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312859

November 12, 2026

VIA E-FILING
Chief of Case Administration
Office of Chief Counsel
Surface Transportation Board
395 E Street, SW
Washington DC 20423-0001

ENTERED
Office of Chief Counsel
November 13, 2026
Part of
Public Record

Re: Sisseton Milbank Railroad – Discontinuance of Operation Authority – In Grant and Roberts Counties, South Dakota, AB-625X

Dear Chief of Case Administration:

Pursuant to 49 C.F.R. Part 1152, Subpart G – Special Rules for Petitions for Abandonments or Discontinuance of Service or Trackage Rights Filed Under the 49 U.S.C. 10502 Exemption Procedure, Sisseton Milbank Railroad ("SMRR") is filing a Petition for Exemption under 49 U.S.C. § 10502 from the prior approval requirements of 49 U.S.C. § 10903 to discontinue its operation authority over an approximately 37.1-mile rail line extending from Milepost 0.9 +/- to Milepost 38.0 +/- in Grant and Roberts Counties, South Dakota. The required filing fee for the discontinuance ($9,400) has been paid via Pay.gov. If there are any questions about this matter, please contact me directly by telephone at 202-663-7823 or by e-mail at wmullins@mullinslawgroup.net. If I am unavailable, you may contact Michaela R. Bowles, who can be reached at (202) 663-7826 or by e-mail at mbowles@mullinslawgroup.net.

Respectfully submitted,

/s/ William A. Mullins

William A. Mullins
Attorney for Sisseton Milbank Railroad

Enclosures

FEE RECEIVED
November 13, 2026
SURFACE
TRANSPORTATION BOARD

F I L E D
November 13, 2026
SURFACE
TRANSPORTATION BOARD

BEFORE THE
SURFACE TRANSPORTATION BOARD

AB-625X

SISSETON MILBANK RAILROAD COMPANY
– PROPOSED DISCONTINUANCE OF OPERATION AUTHORITY EXEMPTION –
IN GRANT AND ROBERTS COUNTIES, SOUTH DAKOTA

PETITION FOR EXEMPTION

November 12, 2026

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BEFORE THE
SURFACE TRANSPORTATION BOARD

AB-625X

SISSETON MILBANK RAILROAD COMPANY
– PROPOSED DISCONTINUANCE OF OPERATION AUTHORITY EXEMPTION –
IN GRANT AND ROBERTS COUNTIES, SOUTH DAKOTA

PETITION FOR EXEMPTION

INTRODUCTION

Pursuant to 49 U.S.C. § 10502, Sisseton Milbank Railroad ("SMRR"), submits this Petition for Exemption from the prior approval requirements of 49 U.S.C. § 10903 in order to permit the discontinuance of its operation authority over an approximately 37.1-mile rail line between Milepost 0.9 +/- to Milepost 38.0 +/- (collectively, the "Line"), all of which is located in Grant and Roberts Counties, South Dakota. The subject Line traverses the United States Postal Zip Code territories of 57252 (Milbank, SD); 57227 (Corona, South Dakota); 57279 (Wilmot, South Dakota); 57257 (Peever, SD); and 57262 (Sisseton, SD). A map of the Line is attached hereto as Exhibit A.

Based on information in Petitioner's possession, the Line does not contain federally granted rights-of-way. Any documentation in Petitioner's possession will be made available promptly to those requesting it. There are four stations on the Line. A copy of this Petition has been served on known shippers located on the Line[1] as well as the affected political subdivisions.

The Line imposes a substantial burden on SMRR and on interstate commerce because the potential annual revenue generated by the existing shippers is heavily outweighed by the costs of

[1] A list of shippers moving traffic on the Line in 2025 is included as part of Exhibit D.

maintaining and operating the Line. SMRR faces significant hardship from continued operation of the Line at a substantial avoidable-cost loss because rail traffic has been infrequent and unreliable in recent years, and current traffic volume is expected to continue to decline. Revenue has declined from [redacted] in 2020 to [redacted] in 2025, with annual revenue of [redacted] in 2021, [redacted] in 2022, [redacted] in 2023, and [redacted] in 2024. For the five-year period from 2021 through 2025, the Line averaged only [redacted] in annual revenue. By comparison, 2025 operating costs were [redacted], approximately [redacted] times the five-year average revenue. In sum, the requested discontinuance authority should be granted because:

- SMRR's operating costs of the Line currently exceed the average revenue generated from the Line by a significant margin;
- Rehabilitation of the Line to bring the Line up to modern standards would require more than $33 million, as identified in SMRR's CRISI application for rehabilitation and related improvements;
- Rail traffic on the Line has averaged a mere [redacted] carloads over the past six years, with significant drop-offs in volume moved occurring between 2020 and 2021 as well as 2024 to 2025, with rail traffic volumes expected to continue to decrease at a similar rate year over year; [2]
- The Line's remaining shippers can – and have – used alternative modes for their transportation needs; and

In keeping with the standards of 49 U.S.C. § 10502, (a) application of the Board's formal discontinuance process is unnecessary to carry out the Rail Transportation Policy of 49 U.S.C. § 10101; (b) the proposed transaction is of limited scope; and (c) application of 49 U.S.C. § 10502 in whole or in part is not necessary to protect the four remaining customers on the Line from the abuse of market power.[3]

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[2] Id. at 4-5. The carloads moved annually over the Line has decreased at a significant rate since 2020. In 2020 the sum of cars moved total [redacted] and decreased to [redacted] cars moved in 2021 and continued to decrease in volume with [redacted] and [redacted] cars moved in 2022 and 2023 respectively. Although the volume moved slightly increased to [redacted] cars moved in 2024, SMRR experienced another significant drop in volumes for a total of [redacted] cars moved in 2025. Id.

[3] There are currently four customers on the Line that are able to receive service. However, since 2024, SMRR has only had three active customers on the Line.

Petitioner has no reasonable expectation that traffic levels on the Line will recover to a level that could support economically sustainable operations. The remaining traffic base has decreased steadily for several years. No prospective new shippers or industrial developments exist that could materially alter this outlook.

Given the Line's declining traffic base, the substantial operating and annual maintenance costs, and the absence of prospective new business, the Line is not economically viable for SMRR or any potential new operator. The capital investment required to restore the Line to a state of good repair cannot be justified by the current or foreseeable traffic levels. Accordingly, SMRR respectfully requests that the Board grant this Petition, as the Line's operating costs significantly exceed revenues from operations, the proposed transaction is of limited scope, and application of 49 U.S.C. § 10502 in whole or in part is not necessary to protect the remaining customers on the Line from the abuse of market power.

MAPS AND EXHIBITS

A map of the Line is attached as Exhibit A. A draft Federal Register notice is attached as Exhibit B, and the certifications of compliance with 49 C.F.R. §§ 1105.12 and 1152.60(d) are included as Exhibit C. A list of 2025 customers is attached as Exhibit D. The verified statement of Victor Meyers is attached as Exhibit E.

