SOUTH DAKOTA RAILROADS IN SUMMARY

PREPARED BY:

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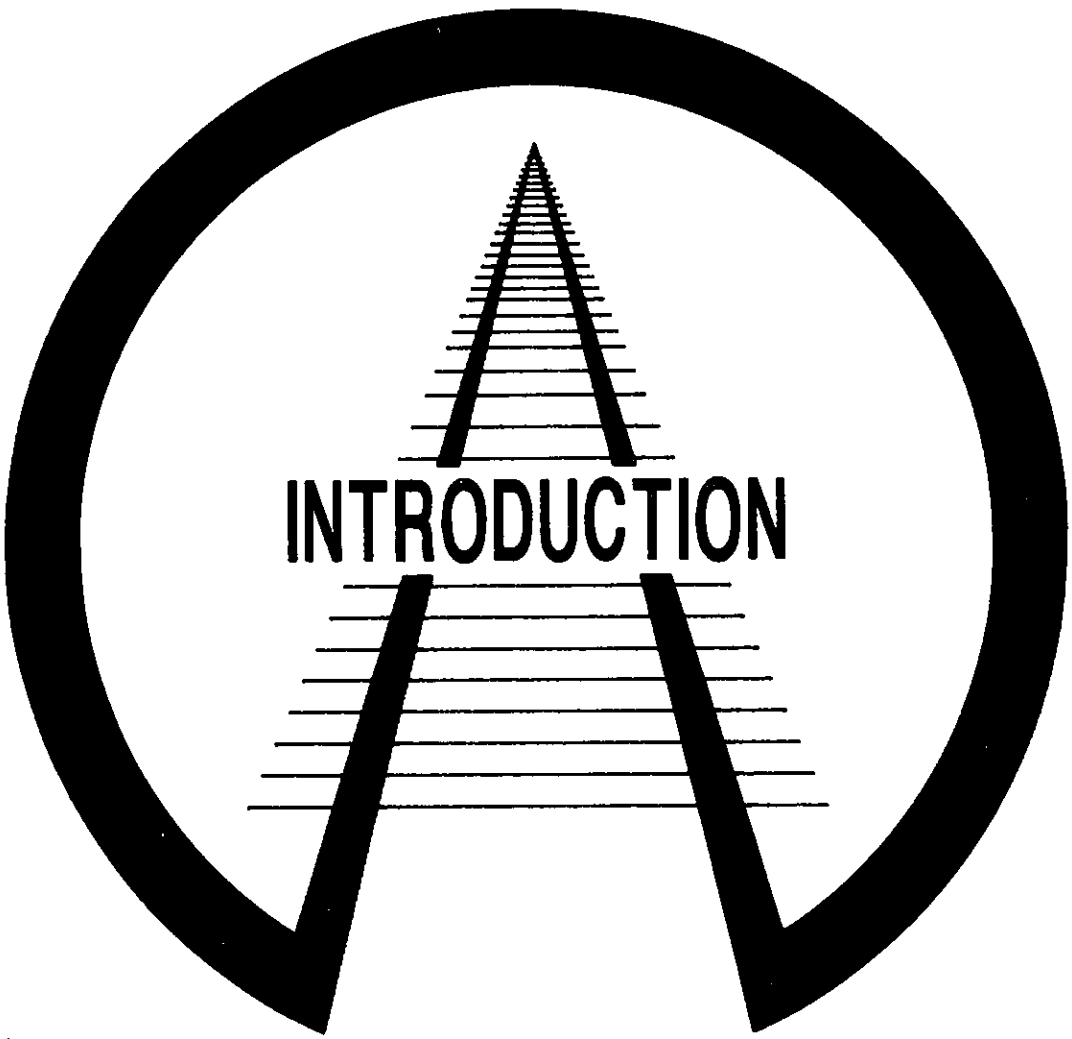

INTRODUCTION

INTRODUCTION

This publication, South Dakota Railroads in Summary, serves as an addendum to the 1986 South Dakota Railplan. It is intended to provide a condensed update of the data and information in the 1986 plan and to highlight important events which have occurred since its publication.

