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THOMAS F. McFARLAND

October 2, 2003

By UPS overnight mail

Vernon A. Williams, Secretary
Surface Transportation Board
Case Control Unit, Suite 713
1925 K Street, N.W.
Washington, DC 20423-0001

Re: Docket No. 42080, *Minnesota Northern Railroad, Inc. v. Canadian National Railway Company*

Dear Mr. Williams:

Enclosed please find an original and 10 copies of Complainant's Opening Statement, for filing with the Board in the above referenced matter.

Kindly acknowledge receipt by date stamping the enclosed duplicate copy of this letter and return in the self-addressed stamped envelope.

Very truly yours,

Tom McFarland

Thomas F. McFarland
Attorney for Minnesota Northern
Railroad, Inc.

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209042
ORIGINAL



ENTERED
Office of Proceedings
Part of
Public Record
2003

209042

BEFORE THE
SURFACE TRANSPORTATION BOARD

MINNESOTA NORTHERN RAILROAD,
INC.,

Complainant,

v.

CANADIAN NATIONAL RAILWAY
COMPANY,

Defendant.

Docket No. 42080



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Office of Proceedings
OCT 03 2003
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Public Record

COMPLAINANT'S OPENING STATEMENT

MINNESOTA NORTHERN RAILROAD, INC.
P.O. Box 705
Crookston, MN 56716

Complainant

THOMAS F. McFARLAND
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Attorney for Complainant

DATE FILED: October 3, 2003

BEFORE THE
SURFACE TRANSPORTATION BOARD



MINNESOTA NORTHERN RAILROAD,	)	
INC.,	)	
<u>Complainant,</u>	)	
v.	)	Docket No. 42080
	)	
CANADIAN NATIONAL RAILWAY	)	
COMPANY,	)	
<u>Defendant.</u>	)	
	)	

COMPLAINANT'S OPENING STATEMENT

Pursuant to the procedural decision in this proceeding served July 25, 2003, Complainant MINNESOTA NORTHERN RAILROAD, INC. (MNN) hereby submits the following as its Opening Statement.

Tab No. 1 - Verified Statement of Lee Lauth

Tab No. 2 - Verified Statement of George LaPray

Tab No. 3 - Legal Argument

ATTEMPT TO RESOLVE DISPUTE THROUGH NEGOTIATION

In view of the Board's stated preference for private-sector solutions instead of litigation, MNN participated actively in extensive negotiations with Defendant Canadian National Railway Company (CN) in a good-faith effort to resolve the dispute at hand. The complaint in this proceeding was not filed until both parties acknowledged having reached an impasse in those negotiations.

VERIFIED STATEMENT OF LEE LAUTT

My name is Lee Lautt. I am employed by Minnesota Northern Railroad, Inc. (MNN). I am responsible for customer service, car accounting, train reporting, yard coordination, and interline receivables accounting.

I have been employed by MNN since its start-up in December, 1996. MNN was created by Rail America Transportation Co. to own and operate rail lines acquired from Burlington Northern & Santa Fe Railway Company. KBN, Inc. acquired MNN from Rail America late in the year 2000. Prior to my employment by MNN, I worked for Red River Valley & Western Railroad beginning in 1990.

On or about March 9, 2001, I received a telephone call from Ms. Janet Walpole, an employee of Canadian National Railway Company (CN). Ms. Walpole stated that in June or July, 2001, CN planned to replace the jointed rail in its rail line through Warroad, MN with 136-pound continuous-welded rail. MNN's tracks connect with CN's tracks at Warroad.

Ms. Walpole stated that CN was inquiring about removal of the east and west switches at Warroad. Those switches connect CN's main track with a CN sidetrack sometimes referred to as the transfer track. The CN transfer track connects to trackage owned and operated by MNN.

Ms. Walpole stated that the east and west switches were not fully intact at that time, but she did not state what part of the switches had been dismantled. She stated that it would require considerable work building "step-downs" to the lighter-weight rail in the transfer track if the switches were to be retained. Ms. Walpole stated that CN was considering removal of the switches inasmuch as records indicated no recent history of interchange at Warroad.

I responded to Ms. Walpole by requesting time to research and assess the long-term effect that removal of the switches would have on MNN. I also provided a memo of my conversation with Ms. Walpole to Mr. George LaPray, General Manager of MNN. A copy of that memo is attached to this statement as Appendix LL-1.

March 9, 2001

TO: George LaPray
FROM: Lee Lutt

I received a phone call from the Canadian National regarding planned June or July track relay project. This encompasses the trackage through Warroad. The plan is to lay 136 pound rail through that area.

CN's in house memos were inquiring about the removal of the east and west switches at Warroad. These are the switches that involve the interchange track leading to the MNN trackage. CN is indicating the switches are not fully intact currently, but gave no indication of what part of the switches have been dismantled. The CN memos state it will require considerable work building step downs to the existing 90 pound rail they will need to tie into should the MNN make a case for retaining the switches. The CN is considering the removal of the switches due to their records finding no recent history of activity at Warroad.

I made two initial requests:

- 1> Time for the MNN to research and assess the long term impact switch removal may have, in light of the fact the merger of BN / CN is not completely dead.
- 2> Information of any existing interchange at Warroad with either the MNN or the BNSF. I indicated the MNN would keep them informed as to progress on our position.

The CN contact person until the end of March (maternity leave):

Janet Walpole 514-399-4527

After March 31:

Robert Smit Mgr Interline Marketing 514-399-2905

Mitch Romano Local Account Mgr. - Prairie Div. 807-475-6738

I know RailAmerica was working on some projects utilizing that interchange. I will need to do some additional research on it.

George, inform me of any role you want me to play in this if the MNN wants to take any further action.

cc: David MacDonald

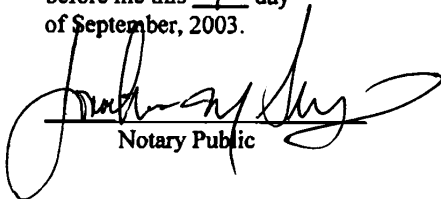
VERIFICATION

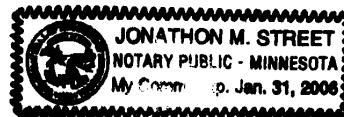
STATE OF MINNESOTA)
) SS:
COUNTY OF POLK)

LEE LAUTT, being duly sworn on oath, deposes and states that he has read the foregoing statement, that he knows the contents thereof, and that the facts therein stated are true and correct.


LEE LAUTT

SUBSCRIBED AND SWORN to
before me this 9 day
of September, 2003.


Notary Public



VERIFIED STATEMENT OF GEORGE LAPRAY

My name is George LaPray. I am General Manager of Minnesota Northern Railroad, Inc. (MNN). I have held that position for the past three years. My business address is P.O. Box 705, Crookston, MN 56716.

I have 35 years of experience in the railroad industry with both large and small railroads, as summarized below:

Years	Employer	Positions
2000 - Present	Minnesota Northern Railroad, Inc.	General Manager
1994 - 2000	NEBKOTA Railway, Inc.	General Manager
1974 - 1994	Association of American Railroads	Special Representative, Manager of Grain Markets, Consultant
1970 - 1974	Western Weighing & Inspection Bureau	Freight Inspector, Freight Claim Investigator
1968 - 1970	Chicago & North Western Railway Company	Various clerical and administrative positions

I was appointed General Manager of MNN effective August 31, 2000, the date on which KBN, Inc. acquired MNN from Rail America Transportation Corp. Rail America had created MNN in 1996 to acquire certain rail lines in northwestern Minnesota from Burlington Northern & Santa Fe Railway Company (BNSF).

The rail lines currently owned and operated by MNN are illustrated in black in the upper left part of a color-coded railroad map of the State of Minnesota that is attached to my statement as Appendix GL-1. Those lines are identified as follows:

Line Description	End Points	Number of miles
Warroad Line	St. Hillaire, MN and Warroad, MN	91.0
Perley Line	Perley, MN and Crookston, MN	44.6
Ada Line	Ada, MN and Crookston, MN	32.7
Strata Spur	Tilden Jct., MN and Strata, MN	2.2
	Total miles owned	170.5

MNN operates between its Warroad line and its Perley and Ada lines by means of trackage rights over the Canadian Pacific Rail System (CP) between Thief River Falls, MN and Erskine, MN (36.48 miles, colored in brown on Appendix GL-1), and over BNSF between Erskine, MN and Crookston, MN (31.2 miles, colored in green on Appendix GL-1).

As reflected in Appendix GL-1, MNN's trackage connects with (1) BNSF at Crookston, MN; (2) CP at Thief River Falls, MN; and (3) Canadian National Railway Company (CN) at Warroad, MN, CN's rail line through Warroad, commonly known as its Sprague Subdivision, is shown in blue on Appendix GL-1.

On March 9, 2001, I received a memo from Lee Lauth of MNN, a copy of which is attached to his verified statement in this proceeding as Appendix LL-1. The upshot of Mr. Lauth's memo was that CN was considering removal of the switches at Warroad, MN between CN's main track and a CN siding known as the transfer track. The CN transfer track connects with MNN's trackage. The context was that CN was about to replace the jointed rail in its main track through Warroad with continuous-welded rail; that it would require considerable work and expense to build "step-downs" from the heavyweight rail in the main track to the lighter-weight

rail in the transfer track if the switches were to be retained; and that there had been no recent history of interchange activity at Warroad.

Upon review, I learned that there had been no written agreement between CN and MNN (under Rail America ownership) for interchange at Warroad. BNSF furnished me with a draft of an interchange agreement for Warroad between CN and a BNSF predecessor dated August 1, 1978, copy of which is attached to this statement as Appendix GL-2. BNSF was unable to state whether that agreement was signed. However, I learned that CN was holding itself out to interchange traffic at Warroad. I found that Warroad was listed among the revenue interchange points for CN in the Open and Prepay Station List published by RAILINC. Attached to this statement as Appendix GL-3 is a copy of page 1067 of that Official Railroad Station List, OPSL 6000-T, effective March 15, 1999, on which Warroad is so listed. I also found that Warroad was included in the listing of freight connections and junction points for CN in the Official Railway Equipment Register. Attached to this statement as Appendix GL-4 is a copy of page RR-132 of that document, effective January, 2001, on which Warroad is so listed. I also found that CN listed Warroad as an interchange point in the Official Railway Guide. It was clear, therefore, that Warroad had been an active interchange point for traffic between CN and BNSF (or its predecessors), and that CN was continuing to hold itself out to interchange traffic at Warroad.

On March 30, 2001, I sent a letter to Mr. Robert Smit of CN, a copy of which is attached to this statement as Appendix GL-5. My letter made it clear to CN that MNN objected strongly to removal of the switches inasmuch as that would preclude the opportunity for MNN-CN interchange at Warroad:

Be assured that a Canadian National interchange at Warroad plays a vital strategic role in Minnesota Northern's future plans;

We consider a CN interchange to be essential to the long term viability of our Warroad subdivision;

(C)ontinuing the CN-MNN interchange at Warroad, MN is of critical importance to Minnesota Northern Railroad.

At the same time, my letter let CN know that only one of the two switches under consideration needed to be retained for that purpose, viz.:

We understand the CN's desire to control costs associated with main line switches suggest that it might be possible to eliminate the current west switch associated with the current interchange track arrangement.

MNN took that position because it was convinced that an interchange with CN at Warroad would enable it to develop additional rail traffic. At the time that CN proposed to remove switches at Warroad, KBN had owned MNN for only six months. Under Rail America ownership, MNN traffic had been interchanged with BNSF and CP, but not with CN. For the sake of continuity, that interchange pattern was continued during the first few months of MNN operation under KBN ownership. However, KBN fully intended to cause MNN to develop substantial traffic for interchange with CN at Warroad. My letter to Mr. Smit of CN made that clear. (Appdx. GL-5).

Nevertheless, in a letter to me dated May 30, 2001, from Mr. D.N. Wilson, Director, Interline Management, CN communicated its decision to remove the two switches at Warroad. A copy of that letter is attached to this statement as Appendix GL-6. As reflected in that letter, CN's decision was based on the absence of current traffic moving via Warroad and the absence

of a firm commitment from any shipper to move traffic via that interchange. That letter reflected CN's position that it would discuss any proposed traffic via Warroad that would support the expense of reinstallation of one or more of the switches.

Attached to my statement as Appendix GL-7 is a print of the track configuration at Warroad. The east and west switches between the CN main track and CN transfer track are shown on that print, as is the switch connecting MNN to the CN transfer track. At the time that CN communicated its decision to remove the switches, it had already virtually completed removal of the east switch. That is illustrated in two photographs of that switch that I took on June 7, 2001, which are attached to this statement as Appendix GL-8. The frog, closed rail and guard rail had been removed from the west switch but remained in the area nearby, as illustrated by two photos that I took on that same date, attached to this statement as Appendix GL-9. The switch between MNN and the CN transfer track was intact, as illustrated by two photos that I took on that date, attached to this statement as Appendix GL-10.