BASIS FOR DISCONTINUANCE AND FACTUAL BACKGROUND

SMRR seeks authority to discontinue its operation authority because the traffic and revenues from the remaining shippers on the Line are insufficient to cover the direct costs of providing rail service let alone the costs of normalized maintenance and opportunity costs. This is especially true as year over year, shipper usage of services over the Line continues to decrease at a rate that will only exacerbate the inefficiencies of the Line. The rate in which traffic on the line is decreasing

demonstrates that it is unsustainable for SMRR to continue to provide freight rail common carrier service over the Line, justifying SMRR's discontinuance request.

The Line extends from Milepost 0.9 +/- in Milbank, SD to Milepost 38.0 +/-. The Line was initially constructed as a branch Line for the Chicago, Milwaukee and Saint Paul Railway Company beginning in 1880 for the purpose of serving rural agricultural communities at a reduced rate as compared to larger multi-state railroads at the time.[4] Construction on the Line was substantially completed in 1884 and the Chicago, Milwaukee and Saint Paul Railway Company began providing freight service in the area, with the Chicago, Milwaukee & Saint Paul Railway Company acquiring the ownership of the underlying real property of the Line through an agreement with the Sisseton and Wahpeton Indians as the Line traversed through the Lake Traverse Indian Reservation.[5] The Line operated under the Chicago, Milwaukee & Saint Paul Railway Company until it entered into bankruptcy proceedings, resulting in the Line falling under Chicago, Milwaukee, St. Paul & Pacific Railroad ("MILW") ownership on March 31, 1927, after reorganization. MILW would later file a petition for voluntary reorganization under Section 77 of the Federal Bankruptcy Act on December 19, 1977. Trustees were appointed[6] and filed a plan with the Reorganization Court on August 10, 1979, and with the ICC on September 28, 1979, to reorganize MILW around a 3,200-mile core system. Effective November 1, 1979, the Court granted the Trustee's request to

[4] See South Dakota Historical Society Foundation, A Pioneer Railroad Builder of South Dakota, https://www.sdhsf.org/news_events/history_articles.html/title/march-2015-a-pioneer-railroad-builder-of-south-dakota.

[5] Proclamation 326—Opening to Settlement Lands Acquired from the Sisseton and Wahpeton Bands of Dakota or Sioux Indian, President Harrison, April 11, 1892, https://www.presidency.ucsb.edu/documents/proclamation-326-opening-settlement-lands-acquired-from-the-sisseton-and-wahpeton-bands.

[6] See Chicago, Milwaukee, St. Paul and Pacific Railroad Company – Reorganization – Acquisition By Grand Trunk Corporation, Finance Docket No. 28640 (Sub-No. 9), 2 I.C.C.2d 161, 1984 ICC LEXIS 287 at *18 (ICC served September 12, 1984).

embargo the other MILW lines. The embargo was lifted shortly thereafter due to enactment of the Milwaukee Railroad Restructuring Act, 45 U.S.C. 901, et seq ("MRR").[7]

In 1982, Dakota Rail Inc. completed negotiations with the Trustee to acquire the MILW branch line between Sisseton, SD and Milbank, SD. SLA Property Management was also a party to the transaction, and Sisseton Line Associates purchased and leased the remaining cars and engines that operated on the Line.[8] Dakota Rail Inc. operated on the Line until July 31, 1987, when SLA Property Management selected Sisseton Southern Railway to assume operating authority on the Line, replacing Dakota Rail Inc.[9] Through a series of transactions in 2012, SMRR was established as a rail carrier and as a subsidiary of the Twin Cities & Western Railroad Company, with both companies operating under the DMH Trust fbo Martha M. Head Trust (the "Trust"), and SMRR acquired operating authority over the subject Line.[10] SMRR has operated over the Line from that time to the present.

At present, SMRR is the sole operator on the Line. As is discussed further in the attached verified statement of Victor Meyers, SMRR is operating at a loss that is compounded yearly. Such operations do not provide a sustainable business model for SMRR. SMRR initially believed rehabilitating the Line would encourage additional traffic and would resolve the Line's financial

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[7] Id. at *18-19

[8] Rapid City Journal, June 5, 1982; Reorganization – Acquisition by Grand Trunk Corporation, Finance Docket No. 28640 (sub-no. 9), (STB served Jan. 8, 1985); https://www.newspapers.com/article/rapid-city-journal-dakota-rail-buys-milw/19769310

[9] Sisseton Southern Railway Co. Exemption Change in Operator; SLA Property Management, Finance Docket No. 31083 (ICC served July 31, 1987).

[10] Sisseton Milbank R.R.—Acquis. & Operation Exemption—SLA Prop. Mgmt. Ltd. P'ship, Finance Docket No. 35641 (STB served June 29, 2012); Twin Cities & Western Railroad Company, the Estate of Douglas M. Head, and the DMH Trust fbo Martha M. Head – Continuance in Control Exemption – Sisseton Milbank Railroad Company, Finance Docket No. 35642 (STB served July 18, 2012); DMH Trust fbo Martha M. Head Acquisition of Control Exemption — Twin Cities & Western Railroad Company. Minnesota Prairie Line, Inc. and Sisseton Milbank Railroad Company, Finance Docket No. 35662 (STB served Aug. 24, 2012).

struggles. Based on this belief, a CRISI grant was applied for and was awarded to rehabilitate the outdated track on the Line in 2023. However, after careful review of the Line's financial situation and the unlikelihood that traffic on the Line would increase even after successful repairs, SMRR determined that the Line would still operate at a loss. After coming to this conclusion, SMRR determined that it could not participate as a sub-recipient of the CRISI grant so as to not waste federal funds on a nonviable rehabilitation project. Further bolstering SMRR's position, the Line has served very few shippers, with volume moved decreasing significantly since 2020. In addition, nearby grain facilities and other transportation opportunities are available for the vast majority of the traffic moving over the Line, as standard commodities by definition, have trucks available as a transportation option.

As briefly mentioned above, the remaining traffic consists of standard agricultural and related commodities, primarily corn, soybeans, and wheat, which can be transported readily and efficiently by truck or through alternative transloading opportunities. The Line has seen a decrease in usage over the past number of years. The following, discussed further in the verified statement of Victor Meyers, illustrates the change in rail volumes between 2020 and 2025.

In 2020, the Line moved a total of [redacted] carloads, which were primarily split between 2 shippers –Wheaton Dumont Coop and CHS Herman, which shipped [redacted] carloads of corn/soybeans, wheat, and fertilizer. Combined, these two shippers made up over [redacted] of the carloads moved across the Line in 2020.[11] Aside from Wheaton Dumont Coop and CHS Herman, the Line also facilitated the movement of [redacted] carloads of plastic pellets, another standard commodity, for Dakota Western; as well as [redacted] carloads of soybeans for Corona Grain & Feed in

[11] VS Meyers at 4.