Even though the rail environment has stabilized significantly since the turmoil of the late 1970's and early 1980's, important issues continue to affect South Dakota's rail transportation system.

South Dakota has fewer miles of track than it had in 1986, but the remaining trackage is in better physical condition. Most abandonments have occurred on poorly maintained, lighter density rail lines. This fact, coupled with the state's aggressive rail rehabilitation program of strategic lines, has resulted in a higher percentage of track capable of safely supporting today's modern rail equipment at higher operating speeds.

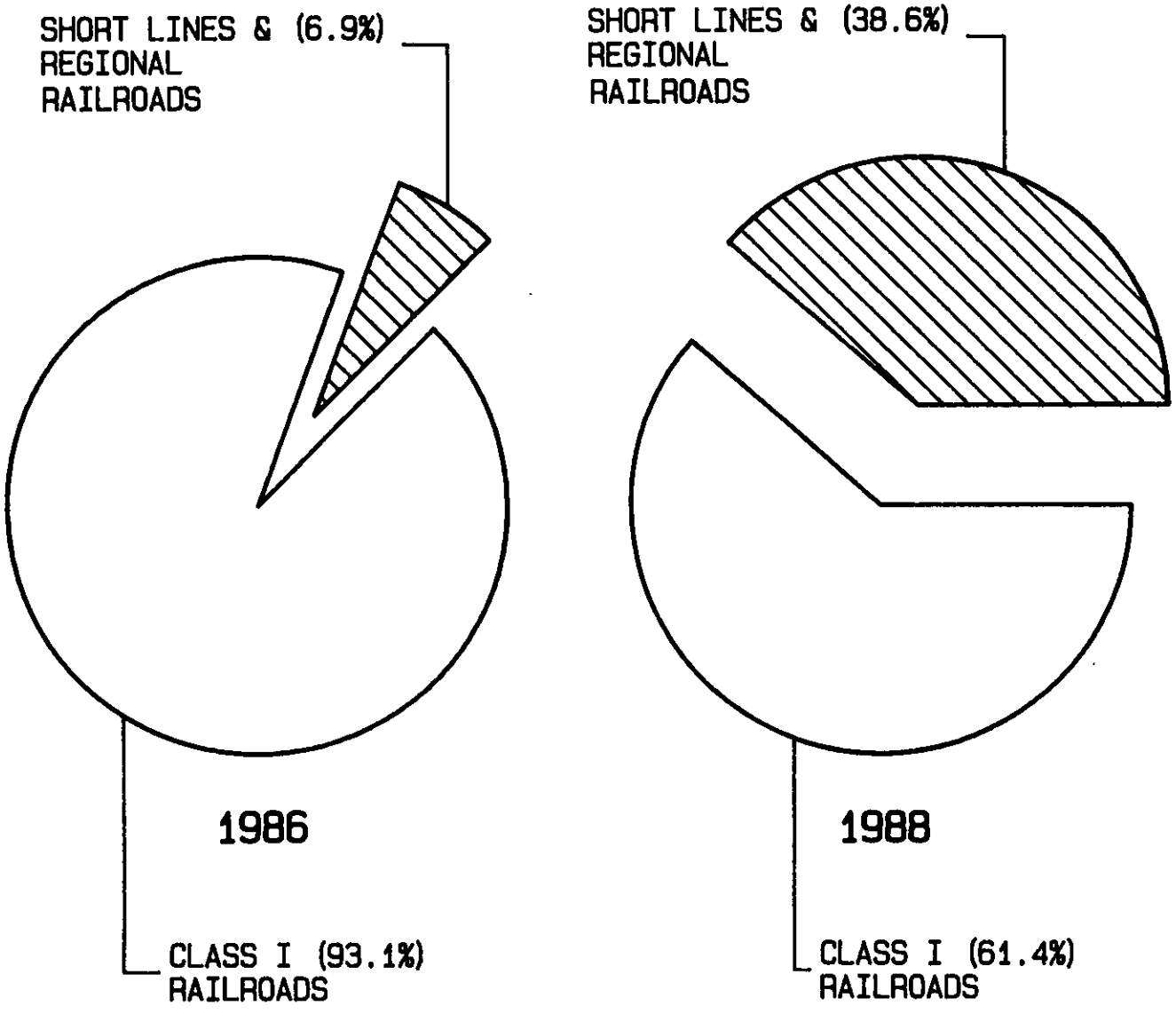
Today there are fewer miles served by Class I railroads and more served by short lines and regional railroads as illustrated in Figure 1. This change, along with improved rail service and a stronger rail industry, is responsible for better shipper/railroad relations and increased rail traffic. Many rail lines that had an uncertain future a few years ago now enjoy a stable future.