On June 14, 2001, Cenex Harvest States Cooperative (CHS) billed a carload of soybeans from its elevator on MNN at Roseau, MN to its Superior elevator at Superior, WI, routed MNN to Warroad, thence CN to Superior, with CP delivery. A copy of CHS's billing instructions for that shipment is attached to my statement as Appendix GL-11. A copy of MNN's waybill No. 16073 covering that carload is attached to my statement as Appendix GL-12. Notwithstanding the partial removal of CN's west switch at Warroad, I had a reasonable expectation that CN would restore the switch to accommodate the CHS carload, as well as future traffic to and from MNN. That expectation was based on the following factors: (1) traffic via CN at Warroad had

not been embargoed pursuant to embargo procedures in AAR Revised Circular TD-1, copy attached as Appendix GL-13; (2) the CN transfer track at Warroad had not been lawfully abandoned; (3) Warroad was included in the listing of revenue interchange points for CN in the official Open and Prepay Station List (Appdx. GL-3); (4) Warroad was included in the listing of freight connections and junction points for CN in the Official Railway Equipment Register (Appdx. GL-4); and (5) CN showed a connection at Warroad in the Official Railway Guide.

MNN transported the carload of soybeans to Warroad where it was placed ready for interchange to CN. I then attempted interchange of the car by electronically transmitting the MNN waybill to CN via RAILINC. RAILINC verified to MNN that CN received that transmission. However, CN did not take action to accept that car in interchange nor take the car into its account. When it became apparent that CN was not going to accept interchange of the car, MNN transported it from Warroad back to Roseau, after which other disposition was made of its contents.

On June 18, 2001, I called Mr. Mitch Romano of CN's Marketing Department to inquire about CN's failure to have accepted that traffic for interchange. In earlier contacts with CN, I had been directed to discuss any matters involving interchange at Warroad with Mr. Romano. The substance of Mr. Romano's response to me was that there is no interchange between MNN and CN at Warroad. He said that there has been no such interchange for a long time in view of the long-time nonuse of that interchange by BNSF and its predecessor and by MNN under Rail America ownership. He acknowledged CN's removal of trackage in the switches at Warroad. He also acknowledged CN's failure to have embargoed traffic via Warroad. He took the position

that Mr. D.H. Wilson's letter to me of May 30, 2001 (Appdx. GL-6) constituted notice to MNN of CN's intent to remove the switches at Warroad.

I responded to Mr. Romano that CN's contention that no interchange exists at Warroad is absurd and is insupportable by CN's own documentation (i.e., the Open and Prepay Station List, the listing of freight connections in the Official Railway Equipment Register, the Official Railway Guide, and the absence of a valid embargo or abandonment authority). That continues to be my firm conviction.

Sometime after June 18, 2001, CN completed removal of the east and west switches at Warroad. Attached to my statement as Appendices GL-14 and G-15 are photographs of the locations of the former west and east switches, respectively, that I took on July 16, 2003. It is apparent that all switch components were removed at both locations. The disconnected transfer track continues to be located at Warroad. The switch between the MNN track and the transfer track remains intact.

There was, and is, plenty of traffic that would move via Warroad if CN would accept it for interchange. Appendix GL-16 attached to this statement is a compilation of actual MNN-CN traffic during 2001, 2002 and the first five months of 2003, i.e., traffic that either originated on CN and terminated on MNN, or originated on MNN and terminated on CN. There were a total of 1,027 carloads of such traffic over that 29-month period, or an average of 425 carloads per year. It is reasonable to conclude that most, if not all, of that traffic would have moved via Warroad if CN were to have accepted it for interchange. That traffic could have been transported

more efficiently and economically in a two-carrier MNN-CN haul via Warroad than by means of three or more carriers in its actual route of movement.

There continue to be opportunities for new traffic via Warroad. Two such recent opportunities came to my attention from CN itself. On May 27, 2003, I received an e-mail message from Ms. Jennifer Doiron of CN asking for MNN's revenue requirements for shipments of urea fertilizer originating on CN at Brandon, Manitoba, Canada, destined to Climax, MN on MNN, with interchange at Warroad. A copy of that message is attached to this statement as Appendix GL-17. I provided the information requested to Ms. Doiron.

On July 11, 2003, I received a telephone call from Mr. Jason Valliere of CN asking for MNN's revenue requirements for shipments of potash originating on CN in Saskatchewan, destined to Roseau, MN on MNN, with interchange at Warroad. A copy of my memo of that request is attached to this statement as Appendix GL-18.

More than 40 additional carloads of fertilizer per year would move from CN origins to the Salol Elevators on MNN via Warroad if CN were to accept that traffic for interchange. There are three Salol elevators on MNN's line. Salol Elevators is affiliated with the Cenex Harvest States Cooperative. Attached to my statement as Appendix GL-19 is a copy of an e-mail message to me from Mr. Todd Oster, General Manager of Salol Elevators, attesting to the likely receipt of that fertilizer traffic. That message is not dated, but MNN's file indicates that it was received on or about September 2, 2002.

There is a strong, realistic potential for transportation of large quantities of grain over the Warroad interchange. Grain rates quoted by CN from Warroad to Duluth, MN-Superior, WI, in

combination with MNN rates from on-line elevators to Warroad, were and are substantially lower than grain rates from MNN origins to Duluth-Superior via CP or BNSF. Mr. Oster of Salol Elevators was referring to those MNN-CN rates in his message to me (Appdx. GL-19) when he said that the Warroad gateway “would give all of use a great opportunity to gain access to Dul-Sup.” The range of total rail volume of grain from Salol elevators stated in bushels in Mr. Oster’s message to me translates to between 765 and 1,520 carloads per year. There is no doubt in my mind that the MNN-CN grain rates would make CN at Warroad the preferred routing for 80 percent or more of the bulk grain originating on MNN’s Warroad subdivision, which averages approximately 1,300 carloads per year.

A significant quantity of aggregates would be transported over the Warroad gateway by the Strata Corporation if CN would accept that traffic for interchange. Currently that traffic is being trucked approximately 17 miles from Strata’s quarry north of Roosevelt, MN to Warroad for transloading onto MNN. Strata would prefer to truck the commodity only 5 miles to Roosevelt for transloading onto CN if CN would interchange that traffic to MNN at Warroad. That traffic amounts to an average of about 400 carloads per year.

During the period between CN’s failure to accept traffic for interchange at Warroad and the filing of the Complaint in this proceeding, there were extensive negotiations between MNN and CN for reinstallation of the interchange facilities at Warroad. CN’s position is reflected in a letter from CN’s attorney to MNN’s attorney, dated December 9, 2002, that was filed as an attachment to CN’s Answer to the Complaint in this case. For ease of reference, a copy of that letter is attached to this statement as Appendix GL-20.

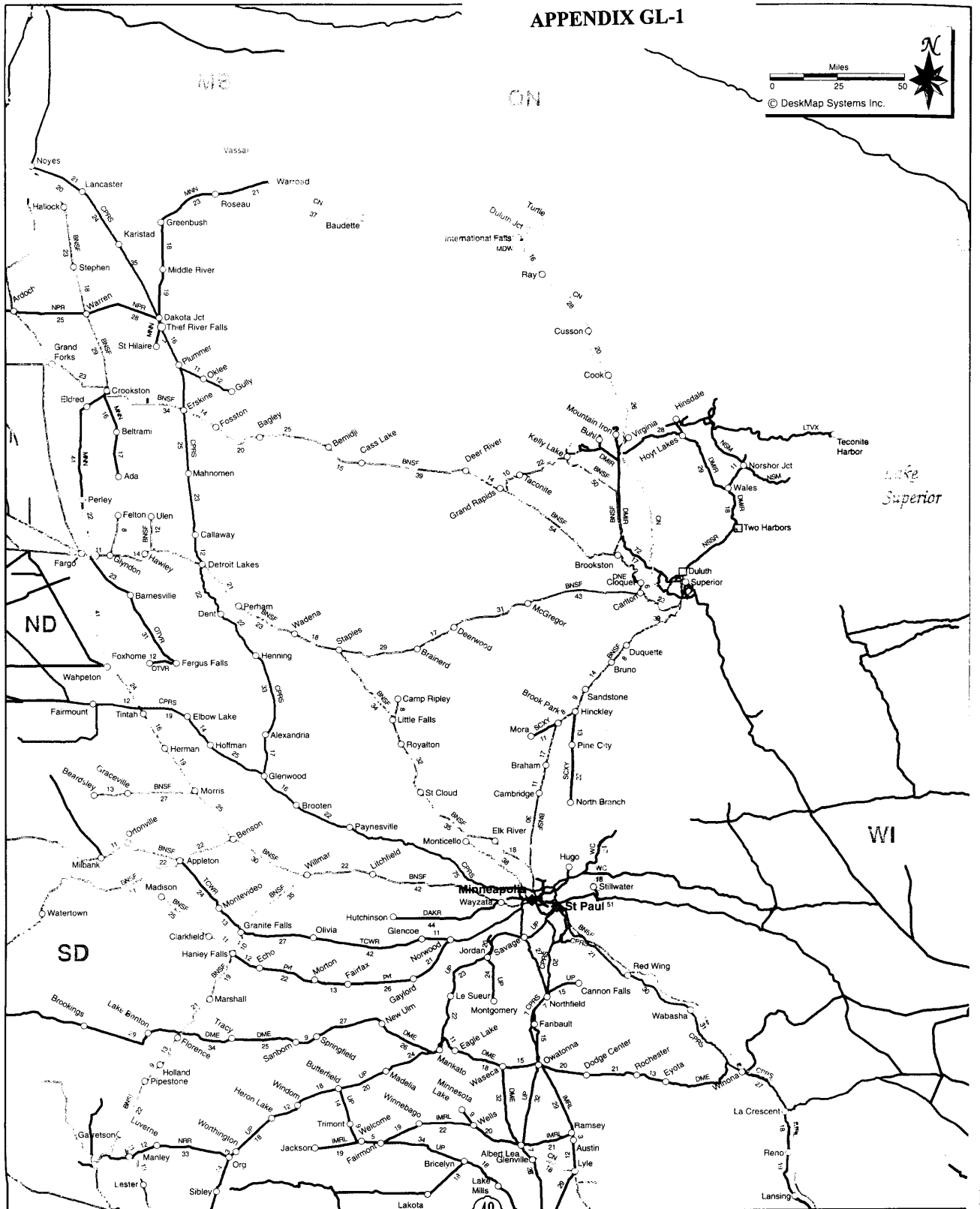
MNN views a Warroad interchange with CN as the most important single thing that MNN can do to better serve its shippers and to grow long-term traffic. In light of the importance of a Warroad interchange, MNN has expressed its willingness to lease the transfer track at Warroad, and to rehabilitate and thereafter maintain that track to at least FRA Class I track safety standards. According to what Mr. Romano of CN told me, it was Rail America's refusal to do so that accounted for CN's unwillingness to interchange traffic at Warroad with MNN under Rail America ownership.

However, MNN has refused to accede to CN's insistence that MNN pay half the cost of reinstallation of the interchange facilities and guarantee a minimum volume of traffic under a furnish-or-pay arrangement as conditions to CN's reinstallation of the facilities. Inasmuch as CN removed those facilities for its own operating convenience over MNN's strenuous objection, while never embargoing traffic over Warroad, nor getting abandonment authority for the transfer track at that location, nor removing Warroad from the listing of CN interchange points in official rail industry publications, MNN is firmly of the view that basic fairness dictates that CN reinstall those facilities at its own expense, and that it accept traffic for interchange at Warroad without a condition as to volume in accordance with its own holding out in public documents.

MNN and CN ultimately reached impasse on those issues. At that point, MNN decided to bring the matter to the Surface Transportation Board for resolution by filing the complaint in this proceeding.

MINNESOTA

APPENDIX GL-1



APPENDIX GL-2
(Page 1 of 2)

DRAFT

THIS AGREEMENT made as at the 1st day of August, 1978.

BETWEEN:

CANADIAN NATIONAL RAILWAY COMPANY
(hereinafter called "CN")

Of the First Part

- and -

BURLINGTON NORTHERN INC.
(hereinafter called "BN")

Of the Second Part

WHEREAS CN has constructed trackage and BN has constructed trackage at the Town of Warroad, in the State of Minnesota, as respectively shown in red and green on Plan No. dated , herunto attached and forming part hereof.

AND WHEREAS CN and BN have agreed that the said trackage shall hereafter be used as, and designated as, the "Transfer Track" for the purpose of interchanging traffic.