2020. The total revenue for 2020 amounted to [redacted], representing only [redacted] of the estimated annual total cost, including necessary repairs, of [redacted].[12]

Calendar year 2021 saw a significant decrease in carloads moved, with the total amounting to [redacted] carloads and revenue falling to [redacted]. Carload volumes then stayed relatively stagnant between 2022 and 2024, with [redacted] and [redacted] carloads moved each year, respectively. However, SMRR once again experienced a significant decrease in carloads moved in 2025, with the total for the year amounting to [redacted] carloads moved—just [redacted] of the traffic moved at its peak in 2020. This resulted in SMRR's lowest revenue in this five-year period for a total of [redacted] Paired with the total operating costs of [redacted] for 2025, SMRR experienced a loss of [redacted] for the year. As the total volume moved on the Line continues to drop year over year, coinciding with a consistent decrease in total revenues earned on the Line, SMRR's discontinuance is clearly justified by the numbers. Furthermore, when the CRISI application was submitted, it estimated that [redacted] was needed to rehabilitate the Line in the hopes of attracting additional traffic. However, the consistent drop in volumes, decreasing revenues, and increasing operating costs demonstrates that the traffic and revenues cannot support the significant repairs needed to rehabilitate the Line.[13]

PETITIONER'S REPRESENTATIVE

SMRR is represented by William A. Mullins, Mullins Law Group PPLC, 2001 L St. NW, Suite 720, Washington, D.C. 20036; telephone: (202) 663-7823; and email: wmullins@mullinslawgroup.net.

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[12] VS Meyers at 9.

[13] In 2022, SMRR's revenue was [redacted] with a total operating cost of [redacted] for a discrepancy of [redacted] In 2023 the total revenue for the Line was [redacted] with a total operating cost of [redacted], a discrepancy of [redacted]. In 2024, the total revenue was [redacted] with a total operating cost of [redacted], a discrepancy of [redacted].

THE EXEMPTION STANDARDS HAVE BEEN MET

Under 49 U.S.C. § 10903, service over a rail line cannot be discontinued without prior Board approval. However, under 49 U.S.C. § 10502, the Board must exempt a transaction from the application of section 10903 when it finds that: (1) regulation of the transaction is not necessary to carry out the rail transportation policy of 49 U.S.C. § 10101 ("RTP"); and (2) either (a) the transaction is of limited scope, or (b) regulation is not needed to protect shippers from the abuse of market power. The proposed discontinuance meets section 10502's statutory requirements.

Application of the full § 10903 procedures is unnecessary because the record demonstrates that: (1) the Line's traffic levels are insufficient to support continued rail operations[14]; (2) shippers have adequate transportation alternatives, including well-established trucking and transloading options[15]; (3) the proposed discontinuance is of limited scope[16]; and (4) Petitioner lacks any reasonable prospect of restoring the Line to profitability.[17] These findings satisfy both prongs of § 10502(a).

A. Regulation Is Not Necessary To Carry Out The Rail Transportation Policy

The RTP obviates the need for detailed Board scrutiny under 49 U.S.C. § 10903 in this instance. Granting SMRR's Petition – rather than requiring SMRR to incur the substantial costs and potential delays involved in submitting a full-blown application – promotes a fair and expeditious regulatory decision-making process; ensures the development and continuation of a sound rail transportation system with effective competition among rail carriers and other modes to meet the needs of the public; reduces regulatory barriers to exit from the industry; and provides for the

[14] VS Meyers at 9-10.
[15] Id. at 7-8.
[16] Id. at 7.
[17] Id. 7-10.

expeditious handling and resolution of proceedings required or permitted to be brought under this part. See 49 U.S.C. §§ 10101(2), (4), (7), (9), and (15).

Moreover, allowing SMRR to discontinue service would promote a safe and efficient rail transportation system by enabling SMRR to avoid continuing losses. See 49 U.S.C. § 10101(3). Finally, granting the Petition to discontinue rail service over the Line is appropriate because the evidence shows that continued operation is not remunerative and that discontinuance would foster sound economic conditions and encourage efficient management in accordance with the RTP. See 49 U.S.C. §§ 10101(5) and (9).

The Line does not handle nearly enough traffic to even sustain operations, let alone provide a return to SMRR with the obligation to provide common carrier rail service. These losses are not short-term losses, but rather losses that in all likelihood will continue in perpetuity because rail traffic on the Line continues to fall at significant rates, and rail traffic volumes are only expected to continue to decrease or cease entirely for the foreseeable future.

For these reasons, the Board need not, and should not, require SMRR to use the formal abandonment and discontinuance application procedures to carry out the RTP. Indeed, the proposed discontinuance by SMRR and the use of the Board's exemption procedures is consistent with that policy.

B. The Proposed Discontinuance Is of Limited Scope

The proposed discontinuance is of limited scope, involving only 37.1 miles of low-density rail line that has handled an average of [redacted] carloads over the past six years, with as few as [redacted] carloads moved in 2025. Rail traffic volumes are anticipated to continue decreasing. SMRR experienced two significant decreases in movements during the relevant period: between 2020 and 2021, carloads dropped from [redacted] to [redacted], a decrease of [redacted] carloads; and between 2024 and

2025, carloads dropped from [redacted] to [redacted], a decrease of [redacted] carloads.[18] Even at the height of the Line's recent traffic flows in 2020, when the Line handled [redacted] carloads, the revenue generated was only [redacted][19], or [redacted] of SMRR's total operating costs for the Line in 2020, without accounting for the significant maintenance and rehabilitation also needed on the Line.

C. Regulation of the Discontinuance Is Not Necessary to Protect Shippers from Market Power Abuse

Section 10502(a) requires that application in whole or in part of a requested jurisdictional provision is not necessary because either (1) the transaction or service is of limited scope or (2) the application in whole or in part of the applicable provision is not needed to protect shippers from the abuse of market power. Because the proposed discontinuance is of limited scope, SMRR does not need to also demonstrate that regulation is not needed to protect shippers from the abuse of market power. However, given the limited number of carloads at issue, the fact that the vast majority of commodities transported are subject to competition from alternative modes of transportation, and the reality that shippers have already begun transitioning to other transportation alternatives, it is clear that the use of the Board's formal discontinuance procedures is not necessary to protect shippers from any potential abuse of market power in this case.

Further, SMRR is acutely aware of the fact that shippers on the line have readily available alternative modes of transportation. In fact, such competitive constraints preclude SMRR from exploring the sizeable rate increases that could make continuing service economically practicable.

[18] The increase in operating costs in 2025 was due to washouts that occurred along the Line. Despite the washouts, SMRR's operating costs for 2025 would still exceed SMRR's revenue by a significant margin.

[19] VS Meyers at 9.

Regulation is not needed to protect the few remaining shippers on the Line from market abuse, particularly given the more than adequate transportation alternatives.[20]

All remaining traffic consists of standard commodities – primarily corn, soybeans, and wheat – that are readily and efficiently transported by truck over short distances. Each remaining shipper is located within minutes of major highway infrastructure, and several have already transitioned significant portions of their traffic to truck or transload facilities without disruption. No shipper will be left without reasonable transportation options.