Unit grain train loading facilities, which did not exist in South Dakota until 1982, have also been instrumental in increasing rail traffic and

FIGURE 1

CLASS I, SHORT LINES & REGIONAL RAILROADS OPERATION MILEAGE COMPARISON

1986 - 1988



enhancing the role of railroads in grain transportation. The efficiency of these facilities, the ability to utilize attractive unit train rates, and improved rail service have resulted in additional rail traffic and stronger rail lines.

Rail traffic on the state-owned core system continues to exceed the forecast developed in 1980. Rehabilitation of this system has been completed and traffic has increased each year since rail service was restored.

There will still be occasional rail line abandonments and many challenges, but the overall future of the rail industry is brighter than at any time in the last decade.


SIGNIFICANT EVENTS
SINCE 1986
RAILPLAN

SIGNIFICANT EVENTS SINCE THE PUBLICATION OF THE 1986 RAIL PLAN

The tumultuous period for the railroad industry in South Dakota began in 1976. At one time, the situation was so volatile that several addendums to the state rail plan were published in a single year. Now that the pace of change has slowed, rail plans and addendums are prepared less frequently. Nevertheless, several significant events have occurred since the last railplan.

1. Dakota, Minnesota and Eastern Railroad - On September 4, 1986, the L. B. Foster Company purchased 825 miles of main line track and secured 140 miles of trackage rights from the Chicago & North Western Transportation Company and created the Dakota, Minnesota and Eastern Railroad (DM&E). Of the purchased track, 502 miles are located in South Dakota. The line extends from Rapid City to Winona, MN with branch lines in South Dakota from Blunt to Onida, Redfield to Mansfield, Aberdeen to Oakes, ND and Sioux Valley Jct. to Watertown. Operations started on September 5, 1986. The DM&E has undertaken an ambitious track rehabilitation program to improve service, safety and efficiency. The DM&E is expected to provide essential and stable service on lines which in the past had uncertain futures.

2. Sisseton Southern Railroad - In 1982, the abandoned 37 mile Milwaukee Road rail line from Milbank to Sisseton was purchased by some of the line's shippers. They contracted for service with Dakota Rail, a short line railroad created expressly for this purpose. Dakota Rail ceased operations on the line in 1987 and the line's owners have contracted with a new short line, the Sisseton Southern Railway Company, for service.

3. Dakota Southern Railroad Company - The Dakota Southern Railroad Company, a short line railroad, was formed for the purpose of restoring service to the state-owned Napa to Platte branch line. Operations started October 12, 1985 on this 82 mile line which had been idle since the Milwaukee Road ceased service in 1980. Dakota Southern expanded its operation on January 1, 1987 to the 68.5 mile Mitchell to Chamberlain line. The Mitchell to Chamberlain line is also owned by the State of South Dakota and previously had been operated by the Burlington Northern Railroad Company. In 1988, Dakota Southern expanded its operations again to extend its service from Chamberlain to Kadoka, a distance of 121 miles. This trackage had been without service since 1980.

4. D & I Railroad - On October 24, 1980 the Sioux Falls to Dell Rapids branch line was purchased by the State following its abandonment by the Milwaukee Road. The D & I Railroad Company, a subsidiary of the L. G. Everist Company, was formed to operate this line to provide service to their rock quarry at Dell Rapids. The State has since sold the rail line to L. G. Everist. The D & I also has operating rights on the state-owned line from Sioux Falls to Sioux City for overhead movements of rock products. On November 1, 1986, the D & I Railroad began common carrier service on the Canton to East Wye Switch and Hawarden to Beresford lines which were previously operated by the Burlington Northern Railroad.