NOW THEREFORE THIS AGREEMENT WITNESSETH THAT:

1. CN shall at its own expense, inspect, maintain and repair approximately Two Hundred (200) feet of the transfer track shown coloured red on the aforesaid plan and BN shall at its own expense, inspect, maintain and repair approximately One Thousand (1,000) feet of the transfer track shown coloured green on the aforesaid plan.
2. The transfer track shall be used by the parties hereto for interchange purposes and each party shall have free access thereto. The General Superintendent of Transportation at Winnipeg of CN and of BN shall jointly arrange the hours of switching and for protection on the transfer track; PROVIDED that should both parties operate on the transfer track simultaneously, each party while so operating shall at all times properly protect its own engines and cars.
3. CN shall at its own risk and expense, maintain and repair the portion of the interchange trackage and facilities shown coloured red on the aforesaid plan, and BN shall at its own risk and expense, maintain and repair the portion of the interchange trackage and facilities shown coloured green on the aforesaid plan, provided that CN shall give to the of BN and BN shall give to the of CN, as the case may require, advance notice in writing of intention to perform any work of maintenance or repair on its respective portion of the transfer track which might affect train operations on the said transfer track.
4. Each party hereto accepts the condition of the transfer track and shall not have any claim or right of action against the other party by reason of any defect therein or any interruption or delay of traffic thereon resulting from any work of maintenance or repair referred to in the preceding paragraph hereof.
5. All loss, damage or injury of whatsoever description, including, without limiting the generality of the foregoing, the cost of clearing wrecks by whomsoever sustained, arising in any manner hereunder, caused by the sole negligence of one of the parties hereto, or its exclusive employees, shall be assumed and borne by such party, but this paragraph shall not give to any third party any claim or cause of action.

APPENDIX GL-2
(Page 2 of 2)

- 2 -

6. In the event loss, damage or injury of whatsoever description is caused by the joint acts, negligence or default of the parties hereto, or their employees, or is caused by undetermined or concealed negligence, each party shall bear and pay all loss, damage and injury to its own property or property in its custody or which its employees or others claiming through them may have suffered by reason of or in consequence thereof, and the parties hereto shall each pay fifty percent (50%) of all other loss, damage or injury including cost of repairing the transfer track as well as the cost of picking up and removing any wrecked engines, cars or trains, it being understood and agreed by the parties hereto that cars which have been interchanged from one party to the other in accordance with the A.A.R. Code of Car Service Rules - Freight are in the custody of said other party.

7. This agreement shall be deemed in effect as and from the 1st day of August, 1978, and shall continue in effect until terminated by either party giving to the other party six (6) months notice in writing of its intention to so terminate.

8. All notices to be given under this agreement shall be in writing and may be served either personally or by mailing them by prepaid registered mail to the General Superintendent of Transportation, Canadian National Railway Company, 123 Main Street, Winnipeg, Manitoba and to Burlington Northern Inc., as the case may be.

9. This agreement cancels and supersedes, so far as may be necessary, an agreement dated the 1st day of October, 1908, between the parties as successors to The Canadian Northern Railway Company and the Great Northern Railway Company in respect to interconnection of trackage between the parties at Worroad, in the State of Minnesota.

IN WITNESS WHEREOF the parties hereto have caused this agreement to be executed as of the day and year first above written.

CANADIAN NATIONAL RAILWAY COMPANY

BURLINGTON NORTHERN INC.

OFFICIAL RAILROAD STATION LIST™

Includes National Rate Basis™ and Centralized Station Master Data

- A complete list of over 40,000 rail freight stations on more than 600 carriers in the U.S., Canada and Mexico
- Official Rate Basis Points
- Official Centralized Station Master Data
- Rating ZIP Codes
- Intermodal facilities
- Junction Rule 260 and interchange points
- Standard Point Location Codes
- Freight Station Accounting Codes
- Freight handling facilities and restrictions

K. Eric Wolfe
Issuing Officer

Stephen R. Pendleman
Alternate Issuing Officer

7001 Weston Parkway

Suite 200

Dary, NC 27513

(919) 351-5090

1-800-421-4936

FAX: (919) 351-3266

APPENDIX GL-3
(Page 2 of 2)

REVENUE INTERCHANGE POINTS BY CARRIER

CALIFORNIA NORTHERN RAILROAD COMPANY (CNRR)	CANADIAN NATIONAL RAILWAYS (CN)-Continued.	CANADIAN
NORTHWESTERN PACIFIC (NWP):	CANADIAN AMERICAN (CDAC):	CP RAIL (C)
Schellville, CA.....SCHLV N	St Jean Richelieu, PQ.....STJNS N	Oakville, ON.....OSHW N
UNION PACIFIC (UP):	Ste Rosalie Jct, PQ.....STRJC N	Oshawa, ON.....OSHW N
Davis, CA.....DAVIC N	CAPE BRETON & CENTRAL NOVA SCOTIA (CBNS):	Ottawa, ON.....OTWLY N
Suisun Fairfield, CA.....SUPRF N	Truro, NS.....TRURO N	Paddington, MB.....PDGTN N
Tehama, CA.....TEHAM N	CARLTON TRAIL RAILWAY COMPANY (CTRW):	Parkdale, ON.....PARKD N
Tracy, CA.....TRACC N	Denholm, SK.....DNHLM N	Parry Sound, ON.....PRYSO N
CANAS PRAIRIE RAILNET, INC.(BURLINGTON	North Battleford, SK.....NBATT N	Pcs Cory, SK.....DUVCO N
NORTHERN & SANTA FE RAILWAY CO) (UNION	North Saskatoon, SK.....NSASK N	Pembroke, ON.....PEMBR N
PACIFIC RAILROAD CO) (	Saskatoon, SK.....SKATN N	Port Credit, ON.....PTCRD N
BURLINGTON NORTHERN SANTA FE (BNSF):	CEDAR RAPIDS & IOWA CITY (CIC):	Port Hope, ON.....PTHOP N
Arrow, ID.....ARROW N	Chicago, IL.....CHGO N	Portage la Prairie, MB.....PORLP N
Ayer, WA.....AYERW N	CENTRAL MICHIGAN (CMGN):	Prescott, ON.....PRSCT V
Lewiston, ID.....LEWIS N	Durand, MI.....DURND N	Prince Albert, SK.....PRALS N
Riparia, WA.....RIPAR N	CENTRAL RAILROAD OF INDIANA (CIND):	Rad Deer, AB.....RDEER N
UNION PACIFIC (UP):	Cincinnati, OH.....CINTI V	Red Rock, ON.....REDRK N
Ayer, WA.....AYERW N	CENTRAL WESTERN (CWRL):	Regina, SK.....REGIN N
Riparia, WA.....RIPAR N	Dinosaur, AB.....DINSR N	Rosetown, SK.....ROSTN N
CAMBRIA AND INDIANA RAILROAD COMPANY (CI)	Edmonton, AB.....EDM N	Rouses Point, NY.....ROUPT N
NORFOLK SOUTHERN (NS):	CHICAGO RAIL LINK (CRL):	Saskatoon, SK.....SKATN N
Zbensburg, PA.....ZBENS N	Blue Island, IL.....BLUIS N	Shawinigan, PQ.....SHAWI N
CAMP CHASE INDUSTRIAL RAILROAD CORPORATION	CHICAGO SHORT LINE (CSL):	Sherbrooke, PQ.....SHBRB N
(CCRA)	Chicago, IL.....CHGO C	St Jean Richelieu, PQ.....STJNS N
CSX TRANSPORTATION (CSXT):	CHICAGO, SOUTHSORE & SOUTH BEND (CSS):	St Leonard, NB.....STLND N
Columbus Camp Chase, OH.....COMPC N	Chicago, IL.....CHGO N	St Luc, PQ.....STLUC N
NORFOLK SOUTHERN (NS):	South Bend, IN.....SBEND N	St Thomas, ON.....STTHO N
Columbus Camp Chase, OH.....COMPC N	CHICAGO, CENTRAL & PACIFIC (CC):	Ste Rosalie Jct, PQ.....STRJC N
CANADIAN AMERICAN RAILROAD COMPANY (CDAC)	Chicago, IL.....CHGO N	Sudbury, ON.....SDBRY N
BANGOR & AROOSTOOK (BAR):	CORMAN, R.J./WESTERN OHIO LINE (RJCM):	Superior, WI.....SUPER N
Brownville Jct, ME.....BRNJ N	Lima, OH.....LIMA V	Sylvite, SK.....SYLVT N
CANADIAN NATIONAL (CN):	CP RAIL (CPRS):	Thunder Bay, ON.....THSBAY N
Lennoxville, PQ.....LENVL N	Aldershot, ON.....ALDR N	Tillsonburg, ON.....TSMBC N
Saint John, NB.....STJEN V	Allan Mines, SK.....ALIAN N	TORONTO CHERRY ST. ON.....TORCH N
Sherbrooke, PQ.....SHBRB N	Allenby, PQ.....ALBNY N	Trenton, ON.....TRNTN N
St Jean, PQ.....STJNS N	Alwinston, SK.....ALWIN N	Vancouver, BC.....VNCVR N
Ste Rosalie Jct, PQ.....STRJC N	Armstrong, BC.....ARSMG N	Vancouver Sep Inter, BC.....CAPBO N
CP RAIL (CPRS):	Basque, BC.....BASQU N	Vernon, BC.....VRNOM N
Sherbrooke, PQ.....SHBRB N	Belleville, ON.....BLVL N	Welland, ON.....WELND V
St Jean, PQ.....STJNS N	Bienfait, SK.....BFT N	Weston, ON.....WESTN N
NEW BRUNSWICK SOUTHERN RAILWAY COMPANY	Black Rock, NY.....BUFBK N	Windsor, ON.....WINDS N
LIMITED (NBSR):	Blue Island, IL.....BLUIS N	Woodstock, ON.....WOODK N
Brownville Jct, ME.....BRNJ N	Brampton, ON.....BRAMP V	Yarbo, SK.....YARBO N
ST RAIL SYSTEM (ST):	Brandon, MB.....BRAND N	Yorkton, SK.....YRKTN N
Mattawankeag, ME.....MATTA N	Brighton, ON.....BRITN N	CSX TRANSPORTATION (CSXT):
CANADIAN NATIONAL RAILWAYS (CN)	Brockville, ON.....BRVLE N	Beauharnois, PQ.....BEAUB N
ALGOMA CENTRAL RAILWAY (AC):	Bronte, ON.....BRONT N	Buffalo Fr, NY.....BUFF N
Osa, ON.....OBA N	Buffalo Fr, NY.....BUFF N	Cecile, PQ.....CECII N
ANN ARBOR (AA):	Burlington, ON.....BURLO N	Chatham, ON.....CHAT N
Diann, MI.....DIANN N	Calgary, AB.....CALGY N	Cincinnati, OH.....CINTI N
Toledo, OH.....TOLED N	Camrose, AB.....CROSE N	Courtright, ON.....CRTRG N
BALTIMORE & OHIO CHICAGO TERMINAL (BOCT):	Carberry, MB.....CABRY N	Detroit, MI.....DET N
Chicago, IL.....CHGO N	Chatham, ON.....CHAT N	Detroit Dearborn, MI.....DEARB N
BANGOR & AROOSTOOK (BAR):	Chicago, IL.....CHGO N	Flint, MI.....FLINT N
St Leonard, NB.....STLND N	Clarkson, ON.....CLARS N	Hamler, OH.....HAMLR V
BC RAIL LTD. (BCOL):	Clover Bar, AB.....CLOVB N	Holly, MI.....BOLLY N
Dawson Creek, BC.....DAMCR N	Cobourg, ON.....COBRG N	Huntingdon, PQ.....HUNT N
North Vancouver, BC.....NVANC N	Cornwall, ON.....CORNW V	Lansing, MI.....LANSNG N
Prince George, BC.....PRGEO N	De Beaujeu, PQ.....DEBES N	Lima, OH.....LIMA V
WELT RAILWAY OF CHICAGO (BRC):	Delson, PQ.....DELSN N	Massena, NY.....MASSE N
Clearing, IL.....CLEAR N	Detroit, MI.....DET V	Port Huron, MI.....PTHUR N
BERLIN MILLS RAILWAY (BMS):	Edmonton, AB.....EDM V	Sarnia, ON.....SARNI N
Berlin, NB.....BERLN V	Emerson, MB.....EMER N	Thornton Jct, IL.....TROJC N
BUFFALO & PITTSBURGH (BPRR):	Estevan, SK.....ESTEV N	Toledo, OH.....TOLED N
Buffalo Fr, NY.....BUFF N	Fargo, ON.....FARGO N	Windsor, ON.....WINDS N
BUFFALO SOUTHERN (BSOR):	Fort Erie, ON.....FTERE N	Wyandotte, MI.....WYDOT N
Buffalo Fr, NY.....BUFF V	Galt, ON.....GALT N	DELRAY CONNECTION (DC):
BURLINGTON NORTHERN (MANITOBA) LTD (BNKL):	Gladstone, MB.....GLADS N	Detroit, MI.....DET N
Winnipeg, MB.....WINPG N	Grand Mere, PQ.....GRANM N	Ecorse, MI.....ECORS N
BURLINGTON NORTHERN SANTA FE (BNSF):	Guelp, ON.....GULPH N	DULUTH, MISSABE & IRON RANGE (DMIR):
Chicago, IL.....CHGO N	Hagersville, ON.....HAGER N	Shelton Jct, MN.....VRGNA N
Detroit, MI.....DET C	Hamilton, ON.....HMTN N	ECORAIL (ECO):
Emerson, MB.....EMER N	Hewitt, ON.....HEWIT N	Chambly, PQ.....CHMBL N
New Westminster, BC.....NWSTR N	Ingersoll, ON.....INGER N	ELGIN, JOLIER & EASTERN (EJE):
Northgate, SK.....NORGT N	Joliette, PQ.....JOLIT N	Griffith, IN.....GRIFF N
Noyes, MN.....NOYES N	Kallum, SK.....KALUM N	ESSEX TERMINAL (ETL):
Superior, WI.....SUPER N	Kamloops, BC.....KAMLO N	Windsor, ON.....WINDS N
Vancouver, BC.....VNCVR N	Kelowna, BC.....KELOW N	GATEWAY WESTERN (GWRW):
Ward, MN.....WARD M	Kitchener, ON.....KITCH N	Chicago, IL.....CHGO V
Winnipeg, MB.....WINPG N	Lacolle, PQ.....LACOL N	I & M RAIL LINK (IMRL):
CANADIAN AMERICAN (CDAC):	Leaside, ON.....LEASI N	Chicago, IL.....CHGO V
Lennoxville, PQ.....LENVL N	Lennoxville, PQ.....LENVL N	ILLINOIS CENTRAL (IC):
Saint John, NB.....STJEN V	Lloydminster, SK.....LOYDM N	Chicago, IL.....CHGO N
Sherbrooke, PQ.....SHBRB N	London, ON.....LOND N	Harvey, IL.....HARVY N
	Lumby, BC.....LUMBY N	INDIANA & OHIO CENTRAL (IOCR):
	Milton, ON.....MILTO N	Springfield, OH.....SPFLD V
	Montreal Wharf, PQ.....MTLWP N	INDIANA & OHIO (IORY):
	Moose Jaw, SK.....MOOJA N	Cincinnati, OH.....CINTI N
	New Toronto, ON.....NETOR N	INDIANA HARBOR BELT (IHB):
	New Westminster, BC.....NWSTR N	Blue Island, IL.....BLUIS N
	Niagara Falls, ON.....NFALE N	IOWA INTERSTATE (IAIS):
	Norco, SK.....NORCO N	Blue Island, IL.....BLUIS N
	North Bay, ON.....NBAY N	Chicago, IL.....CHGO V
	Noyes, MN.....NOYES N	