Under the circumstances, there is no basis to presume that SMRR's decision to seek discontinuance authority is driven by any consideration aside from the avoidance of future operating losses and continued investment in a Line whose traffic levels cannot support economic operations as shipments continue to decrease with each passing year. SMRR has neither the leverage nor the propensity to subject the Line's remaining customers to market power abuse. Because the Line's remaining customers have multiple forms of transportation other than rail, permitting discontinuance of the Line will not increase any market power those other forms of transportation have over the remaining customers.

PUBLIC INTEREST FACTORS

Due to the substantial and unrecoverable operating losses that would result from any continued activity on the Line, continued operation would be wholly uneconomical. Even when community and shipper interests are weighed against the Line's economic circumstances, the public interest favors the proposed discontinuance.

[20] This is shown by shippers moving off the line in recent years to more economically feasible alternatives to transport their commodities as opposed to using the Line as their means of transportation. This is especially so given the consistent and significant decreases seen in carloads moved across the line since 2020.

A. Economic Analysis

As discussed above, average annual revenue for the five-year period from 2021 through 2025 was only [redacted]. That revenue is far below the Line's recent operating costs, including [redacted] in 2024 and [redacted] in 2025. Including the estimated rehabilitation and repair costs of more than $33 million, and accounting for the decreasing number of carloads moved each year, clearly demonstrates that it is not economically reasonable for SMRR to continue operating the Line. The costs are further broken down in the verified statement of Victor Meyers, attached hereto as Exhibit E. During 2025, SMRR handled only [redacted] carloads, [redacted] fewer carloads than the previous year and less than half of the carloads moved at the Line's 2020 peak due in part to washouts that occurred on the Line. In addition, the Line has experienced significant washouts in July 2026 that has resulted in a current embargo on the Line.

SMRR submits that the reported traffic volumes are representative of current rail service demand on the Line. Accordingly, Petitioner has averaged the number of carloads over the six-year period from 2020 through 2025 and revenue over the five-year period from 2021 through 2025 to support the economic analysis of the Line. On an annual basis, the averages are [redacted] carloads and [redacted] in revenue. Such low levels of traffic and insignificant revenue, compared with the operating and maintenance costs needed to keep the Line serviceable, make the Line unattractive to a potential new operator or new customer. The lack of traffic and revenue would require any new operator to incur substantial costs to sustain continued operation.

The traffic moved in 2025 further demonstrates the severity of the situation. As previously discussed, only [redacted] carloads were moved in 2025. Given that (1) the prospect of new customers appears unlikely; (2) diversion of overhead traffic is physically impossible; and (3) current customers continue to decrease their usage of the Line in favor of alternative transportation opportunities, it is unlikely that any operator—whether SMRR or any other new operator—would

be willing to undertake the significant burden without meaningful prospects for future profit or customer expansion.

B. <u>Avoidable Cost Loss</u>

As detailed in the verified statement of Victor Meyers, SMRR incurred an estimated [redacted] in operating costs for 2025. When offset against average annual revenue from 2021 through 2025 of [redacted], that revenue covers approximately [redacted] of SMRR's 2025 operating costs.

The Line also requires significant rehabilitation and rebuilding before it could be brought up to modern standards. The current track structure consists of 13.6 miles of 60 lb. rail from the 1880s, 10 miles of 75 lb. rail from 1906, 12 miles of 90 lb. rail from 1925, and 1.4 miles of 115 lb. rail from 2015. The current condition of the track is incapable of supporting efficient rail traffic, even at the Line's decreased volume. At present, the track can support only 263,000-lb. cars at a maximum speed of 10 mph. In practice, however, train speeds typically average 5 mph across the Line because of the Line's condition. In certain locations, the track can support only walking speeds or, at most, 3 mph. The depressed speeds across the 37-mile Line result in a one-way trip between Milbank and Sisseton taking more than 7 hours. Even if SMRR undertook the repairs outlined in the CRISI application, those repairs are highly unlikely to attract enough additional traffic to close the gap between average revenue and operating costs. At no point in the previous six years did the revenue generated on the Line exceed the anticipated operating costs.

The costs involved in rehabilitating the Line are significant. Undertaking these improvements would be unreasonable and financially irresponsible as the Line continues to see a significant decline in usage with each passing year. As a result, substantial rate increases for the shippers remaining on the Line would be required for SMRR to bridge the gap between its annual revenue and operating costs.

C. Return on Value

There is little to no economic value in any other rail carrier seeking to acquire operating authority over the Line given the limited and declining traffic base and the substantial costs required to sustain service.

D. Alternative Transportation

SMRR believes that the shippers on the Line have access to viable alternative transportation modes. SMRR submits that alternative and competitive transportation service is readily available to the current users of the Line. Given the low volumes that continue to decrease with each passing year, and given that the principal commodities transported over the Line are standard commodities that the Board has already determined can be safely and competitively transported using other modes, there is no possibility that shippers will suffer market-power abuse. Accordingly, there is no justification for requiring SMRR to continue operating over the Line at a continuing loss.

E. Other Policy and Public Interest Considerations

SMRR believes that the proposed discontinuance of the Line will have no significant impact on any of the communities through which the Line passes, in large part because rail service has been a convenient, but non-essential, competitive alternative to truck transportation for the Line's customers. Accordingly, SMRR is confident that the proposed discontinuance will have minimal impact on the communities it serves, if it has any impact at all. Further, the subject discontinuance will likely not result in the Line's existing customers significantly increasing the use of trucks, given that customers on the Line already have slowly transitioned to other transportation opportunities at such a rate that the Line's traffic volume has dropped by nearly 50% since 2020.

The process that SMRR has invoked, and the evidence it has supplied in its case-in-chief, fully support the grant of SMRR's discontinuance of operation authority exemption petition. The process also affords interested parties a fair opportunity to express their views on SMRR's proposed

action and to comment on the propriety of SMRR's use of the individual petition for exemption process. SMRR believes the evidence supports the grant of the Petition and that holding SMRR to an exacting, expensive, and potentially protracted formal discontinuance application process—especially in light of the evidence that SMRR has supplied in support of discontinuance—would be unnecessary and contrary to the RTP.

LABOR PROTECTIONS

The interests of railroad employees will be protected by the conditions imposed in Oregon Short Line R. Co. – Abandonment – Goshen, 360 I.C.C. 91 (1979).

CONCLUSION

Accordingly, SMRR respectfully requests that the Board grant its request for exemption from the provisions of 49 U.S.C. § 10903 to permit SMRR to discontinue service over the Line located in Grant and Roberts Counties, South Dakota. The exemption is warranted in light of the substantial burden that continued operation of the Line would impose upon SMRR, as demonstrated in the foregoing sections of this Petition and in the attached verified statement. For the reasons supplied herein, application of the Board's formal discontinuance procedures at section 10903 is not needed to carry out the RTP set forth at 49 U.S.C. § 10101 and, in fact, granting SMRR's Petition would promote many elements of that policy. Likewise, the proposed discontinuance is of limited scope, and no potential for abuse of market power would result from the requested exemption. Accordingly, SMRR urges prompt Board action to grant an exemption for the proposed discontinuance of the Line. For all of these reasons, the requested discontinuance satisfies the criteria of 49 U.S.C. § 10502(a), is consistent with the Rail Transportation Policy, and is in the public interest.

