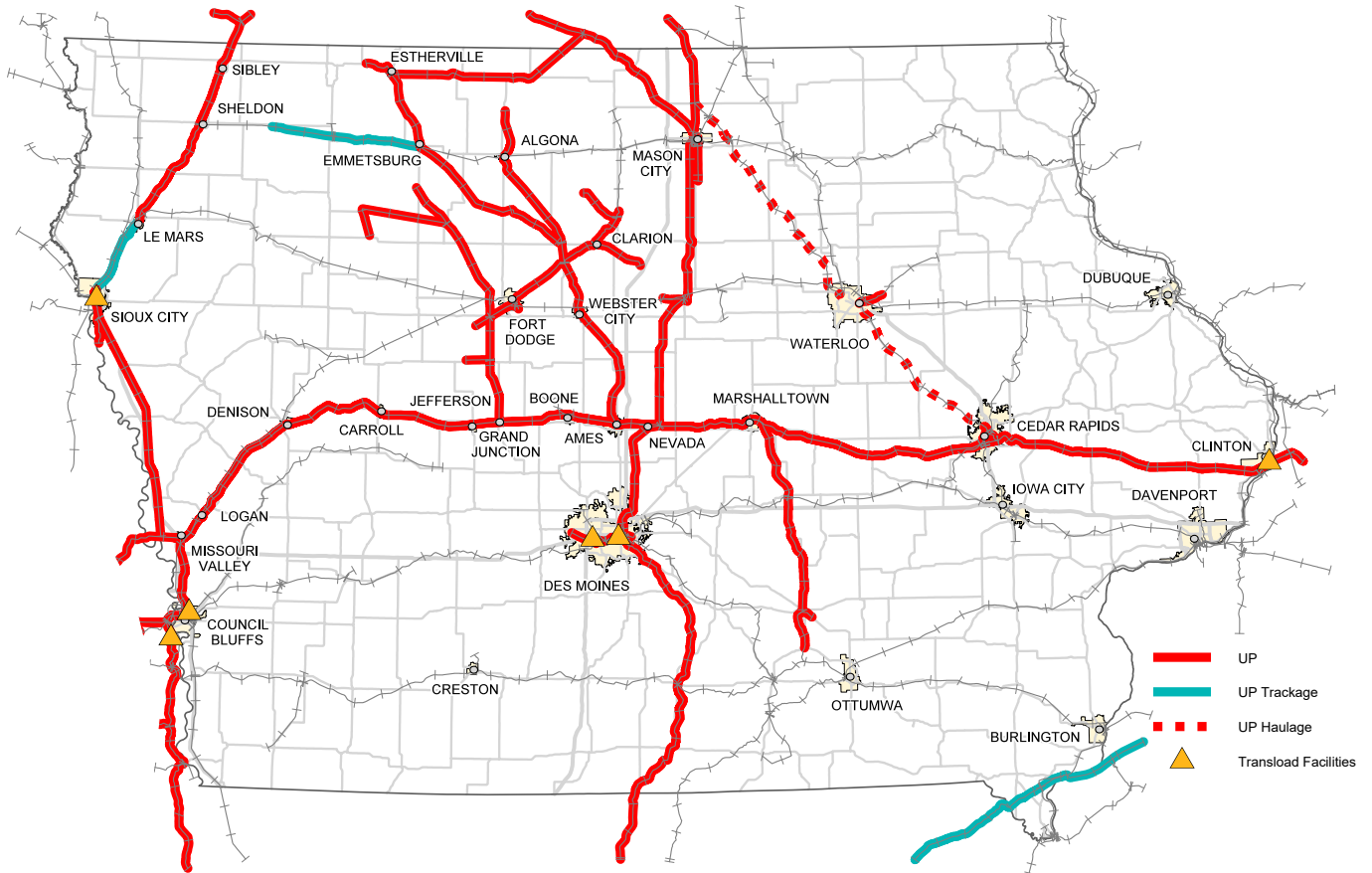
Miles of track owned/leased/served in Iowa	1,291
Miles operated under trackage rights in Iowa	95
Employees in Iowa	1,528

Commodities



Marketing development summary

As your shipping needs grow, look to the men and women of UP to ensure your shipment gets delivered where you need it, when you need it. Put the power of America's premier transportation company to work for you. Call UP's shipping and logistics experts today at 800-877-0513.



April 2019

This toolkit was prepared with the best available information at the time. If there are changes, updates, or additions you feel would improve or enhance this toolkit please contact:

Ed Engle, transportation engineer specialist
edward.engage@iowadot.us
515-239-1058

The Iowa Rail Toolkit was created by the Iowa DOT's Office of Rail Transportation with the assistance of:
Libby Ogard
Prime Focus LLC



515-239-1140

www.iowadot.gov/iowarail

Exhibit 2

CN's Responses and Objections to Canadian
Pacific Kansas City Limited's First Set of
Interrogatories and Requests for Production of
Documents (Mar. 21, 2024)

Highly Confidential Material Redacted

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

DOCKET NO. FD 36744

**CANADIAN NATIONAL RAILWAY COMPANY
AND GRAND TRUNK CORPORATION
—CONTROL—
IOWA NORTHERN RAILWAY COMPANY**

**CN'S RESPONSES AND OBJECTIONS TO
CANADIAN PACIFIC KANSAS CITY LIMITED'S
FIRST SET OF INTERROGATORIES AND
REQUESTS FOR PRODUCTION OF DOCUMENTS**

Pursuant to 49 C.F.R. Part 1114 and other applicable rules and authority, Canadian National Railway Company and Grand Trunk Corporation (collectively, "CN"), through undersigned counsel, respond as follows to Canadian Pacific Kansas City Limited's ("CPKC") First Set of Interrogatories and Requests for Production of Documents.

GENERAL OBJECTIONS

CN's General Objections, as set forth herein, are to be considered objections to each of the specific interrogatories or requests for production (including subparts) that follow. CN's objections shall not waive or prejudice any objections that it may later assert.

1. CN objects to any and all definitions and/or instructions to the extent that the definitions and instructions either seek to expand upon or conflict with 49 C.F.R. Part 1114, Subpart B. Further, CN objects to these Interrogatories and

Requests for Production to the extent that they seek to impose obligations on CN that are greater than or otherwise inconsistent with those imposed under 49 C.F.R. Part 1114, Subpart B.

2. CN objects to each and every Interrogatory and Request for Production to the extent that it seeks information protected by the attorney-client privilege, the attorney work-product doctrine, the joint defense and common interest privilege, or any other applicable privilege, exemption, or protection from discovery or disclosure. In the event that any such information is inadvertently produced or provided, and such information is the proper subject of the attorney-client privilege, the attorney work-product doctrine, the joint defense and common interest privilege, and/or other applicable privilege, exemption, or protection, such disclosure is not to be construed as a waiver of any of these privileges, exemptions, or protections. CN reserves the right to demand that such inadvertently produced privileged information be returned to it and that all copies in CPKC's possession, and that of its counsel, consultants, subsidiaries, or other agents, be destroyed.

3. CN objects to each and every Interrogatory and Request for Production requesting that CN produce "all" responsive information. For those requests to which it is obliged to respond, CN will produce such responsive non-privileged information or documentation as it is able to locate or identify in a reasonable search and which is not otherwise subject to an applicable privilege or other protection.

4. CN objects to each and every Interrogatory and Request for Production to the extent that it would require CN to perform a "special study" to identify or derive the requested information or to "recreate information that was not kept in the ordinary course of business." *See, e.g., Entergy Ark., Inc. v. Union Pac. R.R.*, Docket No. NOR 42104, at 6 (STB served May 19, 2008).

5. CN objects to each and every Interrogatory and Request for Production that requests information, documents, or communications that are already in the possession of CPKC (including as a result of the discovery responses to CPKC from Iowa Northern Railway Company) or that are readily available or accessible to CPKC.

6. CN does not concede the relevance, materiality, competency, or admissibility as evidence of documents or information requested in the Interrogatories and Requests for Production. CN reserves its right to object on any ground to the use of these responses or the documents being produced in this proceeding or in any subsequent appeal, proceeding, action, or trial.

7. CN objects to the Interrogatories and Requests for Production to the extent that they may call for production of information that might reveal commercially sensitive long-term corporate strategy that is not responsive to CPKC's Interrogatories and Requests for Production and is unrelated to this transaction. CN will redact any such information from otherwise responsive documents produced to CPKC.

8. CN objects to the Interrogatories and Requests for Production to the extent that they ask CN to develop workpapers beyond the workpapers filed with the Application. The Board has accepted the Application for consideration and deemed it complete as filed, finding that it is "in substantial compliance with the applicable regulations governing minor transactions." Decision No. 1, *Canadian Nat'l. Ry.—Control—Iowa N. Ry.*, Docket No. FD 36744, at 6 (STB served Feb. 29, 2024) ("*Classification Decision*"); see 49 U.S.C. § 11325(a). Discovery requests that would require Applicants to add to or revise the supporting workpapers for an Application that the Board has accepted as complete are inconsistent with the *Classification Decision*.

9. CN objects to CPKC's Instruction No. 18, which seeks information and documents for the past six years, as it is overbroad, seeks information or data that is not relevant, and imposes undue burdens on CN that outweigh any probative value the information sought may have in this proceeding. A six-year discovery window is far out of proportion to a transaction that the STB has recognized as minor. CN further objects to CPKC's Instruction No. 18 as vague and ambiguous to the extent that it requires production through "the present," which is an ever-moving target. Except as otherwise noted, the timeframe for CN's document search is limited to the time period January 1, 2021 through December 31, 2023.

SPECIFIC OBJECTIONS AND RESPONSES

In addition to its General Objections (which apply in full to each and every Interrogatory and Request for Production, without further enumeration), below CN sets forth Specific Objections and Responses to each Interrogatory and Request for Production. CN preserves all of its General Objections set forth above, and none of the following Specific Objections shall waive its General Objections. Nor shall any of CN's Specific Objections limit the scope, breadth, generality, or applicability of those General Objections.

Interrogatory No. 1

For the estimated 4,571 trucks that terminate in the IANR-served region and that Applicant contends could be converted to rail, please identify with specificity each of the locations on Applicants' network in Iowa or IANR in Iowa at which this freight would be transloaded from rail.

Response: CN objects to Interrogatory No. 1 to the extent that it requires a special study, which CN is not required to perform for CPKC. CN further objects to this Interrogatory as unduly burdensome, because it asks CN to repeat information that could be derived from the Application and workpapers and to develop workpapers beyond the workpapers filed with the Application. The Board has

accepted the Application for consideration and deemed it complete as filed, finding that it is “in substantial compliance with the applicable regulations governing minor transactions.” *Classification Decision* at 6. There is no basis for CPKC to demand additional workpapers for an Application that the Board has determined to be complete. CN further objects to Interrogatory No. 1 to the extent that it asserts that all of the diversions from trucks terminating in the IANR region necessarily would require transloading. Subject to these objections and the General Objections, CN responds that the Application identified Manly Terminal and Logistics Park and Butler Intermodal Terminal as IANR facilities that could accommodate transloading, and that Mr. Hunt’s truck-to-rail diversions assume that truck diversion traffic terminating in Iowa that would require transloading would be transloaded at whichever of these facilities was closest to the termination point.

Interrogatory No. 2

For the estimated 10,048 trucks that originate in the IANR-served region and that Applicant contends could be converted to rail, please identify with specificity each of the locations on Applicants’ rail network in Iowa or IANR in Iowa at which this freight would be transloaded to rail.

Response: CN objects to Interrogatory No. 2 to the extent that it requires a special study, which CN is not required to perform for CPKC. CN further objects to this Interrogatory as unduly burdensome, because it asks CN to repeat information that could be derived from the Application and workpapers and/or to develop workpapers beyond the workpapers filed with the Application. The Board has accepted the Application for consideration and deemed it complete as filed, finding that it is “in substantial compliance with the applicable regulations governing minor transactions.” *Classification Decision* at 6. There is no basis for CPKC to demand additional workpapers for an Application that the Board has determined to be complete. CN further objects to Interrogatory No. 2 to the extent that it asserts that all of the diversions from trucks originating in the IANR region necessarily

would require transloading. Subject to these objections and the General Objections, CN responds that the Application identified Manly Terminal and Logistics Park and Butler Intermodal Terminal as IANR facilities that could accommodate transloading, and that Mr. Hunt's truck-to-rail diversions assume that truck diversion traffic originating in Iowa that would require transloading would be transloaded at whichever of these facilities was closest to the originating point.

Interrogatory No. 3

Please identify where and explain how in Mr. Hunt's model the costs of transloading freight were accounted for.

Response: CN objects to Interrogatory No. 3 to the extent that it requires a special study, which CN is not required to perform for CPKC. CN further objects to this Interrogatory as unduly burdensome, because it asks CN to repeat information that could be derived from the Application and workpapers. Subject to these objections and the General Objections, CN refers CPKC to Appendix B and Exhibit B-5 of Mr. Hunt's verified statement.

Interrogatory No. 4

Please explain how Mr. Hunt tested for a loss of competition resulting from the overlapping nature of the Applicants' rail network and the IANR network in Iowa.

Response: CN objects to Interrogatory No. 4's false premise alleging that Applicants have "overlapping" rail networks. CN further objects to Interrogatory No. 4 to the extent that it requires a special study, which CN is not required to perform for CPKC. CN also objects to this Interrogatory as unduly burdensome, because it asks CN to repeat information that could be derived from the Application and workpapers. Subject to these objections and the General Objections, CN refers CPKC to Section 6 of Mr. Hunt's verified statement and its explanation of his methodology for identifying two-to-one stations. As that Section and the supporting

workpaper make clear, Mr. Hunt identified no two-to-one stations, and only three three-to-two stations.

Interrogatory No. 5

Please explain the term “within drayage distance” and how Mr. Hunt calculated such distance. *See* Hunt V.S. at Section 4.

Response: CN objects to Interrogatory No. 5 to the extent that it requires a special study, which CN is not required to perform for CPKC. CN further objects to this Interrogatory as unduly burdensome, because it asks CN to repeat information that could be derived from the Application and workpapers. Subject to these objections and the General Objections, CN states that Waterloo and Manly were used by Mr. Hunt as terminal areas within Iowa, and CN terminals were used outside of Iowa. The distance from the traffic origin to the nearest terminal was added as drayage. The rules on page 19 of Mr. Hunt’s verified statement and illustrated in Exhibit B-3 to that statement describe what traffic was considered.

Interrogatory No. 6

Given that Mr. Hunt contends that “[t]he model does not consider physical constraints, such as clearance restrictions or yard limitations” (*see* Hunt V.S. at n.14), please explain how Mr. Hunt reconciled his findings with the Applicants’ Operating Plan.