See Page ii for Canadian and State Commission Numbers and Cancellations

THE OFFICIAL RAILWAY EQUIPMENT REGISTER®

**FREIGHT CONNECTIONS &
FREIGHT CARS OPERATED
BY THE RAILROADS
AND PRIVATE CAR COMPANIES
OF NORTH AMERICA**

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January 2001

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R. E. R. PUBLISHING CORPORATION, Agent.

**K. Keeney, Issuing Officer
10 Lake Drive, Hightstown, NJ 08520-5397**

CANADIAN NATIONAL RAILWAY

L n g No.	A.A.R. Mech. Desig.	DESCRIPTION	A.A.R. Car Type Code	NUMBERS	DIMENSIONS																CAI Cub Feet Low Fuel					
					INSIDE			OUTSIDE						DOORS												
					Length	Width	Height	Length	Width	Height from Rail		Side		Width of Opening	Height of Opening											
										To End of Sides or Platform	To End of Sides or Platform	To End of Sides or Platform	To End of Sides or Platform													
See Explanation Pages for Abbreviations & Symbols					ft. in.	ft. in.	ft. in.	ft. in.	ft. in.	ft. in.	ft. in.	ft. in.	ft. in.	ft. in.	ft. in.	ft. in.	ft. in.	ft. in.								
DWC																										
1228	FB	Flat	C	F141	505195	52	8	9	4	11	1	50	10	9	4	10	3	3	7	3	8	15	1	.....	.....	
1229	FB	Flat	C	F241	505196 - 505799	52	8	9	4	11	1	50	10	9	4	10	3	3	7	3	8	15	1	.....	.....	
1230	FBS	Flat	C	F251	505198, 505202	52	8	9	4	11	1	50	10	9	4	10	3	3	7	3	8	15	1	.....	.....	
					505206, 505208-505209, 505220, 505222, 505254, 505272, 505298, 505304, 505309-505310, 505314-505315, 505329, 505340-505341, 505344, 505346, 505389, 505396, 505403, 505438, 505454, 505458-505459, 505465, 505500, 505514, 505548, 505550, 505553, 505567, 505578, 505581, 505611, 505615, 505624, 505630, 505641, 505645-505646, 505657, 505659, 505670, 505672, 505678, 505693-505694, 505698, 505712, 505721, 505725, 505728, 505741, 505744, 505746, 505751, 505754-505755, 505757, 505767, 505778, 505797																					
1231	FB	Flat, Silt, Bkhd, 12 Centre & 24 Side Stake Pockets, 34 Lading Strap Anchors, Wood Fr. Between Bolsters, Canadian Built, May be Used Only in United States in Accordance with United States Customs	C	F241	505350 - 505849	51	6	9	4	10	10	58	9	9	4	10	3	3	10	3	11	14	9	.....	.....	
1232	FB	Flat, Silt, Bkhd, 12 Centre & 24 Side Stake Pockets, 34 Lading Strap Anchors, Wood Fr. Between Bolsters, Canadian Built, May be Used Only in United States in Accordance with United States Customs	C	F241	507900 - 508999	51	6	9	4	10	10	58	9	9	4	10	3	3	10	3	11	14	9	.....	.....	
1233	FBS	Flat	C	F251	507928, 507947	51	6	9	4	10	10	58	9	9	4	10	3	3	10	3	11	14	9	.....	.....	
					508998																					
NAR																										
1234	XP	Box, Silt, Nailable Silt Fr., Restricted to International Service Between Canada & United States, Must Not be Used in Domestic Service Between Ports in Canada	C	A303	50001 - 50030	52	8	9	4	11	1	57	7	9	10	10	6	14	5	14	9	15	6	16		54
1235	XP	SSSS	C	A303	50101 - 50170	52	8	9	4	11	1	57	7	9	10	10	6	14	5	14	9	15	6	16		54
MISC. EQUIPMENT																										
1236	Misc.	.....		NONE																						
Total																										

Note 1 — Cars Will Not Clear Third Rail Territory in United States as Follows: Lackawanna & Wyoming Valley Ry.; Long Island R.R.; Michigan Central R.R.-Detroit River Tunnel, Detroit Windsor Electric Zone; Ne R.R.-Grand Central Terminal (42nd St.) to Croton-on-Hudson, Grand Central Terminal (42nd St.) to White Plains (North Station), Melrose to Port Morns, Sedgwick Ave. to Van Cortlandt Park Junction, St. Johns F Duyn, South Brooklyn Ry.; Staten Island R.R., Corp.

Note 2 — Maximum load limits are shown in parentheses after the following lengths of lading: at center (131,900 lbs.), 2' (135,100 lbs.), 4' (138,200 lbs.), 6' (142,000 lbs.), 8' (145,700 lbs.), 10' (150,000 lbs.), 14' (158,500 lbs.), 16' (163,000 lbs.), 18' (load limit).

Note 3 — Maximum load limits are shown in parentheses after the following lengths of lading: at center (165,000 lbs.), 2' (168,000 lbs.), 4' (171,000 lbs.), 6' (175,000 lbs.), 8' (179,000 lbs.), 10' (183,000 lbs.), 14' (191,000 lbs.), 16' (195,000 lbs.), 18' (load limit).

Note 5 — Cars were purchased in the United States and under U.S. Customs Regulations may be used in the same manner as cars carrying marks of U.S. owned railways in the handling of both interna domestic traffic.

EMBARGOS:

Embargo Notices to connecting road will be issued by and should be addressed to Chief of Transportation, Montreal, Quebec, FAX: (514) 399-5374.

FOREIGN CARS:

Address all communications relating to Code of Car Hire Rules and remit Car Hire balances to C.A. Willard, System Manager Equipment Financial System, P.O. Box 8100, Montreal, PQ H3C 3N4.

Address all communications relating to damaged or destroyed cars, and all bills for repairs to D.E. Waller, Vice President Mechanical, P.O. Box 8100, Montreal, PQ H3C 3N4.

FREIGHT CONNECTIONS AND JUNCTION POINTS

CODES: (V - REVENUE) (O - OPERATING) (N - REVENUE & OPERATING)

Alaska RR Corp

Whitler, AK N

Algonia Central Ry Inc

Oba, ON N

Ann Arbor R.R.

Diann, MI N

Toledo, OH N

Baltimore & Ohio Chicago Terminal

Chicago, IL N

Bangor & Aroostook RR Co

St. Leonard, NB N

BC Rail Ltd

Dawson Creek, BC N

North Vancouver, BC N

Prince George, BC N

Belt Ry. of Chicago

Cleaving, IL N

Berlin Mills Ry Inc

Berlin, NH V

Buffalo & Pittsburgh RR Inc

Buffalo Frontier Yd, NY N

Burlington Northern (Manitoba) Ltd.

Winnipeg, MB N

Burlington Northern Santa Fe

Brownsville Branch, BC O

Chicago, IL N

Emerson, MB N

New Westminster, BC N

Northgate, SK N

Noyes, MN N

Superior, WI N

Vancouver, BC N

Warroad, MN N

Winnipeg, MB N

Canadian American RR Co

Lennoxville, PQ N

Saint John, NB V

Sherbrooke, PQ N

St. Jean, PQ N

St. Rose Jct., PQ N

Canadian Pacific Railway

Aldershot, ON N

Allan Mines, SK N

Allenby, PQ N

Canadian Pacific Railway

Alvinsal, SK N

Armstrong, BC N

Basque, BC N

Belleville, ON N

Bienfait, SK N

Black Rock, NY N

Blue Island, IL N

Brampton, ON N

Brandon, MB N

Brighton, ON N

Brookville, ON N

Bronte, ON N

Buffalo Frontier Yd, NY N

Burlington, ON N

Calgary, AB N

Camrose, AB N

Carberry, MB N

Chatham, ON N

Chicago, IL N

Clarkson, ON N

Clover Bar, AB N

Cobourg, ON N

Comwall, ON V

De Beaujeu, PQ N

Delson, PQ N

Detroit, MI V

Edmonton, AB V

Emerson, MB N

Estevan, SK N

Fargo, ON N

Fort Erie, ON N

Galt, ON N

Gladstone, MB N

Grand Mere, PQ N

Guelph, ON N

Hagersville, ON N

Hamilton, ON N

Hewitt, ON N

Ingersoll, ON N

Joliette, PQ N

Kalam, SK N

Kiamloops, BC N

Kelowna, BC N

Kitchener, ON N

Lacolle, PQ N

Canadian Pacific Railway

Leaside, ON N

Lennoxville, PQ N

Lloydminster, SK N

London, ON N

Lumby, BC N

Mantouadage, ON N

Milton, ON N

Montfort Jct., PQ N

Montreal Wharf, PQ N

Moose Jaw, SK N

New Toronto, ON N

New Westminster, BC N

Niagara Falls, ON N

Norco, SK N

North Bay, ON N

Noyes, MN N

Oakville, ON N

Oshawa, ON N

Ottawa, ON N

Paddington, MB N

Parkdale, ON N

Pary Sound, ON N

Pembroke, ON N

Port Credit, ON N

Port Hope, ON N

Portage La Prairie, MB N

Prescott, ON V

Prince Albert, SK N

Red Deer, AB N

Red Rock, ON N

Regina, SK N

Rosetown, SK N

Rouses Point, NY N

Saskatoon, SK N

Shawinigan, PQ N

Sherbrooke, PQ N

Southern, ON O

St. Jean, PQ N

St. Leonard, NB N

St. Luc, PQ N

St. Thomas, ON N

St. Rose Jct., PQ N

Sudbury, ON N

Superior, WI N

Sylvia, SK N

Canadian Pacific Railway

Thunder Bay, ON N

Tilsonburg, ON N

Toronto Bath St Jct., ON O

Toronto Cherry St., ON N

Trenton, ON N

Vancouver, BC N

Vernon, BC N

Wesland, ON N

Wesson, ON N

Windsor, ON N

Woodstock, ON N

Yarbo, SK N

Yonkon, SK N

Cape Breton & Central NS Ry.

Truro, NS N

Cedar Rapids & Iowa City Ry.

Chicago, IL N

Central Michigan Ry. Co.

Durand, MI N

Central RR of Indiana

Cincinnati, OH V

Central Western Ry. Corp.

Ferlow, AB N

Chemin De Fer Baie Des Chaleurs

Clark Brook, PQ O

Chicago, Central & Pacific R.R. Co.

