

Congress of the United States
Washington, DC 20515

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FD 35799

February 10, 2014

The Honorable Daniel R. Elliott, III
Chairman
Surface Transportation Board
395 E Street, Southwest
Washington, DC 20423

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The Honorable Ann D. Begeman
Vice Chairman
Surface Transportation Board
395 E Street, Southwest
Washington, DC 20423

Dear Chairman Elliott and Vice Chairman Begeman:

We write in regard to the proposal by Rapid City, Pierre & Eastern Railroad, Inc. and its parent, Genesee & Wyoming Inc. (collectively, G&W), to acquire the western end of the Dakota, Minnesota & Eastern Railroad (DM&E) rail line, which includes all of the DM&E rail line west of Tracy Minnesota, from Canadian Pacific (CP). This roughly 660 miles of rail line comprises all of DM&E's rail line in South Dakota, Nebraska, and Wyoming. For the reasons outlined below, we believe G&W's acquisition of the DM&E line will help rail shippers secure competitive shipping options, which will benefit South Dakota's economy and the nation as a whole.

When we recently met with the senior executives of G&W, we were encouraged by their overall operating philosophy and vision for the rail line they seek to purchase from CP, including how the line will fit into their overall rail network. Senior officials from G&W have also been traveling throughout our state in recent weeks, meeting with public officials, shippers, and current DM&E employees to outline their plans for the rail line, subject to formal STB approval. While we each had concerns about the possible ramifications of the DM&E line being sold to a new, unknown buyer following CP's December 2012 announcement of a potential sale, the selection of G&W as the prospective new owner has addressed the concerns we articulated in our September 13, 2013, letter to the Board, particularly our concerns about a possible buyer's long-term commitment to our state and the shippers who rely on this critical rail line.

The G&W officials with whom we have met have underscored their commitment to ensuring full operation of the existing DM&E line. They have also highlighted the lack of any new paper barriers in the sale agreement with CP that would restrict rail movements or the ability of G&W to interchange with other Class I railroads, the industry leading G&W safety record, and their strong commitment to working with shippers to grow the volume of traffic on the DM&E line.

G&W has demonstrated a meaningful commitment to understanding the concerns of the people of South Dakota, and knows first-hand the important role that railroads play in our national economy. With the motions for protective orders that G&W has already filed with the Board (STB Docket No. FD 35799 and 35800), the company has signaled its intention to seek the necessary exemptions to consummate the purchase of the DM&E line. While we appreciate the Board's on-going consideration of the petition filed by Governor Dugaard regarding CP's prior acquisition of the DM&E, we urge the Board to approve the motions filed by G&W in a timely manner, and we encourage the Board to facilitate G&W's purchase of the western portion of the DM&E line as expeditiously as possible.

Sincerely,



Senator Tim Johnson



Senator John Thune



Representative Kristi Noem