Response: CN objects to Interrogatory No. 6 to the extent that it calls for information protected by the attorney-client privilege and work product doctrine. CN also objects to Interrogatory No. 6 to the extent that it requires a special study, which CN is not required to perform for CPKC. CN further objects to this Interrogatory as unduly burdensome, because it asks CN to repeat information that could be derived from the Application and workpapers. Subject to these objections and the General Objections, CN states that Mr. Hunt had multiple discussions with CN and IANR personnel to review the diversion results and make adjustments based on the review feedback. CN also states that the Operating Plan explains

CN's plans to accommodate both diversion volumes of approximately 52 cars/containers per day and organic growth, including how CN would use existing yard facilities and how intermodal traffic would move single-stack because of certain tunnel restrictions.

Interrogatory No. 7

Please identify and explain the exact route for the 2,036 rail cars of hazardous material that are expected by Mr. Hunt to be diverted. *See* Hunt V.S. at Exhibit 5-2.

Response: CN objects to Interrogatory No. 7 to the extent that it requires a special study, which CN is not required to perform for CPKC. CN further objects to this Interrogatory as unduly burdensome, because it asks CN to repeat information that could be derived from the Application and workpapers or to develop workpapers beyond the workpapers filed with the Application. The Board has accepted the Application for consideration and deemed it complete as filed, finding that it is “in substantial compliance with the applicable regulations governing minor transactions.” *Classification Decision* at 6. There is no basis for CPKC to demand additional workpapers for an Application that the Board has determined to be complete. CN also objects to Interrogatory No. 7 because it asks for details about the “exact route” for future traffic diversions that go far beyond what is required for a minor operating plan under 49 C.F.R. § 1180.8(c) and what is relevant to an application subject to the statutory standard of 49 U.S.C. § 11324(d). Subject to these objections and the General Objections, CN states that Mr. Hunt’s workpapers identify the origins and destinations of all diversion traffic (including ethanol), and refers CPKC to the Operating Plan in the Application.

Interrogatory No. 8

Please describe which of the traffic that Mr. Hunt estimates will be diverted from truck to rail will be diverted into railcars and which of that traffic will be diverted into intermodal containers.

Response: CN objects to Interrogatory No. 8 to the extent that it requires a special study, which CN is not required to perform for CPKC. CN further objects to this Interrogatory as unduly burdensome, because it asks CN to repeat information that could be derived from the Application and workpapers or to develop workpapers beyond the workpapers filed with the Application. The Board has accepted the Application for consideration and deemed it complete as filed, finding that it is “in substantial compliance with the applicable regulations governing minor transactions.” *Classification Decision* at 6. There is no basis for CPKC to demand additional workpapers for an Application that the Board has determined to be complete. Subject to these objections and the General Objections, CN states that in “Highly-Confidential-Diversion-Hunt-Workpaper.xlsx”, tab T2R-All, column W contains carload diversions and column Y contains intermodal container diversions, and that the summary tables in section 4 of Mr. Hunt’s verified statement contain similar breakdowns.

Interrogatory No. 9

For the diversions described in response to Interrogatory No. 8 that will be converted to intermodal containers, please describe (a) where those containers will be loaded onto trains and off-loaded from trains and (b) how many rail cars will be loaded and how many rail cars will be off-loaded at each location[.]

Response: CN objects to Interrogatory No. 9 to the extent that it requires a special study, which CN is not required to perform for CPKC. CN further objects to this Interrogatory as unduly burdensome, because it asks CN to repeat information that could be derived from the Application and workpapers or to develop workpapers beyond the workpapers filed with the Application. The Board has accepted the Application for consideration and deemed it complete as filed, finding that it is “in substantial compliance with the applicable regulations governing minor transactions.” *Classification Decision* at 6. There is no basis for CPKC to demand additional workpapers for an Application that the Board has determined to

be complete. And CN objects to the Interrogatory as unclear and internally inconsistent, since it asks CN to describe “how many rail cars will be loaded” for diversions “that will be converted to intermodal containers.” Subject to these objections and the General Objections, CN states that Mr. Hunt’s workpapers provide detailed information on the origins and destinations of diversion traffic and that the Operating Plan identifies intermodal facilities on IANR lines.

Interrogatory No. 10

For the diversions described in response to Interrogatory No. 8 that will be converted to intermodal containers, please identify and describe the trains on which they will move and identify which will be moved as single stack and which will be moved as double stack.

Response: CN objects to Interrogatory No. 10 to the extent that it requires a special study, which CN is not required to perform for CPKC. CN further objects to this Interrogatory as unduly burdensome, because it asks CN to repeat information that could be derived from the Application and workpapers and because it asks CN to “identify and describe the trains” on which diverted intermodal containers might move, thus going far beyond what is required for a minor operating plan under 49 C.F.R. § 1180.8(c) and what is relevant to an application subject to the statutory standard of 49 U.S.C. § 11324(d). Subject to these objections and the General Objections, CN states that, as the Operating Plan describes, intermodal containers will move single-stack on manifest trains.

Interrogatory No. 11

Please describe all CN’s current intermodal operations to, from, or within the State of Iowa.

Response: CN does not currently ship intermodal traffic to, from, or within the State of Iowa, which is one of the factors that makes the proposed CN-IANR combination an exciting growth opportunity for Iowa customers and CN’s intermodal business. As explained in the Application, CN has a strong track record

of partnering with other rail carriers and supply chain partners to offer new intermodal service and competitive routing options for that service. *See* Application, Verified Statement of T. Robinson at 3.

Interrogatory No. 12

Please produce all documents related to CN's evaluation of potential truck-to-rail diversions related to traffic to, from, or within the State of Iowa since 2018.

Response: CN objects to Interrogatory No. 12 because it is not actually an interrogatory, but rather a request for production. Moreover, it is a request for production that essentially duplicates Request for Production No. 13. Subject to and without waiving these objections or the General Objections, CN refers CPKC to documents produced in response to Request for Production No. 13.

Interrogatory No. 13

Please state whether CN plans to operate containers diverted from trucks in single-stack intermodal service throughout the entirety of the trip.

Response: CN objects to this Interrogatory as unduly burdensome because requests for details about potential CN operational plans are not reasonably calculated to lead to the discovery of admissible evidence in a proceeding subject to the statutory standard of 49 U.S.C. § 11324(d). Subject to and without waiving that objection or the General Objections, CN will make operational decisions based on the most efficient routings for particular intermodal container flows in light of the overall CN intermodal network. CN expects that many containers that are initially single-stacked on the IANR lines would be transported to nearby intermodal terminals (*e.g.*, Chicago), switched to double-stack, and added to existing intermodal trains.

Interrogatory No. 14

Please state the approximate portion of intermodal traffic on CN's U.S. network that CN operates in single-stack service for at least some portion of the

route, expressed as a percentage of revenue container movements in the most recent calendar year of 2023.

Response: CN objects to this Interrogatory as unduly burdensome because requests for details about CN's current intermodal operations are not reasonably calculated to lead to the discovery of admissible evidence in a proceeding subject to the statutory standard of 49 U.S.C. § 11324(d). CN further objects to this Interrogatory because it would call for a special study, which CN is not obligated to perform for CPKC. Subject to and without waiving these objections or the General Objections, CN states that it occasionally transports intermodal units in single-stack service because of weight considerations, but that this is not typical. But as CN described in the Operating Plan, single-stacking intermodal containers to avoid tunnel restrictions will be the most efficient way to handle the truck-to-rail business that CN is excited about generating from the Proposed Transaction.

Interrogatory No. 15

Please state the approximate portion of intermodal traffic on CN's U.S. network that CN moves in manifest trains, as opposed to dedicated intermodal trains, for at least some portion of the movement, expressed as a percentage of revenue container movements in the most recent calendar year of 2023.

Response: CN objects to this Interrogatory as unduly burdensome because requests for details about CN's current intermodal operations are not reasonably calculated to lead to the discovery of admissible evidence in a proceeding subject to the statutory standard of 49 U.S.C. § 11324(d). CN further objects to this Interrogatory because it would call for a special study, which CN is not obligated to perform for CPKC. Subject to and without waiving these objections or the General Objections, CN states that it occasionally transports intermodal units in manifest service where appropriate for operational considerations. For example, {{[REDACTED]}}

[REDACTED]

[REDACTED]

[REDACTED]{}¹

* * *

Request for Production No. 1

Please produce all documents created since January 1, 2018, discussing competition for rail traffic to, from, or within Iowa.

Response: CN objects to Request for Production No. 1's use of the vague and undefined term "competition for rail traffic." CN further objects to the request to the extent that it seeks documents and communications protected by the attorney client privilege, the work product privilege, or the joint defense and common interest privilege. Subject to and without waiving these objections or the General Objections, CN is producing responsive and nonprivileged documents that include analyses of competition for traffic that could move by rail to, from, or within Iowa for the time period of January 1, 2021 to December 31, 2023, to the extent that such documents exist and can be located in a reasonable search.

Request for Production No. 2

Please produce all documents created since January 1, 2018, discussing Iowa Northern, including without limitation competition between CN and Iowa Northern or cooperation between CN and Iowa Northern, excluding ordinary course waybills or other transactional documents relating to IANR-CN interline traffic.

Response: CN objects to Request for Production No. 2 to the extent that it seeks documents and communications protected by the attorney client privilege, the work product privilege, or the joint defense and common interest privilege. Subject to and without waiving these objections or the General Objections, CN is producing responsive and nonprivileged documents for the time period of January 1, 2021 to

¹ Content within double braces is designated Highly Confidential under the Protective Order.

December 31, 2023, to the extent that such documents exist and can be located in a reasonable search.

Request for Production No. 3

Please produce all documents discussing the ability of rail customers (shippers or receivers) to truck to or from facilities (including grain elevators and transload facilities) on IANR.

Response: Subject to and without waiving the General Objections, CN will produce responsive and nonprivileged documents for the time period of January 1, 2021 to December 31, 2023, to the extent that such documents exist and can be located in a reasonable search.

Request for Production No. 4

Please produce all documents that assess the traffic that Applicants anticipate diverting from other railroads if CN is able to acquire IANR, including without limitation the reasons the Transaction would make such diversions possible.

Response: Subject to and without waiving the General Objections, CN directs CPKC to the Verified Statement of David Hunt and his supporting workpapers that have been previously provided to CPKC. CN is producing additional responsive and nonprivileged documents for the time period of January 1, 2021 to December 31, 2023, to the extent that such documents exist and can be located in a reasonable search.

Request for Production No. 5

Please produce all studies and analyses performed by CN (or any of its affiliates or agents thereof) regarding CN's decision to bid to acquire Iowa Northern, including without limitation studies or analyses addressing competitive conditions in the areas served by Iowa Northern or factors bearing on the value of Iowa Northern to CN.

Response: CN objects to this Request for Production to the extent that it seeks documents and communications protected by the attorney client privilege, the work product privilege, or the joint defense and common interest privilege. Subject

to and without waiving this objection or the General Objections, CN directs CPKC to the Verified Statement of David Hunt and his supporting workpapers that have been previously provided to CPKC. CN is producing additional responsive and nonprivileged documents for the time period of January 1, 2021 to December 31, 2023, to the extent that such documents exist and can be located in a reasonable search.

Request for Production No. 6

Please produce all documents presented to CN (or any of its affiliates or agents thereof) by Iowa Northern (or any of its affiliates or agents thereof) related to Iowa Northern's solicitation of bids to be acquired or CN's bid in particular, excluding documents exchanged in the due diligence process and drafts of transaction agreements.

Response: Subject to and without waiving the General Objections, CN is producing responsive and nonprivileged documents for the time period of January 1, 2021 to December 31, 2023, to the extent that such documents exist and can be located in a reasonable search.

Request for Production No. 7

Please produce, in electronic form to the extent available, documents sufficient to show the information listed below for each revenue linehaul shipment handled by CN at some point within the state of Iowa for each year or partial year 2021 to the present.

- a. The name of the consignee, shipper, payee, and customer for each shipment record;
- b. Commodity (seven-digit Standard Transportation Commodity Code "STCC");
- c. Toxic Inhalation Hazard/Poisonous Inhalation Hazard ("TIH/PIH") Commodity Identifier;
- d. Origin station, State or Province, Standard Point Location Code ("SPLC"), and Freight Station Accounting Code ("FSAC");
- e. Destination station, State or Province, SPLC, and FSAC;
- f. For shipments CN received in interchange, the on-junction location station, State or Province, SPLC, FSAC, and the railroad received from;
- g. For shipments given in interchange, off-junction location station, State or Province, SPLC, FSAC, and the railroad given to;

- h. Number of rail cars;
- i. Number of intermodal containers or trailers;
- j. Tons (Net);
- k. Rail car tare weight;
- l. Intermodal container or trailer tare weight
- m. Total freight revenues from origin to destination, CPKC's share of the total freight revenues in the event that CPKC was not the sole carrier for a particular movement, including any adjustments thereto, along with a description of the adjustment (*i.e.*, add to or subtract from gross revenue);
- n. The contract, agreement, tariff, or other pricing authority that the shipment is billed under including the amendment and item numbers;
- o. Unique Waybill number and Waybill date;
- p. Car/trailer/container initial and number for each car/trailer/container used to move the shipment;
- q. The unique train identification initial and number of all trains used to move the shipment;
- r. Total loaded movement miles;
- s. Total loaded miles on CPKC;
- t. AAR car-type code;
- u. Provider of car and container/trailer (CPKC-owned, CPKC-leased, shipper or foreign road);
- v. Total empty movement miles;
- w. Total empty miles on CPKC; and
- x. Intermodal service plan code and the intermodal line of business code for each intermodal shipment.

Response: CN objects to Request for Production No. 7 to the extent that it would call for a special study, which CN is not obligated to perform for CPKC. CN further objects to Request for Production No. 7 to the extent that it requests production of categories of information that are not captured in the ordinary course of business in CN's traffic data. Subject to and without waiving these objections or the General Objections, CN refers CPKC to its Response to Request for Production No. 8.

Request for Production No. 8

Please produce CN's 100% traffic tapes for all linehaul revenue shipments handled by CN to and from Iowa from 2021 to present that includes, but is not limited to, CN's shipment revenues.

Response: Subject to and without waiving the General Objections, CN is producing 100% traffic tapes for all linehaul revenue shipments handled by CN to and from Iowa for the timeframe of January 1, 2021 through December 31, 2023.

Request for Production No. 9

Please produce copies of the most current versions of all pricing authorities and/or trackage, haulage, or switching agreements for all movements of rail traffic originating or terminating at stations also served by IANR, directly or via reciprocal switching.

Response: CN objects to Request for Production No. 9's request for "pricing authorities" because any relevant revenue information in those price authorities is duplicative of the revenue fields in CN's traffic files. Subject to and without waiving the General Objections, CN notes that, as the Application makes clear, the Proposed Transaction would create no two-to-one customer locations, and thus there are no responsive documents for such (nonexistent) "stations also served by IANR." Moreover, the traffic file data CN is producing in response to Request for Production No. 8 includes revenue information for all CN shipments to and from Iowa. CN also refers CPKC to the agreements it is producing in response to Request for Production No. 11.

