

MARK DAYTON
MINNESOTA

COMMITTEES:
AGRICULTURE, NUTRITION,
AND FORESTRY
ARMED SERVICES
GOVERNMENTAL AFFAIRS
RULES AND ADMINISTRATION

United States Senate

WASHINGTON, DC 20510-2305

June 14, 2002

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423

ENTERED
Office of the Secretary

JUN 14 2002

Part of
Public Record

WASHINGTON OFFICE:

346 RUSSELL SENATE OFFICE BUILDING
WASHINGTON, DC 20510
(202) 224-3244
FAX: (202) 228-2186



RE: Finance Docket No. 34177
Iowa, Chicago & Eastern Railroad Corporation – Acquisition
and Operation Exemption – Lines of I&M Rail Link, LLC

Dear Mr. Secretary:

On June 7, 2002, the Iowa, Chicago & Eastern Railroad Corporation (IC&E) filed a verified Notice of Exemption and Acquisition under 49 C.F.R. §1150.10(g) with the Surface Transportation Board. The STB has since issued a truncated Procedural Schedule. I formally request that I be made a party, and that the STB extend the Procedural Schedule to allow for adequate review of the transaction.

The Dakota, Minnesota & Eastern Railroad, Inc., is the real purchaser-in-interest of the proposed transaction. In the Notice, IC&E states that it plans to acquire and use I&M Rail Link, LLC lines. While this is technically accurate, the Purchase is in reality a veiled attempt by DM&E to further its expansion plans. DM&E plans to acquire IMRL by using Cedar American Rail Holding, Inc., its subsidiary. CARH in turn owns IC&E.

Thus, DM&E essentially owns IC&E through CARH. But because IC&E is a noncarrier, DM&E's ownership is not "official." It will be, if IC&E receives STB exemption of the purchase.

I have been informed that it is common for acquiring entities to use subsidiaries to enable transactions. I have no quarrel with this general practice. In this instance, however, the STB should allow further time for public comment than allotted in the Procedural Schedule. The acquisition adversely impacts groups that were not previously considered in STB's review of the DM&E expansion plan. As just one example, the IMRL lines at issue in the Notice bisect the entire length of the City of Winona, Minnesota. The numerous unit coal trains and grain trains that DM&E would run on this line, if its purchase is approved, would have an enormous, disruptive impact on the city. Winona should, at the very least, be given sufficient time to comment on the Purchase, and to seek mitigation from those effects.

MINNESOTA OFFICES:
FEDERAL BUILDING
1 FEDERAL DRIVE, SUITE 298
FORT SNELLING, MINNESOTA 55111
(612) 727-5220
(888) 224-9043
FAX: (612) 727-5223

Health Care Help Line: (866) 296-4319

2017 HIGHWAY 59 SE, SUITE 24
THIEF RIVER FALLS, MINNESOTA 56701
(218) 681-2166
FAX: (218) 681-2169

222 MAIN STREET, SUITE 200
POST OFFICE BOX 937
BIWABIK, MINNESOTA 55708
(218) 865-4480
FAX: (218) 865-4667

POST OFFICE BOX 608
RENVILLE, MINNESOTA 56284
(320) 905-3007

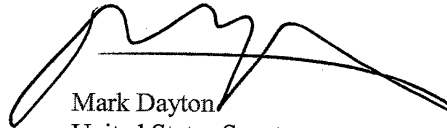
Mr. Vernon A. Williams

June 14, 2002

Page Two

Again, I respectfully urge the Board to extend the Procedural Schedule. I also ask that the Purchase be considered an additional component of DM&E's overall expansion plan.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark Dayton", written over a horizontal line.

Mark Dayton
United States Senator