5. New Core System Agreement - A new, 15 year agreement was executed on July 10, 1986 between the State of South Dakota and the Burlington Northern Railroad Company for service on the 369 mile state-owned core rail system. Changes in the agreement include (a) the exclusion of service on the Mitchell to Chamberlain line and (b) a provision which requires BN to remit a portion of the gross freight revenues earned on the core system when those revenues exceed a threshold amount.


RAILROAD
REHABILITATION
PROJECTS

RAILROAD REHABILITAION PROJECTS

In 1976, the Local Rail Service Assistance Program (LRSA) was enacted by the federal government to assist states in railroad planning, rehabilitation and restructuring. The LRSA program provides federal grant funds directly to states which require financial assistance to improve their railroad systems. Since the program's enactment, South Dakota has received several grants which have been combined with state and private funds and used to improve the rail lines which are important for the movement of South Dakota's rail freight.

Table 1 is a list of past railroad rehabilitation projects which shows the state and federal funds involved in individual projects. Figure 2 highlights the completed and ongoing rail line rehabilitation projects in South Dakota. The federal funds available to the state through the LRSA program have diminished greatly in recent years. The program expired on September 30, 1988 and the future federal role in rail rehabilitation is uncertain.

In 1987, the project which rehabilitated the state-owned line from Ortonville, MN to Terry, MT was completed. This project was made possible by a $30 million dollar loan to the South Dakota Railroad Autority through the Federal Preference Share Loan Program, and the loan is being repaid by Burlington Northern. The project began in 1982 and consisted of comprehensive track rehabilitation.

TABLE 1

RAIL IMPROVEMENT PROJECTS
USING SOUTH DAKOTA AND/OR FEDERAL FUNDS
(ESTIMATED COSTS)

RAIL SEGMENT	RAIL LINE OWNER	YEAR IMPLEMENTED	TYPE OF IMPROVEMENT*	TOTAL COST	STATE PARTICIPATION**	PROJECT STATUS
Big Stone-Gascoyne	MILW	1979	1-2-3	$ 2,227,000	$ 1,781,000	Completed
Miles City-Gascoyne	MILW	1980	1-2-3-6	2,477,000	1,982,000	Completed
Sioux Falls-Madison	BN	1981	1-2-3-4-6	5,670,000	1,760,000	Completed
Core System***	SD	1981	1	2,794,297	2,794,297	Completed
West Jct.-Canton	SD	1981	1-2-3-4-5-6	879,100	879,100	Completed
Sioux City-Mitchell	SD	1981	1-2-3-5-6	6,382,035	6,382,035	Completed
Mitchell-Canton	SD	1982	1-2-3-5-6	2,016,512	2,016,512	Completed
Huron-Pierre	C&NW	1982	1-2-3-4-6	4,474,015	3,376,198	Completed
Britton Spur	SD	1982	1-2-3-4-5-6	896,776	717,421	Completed
Ortonville-Terry	SD	1982	1-2-3-4-5-6	30,000,000****	-0-	Completed
Canton-East Wye Switch and Hawarden to Beresford	SD	1983	1-2-3	812,136	212,136	Completed
Milbank-Sisseton	DAK.R.	1983	1-2-3-6	933,813	655,699	Completed
Aberdeen-Wolsey	SD	1983	1	1,961,000	1,961,000	Completed
Blunt-Onida	C&NW	1984	1-2-3-4-5-6	2,271,506	498,781	Completed
Mitchell-Tulare	SD	1984	1-6	1,865,000	1,865,000	Completed
Aberdeen-Mitchell	SD	1986	2-3	1,712,237	1,712,237	Completed
Redfield-Mansfield	DM&E	1987	1-2-3	894,490	626,143	Completed
Hawarden-East Wye Switch	SD	1988	1-2-3	872,661	597,378	Completed
TOTALS				$69,139,578	$29,816,937	

