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Minnesota Department of Transportation

Office of Freight and Commercial Vehicle Operations

395 John Ireland Blvd
St. Paul MN 55155-1899

651.366 3665

March 3, 2008

The Honorable Anne K. Quinlan, Esq.
Acting Secretary
Surface Transportation Board
395 E Street, S.W.
Washington, D.C. 20423-0001

Re: Canadian Pacific Railway Company et al. --Control--
Dakota, Minnesota & Eastern Railroad Corporation et. Al.

Dear Ms. Quinlan:

Enclosed for filing are the original and ten copies of the comments of the Minnesota Department of Transportation (Mn/DOT) in the above-captioned proceeding.

If there are any questions concerning this filing, please contact me at the above referenced address and phone number.

Sincerely,

A handwritten signature in black ink that reads 'William D. Gardner'.

William Gardner, Director
Freight, Rail and Waterways

cc: Parties of Record

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

STB FINANCE DOCKET NO. 35081

**CANADIAN PACIFIC RAILWAY COMPANY, et al. – CONTROL–
DAKOTA, MINNESOTA & EASTERN RAILROAD CORPORATION ET.AL**

**MINNESOTA DEPARTMENT OF TRANSPORTATION COMMENTS
ON THE PROPOSED TRANSACTION**

**William Gardner, Director
Freight, Rail & Waterways
Office of Freight & Commercial Vehicle Operations
Minnesota Department of Transportation
395 John Ireland Blvd.
St. Paul, Minnesota 55155**

March 3, 2008

The Minnesota Department of Transportation (Mn/DOT) is the State of Minnesota agency responsible for statewide rail planning and rail programs. Mn/DOT may comment on mergers, consolidations, acquisitions or other significant transactions involving railroads that affect or may affect Minnesota. The proposed acquisition of the Dakota, Minnesota and Eastern Railroad Corporation (DM&E) and its wholly owned rail subsidiary, the Iowa, Chicago & Eastern Railroad Corporation (IC&E) by the Canadian Pacific Railway Company (CP or Canadian Pacific), herein referenced as "Acquisition," is the subject of comments by Mn/DOT.

Introduction

The DM&E is vital to the economy of the region as a primary rail carrier in the agricultural heartland of Minnesota, providing a critical link in the state's transportation system. The proposed acquisition of the DM&E by Canadian Pacific has the potential to provide substantial economic benefit to Minnesota shippers by expanding markets for Minnesota products through improved access to the national rail network. Continued operation and enhancement of DM&E rail service is important to shippers in the region.

Mn/DOT offers the following comments and concerns regarding this transaction:

Grade Crossing Safety – State Authority

Mn/DOT administers a statewide grade crossing improvement program at public crossings. Mn/DOT and the State of Minnesota have the ultimate authority with respect to grade crossing safety on rail lines within the state, and specifically the authority to review and approve the selection of appropriate warning devices at grade crossings (Minnesota Statutes §§ 219 et seq). Only Mn/DOT's Commissioner of Transportation has the authority to determine appropriate warning devices at public grade crossings in the state, including public grade crossings impacted by CP's acquisition of the DM&E.

Minnesota's guidance for evaluating grade crossings and determining appropriate warning devices is contained in the Federal Highway Administration's "Guidance on Traffic Control Devices at Highway-Rail Grade Crossings" (developed by the Highway/Rail Grade Crossing Technical Working Group (TWG)), Minnesota Statutes §§219 et seq. and Minnesota Rules §88 8830 et seq.

Existing Grade Crossing Safety Issues

In conjunction with its recent extensive upgrades to track and structure in Minnesota, the DM&E raised speeds along certain portions of its corridor from 30 mph to 40 mph. Based on the above practice, Mn/DOT is discussing with DM&E various improvements and upgrades to numerous crossings that are needed as a result of this speed increase. However, due to the impending sale by CP, DM&E has not formally agreed to implement the necessary upgrades.

Future Grade Crossing Safety Issues

CP asserts that, "the transaction will not increase the level of train operations by more than one additional train per day along any segment of the combined CPR-DME system over the next five years" (CP-2/DME-2, page 21). In addition, CP states that the "proposed operating plan has not identified any change in rail traffic patterns that will affect grade crossings." (Safety Integration Plan, p. 88)

Mn/DOT accepts CP's representation that it does not expect train volumes to increase along DME corridors due to this acquisition. However, this statement does not address potential future train speed increases that may occur along the corridor, thereby creating additional safety hazards at grade crossings.

Transaction Request

Mn/DOT requests STB to condition any approval of this transaction on a requirement that the CP and DM&E proceed immediately with implementation of grade crossing upgrades as deemed necessary by

Mn/DOT, with cost-responsibility as determined by Mn/DOT. Further, should future train speed increases occur that create safety hazards, the CP and DM&E shall implement any additional improvements deemed necessary by Mn/DOT, with cost-responsibility as determined by Mn/DOT.

Summary

Should this transaction receive approval from the STB, the Board should place the conditions identified above on the CP. Mn/DOT believes these conditions are *essential for preserving motorist and pedestrian safety.*

Respectfully Submitted,



William Gardner, Director
Freight, Rail & Waterways
Office of Freight & Commercial Vehicle Operations
Minnesota Department of Transportation
395 John Ireland Blvd.
St. Paul, Minnesota 55155

Certificate of Service

I, William Gardner, certify that on this 3rd day of February, 2008 I caused a copy of the foregoing document to be served by first class mail, postage prepaid, on all Parties of Records as of this date.



A handwritten signature in black ink, appearing to read "William D. Gardner", is written over a horizontal line.

**William Gardner, Director
Freight, Rail & Waterways
Office of Freight & Commercial Vehicle Operations
Minnesota Department of Transportation
395 John Ireland Blvd.
St. Paul, Minnesota 55155**