Request for Production No. 10

For all movements of rail traffic originating or terminating at stations also served by IANR, please produce data identifying all switching, trackage, and haulage moves handled by CN and include information sufficient to identify the pricing authorities and/or switching, haulage, or trackage agreements under which each shipment moved.

Response: Subject to and without waiving the General Objections, CN refers CPKC to CN's objections and responses to Request for Production No. 9.

Request for Production No. 11

Please provide all agreements to which CN is a party relating to trackage rights, haulage rights, switching rights, or otherwise addressing access to customers in Iowa.

Response: CN objects to Response for Production No. 11 as unduly burdensome to the extent that it calls for production of CN-CPKC agreements that are already in CPKC's possession. Subject to and without waiving this objection and the General Objections, CN is producing responsive documents that are not already in CPKC's possession.

Request for Production No. 12

Please provide workpapers sufficient to show how Mr. Hunt calculates the rail-to-rail and truck-to-rail diversion figures contained in his Application statement, i.e., a version containing active calculations rather than hard-coded results only.

Response: CN objects to CPKC's request that CN develop revised versions of the workpapers filed with the Application. The Board has accepted the Application for consideration and deemed it complete as filed, and it is inconsistent with the *Classification Decision* for CPKC to demand that CN revise portions of that accepted Application to CPKC's specifications. Subject to and without waiving that objection and the General Objections, CN responds that Mr. Hunt's verified statement and workpapers previously provided to CPKC sufficiently explain how Mr. Hunt estimates the diversion figures in considerably more detail than is typically provided for minor transactions, and they are amply sufficient for a transaction subject to the statutory standard of 49 U.S.C. § 11324(d).

Request for Production No. 13

Please produce all documents reflecting evaluation of potential for truck-to-rail conversions for Iowa traffic since 2018.

Response: Subject to and without waiving the General Objections, CN directs CPKC to the Application, including the Verified Statement of David Hunt and his supporting workpapers that have been previously provided to CPKC. CN is producing additional responsive and nonprivileged documents for the time period of

January 1, 2021 to December 31, 2023, to the extent that such documents exist and can be located in a reasonable search.

Request for Production No. 14

Please produce all documents produced to any other party in this proceeding not already produced to CPKC.

Response: CN has not produced documents to any other party in this proceeding.

SIGNED AS TO OBJECTIONS

/s/ Matthew J. Warren

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mjwarren@sidley.com

*Counsel for Canadian National Railway Company
and Grand Trunk Corporation*

SIGNED AS TO INTERROGATORY RESPONSES

/s/ Kathryn J. Gainey

Kathryn J. Gainey
CN

Dated: March 21, 2024

Exhibit 3

Canadian Pacific Kansas City Limited's First Set
of Requests for Production of Documents to Forest
City Economic Development, Inc. and North
Central Iowa Rail Corridor, L.C.C. (Mar. 19, 2024)

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

DOCKET No. FD 36744

**CANADIAN NATIONAL RAILWAY COMPANY
AND GRAND TRUNK CORPORATION**

—CONTROL—

IOWA NORTHERN RAILWAY COMPANY

**CANADIAN PACIFIC KANSAS CITY LIMITED’S FIRST SET OF REQUESTS FOR PRODUCTION OF
DOCUMENTS TO FOREST CITY ECONOMIC DEVELOPMENT, INC. AND NORTH CENTRAL IOWA
RAIL CORRIDOR, L.L.C.**

Canadian Pacific Kansas City Limited (“CPKC”), through counsel, hereby serves its First Set of Interrogatories and Requests for Production of Documents upon the Forest City Economic Development, Inc. and the North Central Iowa Rail Corridor, L.L.C. (“Forest City”) in the above-captioned matter, pursuant to 49 C.F.R §§ 1114.26 and 1114.30. Forest City’s responses and any objections are due to be served on CPKC within 15 days of service of these discovery requests. (see 49 C.F.R. § 1114.26(a)),

INSTRUCTIONS AND DEFINITIONS

1. “Document(s)” shall mean anything on or in which data or information is recorded or stored, including, but not limited to: writings or representations of every kind, correspondence, electronic mail and files, text messages, memoranda, notes, statements, paraphrases or summaries of statements, drawings, tabulations, charts, graphs, plans, maps, sketches, photographs, brochures, diaries, records, rules, regulations, summaries, reports, report forms, studies, papers, work papers, letters, books, notebooks, schedules, lists, worksheets, agreements, contracts, records

of telephone calls or any other communications or conversations, telegrams, teletypes, radiograms, cables, discs, tapes or any other forms of mechanical recordings of all statements not reduced to writing, film, microfilm, computer printouts and computations potentially generated to summarize information stored in computer storage by whatever means. The word “Document(s)” also includes, but is not limited to, all handwritten, typed, printed and photocopied matter, including all marginal notations and drafts, duplicates, carbon copies and any other copies thereof, all electronically stored documents such as information stored on computer drives, hard discs, diskettes, floppy discs, DVD, CD, memory sticks, cloud storage, any other means of electronic storage, and all information posted online such as information posted on social media or a blog, even if such information was later edited or deleted.

2. When asked to “describe” or “explain in detail” or “describe in detail” an act, occurrence, event, transaction or communication, the description or explanation should include, but is not limited to, the following:

- a. The date, time and place;
- b. The name of each person present, whether or not a participant;
- c. The explanation or description should reference underlying facts rather than ultimate facts or conclusions of fact or law.

3. If any of the information included in the answers to these interrogatories is not within the personal knowledge of the person certifying the answers to these interrogatories, so indicate in each instance where such information is included, and identify each person and/or document from whom/which such information was obtained.

4. The connectors “and” and “or” shall be construed either disjunctively or conjunctively as necessary to bring within the scope of these interrogatories and requests any

information that might otherwise be construed to be outside the scope of the interrogatory or request.

5. “Identify” with respect to a document means set forth the following information, if known: a general description (e.g., letter, memorandum, report, etc.); a brief summary of its contents, or a description of the subject matter it concerns; the name and address of the persons, if any, who drafted, prepared, compiled or signed it; and any other descriptive information necessary in order to adequately describe it in a subpoena *duces tecum* or in a motion or request for production.

6. “Identify” with respect to a person means set forth the person’s full name, last known home address and telephone number, cellphone number, email address, current occupation and position, the last known address and telephone number of the person's place of employment and his job title.

7. “Identify,” when referring to any communication, means to state the date of the communication; the nature of the communication (oral, written, etc.); the identity of the parties to the communication; the subject matter of the communication; and the identity of any documents arising from, reflecting, recording, or relating to the communication.

8. The word “person” shall mean any individual, firm partnership, corporation, association, business or governmental entity or subdivision, agency, department, and any “person” acting by or through, directly or indirectly, and other “person” as well as any “person” by whom such “person” was controlled with respect to the matter in question.

9. The word “Including” shall mean “including but not limited to.”

10. “CN” or “Applicants” shall mean Canadian National Railway Company and Grand Trunk Corporation, and their affiliates and agents.

11. “IANR” or “Iowa Northern” shall mean Iowa Northern Railway Company, and its affiliates and agents.

12. “Proposed Transaction” shall mean the transaction that is the subject of Control Application filed by Applicants on January 30, 2024, with the Surface Transportation Board in FD 36744 to acquire Iowa Northern Railway Company.

13. The interrogatories herein are to be answered under oath within fifteen (15) days of service. The documents and things requested are to be produced within fifteen (15) days of service at the offices of Gentry Locke, 919 E. Main St., Suite 1130, Richmond, VA 23219. You may produce documents electronically, via email to scheib@gentrylocke.com

14. These discovery requests are continuing, and you must supplement your responses if you obtain further or different information.

15. Unless otherwise specified in the Interrogatory or Request for Production of Documents, the time period for these requests is January 1, 2022, to the present.

INTERROGATORIES

INTERROGATORY NO. 1

Please describe in detail why “Canadian National's acquisition of Iowa Northern Railway is critical to continue rail service on this [Forest City to Belmond] rail line” as contrasted to operation of said line by an IANR unaffiliated with CN.

INTERROGATORY NO. 2

Please describe in detail why CN’s acquisition of IANR in the Proposed Transaction is “critical” to continue rail service on the line to Forest City.

INTERROGATORY NO. 3

Please explain in detail what will be different in rail service to Forest City if CN were to acquire IANR compared to the rail service provided today by IANR.

REQUESTS FOR PRODUCTION OF DOCUMENTS (“RFPs”)

RFP NO. 1

Please produce all documents supporting or addressing the details discussed in response to the above Interrogatories.

RFP NO. 2

Please produce all documents regarding the Proposed Transaction, including but not limited to communications with CN or IANR.

Respectfully submitted,

/s/ John M. Scheib

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Telephone: (202) 294-1399

Attorneys for Canadian Pacific Kansas City

Dated: March 19, 2024

Exhibit 4

Forest City Economic Development, Inc., Manager
of North Central Iowa Rail Corridor, L.L.C.
Discovery Responses (Apr. 3, 2024)

BEFORE THE SURFACE TRANSPORTATION BOARD

CANADIAN NATIONAL RAILWAY COMPANY AND GRAND TURK CORPORATION - CONTROL - IOWA NORTHERN RAILWAY COMPANY	DOCKET NO. FD 36744 FOREST CITY ECONOMIC DEVELOPMENT, INC., MANAGER OF NORTH CENTRAL IOWA RAIL CORRIDOR, L.L.C. DISCOVERY RESPONSES
---	---

COMES NOW the Forest City Economic Development, Inc., Manager of North Central Iowa Rail Corridor, L.L.C. ("Forest City"), and state that on the 3rd day of April 2024, it served upon the Canadian Pacific Kansas City Limited ("CPKC"), Forest City Responses to Request for Production, by emailing the original pleading to its attorney, John M. Scheib, at scheib@gentrylocke.com.

David J. Siegrist, PIN AT0007316
Siegrist, Jones, Lipps & Bakke
94 Main Ave. North
Britt, IA 50423
Phone: 641-843-4451
Fax: 641-843-3730
e-mail: David@sjlawoffice.com

/s/ David J. Siegrist
Attorney for Forest City Economic
Development, Inc., Manager of North
Central Iowa Rail Corridor, L.L.C.

Original via email to:
John M. Scheib, Attorney for Canadian Pacific
Kansas City, scheib@gentrylocke.com

Copy via email to:
Cassandra P. Quach,
Cassandra.Quach@cpkr.com
David C. Reeves, David.Reeves@cpkr.com
David L. Meyer, David@MeyerLawDC.com

PROOF OF SERVICE

The undersigned certifies that the foregoing instrument was served upon all parties to the above cause to each of the attorneys of record herein at their respective addresses disclosed on the pleadings on the 3rd day of April 2024 by:

☐ U.S. Mail ☒ Email
☐ EDMS ☐ CM/ECF
☐ Federal Express ☐ Other:
☐ Clio Share

Signature: /s/ Sheila Nielsen

INTERROGATORIES

INTERROGATORY NO. 1. Please describe in detail why “Canadian National’s acquisition of Iowa Northern Railway is critical to continue rail service on this [Forest City to Belmond] rail line” as contrasted to operation of said line by an IANR unaffiliated with CN.

ANSWER:

Forest City objects to this interrogatory for the reason that Forest City is not a party to these proceedings as defined in 49 CFR §1101.2(d). Forest City filed a letter of support and is excluded as a party in 49 CFR §1101.2(d). Forest City is not required to respond to this discovery request. Without waiving this objection, Forest City provides the following answer.

The NCIRC Rail Line from Forest City to Belmond has been served well by IANR over the past 15+ years. Rail Service provided by CN will provide a greater quantity of markets for the shippers on this line. The CN’s network of service could be very beneficial to these businesses.

INTERROGATORY NO. 2. Please describe in detail why CN’s acquisition of IANR in the Proposed Transaction is “critical” to continue rail service on the line to Forest City.

ANSWER:

Forest City objects to this interrogatory for the reason that Forest City is not a party to these proceedings as defined in 49 CFR §1101.2(d). Forest City filed a letter of support and is excluded as a party in 49 CFR §1101.2(d). Forest City is not required to respond to this discovery request. Without waiving this objection, Forest City provides the following answer.

This line is 28 miles long from Forest City to Belmond. A critical factor is to have Rail Service that provides interconnection with other Rail Lines. The CN could provide this through interconnection and trackage rights with other providers and the assets of IANR such as the Manly Terminal and Butler County Logistics Park.

INTERROGATORY NO. 3. Please explain in detail what will be different in rail service to Forest City if CN were to acquire IANR compared to the rail service provided today by IANR.

ANSWER:

Forest City objects to this interrogatory for the reason that Forest City is not a party to these proceedings as defined in 49 CFR §1101.2(d). Forest City filed a letter of support and is excluded as a party in 49 CFR §1101.2(d). Forest City is not required to respond to this discovery request. Without waiving this objection, Forest City provides the following answer.

IANR has provided excellent service to the shippers along the NCIRC line. We look forward to working with CN, our existing shippers and the development of the Certified Shovel Ready Industrial Rail Park on the south side of Forest City. With CN's service we can expand the number and type of shippers on this line.

REQUESTS FOR PRODUCTION OF DOCUMENTS ("RFPs")

RFP NO. 1. Please produce all documents supporting or addressing the details discussed in response to the above Interrogatories.

RESPONSE:

Forest City objects to this request for the reason that Forest City is not a party to these proceedings as defined in 49 CFR §1101.2(d). Forest City filed a letter of support and is excluded as a party in 49 CFR §1101.2(d). Forest City is not required to respond to this discovery request. Without waiving this objection, Forest City provides the following response.

There are no documents responsive to this request.

RFP NO. 2. Please produce all documents regarding the Proposed Transaction, including but not limited to communications with CN or IANR.

RESPONSE:

Forest City objects to this request for the reason that Forest City is not a party to these proceedings as defined in 49 CFR §1101.2(d). Forest City filed a letter of support and is excluded as a party in 49 CFR §1101.2(d). Forest City is not required to respond to this discovery request. Without waiving this objection, Forest City provides the following response.

There are no documents responsive to this request.

VERIFICATION

I, Beth Bilyeu, Executive Director of the Forest City Economic Development, Inc., Manager of North Central Iowa Rail Corridor, L.L.C., hereby certify under penalty of perjury that I have read the preceding Discovery Responses and that to the best of my knowledge and belief they are true and correct.

9-2-24
Date

Beth Bilyeu, FCED
Signature Exec Dir.

Exhibit 5

Farmers Co-Op Association Discovery Responses
(Apr. 3, 2024)

BEFORE THE SURFACE TRANSPORTATION BOARD

CANADIAN NATIONAL RAILWAY COMPANY AND GRAND TURK CORPORATION - CONTROL - IOWA NORTHERN RAILWAY COMPANY	DOCKET NO. FD 36744 FARMERS CO-OP DISCOVERY RESPONSES
---	---

COMES NOW the Farmers Co-op Association, Forest City, Iowa ("Farmers Co-op"), and state that on the 3rd day of April 2024, it served upon the Canadian Pacific Kansas City Limited ("CPKC"), Farmers Co-op Discovery Responses, by emailing the original pleading to its attorney, John M. Scheib, at scheib@gentrylocke.com.