Respectfully submitted,

/s/ William A. Mullins
William A. Mullins

Counsel for Sisseton Milbank Railroad

November 12, 2026

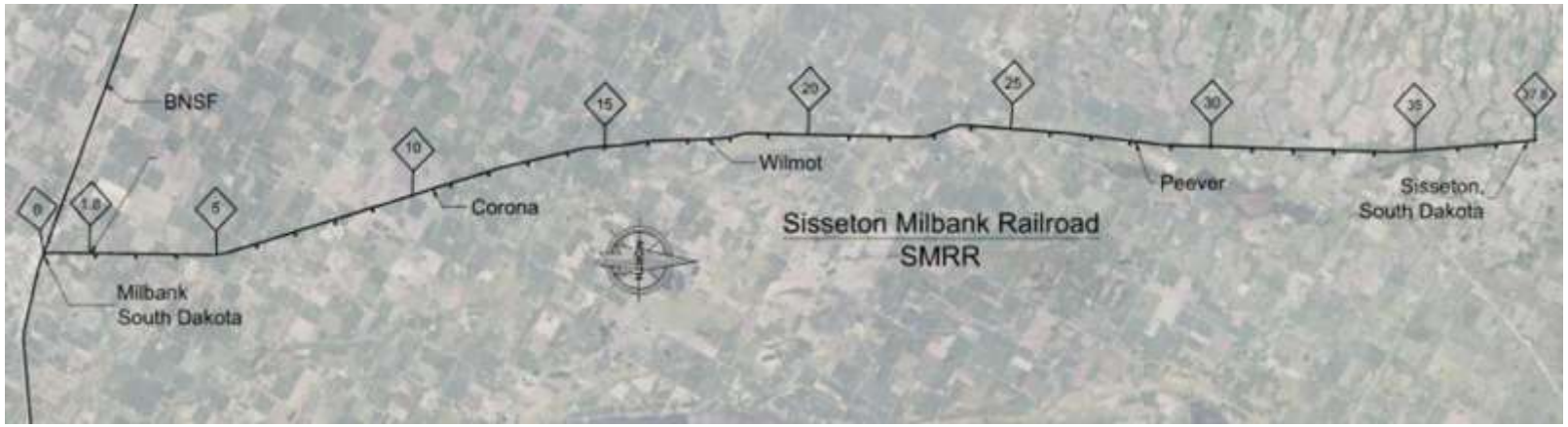
BEFORE THE
SURFACE TRANSPORTATION BOARD

AB-625X

SISSETON MILBANK RAILROAD COMPANY
– PROPOSED DISCONTINUANCE OF OPERATION AUTHORITY EXEMPTION –
IN GRANT AND ROBERTS COUNTIES, SOUTH DAKOTA

PETITION FOR EXEMPTION

EXHIBIT A – MAPS


BNSF
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Corona
Wilmot
Peever
Sisseton,
South Dakota
Sisseton Milbank Railroad
SMRR
Milbank
South Dakota

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EXHIBIT B – DRAFT FEDERAL REGISTER NOTICE

STB No.

AB-625X

Notice of Petition for Exemption To Discontinue Service

On November 12, 2026, Sisseton Milbank Railroad ("SMRR") filed with the Surface Transportation Board, Washington, D.C. 20423, a petition for exemption for SMRR to discontinue its operation authority of an approximately 37.1-mile rail line, which extends from milepost 0.9 +/- to milepost 38.0 +/-, which traverses through the United States Postal Service ZIP Code Territories of 57252 (Milbank, SD); 57227 (Corona, South Dakota); 57279 (Wilmot, South Dakota); 57257 (Peever, SD); and 57262 (Sisseton, SD) in South Dakota. The line for which the discontinuance exemption request was filed includes four stations.

Because this proceeding would involve the discontinuance of common carrier service and not abandonment of the Subject Line, SMRR understands that the question of whether the Subject Line contains federally granted rights-of-way is inapplicable. Any documentation related to title in SMRR's possession will be made promptly to those requesting it.

The interest of railroad employees will be protected pursuant to Oregon Short Line R. Co. – Abandonment – Goshen, 360 I.C.C. 91 (1979).

Any offer of financial assistance to subsidize will be due no later than 10 days after service of a decision granting the petition for exemption.

Because the Subject Line will not be salvaged following discontinuance, the Subject Line is not suitable for other public use, including interim trail use.

Persons seeking further information concerning discontinuance procedures may contact the Surface Transportation Board or refer to the full abandonment or discontinuance regulations at 49 CFR part 1152. Questions concerning environmental issues may be directed to the Board's Office of Environmental Analysis.

Because SMRR seeks only a discontinuance and not an abandonment, SMRR will not be disposing of or altering the Subject Line or any structures that are 50 years old or older. An environmental and historic report is not required for a discontinuance proceeding.

BEFORE THE
SURFACE TRANSPORTATION BOARD

AB-625X

SISSETON MILBANK RAILROAD COMPANY
– PROPOSED DISCONTINUANCE OF OPERATION AUTHORITY EXEMPTION –
IN GRANT AND ROBERTS COUNTIES, SOUTH DAKOTA

PETITION FOR EXEMPTION

EXHIBIT C – CERTIFICATIONS

Certificate of Service

49 C.F.R. § 1152.60(d) – Notice

I certify that, in keeping with 49 C.F.R. § 1152.60(d), I caused the following parties to be served with a copy of the petition for exemption filed by Sisseton Milbank Railroad:

State Public Service Commission

Chris Nelson, Chairman Public Utilities Commission
Capitol Building, 1st floor
500 E. Capitol Ave.
Pierre, SD 57501-5070

Joel Jundt, Secretary
South Dakota Department of Transportation
Becker-Hansen Building
700 E. Broadway Ave.
Pierre, SD 57501

Department of Defense

United States Department of the Army
Military Surface Deployment and Distribution Command
Transportation Engineering Agency
Attn: Railroads for National Defense Program
1 Soldier Way, 1900W
Scott AFB, IL 62225

National Park Service

Mr. Bob Ratcliffe
Chief, Conservation and Outdoor Recreation Division
Rivers, Trails, and Conservation Assistance Program
1849 C. Street NW, Room 1344
Washington, DC 20240

U.S. Department of Agriculture

Randy Moore
Chief of Forest Service
US Forest Service
1400 Independence Ave., SW
Washington, D.C.
20250-0003

In addition, I also hereby certify that I have served the following past (2025) users of the subject rail line with a copy of the foregoing petition for exemption:

Wheaton Dumont Co-op Elevator
6587 US Hwy 75
Wheaton, MN 56296

CHS Herman
1000 Pacific Ave N
Herman, MN 56248

Dakota Western
45679 Veterans Memorial Drive,
Agency Village, SD 57262

Corona Grain & Feed
PO Box 107
Corona, SD 57227

/s/ William A. Mullins

William A. Mullins
Attorney for Sisseton Milbank Railroad

November 12, 2026

Certificate of Newspaper Publication

49 C.F.R. § 1105.12 – Newspaper Notice

I certify that a "Notice of Intent to Discontinue Rail Service" was published in the form prescribed by the Board for a Petition for Exemption (49 C.F.R. § 1105.12). The notice was published one time on October 28, 2026, in the Grant County Review, a newspaper of general circulation in Grant County, South Dakota, and one time on November 10, 2026, in the Sisseton Courier, a newspaper of general circulation in Roberts County, South Dakota.