* Major Components of Improvement
1 - Ties 4 - Rail
2 - Ballast 5 - Crossings
3 - Surfacing 6 - Anchors

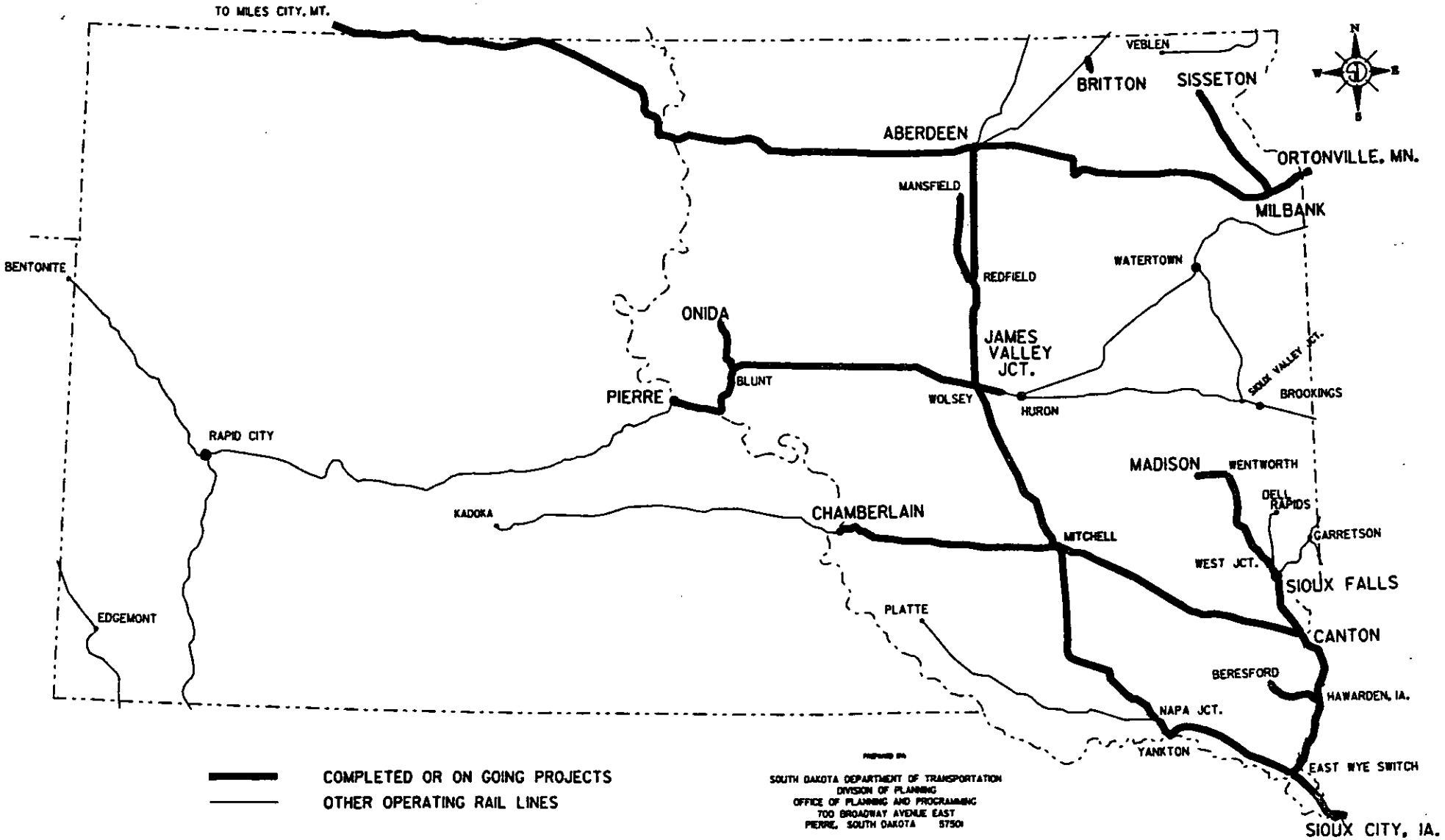
** Includes Federal 803 and/or State Funds

*** Directed Service Project

**** Section 505 Loan to the South Dakota Railroad Authority

FIGURE 2

RAIL LINES WHICH HAVE RECEIVED REHABILITATION ASSISTANCE THROUGH STATE and/or FEDERAL PROGRAM



Three rail rehabilitation projects have been initiated since the 1986 rail plan was adopted. The Burlington Northern undertook a $1,712,237 project to ballast and surface the 128.6 mile state-owned line from Aberdeen to Mitchell. This project brought the line up to Class 2 standards, allowing speeds of 25 MPH and unit train operations.