David J. Siegrist, PIN AT0007316
Siegrist, Jones, Lipps & Bakke
94 Main Ave. North
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Phone: 641-843-4451
Fax: 641-843-3730
e-mail: David@sjlawoffice.com

/S/ David J. Siegrist
Attorney for Farmers Co-op Association,
Forest City, Iowa

Original via email to:
John M. Scheib, Attorney for Canadian Pacific
Kansas City, scheib@gentrylocke.com

Copy via email to:
Cassandra P. Quach,
Cassandra.Quach@cpkr.com
David C. Reeves, David.Reeves@cpkr.com
David L. Meyer, David@MeyerLawDC.com

PROOF OF SERVICE	
The undersigned certifies that the foregoing instrument was served upon all parties to the above cause to each of the attorneys of record herein at their respective addresses disclosed on the pleadings on the 3rd day of April 2024 by:	
☐ U.S. Mail	☒ Email
☐ EDMS	☐ CM/ECF
☐ Federal Express	☐ Other:
☐ Clio Share	
Signature: /s/ Sheila Nielsen	

INTERROGATORIES

INTERROGATORY NO. 1. Please describe in detail how CN's acquisition of IANR in the Proposed Transaction will "enhance" rail service on the line to Forest City, Iowa.

ANSWER:

Farmers Co-op objects to this interrogatory for the reason that Farmers Co-op is not a party to these proceedings as defined in 49 CFR §1101.2(d). Farmers Co-op filed a letter of support and is excluded as a party in 49 CFR §1101.2(d). Farmers Co-op is not required to respond to this discovery request. Without waiving this objection, Farmers Co-op provides the following answer.

Farmers Co-op will have the ability to have more cars available to deliver at any given time, to be able to employ more railroad workers to be able to move cars around and more connections to other markets that are on the CN line.

INTERROGATORY NO. 2. Please describe in detail what will be enhanced in rail service to Forest City, Iowa, if CN were to acquire IANR compared to the rail service provided today by IANR.

ANSWER:

Farmers Co-op objects to this interrogatory for the reason that Farmers Co-op is not a party to these proceedings as defined in 49 CFR §1101.2(d). Farmers Co-op filed a letter of support and is excluded as a party in 49 CFR §1101.2(d). Farmers Co-op is not required to respond to this discovery request. Without waiving this objection, Farmers Co-op provides the following answer.

Farmers Co-op will be able to find more outside markets to use. Farmers Co-op will be able to move grain faster because it won't have to park cars and wait for another crew to move the cars. CN was surprised Farmers Co-op owns part of the line by our elevator. CN in future could own this part of the line and maintain it.

REQUESTS FOR PRODUCTION OF DOCUMENTS ("RFPs")

RFP NO. 1. Please produce all documents supporting or addressing the details discussed in response to the above Interrogatories.

RESPONSE:

Farmers Co-op objects to this interrogatory for the reason that Farmers Co-op is not a party to these proceedings as defined in 49 CFR §1101.2(d). Farmers Co-op filed a letter of support and is excluded as a party in 49 CFR §1101.2(d). Farmers Co-op is not required to respond to this discovery request. Without waiving this objection, Farmers Co-op provides the following response.

CN has been at our office to talk about their plans. See response to RFP No. 2.

RFP NO. 2. Please produce all documents regarding the Proposed Transaction, including but not limited to communications with CN or IANR.

RESPONSE:

Farmers Co-op objects to this interrogatory for the reason that Farmers Co-op is not a party to these proceedings as defined in 49 CFR §1101.2(d). Farmers Co-op filed a letter of support and is excluded as a party in 49 CFR §1101.2(d). Farmers Co-op is not required to respond to this discovery request. Without waiving this objection, Farmers Co-op provides the following response.

Farmers Co-op representatives have talked with Amy Homan of IANR. Farmers Co-op representatives have talked with Stephanie M. Rogers, John Barnes and David Przednowek of the CN. Copies of their business cards are attached to this response.

VERIFICATION

I, Randy Broesder, Manager of the Farmer Co-op Association, Forest City, Iowa, hereby certify under penalty of perjury that I have read the preceding Discovery Responses and that to the best of my knowledge and belief they are true and correct.

4-2-2024
Date

Randy Broesder
Signature

PUBLIC VERSION

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Exhibits 6 – 19

Designated Confidential or Highly Confidential
and Entirely Redacted

Ex. 6, CN00005_Highly Confidential

Ex. 7, CPKC_00004_Highly Confidential

Ex. 8, CPKC_00063_Highly Confidential

Ex. 9, CPKC_00067_Highly Confidential

Ex. 10, CPKC_00186_Highly Confidential

Ex. 11, CPKC_00187_Highly Confidential

Ex. 12, CPKC_00189_Highly Confidential

Ex. 13, CPKC_00191_Highly Confidential

Ex. 14, CPKC_00192_Highly Confidential

Ex. 15, CPKC_00195_Highly Confidential

Ex. 16, IANR00037_Confidential

Ex. 17, IANR00045_Confidential

Ex. 18, IANR00046_Highly Confidential

Ex. 19, IANR00087_Highly Confidential

Exhibit 20

Verified Statement of W. Robert Majure, Docket
No. FD 36500 (Oct. 28, 2021) (excerpts from
redacted public version)

REDACTED PUBLIC RECORD VERSION

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36500

CANADIAN PACIFIC RAILWAY LIMITED, *ET AL.* – CONTROL – KANSAS CITY SOUTHERN, *ET AL.*

VERIFIED STATEMENT OF W. ROBERT MAJURE

REDACTED PUBLIC RECORD VERSION

CORNERSTONE RESEARCH
ECONOMIC AND FINANCIAL CONSULTING AND EXPERT TESTIMONY

BEFORE THE SURFACE TRANSPORTATION BOARD

Finance Docket No. 36500

**CANADIAN PACIFIC RAILWAY LIMITED, ET AL. – CONTROL – KANSAS CITY
SOUTHERN, ET AL.**

EXPERT STATEMENT OF W. ROBERT MAJURE, PH.D.

October 29, 2021

REDACTED

REDACTED PUBLIC RECORD VERSION

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REDACTED PUBLIC RECORD VERSION

63. I next evaluate {{{
}}}. Two viable routes, {{{
}}}, are
not observed in the 2019 data. However, these routes were used by shippers in
previous years. The 2017 Waybill Sample shows the {{{
}}} route used to ship
plastic materials, and the {{{
}}} option used by shippers of vegetable oils,
which represented 75 percent of the movements observed in this corridor in the 2019
data.³⁸ Shippers seeking competitive options in this corridor would still have three
independent routes after a combination of CP and KCS, as can be seen on the track map
in **Exhibit 6**.

³⁸ The specific types of vegetable oils differ at the level of 7-digit STCC. See my workpaper 5.

REDACTED PUBLIC RECORD VERSION

VERIFICATION

I, W. Robert Majure, declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this statement.

Executed this 28th day of October, 2021.


W. Robert Majure

Exhibit 21

Deposition of W. Robert Majure, Ph.D., Docket
No. FD 36500 (Feb. 7, 2022) (excerpts from
redacted public version)

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36500

CANADIAN PACIFIC RAILWAY LIMITED, ET AL.
- CONTROL -
KANSAS CITY SOUTHERN, ET AL.

HIGHLY CONFIDENTIAL
REMOTE VIDEOTAPED DEPOSITION OF
W. ROBERT MAJURE, Ph.D.

DATE: February 7, 2022
TIME: 9:11 a.m. (Eastern)
PLACE: Veritext Virtual Videoconference

JOB NO.: PA 5063963
PAGES: 1 to 249
REPORTED BY: Lisa A. Knight RDR, CRR, RSA

1 A P P E A R A N C E S
2 (All appearing remotely)

3 ON BEHALF OF BNSF RAILWAY:

4 STEPTOE & JOHNSON LLP

5 BY: Anthony J. LaRocca, Esq.

6 Onika K. Williams, Esq.

7 Lauren Goldschmidt, Esq.

8 Peter W. Denton, Esq.

9 1330 Connecticut Avenue, NW

10 Washington, D.C. 20036

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I N D E X
W. ROBERT MAJURE, Ph.D.
February 7, 2022

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DEPOSITION EXHIBITS

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Majure 3	Kansas City Southern and Canadian Pacific's Joint Responses and Objections to CSX Transportation's Second Set of Discovery Requests	68
Majure 4	Expert Statement of W. Robert Majure, Ph.D., June 28, 2021 (redacted)	164
Majure 5	Verified Statement of Richard W. Brown and Nathan S. Zebrowski	209

**REPORTER'S NOTE: All quotations from exhibits are reflected in the manner in which they were read into the record and do not necessarily indicate an exact quote from the document.

1 | you didn't find in any of the waybill data?

8 Q. Okay. And just to orient you,
9 I believe you were talking about Cedar Rapids

11 A. I believe I am, yes.

13 A. Let's see.

15	Yes.	Yes.
----	------	------

24 Right?

1 Q. I believe that's -- no. I'm
2 sorry. I misspoke. Only -- I misspoke.

4 Do I have that correct now?

7 [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]

[REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]

[REDACTED] [REDACTED] [REDACTED] [REDACTED]

```
10         But in drawing the maps, we
11     were trying to draw in the route that we did
```

21 Q. Okay. Thank you, Dr. Majure.
22 So that's all I have on Exhibit 1.

25	A. Yes.
----	---------

Exhibit 22

UP Reciprocal Switching Circular, UP 8005 F
(effective Jan. 1, 2024)



UP Reciprocal Switching Circular

UP 8005 F

New Version Issued: December 1, 2023

Effective Date: January 1, 2024

Updates have been made on pages – 15, 16

Reciprocal Switching, Stop 1340

Union Pacific Railroad

1400 Douglas St

Omaha, NE 68179-1340

Notifications for updates can be managed at: <https://c02.my.uprr.com/mai/secure/index.html#/manageNotifications/edit>

Please register at: <http://c02.my.uprr.com/crr/register/index.html#/?source>

GENERAL RULES AND REGULATIONS

STATIONS LISTS AND CONDITIONS

This Circular is governed by OPSL 6000-series as follows. OPSL 6000-series lists stations which are rail served geographic points at which an Industry may be located and at which a train may stop for traffic. When a station is abandoned as of a date specified in OPSL 6000-series, the switch charges for such station, as published in this Circular, are inapplicable on and after that date.

DEFINITION OF TERMS USED IN CONNECTION WITH CHARGES NAMED HEREIN

INDUSTRIAL TRACKS

Tracks serving a particular Industry, whether located upon the property of UP or upon property owned or leased by the Industry.

INDUSTRY

A customer, shipper, receiver, transload operator or other entity that operates a facility specifically named in this Circular at which UP physically provides rail service for another rail carrier pursuant to the offering in this Circular.

INTERCHANGE TRACKS

Interchange tracks are tracks on which cars are interchanged between UP and connecting carriers.

LINE-HAUL

Movement between stations that are not located within the switching limits of the same station.

RECIPROCAL SWITCHING

An offering by a rail carrier where the carrier physically serving the Industry agrees to perform switching service for loading or unloading on behalf of another carrier on shipments having an immediately preceding or following line-haul movement via the other carrier. UP will provide reciprocal switching only to or from UP Industries specifically named in this Circular.

TEAM TRACK

A track or tracks assigned by UP for use of the general public. All team tracks are closed to reciprocal switching.

CHANGES IN OR ADDITION OF INDUSTRIES AT STATIONS ON UP

UP will only switch line haul traffic to or from Industries specifically named herein. New Industries which locate on UP will not be subject to reciprocal switching unless and until voluntarily agreed to and by UP and specifically named herein.

CAR DEMURRAGE RULES AND REGULATIONS

Except where otherwise provided, all cars handled under the provisions of this tariff will be subject to demurrage and storage rules and charges as provided in UP Rules Tariff 6004-series.

RECIPROCAL SWITCHING SERVICE WHERE NO CHARGES ARE PROVIDED HEREIN OR WHERE SWITCHING IS PHYSICALLY PERFORMED BY OTHER CARRIERS

- a) Where no reciprocal switching charge is provided in this Circular, switching service will not be performed.
- b) Except where noted by a dagger (†) where reciprocal switching is physically performed by a carrier other than UP at terminals for customers named in this Circular, reciprocal switching charges of those other carriers for customers named in this Circular, reciprocal switching charges of those other carriers govern.

NON-ABSORPTION OF INTERMEDIATE CARRIER'S SWITCH CHARGE

Except as otherwise provided, when UP reciprocal switching charge is absorbed in whole or in part by a connecting line-haul carrier, and interchange between UP and the line-haul carrier is effected by an intermediate carrier, applicable published charges assessed against UP by the intermediate carrier for the switch movement of a loaded freight car from or to the connecting line-haul carrier or for the return of an empty car to the line-haul carrier will be added to and become part of the UP reciprocal switching charge.

RECIPROCAL SWITCH CHARGES PUBLISHED IN THIS CIRCULAR WILL NOT APPLY ON THE FOLLOWING:

1. Traffic from or to Industries covered by contracts with UP to the extent the applicable contract is inconsistent with this Circular.
2. TOFC/COFC traffic.
3. Two-to-one locations in the UP/SP Merger which are covered by separate agreement.
4. Railway equipment, empty, moving on own wheels, including:
 - Railcars (STCC 37-422) not in revenue service
 - Locomotives or Tenders (STCC 37-411)
 - Maintenance or Repair railcars (STCC 37-424)
 - Passenger Train railcars (STCC 37-421)
 - Street railcars or self-propelled railroad railcars (STCC 37-423)

MILEAGE ALLOWANCE PAYMENT ON PRIVATE EQUIPMENT

All private cars switched by UP under the provisions of this Circular will not be subject to allowance applicable under UP's tariff UP-6007, as amended, supplemented, and/or reissued. Mileage allowance payment on private equipment will not apply for miles on UP.

RECIPROCAL SWITCHING CAPACITY

UP will not accept more cars in reciprocal switch service than can reasonably be accommodated by the carrier's Interchange Tracks and/or by the Industry's Industrial Tracks. Switching capacity may be specifically noted within this Circular for some Industries for informational purposes based on typical equipment length. Lack of such specific notations does not imply unlimited capacity. Various operational factors may further limit the number of cars that can be effectively interchanged, spotted, or pulled at Industries specifically named in this Circular.