/s/ William A. Mullins

William A. Mullins
Attorney for Sisseton Milbank Railroad

November 12, 2026

BEFORE THE
SURFACE TRANSPORTATION BOARD

AB-625X

SISSETON MILBANK RAILROAD COMPANY
– PROPOSED DISCONTINUANCE OF OPERATION AUTHORITY EXEMPTION –
IN GRANT AND ROBERTS COUNTIES, SOUTH DAKOTA

PETITION FOR EXEMPTION

EXHIBIT D – 2025 SHIPPER LIST

Wheaton Dumont Co-op Elevator
6587 US Hwy 75
Wheaton, MN 56296

CHS Herman
1000 Pacific Ave N
Herman, MN 56248

Dakota Western
45679 Veterans Memorial Drive,
Agency Village, SD 57262

Corona Grain & Feed
PO Box 107
Corona, SD 57227

BEFORE THE
SURFACE TRANSPORTATION BOARD

AB-625X

SISSETON MILBANK RAILROAD COMPANY
– PROPOSED DISCONTINUANCE OF OPERATION AUTHORITY EXEMPTION –
IN GRANT AND ROBERTS COUNTIES, SOUTH DAKOTA

PETITION FOR EXEMPTION

EXHIBIT E – VERIFIED STATEMENT OF VICTOR MEYERS

BEFORE THE
SURFACE TRANSPORTATION BOARD

AB-625X

SISSETON MILBANK RAILROAD COMPANY
– PROPOSED DISCONTINUANCE OF OPERATION AUTHORITY EXEMPTION –
IN GRANT AND ROBERTS COUNTIES, SOUTH DAKOTA

PETITION FOR EXEMPTION

VERIFIED STATEMENT OF VICTOR MEYERS

My name is Victor Meyers, and as of 05/06/2024, I am employed by Sisseton Milbank Railroad ("SMRR") in the capacity of President. I have a long history with SMRR serving as both Vice President Operations and President with involvement over the last thirteen years. As such, I am uniquely qualified to present this verified statement for the Surface Transportation Board.

The purpose of this verified statement is to describe the background and events that have led to the filing of a Petition for Exemption for the Discontinuance of Operation Authority (the "Petition") for an approximately 37.1-mile rail line, which extends from milepost 0.9 +/- to 38.0 +/-, all of which lies within Grant and Roberts Counties, South Dakota. I understand that the Line was initially constructed as a branch Line for the Chicago, Milwaukee and Saint Paul Railway Company beginning in 1880 for the purpose of serving rural agricultural communities at a reduced rate as compared to larger multi-state railroads at the time.[1] The Line operated under the Chicago,

[1] See South Dakota Historical Society Foundation, A Pioneer Railroad Builder of South Dakota, https://www.sdhsf.org/news_events/history_articles.html/title/march-2015-a-pioneer-railroad-builder-of-south-dakota

Milwaukee & Saint Paul Railway Company until it entered into bankruptcy proceedings, resulting in the Line falling under Chicago, Milwaukee, St. Paul & Pacific Railroad ("MILW") ownership on March 31, 1927, after reorganization. Shortly following MILW's filing for bankruptcy, Dakota Rail Inc. had completed negotiations with the Trustee to acquire the MILW branch line between Sisseton, SD and Milbank, SD, along with SLA Property Management, who was another party to the transaction, as well as Sisseton Line Associates, who would purchase and lease the remaining cars and engines that operated on the Line.[2] In 1987, Dakota Rail Inc. operation of the Line ended when SLA Property Management selected Sisseton Southern Railway to assume operation authority on the Line, replacing Dakota Rail Inc.[3] Through a series of transactions, SMRR was established as a rail carrier and was established as a subsidiary of the Twin Cities & Western Railroad Company, with both companies operating under the DMH Trust fbo Martha M. Head Trust (the "Trust"), with SMRR acquiring operation authority over the subject Line.[4] SMRR has since operated over the Line through to the present day.

The Line has been operated by SMRR since 2012, however, in recent years the Line has proved to be unprofitable as traffic continues to decline on the Line. From 2020 through 2025,

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[2] https://www.newspapers.com/article/rapid-city-journal-dakota-rail-buys-milw/19769310/, Rapid City Journal, June 5, 1982; Reorganization – Acquisition by Grand Trunk Corporation, Finance Docket No. 28640 (sub-no. 9), (ICC served Jan. 8, 1985).

[3] Sisseton Southern Railway Co. Exemption Change in Operator; SLA Property Management, Finance Docket No. 31083 (ICC served July 31, 1987).

[4] Sisseton Milbank R.R.—Acquis. & Operation Exemption—SLA Prop. Mgmt. Ltd. P'ship, FD 35641 (STB served June 29, 2012); Twin Cities & Western Railroad Company, the Estate of Douglas M. Head, and the DMH Trust fbo Martha M. Head – Continuance in Control Exemption – Sisseton Milbank Railroad Company, FD 35642 (STB served July 18, 2012); DMH Trust fbo Martha M. Head Acquisition of Control Exemption — Twin Cities & Western Railroad Company. Minnesota Prairie Line, Inc. and Sisseton Milbank Railroad Company, FD 35662 (STB served Aug. 24, 2012).

the volume moved over the Line has drastically decreased, especially in 2021. Consequently, SMRR's operation of the Line is currently, and will continue to be, unprofitable. SMRR has no reasonable expectation that traffic levels on the Line will recover to a level that could support economically sustainable operations. The remaining shippers have demonstrated a multi-year pattern of declining usage, and SMRR has already exhausted commercially reasonable rate adjustments. Any further rate increases would accelerate diversion to truck or transload facilities, eliminating the remaining traffic base.

Furthermore, as described below, SMRR revenues attributed to freight rail services on the Line are unsubstantial as a low-density rail line, and despite marketing efforts by SMRR, the prospects for increasing business and revenues from the current reduced levels are unrealistic.