Chicago, IL N

Chicago Rail Link

Blue Island, IL N

Chicago Southshore & South Bend

Chicago, IL N

South Bend, IN N

Chicago West Pullman & Southern

Chicago, IL N



Minnesota Northern Railroad
PO Box 705
Crookston, MN 56716
Phone: 218.281.4704 FAX: 218.281.4705

30 March, 2001

Mr. Robert Smit
Manager Interline Marketing
Canadian National Railway
935 de La Gauchetiere Street West, 10th Floor
PO Box 8100
Montreal QC H3C 3N4

Dear Mr Smit:

Reference recent conversation between Janet Walpole of CN Marketing and Tom Kotnour, Minnesota Northern Railroad's (MNN) President, concerning interchange track at Warroad, Minnesota.

Janet contacted us regarding an upcoming track relay project involving CN's line through Warroad. The absence of any interchange traffic between CN and MNN at this location had apparently raised questions at CN regarding leaving your main line switches in place accessing the interchange track.

Minnesota Northern Railroad was purchased by the current owners late in 2000. MNN's previous owners had apparently made no attempts to develop traffic over the Warroad interchange. Be assured that a Canadian National interchange at Warroad plays a vital strategic role in Minnesota Northern's future plans. We consider a CN interchange to be essential to the long term viability of our Warroad subdivision.

One of the MNN's largest shippers, with multiple MNN served facilities, is Strata Corporation (Bradshaw Aggregates), who are currently developing an entirely new quarry several miles north of Roosevelt, Minnesota. Roosevelt is located on CN's Sprague subdivision approximately 13 miles east of Warroad. Intended markets for production from this quarry are Northwestern Minnesota and Eastern North Dakota. Strata Corporation has indicated, to us, a willingness to build a rail line from the quarry site to the CN main line at Roosevelt provided that either: 1, satisfactory arrangements can be made for CN movement of quarry product from Roosevelt to Warroad; or 2, MNN is able to secure trackage rights over CN between Warroad and Roosevelt for the purpose of serving the Strata Corporation quarry.

While the Strata Corporation Roosevelt quarry looms large in MNN's plans for future traffic development we believe other opportunities for traffic development over the Warroad interchange also exist. We are currently handling CN originated fertilizer and grain to MNN destinations which could easily be handled via direct interchange at Warroad. Additionally, the Minnesota Northern is currently looking at two non agricultural movements, the first is an inbound movement to Marvin Windows at Warroad, and the second is a movement originating at Thief River Falls, MN. Both will best be served through a CN junction at Warroad.

Page 2
Mr. Robert Smit
Canadian National Railway
30 March 2001

In conclusion, continuing the CN-MNN interchange at Warroad, MN is of critical importance to Minnesota Northern Railroad. We understand the CN's desire to control costs associated with main line switches suggest that it might be possible to eliminate the current west switch associated with the current interchange track arrangement.

We would be pleased to discuss this further with you or anyone from Canadian National.

Sincerely,

George LaPray
General Manager

cc: M. Romano, CN Marketing, Thunder Bay, ON

MAY. 30. 2001 3:06PM

CN INTERLINE MANAGEMENT TORONTO

APPENDIX GL-6



Canadian National

Interline Management

CN
277 Front Street West
Suite 703
Toronto, Ontario, Canada
M5V 2X7
Telephone: (416) 217-6788
Facsimile: (416) 217-6173

Date: 30 May 2001

G. A. LaPray
General Manager
Minnesota Northern Railroad
P. O. Box 705
Crookston, MN 56716

VIA FAX

Dear Mr. LaPray

This is in response to your letter regarding the interchange track at Warroad, Minnesota. As you are aware, CN will be relaying rail with 136# steel through Warroad in the near future.

As there is no current business moving via this route and no firm commitment from any shipper to do so, after careful consideration, CN has decided to straight the two switches at Warroad.

Having said that, CN is not closing the door to handling interchange traffic via this location. We look forward to discussing any proposed business which would support the capital expenditure necessary for the re-installation of the switch(s).

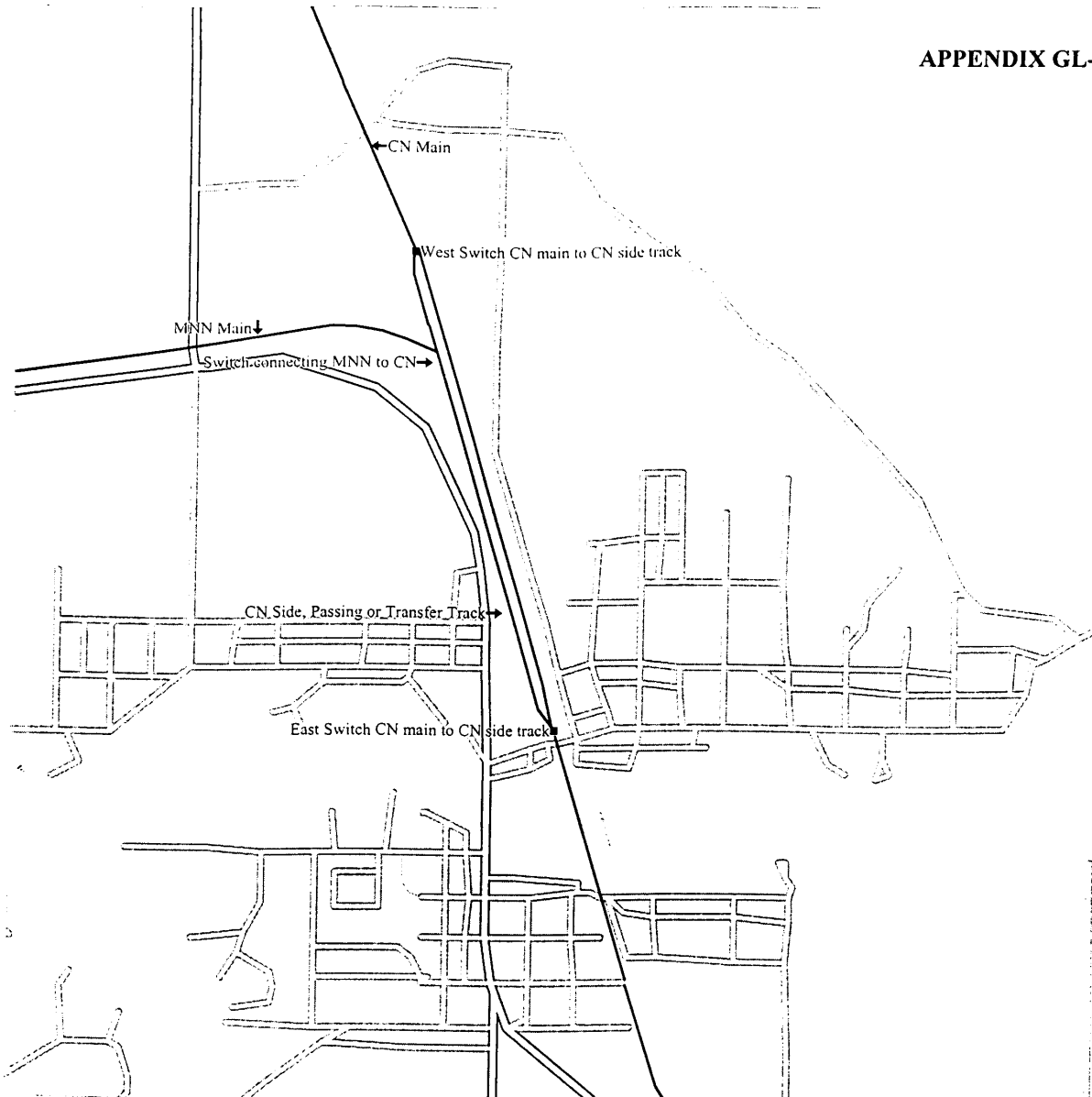
A handwritten signature in dark ink, appearing to read 'D. N. Wilson', is written over a horizontal line.

D. N. Wilson
Director, Interline Management

CC: M. Romano, Account Manager, Thunder Bay, ON

CN, MNN at Warroad, MN

APPENDIX GL-7



APPENDIX GL-8



Photo #1 - Location: Warroad, MN standing on CN Main - facing South at East Transfer Track switch.

Date: 07 June 2001

Note - switch has largely been removed. Points, frog, switch stand all removed.

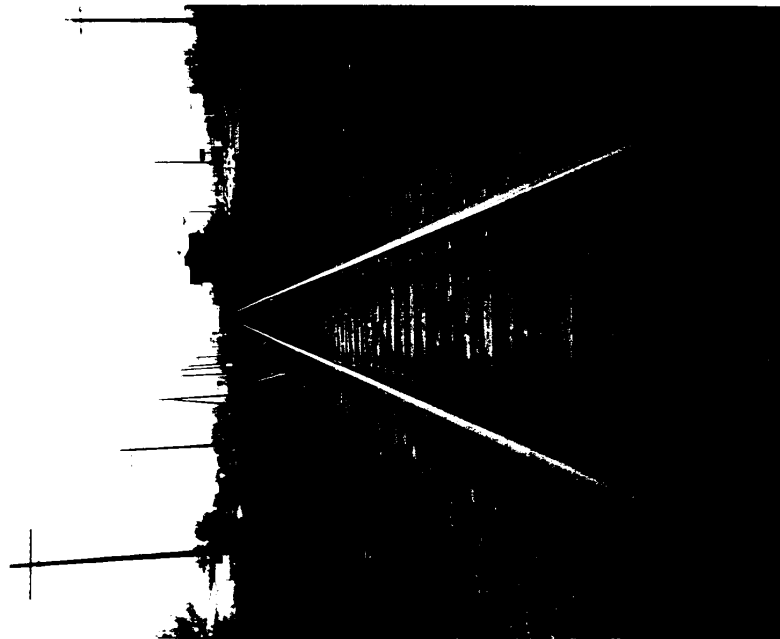


Photo #2 Location: Warroad, MN standing on CN Main - facing North at East Transfer Track switch.

Date: 07 June 2001

Note: Switch largely removed. Points, frog, switch stand removed. Note top of crossies along right (east) rail it can be clearly seen that larger switch tie plates have recently been removed - area formerly covered by switch tie plates is darker in color - this area has clearly been "pumping mud" but tie plates replaced recently enough that exposes area has not yet been mud and dust covered.

APPENDIX GL-9



Photo #3 - Location: Warroad, MN standing on CN Main - facing South at West Transfer Track switch.

Date: 07 June 2001

Note - switch is intact except for frog which has been removed. Frog noted in vegetation to right (west) of switch. Note: New CWR at left edge of ballast area.



Photo #4 Location: Warroad, MN standing on CN West Transfer Track switch - facing South (CN timetable East). Date: 07 June 2001

Note: Transfer track switch frog has been removed. A guard rail has recently been removed and is laying (with fastenings and appurtenances) to right of transfer track.

APPENDIX GL-10

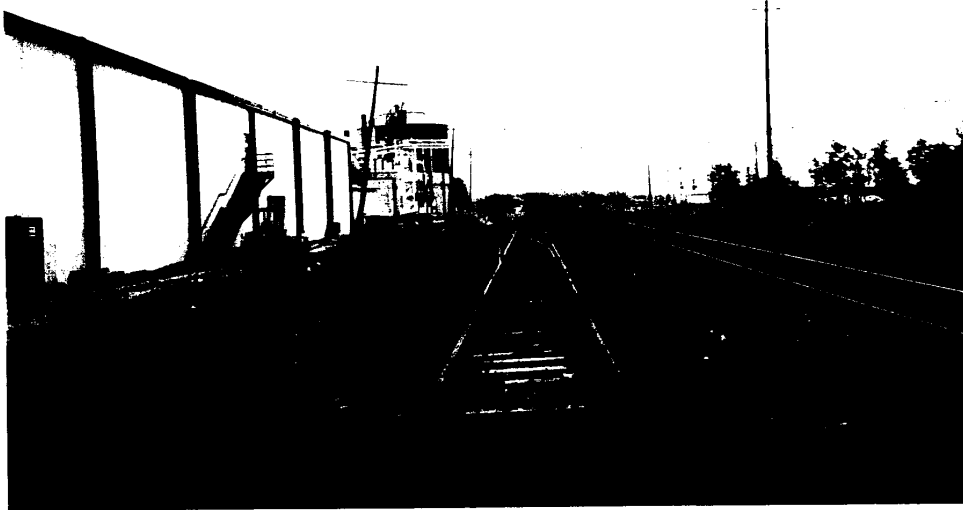


Photo #5 - Location: Warroad, MN standing on CN Transfer Track - facing North (CN Timetable West) .
Date: 07 June 2001
Note - Switch in distance is MNN connector switch. Switch is completely intact, but spiked to prevent use.

