



Southern Minnesota Beet Sugar Cooperative

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Ms. Cynthia T. Brown
Chief, Section of Administration
Surface Transportation Board
Office of Proceedings
395 E Street S.W.
Washington, D.C. 20423-0001

**Re: Docket No. FD 36178, Metropolitan Council – Petition for Declaratory Order
Docket No. FD 36177, Hennepin County Regional Rail Authority – Acquisition Exemption –
In Hennepin County, Minnesota**

LETTER IN SUPPORT OF TWIN CITIES & WESTERN RAILROAD COMPANY'S INITIAL REPLY REQUESTING THE BOARD TO SET A PROCEDURAL SCHEDULE

Dear Ms. Brown:

Southern Minnesota Beet Sugar Cooperative (“SMBSC”) urges the Board to set a procedural schedule in the above referenced proceeding (FD 36178) to permit public comment and a full hearing on Metropolitan Council’s Petition seeking to acquire ownership of the Bass Lake and Kenilworth corridors in Hennepin County, Minnesota. The Board should also stay the Hennepin County Regional Rail Authority’s (“HCRRA”) request in FD 36177 to acquire the common carrier obligations for the line.

SMBSC is located in Renville, Minnesota a city of Renville County, Minnesota. SMBSC is a beet sugar producer owned and operated by 500+ farm families since 1975 and is located on Twin Cities & Western Railroad Company (“TCW”). SMBSC employs approximately 375 full-time benefit-rated employees, with an additional 475 seasonal employees during the harvest season. SMBSC contributes over \$25 million to the local economy in payroll. Total economic impact of SMBSC is approximately \$930 million considering each agricultural dollar rolls over 5-6 times.

The current factory site was chosen back in 1975 due to its location on what was then the Milwaukee Road which is now TCW. For over 40 years, we have relied on the Milwaukee Road and now TCW for efficient and effective rail access to the Twin Cities to connect with major Class I carriers such as BNSF, a route that includes the Bass Lake/Kenilworth corridor. We ship over 6,000 plus carloads per year via this route with a delivered commodity value in excess of \$160 million. Since 2000, SMBSC’s 500+ farm families have invested upwards of \$200 million into their facility at Renville based on the long-term availability of TCW’s competitive rail freight service. Any changes in TCW’s route that increases costs and reduces the railroad’s ability to deliver goods safely and on time will jeopardize the economic sustainability of SMBSC.

SMBSC greatly depends on the TCW to access our domestic and foreign customers. SMBSC's rail customers are not accessible in an economical manner by truck. SMBSC greatly depends on the TCW to have a safe, economic and viable route into the Twin Cities to connect with all rail carriers which include the BNSF Railway, Canadian Pacific Railway, Canadian National Railway, and the Union Pacific Railroad. Our customers, grower owners, employees, and families rely on the safe, economic and sustainable transportation the TCW provides today to all Class I carriers in the Twin Cities. TCW is the ONLY economically viable rail route available for our products to move to and from the Twin Cities rail terminal. A change to TCW's freight structure increasing costs and risk will put SMBSC at a competitive disadvantage while compromising the viability of our business and the livelihood of many families in south central Minnesota.

Several years ago, TCW informed us that the Metropolitan Council was seeking to expand its light rail service from Minneapolis west to certain suburban communities. When it was determined that the Metropolitan Council had selected the Bass Lake/Kenilworth corridor for a joint light rail/freight rail corridor, TCW committed that it would work with the Council to reach agreements both to minimize disruption to freight rail service during construction and thereafter to assure that the presence of light rail in the freight rail corridor would not negatively impact TCW's operational and economic ability to provide service or force shippers, such as SMBSC, to subsidize the expense of adding light rail to the corridor.

We understand the Metropolitan Council recently and abruptly ended negotiations with TCW and has filed its present Petition asking the Board to approve an arrangement whereby the Council will acquire ownership of the rail line but will ask the Board to transfer the common carrier obligation to HCRRA. This is a very complicated transaction that needs full public input and understanding. Both the Council nor HCRRA has ever sought our input on freight rail needs on the corridor; and now we have learned they have no agreements in place with TCW on how freight service will be handled on this proposed "shared corridor" route.

We urge the Board to set a procedural schedule and delay HCRRA's request to acquire the common carrier obligation in order to solicit the views of others affected by this transaction – in particular shippers like ourselves who need this vital rail route to move our goods through the Twin Cities. Entrusting the common carrier obligation to a public entity that does not operate freight rail service provides little assurance that important shipper interests in continued effective transportation service will be protected. In addition, deciding on this matter without reaching an agreement with the one entity that is currently – and effectively – providing the common carrier service, TCW, is a matter of significant concern and warrants close scrutiny by the Board.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "S Domm", with a long horizontal flourish extending to the right.

Steven Domm
President and CEO
Southern Minnesota Beet Sugar Cooperative
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Cc: Parties of Record

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