<u>CITY, STATE</u>	<u>COMPANY NAME</u>	<u>ADDRESS</u>
ABILENE, KS	ADM Milling Co	210 NE Third St
	PQ Corp	4000 Pardue Rd (Camp Beauregard)
	Procter & Gamble Co	3701 Monroe Hwy (Camp Beauregard)
ALEXANDRIA, LA	Texas Industries Inc	1300 Ashley Ave
	Bartlett Grain Company LP	320 Riverfront Dr
	Bradken	400 S 4 th St
	Bunge Milling Inc	16755 274 th Rd
	Cargill Inc	15662 258 th Rd
	MGP Ingredients Inc	1300 Main St
	Progress Rail Services Corporation ¹	2604 Industrial Rd
BATON ROUGE, LA	Ardent Mills LLC	1843 Hwy 1 S (Port Allen)
	BWC Terminals LLC	1650 Ernest D Wilson Dr (Port Allen)
	Center Point Terminals	995 Ernest Wilson Rd (Port Allen)
	Greater Baton Rouge Port Commission	2425 Ernest Wilson Dr (Port Allen)
	Scarlett Ramsay Company Inc	525 Elevator Rd (Port Allen)
BEAUMONT, TX	90th US Army RS Command	1350 Leonard St
	Beaumont Iron & Metal Corp	3190 Hollywood St
	Commercial Metals Co	5250 College St
	Cargill Sweeteners North Ame	1710 16th St SE
CEDAR RAPIDS, IA	Diamond V Mills Inc	436 G Ave NW
	General Mills Inc	4800 Edgewood Rd SW (Beverly)
	O'Connell Family LLC	5023 Broadview Dr SE
	The Quaker Oats Co	4182 nd St NE
	Worley Warehousing Inc	423 Southgate Ct., SW
	Capital Lumber Co	1222 Dunn
	Hollyfrontier Refining & Marketing LLC	2700 E 5 th St
CHICAGO HEIGHTS, IL	Bulkmatic Transport Co	2351 State St
	Calumet Acquisition Co	317 E 11 th St
	Chicago Heights Processing LLC	2710 State St
	Chicago Heights Steel	211 E Main St
	Ford Motor Parts	1000 E Lincoln Hwy
	Gerresheimer Glass Inc	1131 Arnold St
	Greenbrier Rail Services	1545 State St
	Happs	901 State St
	Illiana Industrial Center	1200 State St
	Innophos Inc	1101 Arnold St
	Nufarm Americas Inc	220 E 17 th St
	Solvay USA Inc	1020 State St
	Sugar Steel Corp	2521 State St Ste 1
	TH Cropping	901 State St
	Voestalpine Nortrak Inc	2705 S State St
	Watco Transloading LLC	162 E 26 th St

<u>CITY, STATE</u>	<u>COMPANY NAME</u>	<u>ADDRESS</u>
CHICAGO, IL	Aetna Plywood Inc	1401 St Charles Rd (Maywood)
	Blommer Chocolate Co	600 W Kinzie St
	CFC Inc ²	400 N Pulaski Rd
	Chicago Suburban Lumber Sale ²	7459 Franklin St Ste 2 (Oak Park)
	Diversified Entities LLC ²	5000 Proviso Dr Unit 2 (Proviso)
	Fervalue USA	3401 Mt Prospect Rd (Proviso)
	Grand Warehouse & Distribution Corp ²	4350 W Ohio St
	Industrial Storage Warehouse LLC	4343 W Ohio St
	Innophos Inc	612 E 138 th St
	International Paper	401 NW Ave (Proviso)
	International Paper Co ²	100 E Oakton (Norma)
	L Neill Cartage Company Inc ²	5400 Proviso Dr (Proviso)
	Loop Paper Recycling ²	301 W Lake St (Proviso)
	Midwest Warehouse & Distribution Systems Inc	505 Northwest Ave (Proviso)
	Norkol Converting Corp ²	11650 W Grand Ave (Proviso)
	Scholle Packaging Inc ²	200 W N Ave (Proviso)
CLINTON, IA	Clysar LLC	Hwy 67 S
	Equistar Chemicals	3400 Anamosa Rd
	Ipsco Tubulars Inc	2011 7 th Ave (Camanche)
	Nestle Purina Petcare Co	2200 Manufacturing Dr
COLORADO SPRINGS, CO	Thompson Sitz Construction Inc	3270 Astrozon Blvd (Kelker)
COLTON, CA	Ardent Mills LLC (S)	2020 Steel Rd
	Ecology Auto Parts Inc (S)	785 E M St
CORPUS CHRISTI, TX	Citgo Petroleum Corp	1308 Oak Park Ave
	Elementis Chromium Inc	3800 Buddy Lawrence Dr
	Interstate Grain Corp	5700 Up River Rd
	Valero Refining Company Texas	5900 Up River Rd
COUNCIL BLUFFS, IA	Alter Co	2603 9th Ave
	Bartlett Grain UP	1030 Avenue L
	Barton Solvents Inc	2135 Ninth Ave
	Cresline Plastic Pipe Company Inc	2100 S 35 th St
	Future Foam Inc	400 North 10th
	Griffin Pipe Products Co LLC	2601 9 th Ave
	Heartland Co-op	2401 S 37 th St
	Highline Warren LLC	2850 River Rd
	Skyland Grain LLC(S)	919 Liberal St
	Building Materials Investment Corp	2600 Singleton Blvd (Browder)
DALHART, TX	Darling Ingredients Inc	1240 Sargent Rd (Sargent)
	Harcros Chemicals Inc	2627 Weir St (Eagle Ford)
	Kloeckner Metals Corp	4606 Singleton Blvd (Eagle Ford)
	Metro Lumber Wholesale Company Inc	3717 Miller Park Dr (Garland)
	Occidental Chemical Corp	1100 Lenway St
	Oldham Lumber Company Inc ³	8738 Forney Rd (Mesquite)
DALLAS, TX		

<u>CITY, STATE</u>	<u>COMPANY NAME</u>	<u>ADDRESS</u>
DENVER, CO	Alpine Lumber Co (S)	5800 N Pecos (North Yard)
	Ardent Mills LLC	3750 Wynkoop St
	Builders Firstsource Inc (S)	1349 W 52 nd Ave (North Yard)
	Brick Inc	4425 Race St
	Commerce City Grain LLC (S)	1451 Cargill Dr
	Commerce City Grain LLC	4600 E 64 th Ave (Commerce City)
	Dawn Food Products Inc (S)	4500 Lipan St
	Denver Lumber Co (S)	1490 S Cherokee St
	Eaton Metal Products Co	4800 York St
	Metro Wastewater Reclamation District (S)	6450 York St
	Mountain Cement Co	1630 35 th St
	Nestle Purina Petcare Co	4555 York St
	Packaging Corporation Of America	4221 N Monaco St
	Pepsi Cola Bottling Company Inc	3801 Brighton Blvd
	Pillow Kingdom Inc	3950 Kearney St
	Purina Animal Nutrition LLC	6151 Brighton Blvd (Commerce City)
	Rio Grande Co (S)	140 N Santa Fe
	Rocky Mountain Recycling	6510 Brighton Blvd (Commerce City)
	Safeway Inc	4301 Forest St
	Suncor Energy (USA) Inc	5601 Brighton Blvd (Commerce City)
	Tamko Building Products Inc	5300 E 43 rd Ave
	The Denver Post LLC	5990 N Washington St
	Univar USA Inc	4300 Holly St
	US Mix Products Co (S)	112 S Santa Fe Dr
	Zimmerman Metals Inc (S)	201 E 58 th Ave
DES MOINES, IA	ADM Soybean Processing ⁴	1935 E Euclid Ave (Hull Ave Yard)
	Alter Metal Recycling ⁴	1801 E Euclid Ave
	Archer Daniels Midland Co ⁴	1940 Hull Ave
	Bridgestone Firestone Inc ⁴	4600 NW 2 nd St
	Bluelinx ⁴	1660 E Aurora Ave
	Feed Energy Co ⁴	3121 Dean Ave
	General Mills Inc ⁴	6101 SE 52 nd St (Avon)
	Heartland Coop ⁴	5550 E Army Post Rd (Avon)
	Leachman Lumber Co ⁴	1921 Hubbell Ave
	Economy Cash & Carry Inc	1000 E Overland St
EL PASO, TX	John A Longe Company Inc (S)	3230 Duranzo
	Sol Building Materials (S)	7400 Stiles, Bldg 9-B
	Stagecoach Cartage Welch (S)	5850 Welch St (Alfalfa, TX)
	Transmaritime Central Inc	7440 Stiles Rd
	Westrock CP LLC (S)	7350 Stiles Dr
	Phelps Dodge Refining Corp	850 Hawkins Blvd (Alfalfa, TX)
	W Silver Recycling Rail	1535 E San Antonio
	Western Refining ⁵	6501 Trowbridge Dr (Alfalfa, TX)
	Dolese Brothers Co	805 Southgate Rd
	Oxbow Calcining International LLC	11826 N 30 th St
ENID, OK		

<u>CITY, STATE</u>	<u>COMPANY NAME</u>	<u>ADDRESS</u>
EUGENE, OR	Emerald Forest Products Inc (S)	118 Hwy 99 N
	Eugene Freezing & Storage Co (S)	310 S Seneca Rd
	Flakeboard America Ltd (S)	50 N Danebo Ave
	Grain Millers Inc (S)	315 Madison
	JH Baxter & Co (S)	85 Baxter Rd
	Pennington Crossarm Co (S)	2701 W 1 st Ave
	Weatherly's Inc (S)	3553 W 1 st Ave
	West Wind Forest Products Inc (S)	3445 West 1 st Avenue
	Weyerhaeuser NR Co (S)	195 N Bertelsen Rd (Danebo)
	Willamette Valley Co (S)	586 Mc Kinley St
FREMONT, NE	ADM Processing	130 N Broad St
	ADM West Hwy 30	4410 W Military Ave
	Fremont Department of Utilities	3000 E 1 st St
	Viterra Usa Grain LLC	1700 E Front St
	Purina Animal Nutrition LLC	330 E Cloverly Rd
	Scoular Co	925 E Factory St
	Structural Component Systems Inc	1255 Front St
	ADM PVO (S)	3390 S Chestnut Ave (Calwa)
FRESNO, CA	Nutrien Ag Solutions (S)	3173 S Chestnut Ave (Calwa)
	Stratas Foods LLC (S)	3390 S Chestnut Ave (Calwa)
	Weyerhaeuser Nr Co (S)	3267 S Willow Ave
	L&W Supply Corp	1401 Academy Ct
FT COLLINS, CO	Sutherland Lumber	1901 E Prospect Ave
	Valley Steel & Wire Company Inc	200 Hickory St
	Amber Terminal Inc	2500 Premier (Hodge)
FT WORTH, TX	OB Macaroni Co	108 S Fwy 35 W
	Star Telegram Operating Ltd	685 John B Sias Memorial Pkwy
	Sweeney Hardwoods	3700 Noble Ave
	Commercial Metals Co	71 st St & Broadway
GALVESTON, TX	Gulf Sulphur Services Limited LLP (S)	4500 Old Pt Industrial Rd
	M-I LLC	4814 Port Industrial
	Texas International Terminals (S)	4800 Old Port Industrial Blvd
	Builders Warehouse Lumber Yard	3522 W 2 nd St
GRAND ISLAND, NE	CNH Industrial America LLC	3445 W Stolley Park Rd
	Gavilon Grain LLC	354 N Cleburn St
	Trinidad Benham Corp	615 5 th St
GREELEY, CO	Gavilon Fertilizer LLC	4935 E J St (Jeffers)
HASTINGS, NE	Gavilon Grain LLC	4935 E J St (Jeffers)

CITY, STATE
HOUSTON, TX

COMPANY NAME

ADDRESS

American Plant Food Corp (S)	903 Mayo Shell Rd (Galena Park)
Anheuser-Busch Company Inc	775 Gellhorn Dr
Ardent Mills LLC (S) ⁶	1100 S Main (Galena Park)
C&W Packaging LP (S)	4343 Eastpark Dr
Chemtrusion Inc (S)	7115 Clinton Dr
Constar Plastics Inc	8705 City Park Loop Bldg 8
Cook Composites & Polymers Co (S)	2434 Holmes Rd (Spence)
Curtis Steel Company LLC (S)	6504 Hurst St
Delta Steel Inc (S)	7355 Round House Ln (Englewood)
Derichebourg Recycling USA (S)	7501 Wallisville Rd (Englewood)
Equistar Chemicals LP (S) ⁷	1515 Miller Cut Off Rd (Strang)
Exel Inc (S)	8833 Citypark Loop (Englewood)
Galena Park Terminals (S)	1606 Clinton Dr (Galena Park)
General Electric Co	8800 Wallisville Rd
Graham Packaging Company LP (S)	3833 W 11 th St
Grocers Supply Company Inc	3110 Corder St
Holcim (US) Inc (S)	9600 Clinton Dr (Galena Park)
JL Proler Iron & Steel Co (S)	4401 Clinton Drive
Kinder Morgan Liquids Terminals LLC (S)	906 Clinton Dr (Galena Park)
Kinder Morgan Galena Park West LLC (S)	1500 Clinton Dr (Galena Park)
Kloeckner Metals Corp (S)	7400 Mesa Dr
Kuraray America Inc (S) ⁷	12501 Strang Rd (Strang)
Lansing Trade Group (S) ⁶	1500 S Main St (Galena Park)
Lyondellbasell Acetyls LLC (S) ⁷	1514 Miller Cutoff Rd (Strang)
Montalbano Lumber Company Inc (S)	1309 Houston Ave
Owens Corning Sales	8360 Market St
Triple S Steel (S)	8807 Liberty Rd
PVS Chemical Solutions Inc	1777 Haden Rd
Robinson Iron & Metal Co (S)	2735 Brooks St
Schill Steel Services (S)	3001 W 11 th St
Shell Oil Products US (S)	780 Clinton Dr (Galena Park)
South Coast Terminal Plant 5 (S)	7401 Wallisville Rd (Englewood)
Tex-Tube Co (S)	1503 N Post Oak Rd
Texas Blending Warehousing (S)	2505 Collingsworth St
Texas Lehigh Cement Co	565 T C Jester Blvd
Texas Steel Conversion (S)	3101 Holmes Rd
The Goodyear Tire & Rubber Co (S)	2000 Goodyear Dr
TMC Engineering Service Inc	2335 Wadsworth St
TPC Group Inc (S)	8600 Park Place Blvd (Sinco)
United DC dba Plangistics	8947 Market St (Market St Yard)
United States Gypsum Co (S)	1201 Mayo Shell Rd (Galena Park)
Veolia North America Regeneration Services LLC(S) ⁷	12501 Strang Rd (Strang)
Walton Barge Terminal	13040 Market St
WR Grace & Co	4750 Blaffer St
Wyatt Field Service Co	2060 N Loop W Suite 110