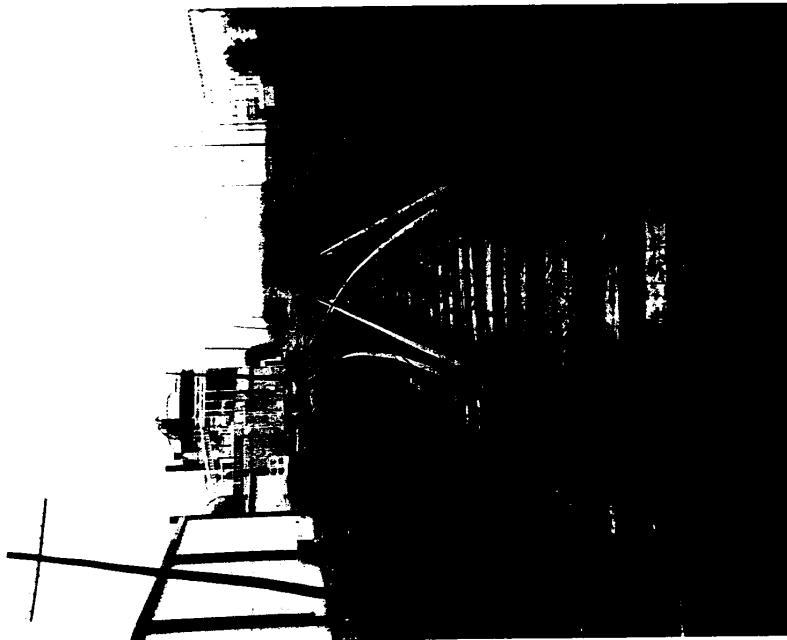


Photo #6 Location: Warroad, MN standing on CN Transfer Track - facing North (CN Timetable West) .
Date: 07 June 2001
Note - Close view of CN connector switch to MNN. Switch is completely intact, but spiked to prevent use.
Diverging route is to MNN, straight route is continuation of CN Transfer Track.

APPENDIX GL-11

PROCUREMENT		MERCHANDISING		WEIGHTS & GRADES	
INITIATOR CODE: <u>1 2 1</u>	TENDER TO: <u>CHSC</u>	PURCHASE			
SHIPPER NAME: <u>Salol Farmers</u>	BLLG FROM: _____	WGHT ☒ 0	FO	T/S	
SHIPPER CODE: <u>2 6 0 2</u>	BUYER NAME: _____	INSP ☐ 0	☒ 0	T/S	
PARENT STATION: <u>Roseau MN</u>	BUYER CODE: _____	SALE / INVENTORY			
PURCH CONT(S): <u>115033</u>	CHSC SAI F: _____	WGHT ☒ 0	FO	T/S	
	N/C SALE: _____	INSP ☐ 0	☒ 0	T/S	
INSP OFFICE: _____	MISC: _____	ORIGINAL B/L#			
LAST CAR SPOT: _____	MISC: _____	ORIGINAL LEAD CAR#			
DEMURRAGE ACCT: _____	MISC: _____	X-SECTION 7 SIGNED			

SHIPPER - CENEX HARVEST STATES		CENEX HARVEST STATES CENTRALIZED RAIL BILLING	
ORIGIN STATION: <u>Roseau MN</u>	UNIT TRAIN # _____	PO BOX 64089 ST. PAUL, MN 55164	
PERX/COT/VOUCHER # _____	RULE 11: ☒ YES ☐ NO	PH: (651) 306-6382 OR 6559 - FAX: (651) 306-6452	
FREIGHT PREPAID BY: <u>CHX</u>		B/L DATE: <u>6-13-01</u> <u>6-14-01</u>	
FREIGHT PREPAID BY: _____		B/L TYPE: ORDER ☒ STRAIGHT ☐ SHIPPER BILL ☐ LP/SHUTTLE	
FREIGHT COLLECT BY: _____		CONSIGN: <u>CHSC Superior Elev</u>	
		NOTIFY: _____	
		DEST: <u>Superior WI</u>	
		ROUTE: <u>MN-Walton-CW-CPS2</u>	
RATE PAID TO RR: \$ _____	ITEM: _____	RR CONTRACT# _____	
PRIVATE CAR RATE \$ _____	ITEM: _____	MISC: _____	
TARIFF CAR RATE \$ _____	ITEM: _____	TRACK SCALE WGTS TO APPLY YES NO	
TARIFF CAR RATE \$ _____	ITEM: _____	CARS TO BE WEIGHED ON _____ RAILROAD	
CONTRACT BASIS: <u>DLW SD</u>	SHIPPER <u>Dest</u> BUYER <u>0715</u>		

Car		RR/PR	Commodity	Weight	E/A	Grades	CG or CBX	STRAGGLER PERMIT #
1	MNN/2211	MN	Soybeans	145000	E			
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								

JUN 14 01 06:48P

MINN KRIKORIAN

2102011710

P. 1

467 MINNESOTA NORTHERN R.

551CNSOYBE

APPENDIX GL-12

WAYBILL

Car Initial and Number	Kind	No. Cars	Waybill Date	Waybill Number
MNN 12211	HC	1	06/14/01	16073
Road Station		State	For	Consignee at Stop
STOP THIS CAR AT				
To No.	Station	State	From No.	Station
817	SUPERIOR	WI	55294	ROSEAU
			Billed at No.	Station
				State
Route		A/S	B/L Number	B/L Date
MNN WARRE CN SUPER CPRS		S	NS	06/13/01
		Ref Number	AP	B/L Time
		551CNSOYBE		1807
Consignee		Shipper		
CENEX HARVEST STATES		CENEX HARVEST STATES - ROSEAU		
		232 2nd AVENUE SE		
		BOX 178		
SUPERIOR, WI		ROSEAU, MN 56751		
Party to Receive Freight Bill		Notify Party on Arrival		
AGRILANCE				
BOX 64089				
ST PAUL, MN 551640089				
Special Instructions		Weighed		Tariff Authority
WI WAIVE INSPECTION		At DESTINATION WEIGHT AGREEMENT		
SLC SHIPPER LOAD AND COUNT		Estimated Gross		Item:
		325,500		
		Tare		Sec. 7
		62,500		NO
		Allowance		
		Estimated Net		Method of Payment
		263,000		
STCC Number	Declared Value not to Exceed		Seals	
01 144 10	Per			
Pkgs	Qual	Description of Articles	Weight	Rate
1.00	CLD	SOYBEANS	250000	
		Freight	Advance	Prepaid

ASSOCIATION OF AMERICAN RAILROADS CIRCULARS

PROCEDURES FOR REPORTING
INFORMATION APPLICABLE
TO TD-1 & TD-2 VIA
THE INTERNET

- Go to the Association of American Railroads (AAR) web site, <http://www.aar.org>
- From the AAR home page select the "Services" button. From the AAR Services page, select AAR Embargoes Online.
- To view embargoes listed: All embargoes listed by issue date, all embargoes listed by Railroad, and Embargo Number, or Currently active embargoes, listed by railroad.
- To submit an Embargo for review prior to issuance by AAR staff select "Issue an Emergency Embargo" and fill in the format presented.
- To submit an Amendment or Cancellation for review prior to issuance by AAR staff make the appropriate selection and fill in the format presented.
- For an Embargo, Amendment or Cancellation submitted via the INTERNET to the AAR web site, the Name, Company, and Phone Number of the individual submitting the information must be entered at the top of the data input screen prior to review and issuance by AAR staff.
- If INTERNET access is unavailable, please FAX all TD-1 & TD-2 requests to (919) 651-5401.
- On Weekends, Holidays and Emergencies please call (919) 651-8465 and your organization will be contacted as soon as possible. Follow up your call with a FAX to (919) 651-5401.

REVISED CIRCULAR TD-1

ASSOCIATION OF AMERICAN RAILROADS

Effective May 1, 1992

TO: TRANSPORTATION OFFICERS—ALL RAILROADS

The following instructions shall govern the placing and handling of embargoes:

I. DEFINITIONS

- An embargo is a method of controlling traffic movements when in the judgment of the serving railroad, threatened congestion or other interferences with operation, of a temporary nature, warrant restrictions against such movements.
- For the purpose of this Circular, "traffic" is defined as loaded and empty freight cars, trailers and/or containers. This shall include carrier and privately owned or leased freight cars, trailers and/or containers. This shall not include empty cars, trailers and containers returning home or to their assigned loading point in accordance with Car Service or Trailer and Container Service Rules, empty private cars returning to their previous loading point, or any empty movements directed by specific orders of the Customer Operations Division.

II. PROHIBITIONS

- It is prohibited to issue embargoes:
 - As a permanent measure to control traffic.
 - At the request of a consignee.
 - To control the routing of traffic to or via any particular gateway or railroad.
 - Against acceptance of traffic on specified days.
 - Limiting the amount of traffic to be accepted daily or periodically.
 - Against traffic consigned to the United States Government, its authorized agents or officers, except when physical disability prevents movement of such traffic.
 - Against a consignor or consignee for failure to pay freight charges and/or demurrage.
- It shall not be permissible to maintain an embargo against:
 - Traffic for railroads or parts thereof, or stations, which have been authorized to be abandoned, except as a temporary measure, to be kept in effect only until tariff revision can be accomplished.
 - Movements of traffic because of weather conditions except to cover a period not practicable to include in tariffs.
 - Acceptance of traffic by reason of weight or clearance limitations, except as a temporary measure, pending publication of restrictions in *Railway Line Clearances*.

III. PROCEDURE

When necessary to restrict traffic movements, for periods in excess of 24 hours, an embargo must be used. It will be the responsibility of a railroad to place its own embargo rather than wait for such action by its connections, when such connections are offering traffic in excess of ability of the receiving railroad to accept. An embargo placed against an individual consignee is applicable to traffic consigned, re-consigned or intended, as well as traffic billed "shippers order" for that consignee.

- Carriers placing, amending or cancelling an embargo must notify the A.A.R. by wire, FAX or telephone. Telephone notifications must be confirmed by letter or wire. The Association of American Railroads will transmit via TELEX, FAX or TRAIN II message notices of embargoes placed, amended, or canceled, to each AAR full member railroad's designated embargo officer named in *The Official Railway Equipment Register*, to the Surface Transportation Board and the American Short Line Association. The AAR will provide an electronic subscription service for daily embargoes to other interested parties upon request. Parties may also obtain daily embargo information through Western Union's FYI service.

- Each railroad shall designate an officer to issue and receive embargoes, whose name, title and address must be published in *The Official Railway Equipment Register*. Each railroad shall maintain a file of applicable embargoes for the information of the public.

- Embargoes against a consignee must be placed by the railroad performing the switching service or by a connecting roadhaul carrier for traffic it delivers to the switching carrier for that consignee. If served by more than one road, a consignee may be embargoed by each such road or, upon request of railroads involved, an Association of American Railroads embargo will be issued by the Association of American Railroads.

- If in the judgement of the Association of American Railroads an emergency exists, it may issue an embargo without a prior request by the serving or switching carrier(s) involved.

- The Association of American Railroads will issue an Association of American Railroads embargo (a) at the request of the Surface Transportation Board, or (b) for the same situation, upon request of two or more railroads, to apply to traffic for movement over the requesting railroads.

- Each railroad will number embargoes it originates, consecutively, beginning with number "1" on January 1 of each year. The originating road's file numbers or prefixes will be omitted. Consecutive embargo numbers shall be followed by the last two digits of the year in which issued, thus the first embargo for 1995 would be numbered 1-95, the second 2-95, etc. Following is an example of recommended form to use in placing embargoes or supplements thereto:

Embargoed Road, Number and Effective Date	Commodity	Destination or Territory	Consignee	Exception	Cause
East & West Rwy. Embargo No. 5-95 October 15, 1995	Carload Freight	Chicago, Illinois	North & South Mfg. Company	None	Accumulation

- Embargoes will remain in effect until cancelled but, unless cancelled, will automatically expire one year after effective date of issuance. No expiration date shall be stated in the embargo. (See VIII. REISSUANCE).

- An embargo shall be in alphabetical order the stations not to be handled the traffic.

IV. EFFECTIVE DATE

The body of the embargo shall state a specific date, not earlier than date of receipt by the Association of American Railroads, in which the embargo is to become effective. All embargoes become effective at 11:59 a.m. of the date specified and no traffic will be accepted for movement except as specified in Paragraph IV-A.

- An origin road will accept loaded cars, trailers and/or containers for movement to embargoed destinations not to exceed 48 hours after the effective date of the embargo and then only for traffic loaded in the process of loading prior to the effective date of the embargo. Empty cars, trailers and/or containers, suitable to shippers loading facilities do not qualify as being in the process of loading.

- The embargoing road will accept traffic from connections which was accepted in accordance with the provisions of Paragraph IV-A.

- An embargo may include a cut-off date, as related to origin roads and shippers, which is the anticipated time traffic can no longer be accepted by the embargoing road. The effective date referred to in Paragraph IV-A is the governing date and should be adjusted by the issuing carrier to meet its required cut-off date.

V. AMENDMENTS AND CANCELLATIONS

Amendments or parts thereof reducing restrictions and embargo cancellations become effective immediately on submission to the Association of American Railroads, unless otherwise specified therein. Amendments or parts thereof increasing restrictions will have an effective date and will be subject to section IV-A of this Circular.