All remaining traffic consists of standard commodities—primarily corn, soybean, and wheat—that are readily and efficiently transported by truck over short distances. Each remaining shipper is located within minutes of major highway infrastructure, and all have already demonstrated the ability to utilize truck or transload alternatives without disruption. No shipper will be left without reasonable transportation options

For example, the average revenue per year over the last five years (2021 through 2025, inclusive) was only [redacted], that revenue covers approximately [redacted] of SMRR's 2025 operating costs. The total annual normal operating cost for 2025 is [redacted], nearly [redacted] times the average revenue that the Line has recently generated. As a result of this, and equivalent egregious losses throughout the 2021-2025 period, SMRR has not been able to fund the necessary maintenance and capital expenditures of the Line. Although SMRR could not independently fund the rehabilitation and repairs needed along the Line, a FY 2022 CRISI grant to repair and rehabilitate the Line was sought and ultimately awarded. However, after careful

consideration, SMRR determined that the Line would still operate at a loss in the event repairs were performed. As a result of SMRR's good faith review of the potential repair benefits, SMRR decided not to move forward as a sub-recipient of the CRISI grant with the South Dakota Department of Transportation.

In sum, given this level of loss, coupled with the likelihood that neither revenues nor volumes will increase, along with the enormity of the necessary maintenance and rehabilitation expenditures, the only reasonable alternative is to proceed with a petition for exemption that would permit the discontinuance of SMRR's operation authority over the Line. The alternative would be for SMRR to continue to incur significant operational losses, or for SMRR to undertake significant maintenance and rehabilitation costs exceeding any possible revenue to be derived from the current or potential traffic on the Line. The supporting traffic and economic analysis that I present below demonstrates that the alternative is not a viable option for SMRR.

1. Past, Present, and Future Shippers or Traffic on the Line

a. Current Shippers

There are very few remaining shippers on the Line: Wheaton Dumont in Sisseton; CHS Herman in Wilmot; Dakota Western in Peever; Corona Grain & Feed in Corona.

Wheaton Dumont, SMRR's largest customer, which originates shipments of wheat, corn, and soybeans is located at MP 37.7 +/-, but it only moved a total of [redacted] carloads in 2025 and [redacted] carloads in 2024, producing only [redacted] and [redacted] in revenue, respectively for SMRR. Both years demonstrated a significant decrease in volume moved for Wheaton Dumont Coop from its 2020 peak of [redacted] carloads moved. CHS Herman, SMRR's second largest customer, has also demonstrated a significant change in volume moved over the past five years. CHS Herman's peak occurred in 2020 with [redacted] carloads moved over the course of the year,

however, CHS Herman experienced the most dramatic decrease in volumes moved between 2021-2024 with [redacted] carloads moved in 2021, [redacted] in 2022, [redacted] in 2023, [redacted] in 2024, and [redacted] in 2025.

Outside of the Wheaton Dumont Coop and CHS Herman, SMRR has both a small elevator and a plastic pellets shippers on the Line. However, the volumes moved by these shippers pales in comparison to the volumes moved by the Wheaton Dumont Coop and CHS Herman. For example, Corona Grain & Feed moved a maximum volume of cars in 2020 with [redacted] cars moved.[5] As for Dakota Western, their highest volume moved also occurred in 2022 with Dakota Western moving only [redacted] carloads for the entire year.[6] The only other shipper was the City of Milbank that received [redacted] carloads of clay in 2022.

b. Peak Volume

Over the past six years, SMRR's volume peaked in 2020 when it moved [redacted] carloads over the Line. In the years since, SMRR continues to see the volume moved across the Line decrease at drastic rates. This is due, in large part, to some of SMRR's most dependable customers transitioning to other market opportunities, such as grain shuttle facilities. Since 2020, the Line has seen a consistent and persistent drop in volume moved over the Line. For instance, in 2021 SMRR's volumes decreased by [redacted] carloads, or a [redacted] drop in carloads moved compared to the previous year. This decline in volume continued in 2022 as SMRR only moved [redacted] carloads. Most recently, the Line moved a mere [redacted] carloads in 2025, a [redacted] carload

[5] In addition, Corona Grain & Feed moved [redacted].

[6] Dakota Western moved [redacted]

decrease from 2024 and a [redacted] carload decrease since 2020. In all, the Line has seen a decline in volume by approximately [redacted] since 2020.[7]

Over the past six years, SMRR has had to rely on declining traffic from already low-volume shippers [redacted] for revenues to sustain maintenance and operations over the Line. Given the consistent decline in carloads received in the past six years to a de minimis volume moved in 2025, SMRR has not earned a revenue that has exceeded its operating costs in the same six-year period, amounting to an unprofitable and unsustainable operation.

c. Potential for New Shippers or Traffic

Having intimate knowledge of the Line and efforts to develop new traffic (as well as to retain current traffic) on the Line, it is clear to me that SMRR has limited prospects for new shippers or online traffic on the Line. In addition, the Line requires substantial rehabilitation and repairs, which hinders the attraction of new customers. As a result, volumes have, and will continue, to decrease year over year at a consistent and substantial rate. In fact, SMRR anticipates that the total rail volume moved across the Line will continue to fall as SMRR resorts (as it financially must) to increased rates in order to lessen its loss, only further driving away current and potential customers on the Line to alternative transloading opportunities that are able to provide consistent service at a more economic rate.

Based on SMRR's long-standing commercial presence in the South Dakota market, and after years of direct marketing efforts, SMRR is not aware of any prospective new shippers,

[7] The decrease in volume in both 2023 and 2025 was in large part due to significant washouts that occurred along the Line. Despite the washouts, SMRR's operating costs for both 2023 and 2025 would still exceed SMRR's revenue by a significant margin. In addition, in July 2026, the line experienced another 18 washouts, 7 of them significant, which the line is still out of service and embargoed as a result.

industrial developments, or commercial expansions[8] that could materially alter the traffic outlook. Thus, without any of the prospective new shippers, local, or overhead traffic materializing, SMRR is now taking steps toward discontinuing its operation authority. The Line is an economic burden for SMRR as volumes moved across the line can no longer support the current operations, nor the continued maintenance of the Line. Accordingly, I respectfully request that the Board grant the petition for exemption put forth by SMRR to discontinue its operation authority over the Line.

2. Shippers Have Alternatives

Despite sustained efforts by SMRR to attract and retain freight rail customers on the Line, no reasonable or feasible alternatives exist that would allow SMRR to continue providing rail service without incurring substantial and ongoing financial losses. The remaining shippers on the Line—primarily Wheaton Dumont Coop and CHS Herman — move standard commodities that are readily and efficiently transported via truck or have already begun transitioning to alternative shuttle loading sites that offer more dependable and cost-effective options. Truck service is widely available in Grant and Roberts Counties, and most commodities currently handled on the Line can be transported by truck without undue hardship to any shipper, particularly given the short geographic distances between shipper facilities and major highway infrastructure.

The decline in carload volumes further demonstrates that shippers have already found practical substitutes for rail service on the Line. Since 2020, carload volumes have fallen by

[8] SMRR has received a letter of support from a shipper on the Line indicating they would build a new "grain handling facility" on the Line should the Line be rehabilitated. However, the shipper did not provide a volume commitment that would assure SMRR that the new facility would have a positive effect on SMRR's revenue.

approximately [redacted], and one of the other remaining customers, Wheaton Dumont Coop's volume decreasing by nearly [redacted]. The remaining revenue base is insufficient to sustain the cost of operations, and SMRR's necessary rate increases to mitigate ongoing losses will only continue to drive current and potential customers to alternative transportation options.