<u>CITY, STATE</u>	<u>COMPANY NAME</u>	<u>ADDRESS</u>
HOUSTON, TX (Former HBT)	Allchem Services Inc (H) ⁸	9011 East Alameda Road
	American Thermoplastics (H) ⁸	1240 Gazin St
	Asia Chemical Corp (H) ⁸	1417 Kress St (Basin Yard)
	Blen Tech (H) ⁸	1305 Rye St (Market St Yard)
	Bluelinx (H) ⁸	10000 N Loop E
	Cemex 6203 (H) ⁸	6203 Industrial Way
	Commercial Metals Quitman (H) ⁸	2015 Quitman St
	Consolidated Bonded Warehouse Company of Texas (H) ⁸	2510 Magnet St
	Darling Ingredients Inc (H) ⁸	1712 75 th St
	Delta Paper Stock Corp (H) ⁸	6969 Clinton Dr (Basin Yard)
	Derichebourg Recycling USA Inc (H) ⁸	1 Wharf St (Booth Yard)
	Dixie Pipe Sales Inc (H) ⁸	2407 Brollier St
	Empire Stevedoring Houston Inc (H) ⁸	7600 Ave P (Booth Yard)
	Grocers Supply Company Inc (H) ⁸	3131 E Holcombe Blvd
	Houston Chronicle (H) ⁸	5959 Harvey Wilson Dr (Basin Yard)
	Kik International Inc (H) ⁸	2921 Corder St
	Kroger Co (H) ⁸	701 Gellhorn Dr
	Bluescope Coated Products LLC (H) ⁸	501 N Greenwood St
	Overland Distribution Inc (H) ⁸	651 Gellhorn Dr
	Palmer Lathrop (H) ⁸	1200 Lathrop St (Basin Yard)
	Service Steel Warehouse Company LP (H) ⁸	7204 Navigation Blvd (Booth Yard)
	Smart Warehousing LLC (H) ⁸	8790 Wallisville Rd
	Stratas Foods LLC (H) ⁸	1302 Harris St (Basin Yard)
	Maverick Processing Inc (H) ⁸	2211 Harbor Drive (Basin Yard)
	Superior Packaging & Distribution Inc (H) ⁸	7707 Wallisville Rd
	Tenaris (H) ⁸	302 McCarty Dr
	Texas Industries Inc (H) ⁸	2415 Cavalcade St
	Thompson Cargo Specialists Inc (H) ⁸	6909 Kirkpatrick Blvd
	US Zinc Corp (H) ⁸	6020 Esperson St
	US Zinc Corp (H) ⁸	6020 Navigation Blvd
	Worldwide Logistics Inc (H) ⁸	550 Aleen St
HUTCHINSON, KS	ADM Grain Co (S)	1700 N Halstead St
	Cargill Aghorizons (S)	1427 E 2 nd Ave
	Cargill Salt	609 E Ave G
	Morton Salt Inc (S)	1000 Morton Dr
	ADM Grain Inc (S)	816 N Halstead St
IOWA FALLS, IA JANESVILLE, WI	Cargill Inc ⁹	602 Industrial Park Rd
	Abitec Corp	1530 S Jackson St
	Evonik Corp	900 S Palm St
	Seneca Foods Corp	418 E Conde St

<u>CITY, STATE</u>	<u>COMPANY NAME</u>	<u>ADDRESS</u>
KANSAS CITY, MO-KS	ADM Grain ¹⁰	10520 Wolcott Dr (Wolcott, KS)
	Griffin Wheel	7111 Griffin Rd (Muncie, KS)
	Ash Grove Cement Co	640 SW Blvd
	Bartlett & Co	1310 Fairfax Trafficway (Fairfax, KS)
	Bartlett Grain Company LP	940 Kindelberger Rd (Fairfax, KS)
	Bennett-Rogers Pipe Coating	900 Kindelberger Rd (Fairfax, KS)
	Board Public Utilities	3601 N 12 th
	Brown-Strauss Steel	802 Kindelberger Rd (Fairfax, KS)
	Burd & Fletcher Co	5151 E Geospace Dr (Independence, MO)
	Cargill Animal Nutrition	21 State Line St
	Cargill Oil Seed Processing	2306 Rochester Ave
	Certaiteed Corporation	103 Funston Rd (Fairfax, KS)
	Exxonmobil Oil Corp	966 Sunshine Rd (Fairfax, KS)
	General Electric Company Inc	1146 Cambridge Cir Dr
	General Mills Inc	2917 Guinotte Ave
	General Motors Corp ¹¹	3201 Fairfax Traffic (Fairfax, KS)
	Groendyke Transport Inc	299 E Donovan Rd
	Hansen Mueller Co	340 SW Blvd (Glen Park, KS)
	Harlan Corp	27 Stanley Rd
	Industrial Lumber	655 Stanley Rd
	Ingredion Inc	1001 Bedford Rd
	International Food Products Corp	6721 Griffin Rd (Muncie, KS)
	International Paper Co	530 Sunshine Rd (Fairfax, KS)
	Kellogg Snacks	801 Sunshine Rd (Fairfax, KS)
	Manna Pro Corp	3158 N 7 th Street Trafficway
	Mid-South Milling Company Inc	213 Central Ave
	MWT Bulk Services LLC	1851 Woodswether Rd
	Owens Corning Sales LLC	300 Sunshine Rd
	Paseo Cargill Energy LLC	2111 Nicholson Ave
	Pavlich Inc	250 S 5 th St
	Phillips 66 Pipeline LLC	2029 Fairfax Traffic Way
	Phoenix Metals	201 E Donovan Rd (Fairfax, KS)
	Purina Animal Nutrition	725 N Olive St
	Smart Warehousing LLC	16500 E Truman Rd (Cham Pagne, MO)
	Space Center Kansas City Inc	1500 W Geospace Dr
	Univar USA Inc	2000 Guinotte Ave
	Wagner Industries Inc	1731 St Louis Ave
	Westrock CP LLC	510 Division St (Glen Park, KS)
KENNEWICK, WA	A Cooperative Welch Foods Inc	10 E Bruneau Ave
	Ash Grove Cement Co	416 N Ivy St
	Ferrellgas Inc	309 N Fruitland St
	Twin City Foods Inc	1000 East First Street
LODI, CA	Twin City Metals Inc	455 E Bruneau Ave
	Pacific Coast Producers (S)	741 S Stockton St

<u>CITY, STATE</u>	<u>COMPANY NAME</u>	<u>ADDRESS</u>
LOS ANGELES, CA	ADM Milling Co	1543 Calada St
	Baker Commodities Inc	4020 Bandini Blvd
	Berg Lacquer	3150 E Pico Blvd
	Cargill Inc	2750 Jewel Ave (Vernon)
	City Fibers Santa Fe (S)	2500 S Santa Fe Ave
	Coast Packing Co	3275 East Vernon Avenue (Vernon)
	Dart Warehouse Corp	4130 E Noakes St (Commerce)
	D&S Ingredient Transfer Co (S)	5112 Alhambra Ave
	Dorsett & Jackson Inc	3800 Noakes St
	Elite Comfort Solutions LLC	4542 E Dunham St (Commerce)
	Grain Craft Inc (S)	1861 E 55 th St (Nadeau)
	Hybco USA	363 S Mission Rd
	Los Angeles Times Communications LLC	202 W 1 st St
	Mercury Plastics	2939 E Washington Blvd
	Miller Milling Company	5471 Ferguson Dr (Commerce)
	Mission Foods	5505 E Olympic Blvd (Commerce)
	Nalco	2111 Dominguez St (Dominguez)
	Scott Sales Co	3451 Randolph St (Huntington Park)
	Sweetener Products Inc (S)	2050 E 38 th St
	United States Gypsum Co	4500 Ardine St (South Gate)
	Ventura Foods LLC	633 S Mission Rd
	AGP Processing Inc	1605 19th St SW
	Lehigh Cement Co	700 25 th St NW
	Holcim (US) Inc	1840 N Federal Ave
	United Sugars Corp	15499 300 th St R4 Hwy 65
	Chemstar Products Co	503 W Grant St
	AMDC Warehouse	237 W Olive Ave
	Canale Beverages D	45 E H Crump Blvd W
	Richardson Oilseed Products US Limited Inc	1351 Williams Ave
MILWAUKEE, WI	A1 Recycling	2101 W Morgan Ave
	Alpine Plywood Corp	12210 W Silver Spring Rd
	ATI Ladish LLC	5481 S Packard Ave (Cudahy)
	COFCO International Grains US LLC	960 E Bay St
	Elementis Chromium Inc	546 S Water St
	Federal Marine Terminals Inc	1200 S Lincoln Memorial Dr
	H&R Scrap Metals & Iron Company Inc	9000 W Fond Du Lac Ave (Fonda)
	Hansen Storage Co	2880 N 112 th St
	Miller Compressing Co	900 S Water St
	Milwaukee Metro Sewerage Distribution	260 W Seeboth St
	National Warehouse Corp	531 S Water St
	O'Byrne Distribution Centers Inc	5855 N 94 th St
	Timber Creek Resource LLC	5059 N 119 th St (Butler)
	JS West and Company (S)	709 9 th St
	Snowden Enterprises Inc	514 Hosmer Avenue
MODESTO, CA	Gulf South Warehouse	2930 Commerce St
	Monroe Warehouse Jackson	2019 Jackson St
MONROE, LA	Continental Tire The Americas LLC	11525 N Illinois Hwy 142
	Mt Vernon Elevator Company Inc	11675 N Illinois Hwy 37

<u>CITY, STATE</u>	<u>COMPANY NAME</u>	<u>ADDRESS</u>
MUSKOGEE, OK	Griffin Food Company Inc	111 S Cherokee St
	Munding Milling Co	429 S G St
	Yaffe Iron & Metal Company Inc	1200 S G St
NEW ORLEANS, LA	ADM Grain Co ¹²	11075 River Rd (Ama)
	Cargill Aghorizons ¹²	933 River Rd (Westwego)
	Roehm America LLC ¹²	10800 River Rd
	Evonik Cyro LLC ¹²	10800 River Rd
	International Matex Tank Terminals ¹²	5450 River Rd (Avondale)
	Jefferson Parish School Board ¹²	501 Manhattan Blvd (Harvey)
OAKLAND, CA	Dreisbach Enterprises Inc (S)	2530 E 11 th St
	Miller Milling Company (S)	2201 E 7 th St
	Pacific Coast Container (S)	2099 7 th St
	Pacific Transload Systems	737 Bay St
	R&A Trucking Co	1050 77 th Ave
	Schnitzer Steel Industries Inc	1101 Embarcadero W
OKLAHOMA CITY, OK	Transmeridian Warehouses Inc (S)	101 10 th Ave
	Bluelinx ¹³	450 N McArthur Blvd
	Citgo Petroleum Corp	915 N Martin Luther King
	Forest Lumber Company Group LLC	300 N May Ave
	Eckroat Seed Co	1106 N Martin Luther King Ave
	Tom L Davis Lumber Co	2707 W Main St
OMAHA, NE	W&W Steel Co ¹⁴	1730 W Reno Ave
	Ag Processing Incorporated A Cooperative	6501 N 9 th St
	Ardent Mills LLC	1521 N 16 th St
	Bluelinx	1109 S 19 th St
	Drake Williams Steel Inc	2301 Hickory Street
	International Paper Co	7517 F St
	Kellogg Co	9601 F St
	Lineage Gomez	2523 Gomez Ave
	Lozier Corp	6336 Pershing Drive
	Nebraska Warehouse	9100 F St (Woody)
	Omaha Public Power District	7475 John J Pershing Dr
	Paxton & Vierling Steel Co	501 Avenue H
	Ready Mixed Concrete Co	700 Seward St
	West Plains LLC	1230 Ohio St
	William H Harvey Co	4334 S 67 St
PACIFIC, MO	Watco Transloading LLC ¹⁵	6801 N 9th St
	US Silica Co	819 E Osage

<u>CITY, STATE</u>	<u>COMPANY NAME</u>	<u>ADDRESS</u>
PHOENIX, AZ	Boise Cascade BMD (S)	200 S 35 th Ave (Campo)
	Brown-Strauss Steel (S)	3727 W Lower Buckeye (Campo)
	Capital Lumber Co (S)	11 N 45 th Ave (Campo)
	Cemex (S)	1510 W Lincoln St
	Desert Transfer Inc (S)	3751 W Lower Buckeye Rd
	Freeport Logistics (S)	431 N 47 th Ave
	Holsum Bakery Inc (S)	2322 W Lincoln St
	In-Cide Technologies Inc (S)	50 N 41 Avenue
	International Paper Co (S)	301 S 30 th St
	Reliance Steel Aristuc (S)	301 S 26 th St
	Rew Materials Inc (S)	901 S 12 th St
	Schuff Steel Co (S)	1841 W Buchanan St
	Univar USA 45 (S)	50 S 45 th Ave
	Western States Petroleum Inc (S)	450 S 15 th Ave
	Weyerhaeuser NR Co (S)	1431 S 43 rd Ave
PORTLAND, OR	Arrow Reload 2600 ¹⁷	2600 N Going St
	Blasen & Blasen Lumber Corp	2155 N Columbia Blvd
	Glacier Northwest	931 N River St
	Ferrellgas LP	641 NE Lombard
	Georgia-Pacific Corp	13333 Rivergate Blvd
	Herbert Malarkey Roofing Co	3131 N Columbia Blvd
	MG Warehouse Inc	9700 N Hurst St
	Mondelez Global LLC	100 NE Columbia Blvd
	Northwest Container Services Inc	11920 N Burgard Rd
	Shell Oil Products US	440 N Columbia Blvd
	Temco LLC	800 N River St
	The Amalgamated Sugar Company LLC	2600 NE Columbia Blvd
ROCKFORD, IL	Kraft Heinz Foods	5500 Forest Hills Rd
	Liebovich Brothers Inc	2116 Preston St
	Mc Clatchy Co	21 st And Q Streets
SACRAMENTO, CA	The Procter & Gamble Manufacturing Co (S)	8201 Fruitridge Rd (Polk)
	United States Cold Storage Inc	3100 52 nd Ave
SALEM, OR	Americold Logistics LLC (S)	4095 Portland Rd NE
	Lineage Logistics LLC (S)	2525 Ewald Ave SE
	Oregon Cherry Growers (S)	1520 Woodrow St. NE
	Packaging Corporation of America (S)	2121 Madrona Ave SE
	Ventura Foods LLC (S)	3371 Portland Rd NE
	ADM Grain Co	1884 A E Old Hwy 40
SALINA, KS	ADM Milling Co	300 E Ash St
	Allmetal Recycling LLC	312 N 5 th St
	Scoular Co	3339 E Country Club Rd
	Stryten Manufacturing LLC	413 E Berg Rd
SEATTLE, WA	Mac Millan-Piper Inc	600 S Edmunds
	Manson Construction Co	5209 E Marginal Way S
	JA Jack & Sons Inc ¹⁸	5427 Ohio Ave S
SHELDON, IA	Ag Processing Inc	804 2 nd Ave

