

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

Canadian Pacific Railway Company, <i>et al.</i> – Control –))	
Dakota, Minnesota & Eastern Railroad Corp., <i>et al.</i>))	Finance Docket No. 35081
)	
)	

**COMMENTS OF THE SOUTHERN MINNESOTA AND NORTHERN IOWA
SHIPPERS ASSOCIATION**

Pursuant to the procedural schedule established by the Board’s December 27, 2007 Decision, the Southern Minnesota and Northern Iowa Shippers Association (the “Association”), on behalf of itself and its members, submits the following comments regarding the Application filed on December 5, 2007 by Canadian Pacific Railway Company and Soo Line Holding Company (collectively “CP”) seeking authority pursuant to 49 U.S.C. §§ 11323 *et seq.* for the acquisition of control of Dakota, Minnesota & Eastern Railroad Corporation (“DM&E”); and Iowa, Chicago & Eastern Railroad Corporation (“IC&E”). For the reasons set forth in these Comments, the Association and its members strongly endorse CP’s proposal to acquire DM&E and IC&E and urge the Board to approve the proposed transaction.

The Association represents approximately 26 shippers in Iowa and southern Minnesota, including the shippers who operate virtually all of the 46 grain elevators located on IC&E. Collectively, our members ship between 19,000 and 35,000 carloads of grain by rail each year. Among the most important commodities transported by our members are shipments of corn from points along the “Corn Lines” operated by IC&E between Jackson and Lansing, MN and between Sheldon and Mason City, IA. These corn shipments move to a variety of destinations, including poultry feeders in the Southeast and Southwest (via Kansas City), Mississippi River terminals and points beyond the Chicago gateway. Accordingly, reliable, efficient and

competitive rail service is vitally important to the operations of our members. The Association has been a strong supporter of IC&E since its inception.

The Association supports the proposed transaction because it will improve the quality of rail service in northern Iowa and southern Minnesota, give our members efficient single system rail access to new end markets via CP's transcontinental network, and spur needed investment in Iowa and southern Minnesota rail infrastructure. For example, the transaction will give our members single-system access to a variety of additional destinations for their grain shipments, including the ports of Duluth/Superior, the U.S. Northeast and points throughout both eastern and western Canada. Such access will provide our members opportunities to tap new markets, and enable them to compete more effectively with elevators served via CN single line service. CP service to the Pacific Northwest will offer an additional competitive option for corn shipments moving to export markets. CP's plan to make \$300 million in additional capital available to DM&E over the next several years will enable DM&E and IC&E to improve infrastructure reliability, service and productivity while supporting future traffic growth. In particular, CP has made a commitment to the Association that it will bring the Corn Lines up to a 25 MPH service standard by the end of 2013 provided that future traffic volume on those lines economically supports such an investment. Based upon CP's record as one of the safest railroads in North America, the Association anticipates that the proposed transaction will also result in improvements in rail safety on DM&E/IC&E. Providing rail infrastructure that is more reliable, efficient and safe will ensure the long term viability of a critical component of Iowa's and southern Minnesota's rail network.

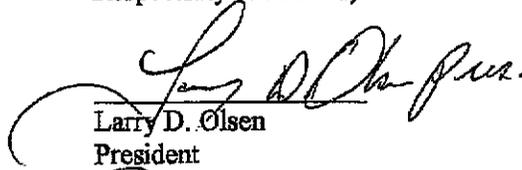
The Association believes that CP's acquisition of DM&E/IC&E will be procompetitive. CP's investment in DM&E/IC&E infrastructure will enable DM&E and IC&E to compete more

effectively by offering safer, more reliable service. The new single-system options discussed above will make the Association's members more competitive in a variety of end markets for their products. At the same time, combining CP and DM&E/IC&E will not result in a loss of competition. Those carriers are not significant competitors today, but rather are end-to-end railroads whose networks complement each other. CP and DM&E/IC&E have made a commitment to the Association that they will continue to interchange traffic that originates or terminates on DM&E/IC&E with other carriers at the Kansas City and Chicago gateways, and that they will keep those gateways open on commercially reasonable terms. This commitment ensures that our members will continue to have the ability (if they so choose) to ship corn to poultry feeders and other end users via the Kansas City and Chicago gateways.

CP and DM&E/IC&E have indicated to the Association that they will agree to a condition on the Board's approval of the proposed transaction that would require them to abide by their commitments (1) to keep the Kansas City and Chicago gateways open on commercially reasonable terms, and (2) to bring the Corn Lines up to a 25 MPH service standard by the end of 2013 (provided that future traffic volume on those lines economically supports such an investment.) Such a condition will fully address the Association's interest in maintaining the condition of the Corn Lines and preserving access to end markets for our members' shipments. No further conditions are needed to address the concerns of the Association or its members.

Subject to Applicants' agreement to this condition, the Association and its members
unanimously urge the Board to approve the proposed transaction.

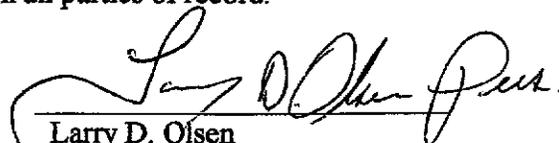
Respectfully submitted,


Larry D. Olsen
President


Harold R. Bormann
Secretary-Treasurer

CERTIFICATE OF SERVICE

I hereby certify that I have caused the foregoing COMMENTS OF THE SOUTHERN MINNESOTA AND NORTHERN IOWA SHIPPERS ASSOCIATION to be served by first class mail, postage prepaid, this 4th day of March 2008 on all parties of record.


Larry D. Olsen
President