The second rehabilitation project was a $894,490 project done by the Dakota, Minnesota and Eastern Railroad upgrading the 26.3 mile line from Redfield to Mansfield. The project, which was completed in November 1987, consisted of ties, ballast and surfacing and upgraded the line to Class 2 condition. Seventy percent of the funding for the project was provided by the Federal Railroad Administration and the balance was provided by the DM&E.

The third rehabilitation project was the rehabilitation to Class 2 standards of the state-owned line from Hawarden, Iowa to East Wye Switch. This project was divided into two phases. The first phase was the rehabilitation of 18 miles of track from Hawarden, IA to Westfield, IA. This $658,289 project was completed in 1988. The second phase of the rehabilitation was also completed in 1988 and addressed seven miles of track from Westfield to East Wye Switch. The cost of this project was $214,372. Rehabilitation of the 25 miles of track from Canton to Hawarden will commence when funds become available.


RAILROADS
TODAY

RAILROADS TODAY - PRESENT SITUATION

Table 2 shows the current rail mileage and the carriers providing service. The current rail system, as well as those lines which have been approved for abandonment since October 1978, are shown on Figure 3.

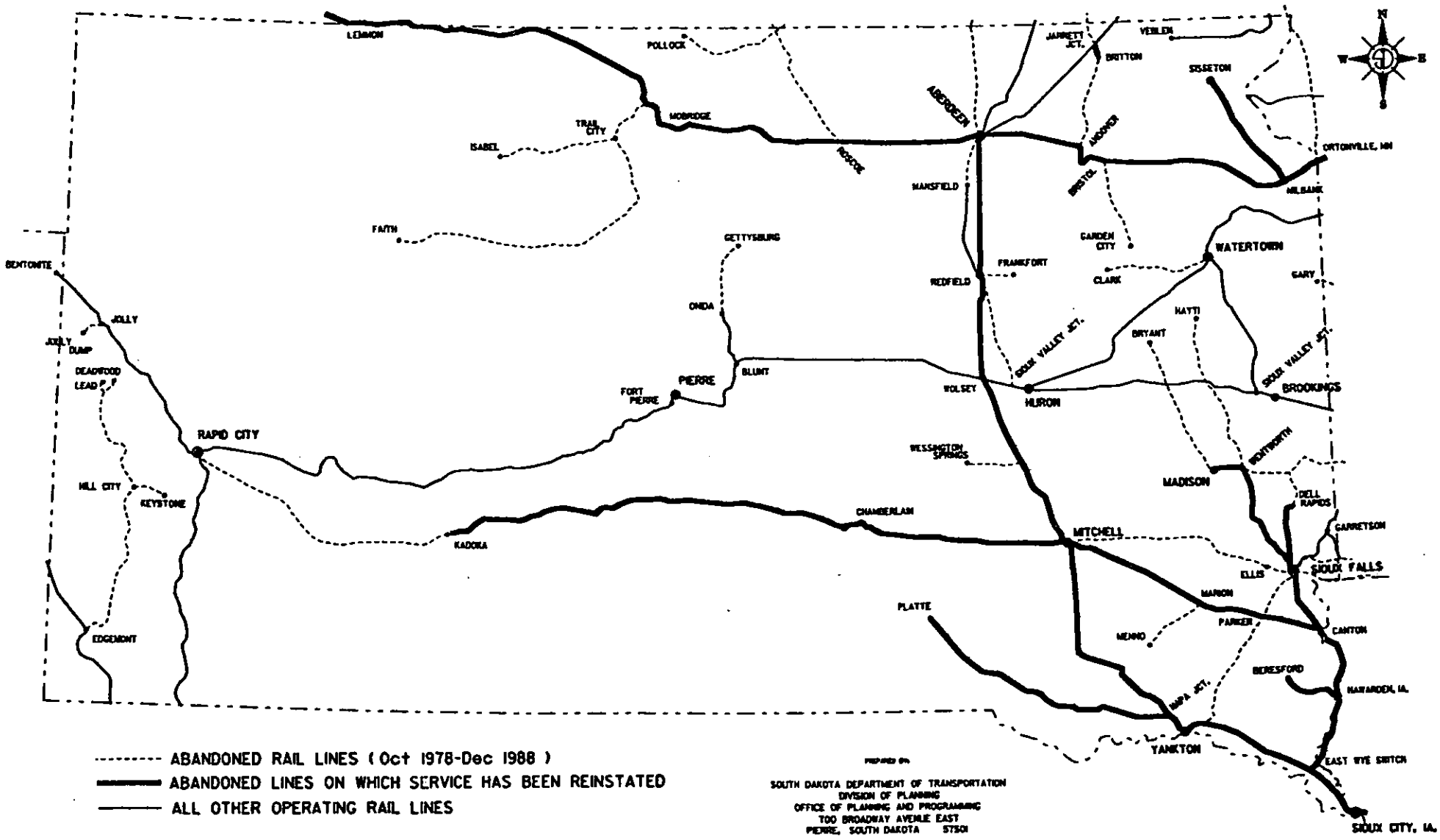
TABLE 2
CURRENT RAIL MILEAGE OPERATED IN SOUTH DAKOTA
BY CARRIER

Railroad	Miles Owned	Other Miles Served	Trackage Rights	Total Miles Served in SD
Class I				
Burlington Northern	289.6	666.7	13.3	956.3
Chicago & North Western	157.8	---	---	157.8
Soo Line	33.5	---	10.4	33.5
Class II				
DM&E	501.6	---	74.0	501.6
Class III				
Sisseton Southern	---	37.1	---	37.1
D & I	16.8	30.3	38.1	47.1