<u>CITY, STATE</u>	<u>COMPANY NAME</u>	<u>ADDRESS</u>
SHREVEPORT, LA	AEP Swepco	428 Travis St
	Calumet Lubricants Company LP	3333 Midway Ave
	GSII, Inc	620 Aero Dr
	Libbey Glass Inc	4302 Jewella Ave
SIDNEY, NE	Murphy Bonded Warehouse Inc	2391 Levy St
	Crossroads Cooperative Association	800 Greenwood Rd
	Pennington Seed of Nebraska ¹⁹	800 Pennington Rd
	Scoular Co	119044 German Gulch Rd
SILVERBOW, MT	Archer Daniels Midland Co	425 W 39 th St
	Hawkeye Distribution Inc ²⁰	620 Floyd Blvd
	Nutrien Ag Solutions	4505 Dakota Ave
	Richardson Milling Inc	5005 Dakota Ave
SIOUX CITY, IA	The Andersons Co	514 S Floyd Blvd
	Sioux City Compressed Steel Inc	2600 Blvd Of Champions (Wickham Spur)
	Tyson Fresh Meats Inc ²¹	3939 S Lewis Blvd
	Scafco Corp	2800 E Main St
SPOKANE, WA	Spokane Seed Co	East 6015 Alki Ave.
	Trumark Industries Inc	4020 East Main Street
	Ag Processing Inc	900 Lower Lake Rd
	Albaugh Inc	4900 Packers Ave
ST JOSEPH, MO	Bartlett & Co	1005 Lake Rd
	Nestle Purina Petcare Co	4502 Packers Ave
	Omnium LLC	1417 SW Lower Lake Rd
	Silgan Containers Corp	2115 SW Lower Lake Rd

<u>CITY, STATE</u>	<u>COMPANY NAME</u>	<u>ADDRESS</u>
ST LOUIS, MO	American River Transportation Co	4528 S Broadway
	Brenntag Chouteau	126 Chouteau Ave
	Brenntag Mid-South Inc	139 E Soper St (Ivory)
	Darling Ingredients Inc	2 Exchange Ave (East St Louis, IL)
	Hawkins Inc	3101 Carondelet Ave (Dupo, IL)
	ICL Performance Carondelet	8201 Idaho St (Ivory)
	Italgani USA Inc Richardson USA Inc.	7900 Van Buren St
	JD Streett & Company Inc	1 River Rd (Ivory)
	Jenkin Guerin Inc	4480 Hunt Ave
	JW Aluminum Company	6100 S Broadway St (Ivory)
	Kop-Coat Inc	5137 Southwest Ave
	Millman Lumber Co	9264 Manchester Rd
	Nexeo Solutions LLC	7710 Polk St (Ivory)
	Schaeffer Manufacturing Co	102 Barton St
	Transport Museum Association Inc	3015 Barrett Station Rd
	US Durum Milling Inc	7900 Van Buren St (Ivory)
	Valvoline LLC	3536 S 1 st St
STERLING, CO	Cargill Inc	219 Right Of Way Rd
STOCKTON, CA	Trinidad Benham Corp	139 E Chestnut St
	Ardent Mills LLC	3939 Producers Dr
	Bulk Transportation	3032 S El Dorado St
	Cargill Inc (S)	4344 S Eldorado St
	Ingredion Inc	1021 Industrial Dr
SUPERIOR, WI TACOMA, WA	JM Eagle	1051 Sperry Rd
	Simko Acquisition LLC	1901 N 6th St
	Fleischmann's Vinegar Company Inc	1115 Zehender St (Sumner)
	Metro Metals Northwest Inc	2202 E River St
	Tri Pak Inc	1209 St Paul Ave
TEMPLE, TX	Cargill Inc	251 Berger Rd
TEXARKANA, TX	Temple Iron & Metal Co	815 N 14 th St
	Goodyear Tire & Rubber Co (S)	3500 Washington St
	Miller-Bowie County Farmers Association	801 Willis Grain Elevator
	Tri-State Iron & Metal Co	1725 E 9 th St
TOPEKA, KS	Cargill Aghorizons Crossroad	5135 NW Hwy 24
	Cargill Inc	1845 NW Gordon St
	Fairview Mills LLC	2300 NW Menoken Rd
	Goodyear Tire & Rubber Co (S) ²²	2000 NW Hwy 24
TULSA, OK	Boise Cascade BMD	9999 E 58 th St

<u>CITY, STATE</u>	<u>COMPANY NAME</u>	<u>ADDRESS</u>
TWIN CITIES, MN	ADM Elevator D	575 Drake St. (Western Ave)
	Alter Trading Corp	801 Barge Channel Rd (S St Paul)
	American Agco Inc	500 Farwell St
	BWC Terminals LLC	2225 Childs Rd (S St Paul)
	Cargill Aghorizons East	12101 Lynn Ave (Savage)
	Cargill Aghorizons West	12100 Dakota Ave (Savage)
	Cargill Salt	12101 Lynn Ave (Savage)
	CD Terminals ¹⁶	12120 Lynne Ave (Savage)
	CHS Inc	50 Chester St (S St Paul)
	CHS Inc	6200 Hwy 13 W (Savage)
	Great Western Dock & Terminal ²³	1031 Childs Rd (S St Paul)
	Hansen Mueller Co	648 24 th Ave SE
	Hawkins Chem Barge Channel	701 Barge Channel Rd (S St Paul)
	Hawkins Chem Childs Rd	1125 Childs Rd (S St Paul)
	Kinder Morgan Terminals Inc	925 Hardman Ave S
	Northern Metals LLC	521 Barge Channel Rd (S St Paul)
	Riverland Ag Corp	3251 E Hwy 101 (Shakopee)
	Savage Riverport LLC	12100 Yosemite Ave S (Savage)
	Silgan Containers Manufacturing Corp	12130 Lynn Ave S (Savage)
	Morton Salt Inc	1111 Childs Rd (S St Paul)
	NRG Energy Inc	401 E Greenwood Av
	Jel Sert Co	Hwy 59 & Conde St
WAUKEGAN, IL WEST CHICAGO, IL WICHITA, KS	Allmetal Recycling LLC	800 E 21 st St N
	Pepsi Cola Bottling	101 W 48 th St S
	Purina Animal Nutrition LLC	414 E 18 th St N
	The Coleman Company Inc	3600 N Hydraulic St
	Central Plains Cement Co LLC	130 W Macarthur Rd
	Clean Harbors Wichita LLC	2824 N Ohio St
	Archer Daniels Midland Co	1155 Riverview Dr
WINONA, MN	RTP East Front St	580 East Front Street
	Bay State Milling Co	55 Franklin St
	CHS Inc	10 Prairie Island Rd
	CHS Inc	988 Riverview Dr
	CHS Winona River Rail	1000 E 3 rd St
	Malteurop North America Inc	500 W Third St

Notes

- ¹ Applies only in outbound shipments of Rail Anchors. Will also apply on inbound shipments of Rail Anchors in connection with BNSF.
- ² Reciprocal switching only applies on traffic via line haul service for CN, CPRS, CSXT, or NS and their connecting lines east of Chicago, IL. "East of Chicago" is defined as: a) Any stations within the state or province of ME, VT, NH, MA, CT, NY, NJ, PA, MD, DE, VA, WV, OH, IN, KY, NC, SC, GA, MS, AL, FL, QC, NB, NS b) Any stations in the lower peninsula of MI c) TN except for Shelby County d) Any stations in ON east of and excluding Thunder Bay and Onaping.
- ³ Open only on inbound Lumber (STCC 24) from BNSF origins not commonly served by the UP in the states of MT, ID, WA and OR. Applies only on domestic shipments - no reciprocal switching on traffic from Canada or Mexico.
- ⁴ Applicable only from or to IAIS stations not also served by UP. No restrictions on BNSF or NS linehaul traffic.
- ⁵ Open only on outbound moves of distillate or residual fuel oil (29-113; 29-117- 15), rubber extender (29-117-57) inbound/outbound, and carbon black oil (29-119-50), or corresponding HMRC for the STCC codes listed in this note, if applicable.
- ⁶ Facility in Houston Public Grain Elevator #2.
- ⁷ Interstate Traffic Only.
- ⁸ Reciprocal switching for KCS only applies on traffic originating or terminating in Mexico, and traffic originating or terminating at stations on KCS between Laredo and Corpus Christi, TX.
- ⁹ Capacity constraints at this location limit the number of cars to 18 per switch.
- ¹⁰ Capacity constraints at this location limit the number of cars to 55 per switch.
- ¹¹ Reciprocal Switching does not apply on inbound motor vehicles (STCC 37-11, 41-118-35).
- ¹² Reciprocal switching for these industries applies only for: CN, CSXT, KCS and NS.
- ¹³ Open only on traffic originating at local stations served by competing lines in the states of CA, ID, MT, OR, UT and WA. Also open on traffic originating at Vancouver, BC.
- ¹⁵ STCC 24-211, 24-991, 28-125, 28-191, 28-712, 33-123, 33-124, 33-125, 33-126 only.
- ¹⁶ Applicable only on STCC 28-712-x (Superphosphate), 28-125-x (Potassium Compounds), and 28-199-10 (Di-Calcium or Mono-Calcium Phosphate), or corresponding HMRC for the STCC codes listed in this note, if applicable.
- ¹⁷ Applicable only on inbound shipments of lumber/products (STCC 24-2, 24-3, 24-9) from origins in BC or AB, Canada.
- ¹⁸ Applicable only for Alaska Railroad.
- ¹⁹ Applicable only on inbound shipments from BNSF on STCC 01-x (Farm Products), 28-71x (Fertilizers), 20-471-10 (Bird Seed), 22-99x (Textile Goods), 40-291-27 (Fertilizer), or corresponding HMRC for the STCC codes listed in this note, if applicable.
- ²⁰ Applicable only in connection with BNSF.
- ²¹ Sioux City/Tyson Fresh Meats (former IBP) note) - Applies only on shipments for road-haul movements via BNSF to destinations as follows. (a) Stations on BNSF west of line of UP from Duluth, MN via Eau Claire, WI, Minneapolis, MN, Mankato, MN and Sioux City, IA to Omaha, NE thence west of the line of BNSF from Omaha, NE to Kansas City, MO thence west of the line of KCS from Kansas City, MO to Port Arthur, TX. (b) Stations on BNSF on or east of the line described in (a) other than those which are also served by UP. (c) Stations on AM and OTVR when routed in connection with BNSF. (this note reinstated from Item 3460, UP Tariff 8005-E).
- ²² Open only to BNSF.
- ²³ Petroleum Coke, stcc 29913 only.

Reciprocal Switches – Non-UP

Reciprocal switching at the following terminals is performed by other railroads. Except where noted by a dagger (†) no fees for these customer locations are published in this circular.

AURORA, MO (physically switched by MNA)

MFA Inc, 303 W Olive St

Tyson Foods, 100 Wolfe Rd

CARTHAGE, MO (physically switched by MNA)

Americold Logistics, 1331 Civil War Rd

Carthage Marble Corp, 1 Civil War Rd

Leggett & Platt, Inc, 1225 E Central Ave

COFFEYVILLE, KS (physically switched by SKOL)

Bartlett Milling Co, 1307 Maple St

Watco Mechanical Services LLC, 1604 S Spruce St

DALLAS, TX (physically switched by DGNO)

Buzzi Unicem USA, 1801 Lone Star Dr

Frito-Lay, Inc., 1141 Regal Row

U.S. Cold Storage Co, 5150 Pulaski St

The Sherwin-Williams Co, 701 S Shiloh Rd (Garland)

Trinity Ceramic Sup., Inc., 9016 Diplomacy Row

U.S. Gypsum Co, 255 Regal Row

FT. SMITH, AR (physically switched by FSR)

Gerber Products, 4301 Harriet Ave

Hormel Foods, 4020 Planters Rd

International Paper, 4215 Planters Rd

International Paper, 4500 Newlon Rd

Yaffee Iron Metal, 719 Wheeler Ave

FT. WORTH, TX (physically switched by FWWR)

MRS Bakeries Business Trust, 7301 South Fwy

Green Bay Packaging, 7901 South Fwy

MillerCoors LLC, 7001 South Fwy

JOPLIN, MO (physically switched by MNA)

Herrman Lumber Co, 3012 E 12th St

Tamko Asphalt Roofing Products, 3001 Newman Rd

Meeks Lumber Co, 510 N Rangeline Rd

† LAKE CHARLES, LA (physically switched by PRI)

Lake Charles Harbor & Terminal Distribution, 150 Marine St

† LONG BEACH, CA (physically switched by PHL)

Vopak Terminal, 3601 Dock St

† LOS ANGELES, CA (physically switched by PHL)

Cargill Corn Milling (S), 2800 Lynwood Rd

† NEW ORLEANS, LA (physically switched by NOGC)

Abrasive Products & Equipment, 350 Grefer Ln (Harvey)

Delta Terminal Services (S), 3540 River Rd (Harvey)

Hunting Energy Services, 6615 River Rd (Marrero)

**Open to reciprocal switching only on traffic that originates or terminates east of the Mississippi River.*

*Blackwater Midstream, 660 La Bauve (Westwego)

Gulf States Asphalt, 175 Avenue A (Westwego)

Vertex Refining, 5000 River Rd (Marrero)

PARIS, TX (physically switched by KRR)

Ragland Mills, 1341 1st St SW

SCOTT CITY, KS (physically switched by KO)

Scott Cooperative Assn, 410 E First St

SHAWNEE, OK (physically switched by AOK)

Shawnee Milling, 201 S Broadway St

SPRINGFIELD, MO (physically switched by MNA)

Acme Brick Co, 2325 W Battlefield St

Dyke Industries Inc, 2119 W Battlefield St

Meek Lumber Yard LLC, 2741 S Scenic St

Wildcat Materials Inc, 2235 W Catalpa St

Timken Smo LLC, 2601 W Battlefield St

Westrock Cp LLC, 2705 W Battlefield St

Shapiro Sales, 2330 W Catalpa St

† STOCKTON, CA (physically switched by CCT)

California Cedar Products (S), 1340 W Washington St

Penny Newman Grain, 1805 Harbor Ave

† **SUNNYSIDE, WA (physically switched by CWA via BNSF haulage)**

JM Eagle, 1820 S 1st St

Darigold, 400 Alexander Rd

VAN BUREN, AR (physically switched by AM)

Afco Steel LLC, 600 S 28th St

Farmers Co-Op, 2211 Industrial Park Rd

Tankersly Food Svc., 3203 Industrial Park Rd

WATERLOO, IA (physically switched by IANR)

Agvantage F S Inc, 5900 1st St (Dewar, IA)

WICHITA, KS (physically switched by WTA)

Cargill Oil Seed Processing, 1401 N Mosley St

WICHITA FALLS, TX (physically switched by WTJR)

Bell Processing Inc, 1326 Burkburnett Rd

WINFIELD, KS (physically switched by SKOL)