SMRR's longstanding marketing efforts have yielded no new customers, and the significant rehabilitation required—estimated to exceed $33 million in immediate costs—renders the Line unattractive to any prospective rail user. Even if SMRR were to continue service, the diminished traffic base cannot support the Line's current operating expenses, let alone the extraordinary capital investment required to restore it to FRA Class I standards.

Given these circumstances, continued provision of rail service by SMRR is neither economically viable nor required to meet the transportation needs of the affected shippers. Reasonable alternative transportation exists, is already being used, and will continue to meet all shippers' needs without imposing undue burden. For these reasons, no reasonable alternative to discontinuance exists.

3. Economic Analysis

a. Cost of Operations

The total 2025 operating costs, including transportation costs, on the Line was [redacted]. See Attachment A – Line Evaluation & SMRR's Operating Costs. These include operational costs related to crew members, locomotive use, repairs and rehabilitation of the Line, transportation costs, and mechanical/track inspections. To provide the few remaining customers on the Line with the limited freight rail service they demanded for 2025, SMRR utilized two (2) crew members, an engineer and a conductor, and only 2 locomotives. All in, total transportation costs for service to the Line (not including line maintenance and other costs) amounted to

[redacted]. Moreover, SMRR has incurred significant costs for way and structures repairs, which amount to [redacted] for 2025.[9] As explained in the next section, the cost of operations to sustain the average carloads per year on the Line is not supported by the average revenue generated by those carloads.

SMRR's losses on the Line are avoidable only through discontinuance. Continued operation would require SMRR to devote scarce resources to a line that cannot generate sufficient revenue to cover even basic operating costs, let alone the substantial capital expenditures required to maintain the Line in a state of good repair.

b. Current Revenue Generated by the Line

The current revenue on the Line is generated by carload revenue received from the remaining customers moving traffic on the Line. Although it would appear on the surface that the revenue on the Line remains relatively consistent, a closer look at the situation demonstrates a financially unsustainable operation, largely due to the continued decrease in carloads moved with each passing year. Despite total revenues remaining relatively consistent, the revenues earned on the Line are incapable of satisfying SMRR's current operation costs and the Line has consistently operated at a loss since at least 2020.

The total revenue for 2020 amounted to [redacted], which is just [redacted] of the yearly total cost, including necessary repairs, of [redacted]. The Line saw an overall decrease in usage and revenue in 2021, with revenues falling to [redacted] (covering [redacted] of SMRR's operating costs for the year), the Line has seen consistent depressed revenues in the years following the 2021 peak. In 2022, the Line saw a slight increase in revenue to [redacted] on the

[9] A more detailed cost breakdown for SMRR's operation on the Line is included in Attachment A.

year with a matching decrease in operating costs to [redacted]. However, this growth was not sustained as the Line saw a drop in revenue in 2023 with revenues totaling [redacted], which paled in comparison to the Line's operating costs for the year that rose to [redacted] The Line experienced a miniscule increase in revenues and decrease in operating costs of [redacted] and [redacted] respectively for 2024. Unfortunately, the Line saw another decrease in revenues in 2025 for a total of [redacted], while operating costs once again increased to [redacted]. Although the Line experienced increased revenues in 2022 and 2024 despite the volume moved remaining relatively consistent in these years was only due to significant rate increases that SMRR imposed in order to avoid an even greater loss as the Line's volume continues to diminish.

c. Maintenance Costs

Annual maintenance costs are substantial. Repair work is needed across the entire Line. A CRISI grant was successfully obtained to fund the repairs for the Line; however, the significance of the repairs combined with the decreasing revenues and increasing operating costs, lead to the conclusion that the repairs would not result in a positive return for SMRR. Instead of putting federal funds to waste, SMRR determined that it could not participate as a sub-recipient in the CRISI grant. SMRR estimated that the rehabilitation and repairs of the Line would exceed $33 million to bring the Line up to modern day standards.

The current track structure consists of 13.6 miles of 60 lb. rail from the 1880s, 10 miles of 75 lb. rail from 1906, 12 miles of 90 lb. rail from 1925 and 1.4 miles of 115 lb. rail from 2015. The current condition of the track is incapable of supporting efficient rail traffic, even at such a decreased volume. At present, the track can only support 263,000lb cars at a maximum speed of 10 mph. However, given the condition throughout the Line, train speeds in practice typically

average 5 mph across the Line. In certain spots, the track can only support walking speeds of approximately 3 mph. The depressed speeds across the 37-mile Line results in a one-way trip across the Line taking over 7 hours between Milbank to Sisseton. Even if SMRR were to undertake the repairs it outlined in its CRISI application, the repairs are significantly unlikely to attract additional traffic on the Line that would fill the gap between its average revenue and its operating costs. At no point in the previous six years did the revenue achieved on the Line exceed the operating costs.

CONCLUSION

I have been involved with the operations of SMRR and the Line for over thirteen years and, as President, I have first-hand knowledge of the economics of the Line. Without prospective new shippers or traffic, operations over the Line by SMRR will remain unprofitable. While operations over the Line were perhaps once sustainable, SMRR, at present, cannot sustain operations with (1) the remaining traffic on the Line and (2) no potential to obtain diverted overhead traffic. Thus, also understanding the necessary maintenance and capital costs, I can definitively state that the only reasonable option is to proceed with SMRR's discontinuance of its operating authority as no other reasonable alternative exists. Based on my experience as SMRR's President and my familiarity with the Line's operations, I conclude that continued operation of the Line is not economically rational and that discontinuance is the only viable course of action consistent with sound railroad management.

In my opinion, continued regulation of this transaction under the full procedures of 49 U.S.C. § 10903 is not necessary to carry out the Rail Transportation Policy. The proposed discontinuance is of limited scope, shippers have adequate transportation alternatives, and the Line's traffic levels are insufficient to support continued rail operations. Regulation is therefore

not needed to protect shippers from the abuse of market power. Because this is a discontinuance and not an abandonment, granting the petition is in the public interest as it maintains the corridor and tracks for potential future use, including rail banking the line for use in a public trail.

VERIFICATION

I, Victor Meyers, President for Sisseton Milbank Railroad, declare under penalty of perjury that I am authorized to make this verification on behalf of Sisseton Milbank Railroad, and that the information included in the foregoing statement is true and correct to the best of my knowledge and belief.

Victor Meyers
President
Sisseton Milbank Railroad

Dated: November 3, 2026

BEFORE THE
SURFACE TRANSPORTATION BOARD

AB-625X

SISSETON MILBANK RAILROAD COMPANY
– PROPOSED DISCONTINUANCE OF OPERATION AUTHORITY EXEMPTION –
IN GRANT AND ROBERTS COUNTIES, SOUTH DAKOTA

PETITION FOR EXEMPTION

[Attachment A – Line Evaluation & SMRR's Operating Costs]