Dakota Southern	---	272.1	---	272.1
Total	999.3	1,006.2	135.8	2,005.5

The State of South Dakota owns 969 miles of trackage which is leased to various railroads which provide service on the lines. In addition, South Dakota owns 223 miles of track in surrounding states to provide necessary and efficient links to the national rail network.

FIGURE 3

SOUTH DAKOTA RAIL LINE ABANDONMENTS
OCTOBER 1978 THROUGH DECEMBER 1988



Rail Carriers

Currently seven railroad companies provide freight service in South Dakota. Three of these companies are Class I carriers, one is a Class II carrier and the remaining three are short line operators.

The Burlington Northern (BN), see Figure 4, continues to operate more miles of track in the State than all other carriers combined. Its system is composed of 290 miles of their own track and 667 miles of State-owned track. Table 3 is a line by line listing of its trackage, showing the miles and the weight limits.

The Dakota, Minnesota and Eastern (DM&E), see Figure 5, operates 502 miles of their own track and has the trackage rights on 74 miles of State-owned track. Table 4 is a line by line listing of its trackage, showing the miles and the weight limits. All but two of the lines operated by the DM&E are capable of accommodating the fully-loaded covered hopper cars which are preferred for grain service.

The Chicago & North Western (C&NW), see Figure 6, operates only 158 miles of their own track in South Dakota. In 1988, the C&NW received ICC approval for abandonment of the Ellis, SD to Agate MN line. Table 5 is a listing of the C&NW's trackage and weight limits.

The four remaining rail carriers in the State are also illustrated in Figure 6. The various links and weight limits for each carrier are listed in Table 6.