- When an embargo is amended, the contents of the original restrictions remaining in effect shall be considered continuous in application. Amendments shall be consecutively numbered and in each case shall state the reason for the change.

- Railroads will cancel embargoes immediately upon removal of cause for which embargo was issued.

VI. PERMITS

An embargo may contain provision for a permit system to provide controlled movement of traffic. Where a permit system is used, the embargo will contain the name and address of the person responsible for the issuance of permits. A permit system shall be established in such a way as to protect the shipping public against unjust discrimination and undue prejudice, and should be limited to:

- The acceptance of traffic for export or water movement to meet a definite vessel commitment.

- Such other emergency situations where there is public necessity for special transportation relief.

NOTE: Each road must maintain a record of all permits issued and upon request of the Association of American Railroads, copies shall be sent promptly with information indicating reasons for the issuance of such permits.

VII. WATER CARRIERS

Water carriers listed in Appendix "A" of Association of American Railroads Circular TD-1 printed in the current issue of *The Official Railway Equipment Register*, have agreed to transmit embargoes, amendments or cancellations thereof, issued by them to the Association of American Railroads and to connecting rail carriers. In turn, the Association of American Railroads shall transmit embargo notices to the water carriers. Water carrier embargoes transmitted to the Association of American Railroads shall be issued in the name of the originating water carrier. Embargoes issued by such water carriers will be observed by the railroads in the same manner as those issued by railroads. In the event of failure of the water carrier to receive traffic currently, and to issue formal embargo notice, it shall be incumbent on connecting rail carriers to issue individual embargoes covering the traffic involved, in the same manner as against individual receivers.

VIII. REISSUANCE

Each embargo will automatically expire one year after the effective date of issuance unless requests made to the Association of American Railroads for reissuance. Reissuance requests must include a new number in accordance with Paragraph III-F, and a statement that it does not violate the provisions of Section II.

Yours very truly

J. J. Carroll

NOTE 1. Changes in Appendix "A" listing water carriers, are made regularly and may be found in current issues of *The Official Railway Equipment Register*.
The provisions of this circular marked with an asterisk () do not apply to trailers and/or containers.

NOTE 2. Whenever possible embargoes should be received by 3:30 P.M. (Eastern Time) to assure issuance by AAR that business day. During weekends or holidays, railroads can issue an embargo using the process outlined in Circular OT-10 SPECIAL REPORTING PROCEDURES for Circulars TD-1 and TD-2.

CIRCULAR TD-1—APPENDIX A

WATER CARRIERS WHICH HAVE AGREED TO EXCHANGE EMBARGO
INFORMATION THROUGH EMBARGO HEADQUARTERS

ADDRESS: J. J. CARROLL, SR., ASSISTANT VICE PRESIDENT,
ASSOCIATION OF AMERICAN RAILROADS, 50 F ST., N.W., WASHINGTON, D.C. 20001,
TLX 89 2352, TWX 5106002524, TELESCOPIER 919-650-5106

NAME OF LINE, TITLE OF DESIGNATED EMBARGO OFFICER AND ADDRESS

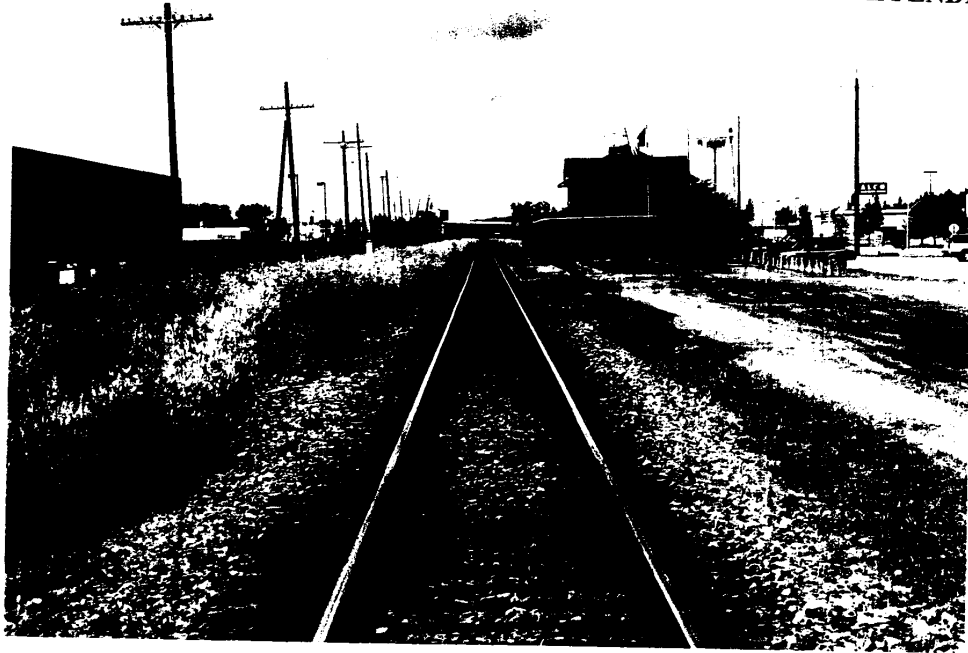
Alaska-British Columbia Transportation Co.	The Intercoastal Steamship Freight Association	Pacific Sound Freight Lines
E. D. Anderson, Mgr. of Proc.	D. R. Seane, Chairman	L. S. Gardner, V.P. Traffic
P.O. Box 2287	17 Battery Place	P.O. Box 2452
Seattle, Wash. 98111	New York, N.Y. 10004	Seattle, Wash. 98124
American Commercial Barge Line Co.	Includes:	River Lines, Inc.
W. A. Kaman, Vice President—	Canal Steamship Corp.	W. Lumore, T.M.
Traffic	Pope & Tabol, Inc.	Wile & Lumore
1701 East Market St.	Sea-Land Service, Inc.	150 California St.
Jeffersonville, Ind. 47120	States Marine Lines, Inc.	San Francisco, Calif. 94111
Arnold Transit Company	United States Lines, Inc.	Seaspan International, Ltd.
O. W. Lamp, President	Weyerhaeuser Company	W. S. Sumner, Mgr. Pac.
Madison Island, Mich. 49757	Kingdom Navigation Co., Ltd.	Offices, 3 Pennington Ave. North
Boyer Towing, Inc.	North Port of Columbia	Covener, B.C. 17P 2R1
Route 7, Box 7824	Vancouver, B.C.	345 Harbourside Victoria, B.C.
Albert Hoverson, President	Mississippi Valley Barge Line	Saskin Lines, Inc.
Barndorff Island, Wash. 98110	Co.	14000 Ave. J, S.F.M.
Canada Steamship Lines, Ltd.	M. J. Kimms, Traf. Mgr.	355 River Rd., Exeterwater, N.J. 07002
P.O. Box 100, North Vancouver, B.C.	411 N. Seventh St.	TMT Trailer Ferry, Inc.
Federal Barge Lines	St. Louis, Mo. 63101	A. H. F. Curming, Mgr. of Harbors
H. E. Minter, Traf. Mgr.	Northern Navigation Co.	Corps
611 E. Marceau St.	(See Canada Steamship Lines, Ltd.)	Jacksonville, Fla. 32203
St. Louis, Mo. 63111	Norfolk, Baltimore & Carbons	Union Macking Corp.
Foss Launch & Tug Co.	Line, Inc.	3 M. Tine, S.F.M.
C. J. Hamilton, T.M.	E. J. Turner, Gen. Traf. Mgr.	1000 Plaza
160 West Ewing Street	137 Water St., Norfolk, Va.	Philadelphia, Pa. 19122
Seattle, Wash. 98119	Peninsular & Occidental Steam-	Western Transportation Co.
	ship Co.	7 P. Street, T.M.
	4000 Ave. J, S.F.M.	50 N.W. Front Ave.
	P.O. Box 104, Miami, Fla. 33101	Portland, Ore. 97209



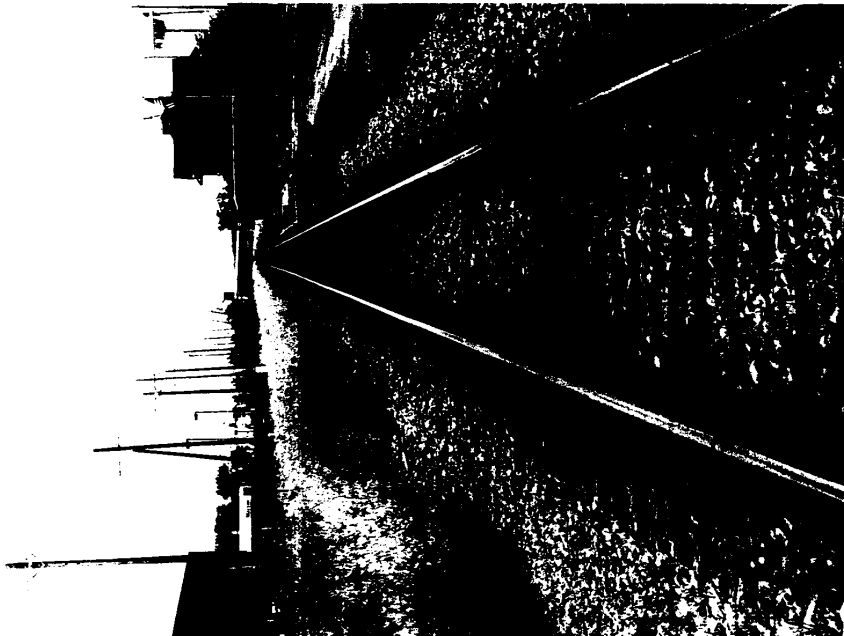
16 July 2003 Warroad, MN Standing on CN main track, facing South (timetable east), former location of West CN side track switch. Side track (disconnected) is to right, hidden in vegetation, but apparently intact, except for switch to main track. Note, that main track rail at this location is CWR.



16 July 2003 Warroad, MN Standing on CN main track, facing South (timetable east), former location of West CN side track switch. Note, east (timetable North) rail of side track is visible protruding from vegetation to right of main track.



16 July 2003 Warroad, MN Standing on CN main track, facing North (timetable west), former location of East CN side track switch. Side track (disconnected) is to left, rail ends protruding from heavy vegetation, but apparently intact, except for switch to main track. Note, that main track rail at this location is CWR.



16 July 2003 Warroad, MN Standing on CN main track, facing North (timetable west), former location of East CN side track switch. Side track (disconnected) is to left, rail ends protruding from heavy vegetation, but apparently intact, except for switch to main track.

APPENDIX GL-16

Page 2

Revenue carloads originating on Canadian National / Terminating on Minnesota Northern

			2001	2002	2003
Loads by Origin / Commodity					
Urea	Beamer	AB	4	52	12
	Fort Saskatchewan	AB	21	0	0
	Saskferco	SK	24	19	0
	Convent	LA	2	0	0
	Brandon	MB	0	0	7
Total Urea			51	71	19
Potash	Cutarm	SK	8	3	0
	PCS Cory	SK	0	0	6
	Sylvite	SK	14	14	24
Total Potash			22	17	30
Nitrogen	Ashley MI / Williams IA		22	9	9
Grains	Melfort	SK	39	0	0
	Grand Prairie	AB	0	5	0
	Zehner	SK	0	4	0
Total Grains			39	9	0
Total CN origin loads			134	106	58

Revenue carloads originating on Minnesota Northern / Terminating on Canadian National

			2001	2002	2003
Sugar	Battle Creek	MI	0	11	2
	Champaign	IL	1	1	4
	Chicago	IL	1	2	0
	Decatur	IL	1	3	5
	Robinson	IL	11	51	20
	Memphis	TN	47	6	6
	Toledo	OH	96	1	1
	Waverly	IA	174	173	83
Molasses	Bay City	MI	0	0	29
Total CN destination loads			331	248	150
Total CN routed loads			465	354	208

* All 2003 calculations are through ^{MAY} October 2003

MNN

From: <Jennifer.Doiron@cn.ca>
To: <mnnll@rrv.net>
Sent: Tuesday, May 27, 2003 12:29 PM
Subject: Climax, MN

.ee

Not sure if you are still handling this or not...please advise.

We have MNN requirements on file for urea originating on CN at Brandon, MB - interchange at Warroad to Climax, MN at a rate of \$4.72 US/ton, 180,000 lb min weight for both RR supplied equipment and Private covered hopper cars, zero mileage. Can you please confirm these rates? Also, are you able to provide slightly better economics - spread between RR and PVT (0)?

Can you please provide confirmation that the MNN is able to serve the following customers at Climax -

- 1. Agrilience
- 2. Farmers Union Elevator
- 3. West Central, INC.

Thanks so much. Please call if you have any questions.

Jennifer Doiron
Market Analyst - Fertilizers
CN
203-299-0679

5/28/03

APPENDIX GL-18



MEMO TO FILE:
11 July 2003

Phone call received this date from party identifying himself as Jason Valliere (phone 403.299.0662) representing Canadian National Railways

His call was to ascertain MNN's revenue requirements on potash, in bulk, in covered hopper cars received in interchange from CN at Warroad, MN to Roseau, MN (MNN station). Mr. Valliere advised traffic would originate on CN in Saskatchewan and CN patron requesting rate was PCS (Potash Corporation of Saskatchewan).