Rubbermaid Specialty Products, 3415 E 12th Ave

† **YAKIMA, WA (physically switched by CWA via BNSF haulage)**

Novolex Shields LLC, 1009 Rock Ave

Westrock Longview LLC, 2001 Long Fibre Ave

Switch Charges by Road

<u>ROAD</u>	<u>STATION</u>	<u>ST</u>	<u>RECIPROCAL SWITCH CHARGE (\$/LOADED CAR)</u>	<u>EXCEPTION TO RECIPROCAL SWITCH CHARGE (\$/LOADED CAR)</u>
ARR	SEATTLE	WA	420	
BNSF	ABILENE	KS	295	105 ^f
BNSF	ATCHISON	S	295	105 ^f
BNSF	BEAUMONT	TX	295	105 ^f
BNSF	CHEYENNE	WY	295	350 ^g
BNSF	CHICAGO	IL	295	105 ^f
BNSF	CLINTON	IA	295	105 ^f
BNSF	COLORADO SPRINGS	CO	295	105 ^f
BNSF	COLTON	CA	192 ^c	105 ^f
BNSF	COUNCIL BLUFFS	IA	295	105 ^f
BNSF	DALHART	TX	192 ^c	
BNSF	DALLAS	TX	595	
BNSF	DENVER	CO	295	192 ^c ; 105 ^f
BNSF	DES MOINES	IA	295	105 ^f
BNSF	E ST LOUIS	IL	see ST LOUIS, MO	
BNSF	EL PASO	TX	295	192 ^c ; 105 ^f
BNSF	ENID	OK	295	105 ^f
BNSF	EUGENE	OR	192 ^c	105 ^f
BNSF	FREMONT	NE	295	105 ^f ; 250 ^k
BNSF	FRESNO	CA	192 ^c	105 ^f
BNSF	FT COLLINS	CO	295	105 ^f
BNSF	FT WORTH	TX	295	105 ^f
BNSF	GALVESTON	TX	295	192 ^c ; 105 ^f
BNSF	GRAND ISLAND	NE	295	105 ^f
BNSF	GREELEY	CO	295	105 ^f
BNSF	HASTINGS	NE	295	105 ^f
BNSF	HOUSTON	TX	295	192 ^c ; 344 ^e ; 105 ^f ; 216.73 ^h
BNSF	HUTCHINSON	KS	295	192 ^c ; 105 ^f
BNSF	INDEPENDENCE	KS	295	105 ^f
BNSF	JONESBORO	AR	295	105 ^f
BNSF	KANSAS CITY	KS	see KANSAS CITY, MO	
BNSF	KANSAS CITY	MO	295	105 ^f
BNSF	KENNEWICK	WA	295	105 ^f
BNSF	LODI	CA	295	192 ^c ; 105 ^f
BNSF	LONG BEACH	CA	295	105 ^f
BNSF	LOS ANGELES	CA	295	192 ^c ; 105 ^f
BNSF	MCPHERSON	KS	295	105 ^f
BNSF	MEMPHIS	TN	295	105 ^f
BNSF	MINNEAPOLIS	MN	see ST PAUL, MN	
BNSF	MUSKOGEE	OK	295	105 ^f
BNSF	OAKLAND	CA	295	192 ^c ; 105 ^f
BNSF	OKLAHOMA CITY	OK	295	105 ^f

<u>ROAD</u>	<u>STATION</u>	<u>ST</u>	RECIPROCAL SWITCH	EXCEPTION TO
			CHARGE	RECIPROCAL SWITCH
			<u>(\$/LOADED CAR)</u>	<u>CHARGE</u>
				<u>(\$/LOADED CAR)</u>
BNSF	OMAHA	NE	295	105 ^f
BNSF	PACIFIC	MO	295	105 ^f
BNSF	PHOENIX	AZ	192 ^c	105 ^f
BNSF	PORTLAND	OR	295	192 ^c ; 105 ^f
BNSF	SACRAMENTO	CA	295	105 ^f
BNSF	SALEM	OR	192 ^c	105 ^f
BNSF	SALINA	KS	295	105 ^f
BNSF	SEATTLE	WA	295	105 ^f
BNSF	SIDNEY	NE	295	105 ^f
BNSF	SILVER BOW	MT	100	
BNSF	SIOUX CITY	IA	295	105 ^f
BNSF	SPOKANE	WA	295	105 ^f
BNSF	ST JOSEPH	MO	295	105 ^f
BNSF	ST LOUIS	MO	295	105 ^f
BNSF	ST PAUL	MN	295	105 ^f
BNSF	SOUTH SIOUX CITY	NE	see SIOUX CITY, IA	
BNSF	STERLING	CO	295	105 ^f
BNSF	STOCKTON	CA	295	192 ^c ; 105 ^f
BNSF	SUNNYSIDE	WA	295	105 ^f
BNSF	SUPERIOR	WI	295	105 ^f
BNSF	TACOMA	WA	295	105 ^f
BNSF	TEMPLE	TX	295	105 ^f
BNSF	TOPEKA	KS	295	192 ^c ; 105 ^f
BNSF	TULSA	OK	295	105 ^f
BNSF	WEST CHICAGO	IL	295	105 ^f
BNSF	WICHITA	KS	295	105 ^f
BNSF	WINONA	MN	295	105 ^f
BNSF	YAKIMA	WA	295	105 ^f
CFE	CHICAGO	IL	250 ⁱ	
CIC	CEDAR RAPIDS	IA	200	
CN	BATON ROUGE	LA	550	
CN	CEDAR RAPIDS	IA	300	
CN	CHICAGO	IL	850	
CN	CHICAGO HEIGHTS	IL	850	
CN	COUNCIL BLUFFS	IA	500	
CN	E ST LOUIS	IL	see ST LOUIS, MO	
CN	IOWA FALLS	IA	300	
CN	MEMPHIS	TN	580	
CN	MILWAUKEE	WI	400	
CN	MINNEAPOLIS	MN	see ST PAUL, MN	
CN	NEW ORLEANS	LA	700	221 ^c
CN	OMAHA	NE	500	
CN	PEORIA	IL	400	
CN	SIOUX CITY	IA	400	
CN	ST LOUIS	MO	400	

<u>ROAD</u>	<u>STATION</u>	<u>ST</u>	RECIPROCAL SWITCH	EXCEPTION TO
			CHARGE	RECIPROCAL SWITCH
			<u>(\$/LOADED CAR)</u>	<u>CHARGE</u>
				<u>(\$/LOADED CAR)</u>
CN	ST PAUL	MN	500	
CN	SOUTH SIOUX CITY	NE	see SIOUX CITY, IA	
CN	SUPERIOR	WI	500	
CN	WAUKEGAN	IL	400	
CN	WEST CHICAGO	IL	400	
CPRS	CHICAGO	IL	250	150 ^a
CPRS	CHICAGO HEIGHTS	IL	250	150 ^a
CPRS	CLINTON	IA	250	150 ^a
CPRS	JANESVILLE	WI	250	150 ^a
CPRS	KANSAS CITY	KS	see KANSAS CITY, MO	
CPRS	KANSAS CITY	MO	295	250 ^j
CPRS	MASON CITY	IA	400	
CPRS	MILWAUKEE	WI	250	150 ^a
CPRS	MINNEAPOLIS	MN	see ST PAUL, MN	
CPRS	ROCKFORD	IL	300	
CPRS	SHAKOPEE	MN	250	150 ^a
CPRS	SHELDON	IA	250	150 ^a
CPRS	ST PAUL	MN	250	150 ^a ; 100 ^d
CPRS	SUPERIOR	WI	500	150 ^a
CPRS	WINONA	MN	250	150 ^a
CSS	CHICAGO	IL	385	
CSXT	CHICAGO	IL	295	
CSXT	CHICAGO HEIGHTS	IL	295	
CSXT	E ST LOUIS	IL	see ST LOUIS, MO	
CSXT	MEMPHIS	TN	295	
CSXT	NEW ORLEANS	LA	295	221 ^c
CSXT	ST LOUIS	MO	295	
EVWR	MT VERNON	IL	250	
GWR	GREELEY	CO	295	85 ^a
IAIS	COUNCIL BLUFFS	IA	154	131 ⁱ ; 105 ^f
IAIS	DES MOINES	IA	250	
IAIS	OMAHA	NE	154	131 ⁱ ; 105 ^f
IANR	CEDAR RAPIDS	IA	300	71 ⁿ
IR	ROCKFORD	IL	320	
KO	HUTCHINSON	KS	295	192 ^c ; 105 ^f
KO	WICHITA	KS	295	105 ^f
KCS	ALEXANDRIA	LA	350	
KCS	ATCHISON	KS	295	105 ^f
KCS	BATON ROUGE	LA	350	
KCS	BEAUMONT	TX	300	
KCS	CORPUS CHRISTI	TX	295	
KCS	COUNCIL BLUFFS	IA	160	131 ⁱ ; 105 ^f
KCS	DALLAS	TX	295	
KCS	E ST LOUIS	IL	see ST LOUIS, MO	
KCS	HOUSTON	TX	400 ^e	
KCS	KANSAS CITY	KS	see KANSAS CITY, MO	

<u>ROAD</u>	<u>STATION</u>	<u>ST</u>	RECIPROCAL SWITCH	EXCEPTION TO
			CHARGE	RECIPROCAL SWITCH
			<u>(\$/LOADED CAR)</u>	<u>CHARGE</u>
				<u>(\$/LOADED CAR)</u>
KCS	KANSAS CITY	MO	400	
KCS	LAKE CHARLES	LA	350	
KCS	MONROE	LA	350	
KCS	NEW ORLEANS	LA	350	221 ^c
KCS	OMAHA	NE	160	131 ⁱ , 105 ^f
KCS	SHREVEPORT	LA	350	
KCS	ST LOUIS	MO	400	
KCS	TEXARKANA	AR	295	221 ^c
KCS	TOPEKA	KS	295	105 ^f
MET	MODESTO	CA	200	221 ^c
NS	CHICAGO	IL	295	250 ^b
NS	DES MOINES	IA	295	250 ^b
NS	E ST LOUIS	IL	see ST LOUIS, MO	
NS	KANSAS CITY	KS	see KANSAS CITY, MO	
NS	KANSAS CITY	MO	295	250 ^b
NS	MEMPHIS	TN	295	250 ^b
NS	MT VERNON	IL	295	250 ^b
NS	NEW ORLEANS	LA	295	250 ^b , 221 ^c
NS	PEORIA	IL	295	250 ^b
NS	ST LOUIS	MO	295	250 ^b
TCWR	MINNEAPOLIS	MN	see ST PAUL, MN	
TCWR	ST PAUL	MN	250	150 ^a , 100 ^d
WSOR	JANESVILLE	WI	250	

Notes

^a The Reciprocal Switch charges for the following carriers, apply only on the following commodities:

01-131(X) Barley	01-137(X) Wheat
01-132(X) Corn	01-139(X) Grain, etc
01-133(X) Oats	01-142(X) Flaxseed (CPRS only)
01-135(X) Rye	01-144(X) Soybeans
01-136(X) Sorghum	01-149(X) Sunflower Seeds (CPRS only)

^b NS \$250 Reciprocal Switch charge applies only on the following commodities:

01 131(X) Barley	20 421(X) Prepared feed, animal, etc
01 132(X) Corn	20 441(X) Rice cleaned
01 133(X) Oats	20 442(X) Rice flour, bran or meal
01 134(X) Rough Rice	20 443(X) Brewers rice
01 135(X) Rye	20 449(X) Milled rice or by-products, nec
01 136(X) Sorghum	20 451(X) Blended or prepared flour
01 137(X) Wheat	20 461(X) Corn syrup
01 139(X) Grain, nec	20 462(X) Corn Starch
01 141(X) Cottonseeds	20 463(X) Corn sugar
01 142(X) Flaxseed	20 464(X) Dextrine, corn
01 144(X) Soybeans	20 466(X) Starch, etc
01 149(X) Oil Kernels	20 467(X) Wet process corn, etc
01 191(X) Fodder, hay	20 469(X) Wet Processing corn milling
01 196(X) Straw, excluding chopped ground or pulverized	20 823(X) Brewers Spent Grains/DDGs
01 199(X) Field Crops	20 831(X) Malt
20 411(X) Wheat Flour, excluding blended or prepared	20 839(X) Malt By-products
20 412(X) Wheat bran, middlings or shorts	20 859(X) By-products of Liquor Distilling
20 413(X) Corn meal or flour	20 911(X) Cottonseed oil, crude or refined
20 414(X) Rye flour or meal	20 914(X) Cottonseed, cake or meal
20 416(X) Oatmeal or flour	20 921(X) Soybean oil, crude or refined
20-418(X) Grain mill by-products	20 923(X) Soybean, cake, flour, grits
20 419(X) Flour or other grain mill products	20 931(X) Linseed oil, crude or refined
	20 933(X) Nut or vegetable oils
	20 939(X) Nut or vegetable oilseed

^c Former SP customers flagged Group "S".

^d \$100 at Port Cargill when Cargill Ag Horizon West, Cargill Ag Horizon East, Silgan Containers interchanged at Savage, MN.

^e Only applies to former HBT industries flagged "H".

^f \$105 Reciprocal Switch charge applies only for shipments of 50 or more cars, on a single waybill, for the following commodities:

01-131(X) Barley	01-136(X) Sorghum
01-132(X) Corn	01-137(X) Wheat
01-133(X) Oats	01-139(X) Grain, etc
01-135(X) Rye	01-144(X) Soybeans

^g Applies only on Coke (STCC 29-913).

^h Applies on cars handled in or out of the facilities of Woodhouse Terminal in Galena Park, TX, other than Lansing Trade Group (former Houston Public Grain Elevator #2) and interchange with KCS.

ⁱ KCS/IAIS \$131(less than 50 cars)/ \$105 (50 or more cars on a single waybill) reciprocal switch charge applies for shipments on the following commodities:

01-131-10 Barley	01-139-25 Millet
01-132-10 Corn In The Ear, Not Shelled, Dried	01-139-30 Grain Screenings, Unground
01-132-15 Corn Shelled, Dried	01-139-40 Triticale
01-133-10 Oats	01-144(X) Soybean
01-134(X) Rice	01-149-40 Castor Beans
01-135-10 Rye	01-915-66 Mustard Seeds
01-136-90 Sorghum Grain, In Mixtures	20-419-79 Corn Cracked Export
01-137-10 Wheat	20-441(X) Rice Cleaned
01-139-10 Buckwheat	20-443(X) Brewers Rice
01-139-15 Spelt Export	20-449-30 Rice Screening

^j Applies only to General Motors in Fairfax, KS.

^k Applies only on coal (STCC 11-X). Effective May 1, 2004.

^l Applies only when originating or terminating east of Chicago.

^m (Sioux City/Tyson Fresh Meats (former IBP) note) - Applies only on shipments for road-haul movements via BNSF to destinations as follows. (a) Stations on BNSF west of line of UP from Duluth, MN via Eau Claire, WI, Minneapolis, MN, Mankato, MN and Sioux City, IA to Omaha, NE thence west of the line of BNSF from Omaha, NE to Kansas City, MO thence west with BNSF. (this note reinstated from Item 3460, UP Tariff 8005-E).f the line of KCS from Kansas City, MO to Port Arthur, TX. (b) Stations on BNSF on or east of the line described in (a) other than those which are also served by UP. (c) Stations on AM and OTVR when routed in connection

ⁿ Apply to Intrastate Traffic only.