I quoted Mr Valliere MNN's requirements on this move at \$400.00 (US) per car.

George LaPray
General Manager

To: George @ MNN

From: Todd Oster

Re: Rail movement

George, sorry this took so long in the making, but due to flood and continued late summer rains it's been hard to get a handle on amount of bushels out in the country.

This year, September thru August of 2003 I'm budgeting 2.6 million bushels will move through the Salol Elevators, the majority of this being Spring Wheat. If Mother Nature is good to us in the spring of 2003 the following year should bring close to 5.2 million bushels of grain our way. About 95% on the average will go out by rail.

If CN and MNN were to open the gate to the east of us, at Warroad MN, this could also allow for 40 plus cars of Fertilizer to enter via this route.

As you know basis levels control movement and direction of grain, but this would give all of us a great opportunity to gain access to Dul/Sup.

I hope this is helpful in the planning process.

Todd Oster
General Manager
Salol Elevators



Richard A. Verkler
General Solicitor

APPENDIX GL-20
(Page 1 of 3)

Canadian National/Illinois Central Railroad
455 N. Cityfront Plaza Drive
Chicago, Illinois 60611-5317
Telephone: (312) 755-7654
Fax: (312) 755-7669
Internet: Rick.Verkler@CN.CA

December 9, 2002

Thomas F. McFarland, Esq.
208 South LaSalle Street, Suite 1890
Chicago, Illinois 60604-0204

Re: Warroad, MN

Dear Mr. McFarland:

Please be advised that we are in receipt of your November 20, 2002 letter regarding the installation of a switch to provide interchange between the Canadian National Railway (CN) and Minnesota Northern Railroad (MNN) at Warroad, Minnesota. This letter responds to MNN's demand that CN install that switch at no cost to MNN and without any traffic guarantees from either MNN or MNN's on-line shippers.

As you know, Section 10742 of the Interstate Commerce Act, 42 U.S.C. § 10742, provides that U.S. rail carriers are required to provide "reasonable, proper and equal facilities" for the interchange of traffic with other rail carriers. Section 11103 of the Act makes clear that rail carriers are only obligated to provide switch connections on "reasonable conditions" and if the connection "will furnish sufficient business to justify its construction and maintenance." 42 U.S.C. § 11103(a). Section 11103 also makes clear that in the event a lateral branch line owner can demonstrate that a proposed connection will furnish sufficient business to justify the construction of a switch connection, the carrier from whom the connection is sought is entitled to be compensated for costs incurred in constructing and maintaining the same. 42 U.S.C. § 11103(b). In construing Section 10742, the Interstate Commerce Commission has stressed that interchange arrangements should take into account the material benefits provided to the parties and not place undue burdens on one carrier or another. See, e.g., New York, C & St. L.R. Co. v. New York Central R. Co., 314 I.C.C. 344 (1961).

Your November 20, 2002, letter states that "Warroad would be by far the preferred routing for a large percentage of Harvest State's substantial volume of traffic" and that "there is every reason to believe that 1000 carloads of grain per year or more would move over the Warroad interchange upon its reopening." CN took the liberty of contacting Harvest States to confirm the accuracy of these statements and was told a much different story.

Thomas F. McFarland, Esq.
December 9, 2002
Page 2

According to Dan Mack of Harvest States, most of the grain shipped over MNN is routed to Chicago and beyond via the BNSF and CP, and most of the traffic shipped over CP is sent to CP-served destinations. Mr. Mack was therefore skeptical as to how much need there was for a third railroad option. After discussing the issue with his regional manager, Mr. Mack advised us that while Harvest States would like to see CN service made available as a possible alternative to the other two railroads, the company was unwilling to offer any assurance to CN that it would actually ship traffic over the proposed Warroad interchange. Given Mr. Mack's comments, CN has no reason to believe that any amount of traffic will be interchanged by MNN to CN over a Warroad connection.

CN has grave doubts as to whether installation of a switch connection at Warroad will furnish sufficient business to justify its construction and maintenance, and, accordingly, whether it has any obligation under 42 U.S.C. § 11103 to install a switch at all. However, it is willing to resolve this matter on terms which address MNN's desire to minimize or eliminate any contribution to the cost of constructing a switch. Our proposal is as follows:

CN will install a switch at Warroad at an estimated cost of \$150,000 with MNN paying 50% of those costs in advance. MNN will guarantee that a minimum of 400 cars per year will be interchanged from MNN to CN via Warroad in each of the three years immediately following the installation of the switch.

In the event the 400-car minimum is not met, MNN would pay CN \$500 for each car short of the minimum for that year. In the event traffic shipped to CN is greater than 800 cars over any one of the three one-year periods, CN will rebate to MNN 1/3 of MNN's investment in the switch, with a potential rebate of 100% of MNN's investment should the 800-car threshold be reached in each of the three years. In the event MNN interchanges more than 500 but less than 800 cars to CN during any of the three one-year periods, MNN will neither be required to pay any shortfall nor entitled to receive any rebate for the year in question.

CN and MNN would further agree to share ongoing maintenance on an equal basis.

It appears from the tone of your letter that MNN is all but convinced that it will be able to interchange at least 1,000 carloads of grain a year to CN if only a switch were installed at Warroad. Assuming your client is correct, MNN will recoup 100% of its investment in

Thomas F. McFarland, Esq.
December 9, 2002
Page 3

three short years under the formula we are now proposing. CN believes this proposal is reasonable and fully consistent with its obligations under 42 U.S.C. § 10742 and § 11103.

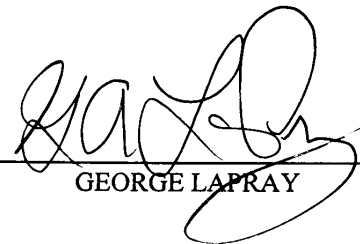
Please do not hesitate to contact me should you have any questions or comments regarding the above.

Sincerely,

VERIFICATION

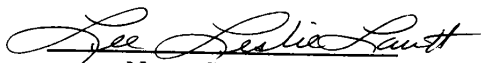
STATE OF MINNESOTA)
) SS:
COUNTY OF POLK)

GEORGE LAPRAY, being duly sworn on oath, deposes and states that he has read the foregoing statement, that he knows the contents thereof, and that the facts therein stated are true and correct.



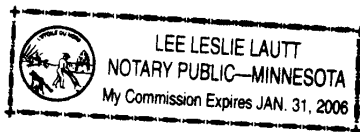
GEORGE LAPRAY

SUBSCRIBED AND SWORN to
before me this 22nd day
of SEPTEMBER, 2003.



Notary Public

My Commission Expires:



ARGUMENT

By virtue of 49 U.S.C. § 10742, rail carriers are required to provide reasonable and proper facilities for interchange of traffic between them and their connecting rail lines.

Most of the decided cases under that statute have involved situations in which a rail carrier was seeking an initial track connection with another rail carrier with whom its tracks intersected. The Board has authority in that circumstance to order a rail carrier to install the physical facilities or to institute the operations necessary to effect an interchange of traffic. *Missouri Pac. R. Co. v. Louisiana & A. Ry. Co.*, 332 I.C.C. 569 (1968), at 579, and cases there cited. The primary consideration in such a proceeding is whether the switch connection or other interchange facility is reasonably required by public convenience and necessity upon a balancing of the interests of all affected parties. *Id.* at 579-581.

The present case does not involve such an initial track connection. On the contrary, facilities for interchange of traffic between CN and its connecting rail carrier at Warroad existed for many years before they were recently removed by CN. Throughout that period, CN held itself out in official rail industry publications to interchange traffic at Warroad. Warroad continues to be listed today in all of those publications as a revenue interchange point for CN. There has been no embargo of rail traffic at Warroad. No trackage or interchange facilities at Warroad have been authorized for abandonment. In sum, Warroad has traditionally been a recognized point of interchange for CN, and it is every bit as much an open revenue interchange point for CN today, notwithstanding CN's recent removal of interchange facilities at that location.

As to existing points of interchange such as Warroad, the provisions of 49 U.S.C. § 10742 are compulsory. *Norfolk Southern Ry. Co. -- Pet. for Declar. Order -- Interchange with Reading, B. M. & N. R. Co.*, 2003 STB LEXIS 216, at *15-16 (STB Docket No. 42078, decision

served April 29, 2003). That is to say that the common carrier obligation of the carriers at the point of interchange is of paramount importance. The connecting carriers must continue to provide facilities for interchange to ensure that service to shippers continues; neither party may prevent interchange from occurring. *Id.*

In the absence of a request for interchange at Warroad for an extended period of time, CN may have been free to partially dismantle interchange facilities at that location in the interest of safety and operating convenience. However, when traffic was tendered to it for interchange at Warroad in June, 2001 (VS LaPray at 5-6, Appdx. GL-11, GL-12), CN's common carrier obligation required that it restore the physical facilities and accept the traffic for interchange. Its failure to have done so violated the compulsory provisions of 49 U.S.C. § 10742.

CN's violation of § 10742 continued thereafter when it completed dismantling of the interchange facilities at Warroad over MNN's explicit objection, thereby failing to accept for interchange additional traffic that would have been tendered to it. Among the substantial traffic that was thereby prevented from moving via Warroad were all or most of the average of 425 carloads per year that actually originated on MNN and terminated on CN, or vice versa, in 2001-2003. That traffic would have been transported more efficiently and economically in a two-carrier MNN-CN haul via Warroad than by three or more carriers in its actual route of movement. (VS LaPray at 7-8, Appdx. GL-16).

CN's violation of § 10742 is continuing. Traffic continues to be prevented from moving via Warroad as a result of CN's refusal to reinstall interchange facilities at that location. In a highly ironic twist, the two most recent expressions of interest in transportation via Warroad came from CN itself when its representatives asked for MNN's revenue requirements on proposed shipments of fertilizer from CN origins in Canada to destinations on MNN with

interchange at Warroad. (VS LaPray at 8, Appdx. GL-17, GL-18).

CN could not lawfully condition reinstallation of the Warroad interchange facilities on MNN's payment of half the reinstallation cost and MNN's guarantee of a minimum volume of traffic. (VS LaPray, Appdx. GL-20). Nor could CN lawfully refuse to restore the interchange facilities unless sufficient traffic was provided to pay for the cost of restoration. (*Id.*, Appdx. GL-6). Under 49 U.S.C. § 10742, a rail carrier cannot lawfully fix the terms on which it will or will not interchange traffic with its connecting rail carrier. *New York Central R. Co. v. The Talisman*, 288 U.S. 239 (1933). The Supreme Court in that case held that a rail carrier could not condition its interchange of traffic on its connecting rail carrier's agreement not to hold it liable for damage to the equipment being interchanged, stating (at 242, emphasis added):

For the better discharge of their duties, these public servants were required by the Act to cooperate in effecting interchange of traffic. Respondent could not by its own act relieve itself of any duty imposed upon it by law or arising out of the nature of its undertaking in respect of the required interchange. It was powerless by mere announcement to fix the terms on which it would participate with petitioner and other connecting carriers in effecting such interchange . . .

CONCLUSION AND REQUESTED RELIEF

Based on the foregoing, the Board should find as follows:

- (1) CN violated 49 U.S.C. § 10742 when it failed to accept traffic in interchange at Warroad in June, 2001;
- (2) CN's violation of that statute continued thereafter when instead of reinstalling interchange facilities at Warroad as requested by MNN to accommodate additional traffic that would have been tendered to it, CN completed total dismantling of those facilities; and

- (3) CN's violation of that statute will continue in the future because traffic that would be tendered to CN for interchange at Warroad will continue to be prevented from moving via that gateway as a result of CN's continuing refusal to reinstall the Warroad interchange facilities.

On the basis of those findings, the Board should order CN to reinstall reasonable and proper facilities for interchange of traffic at Warroad, and to accept traffic for interchange at that location in accordance with its holding out in official rail industry publications.^{1/}

Respectfully submitted,

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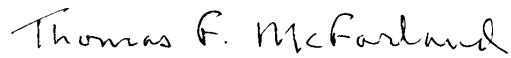
Attorney for Complainant

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^{1/} MNN does not seek an award of damages, even though CN's violation of 49 U.S.C. § 10742 has harmed MNN by preventing it from participating in traffic that would have been transported via Warroad but for CN's violation.

CERTIFICATE OF SERVICE

I hereby certify that on October 2, 2003, I served the foregoing document, Complainant's Opening Statement, on Theodore K. Kalick, Canadian National Railway Company, 601 Pennsylvania Avenue, N.W., Suite 500 North Building, Washington, DC 20004 and Thomas J. Litwiler, Fletcher & Sippel LLC, 29 North Wacker Drive, Suite 920, Chicago, IL 60606-2875, by UPS overnight mail.



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