FIGURE 4

BURLINGTON NORTHERN

SOUTH DAKOTA OPERATIONS - 1988

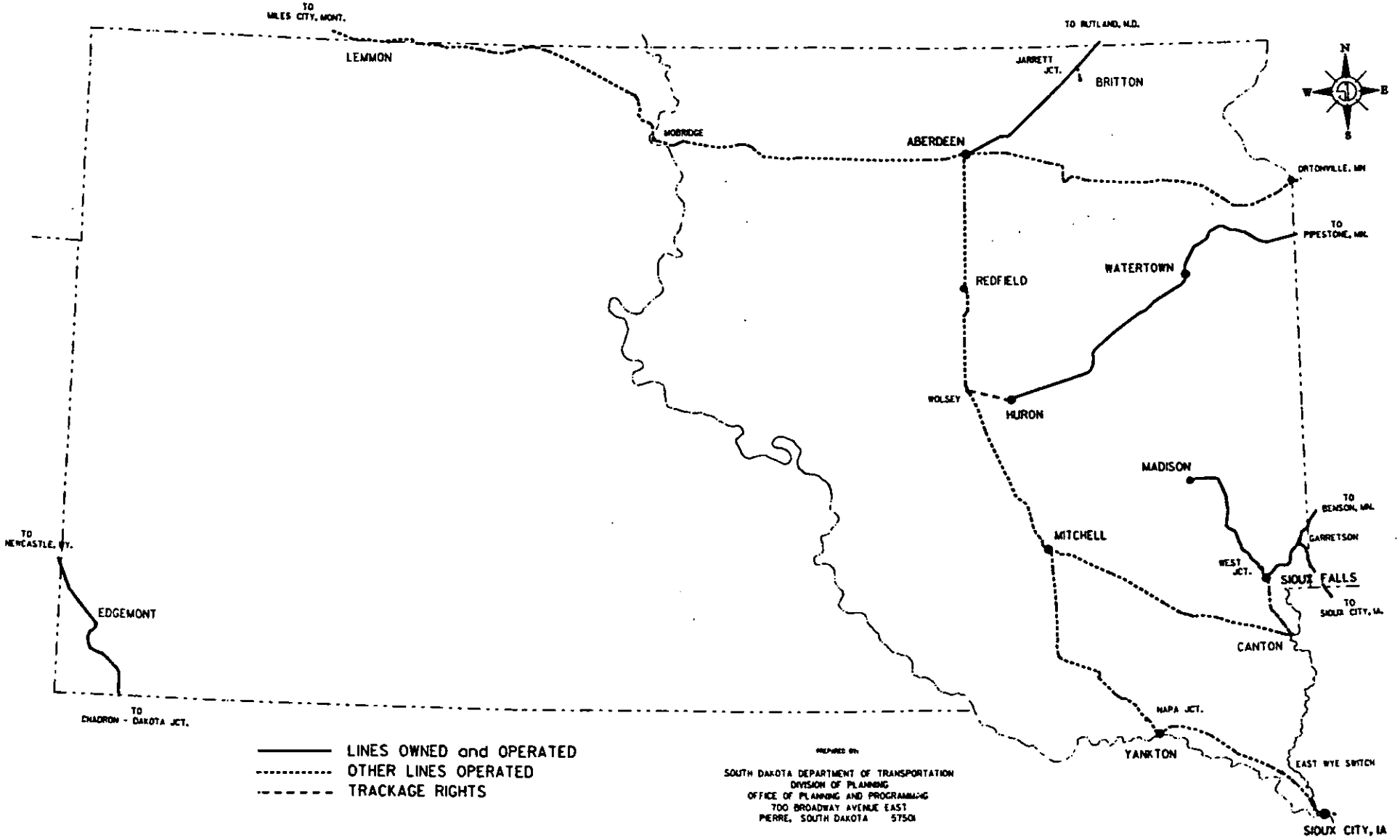


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TABLE 3
BURLINGTON NORTHERN
SOUTH DAKOTA OPERATIONS (1-1-88)

SEGMENT (BN OWNERSHIP) FROM	TO	TOTAL MILES	SD MILES	WEIGHT LIMIT (LBS.)
Willmar, MN	Garretson	127.9	4.6	263,000
Garretson	Sioux City	94.3	8.1	263,000
Garretson	Sioux Falls	17.4	17.4	263,000
Sioux Falls	Madison	42.1	42.1	263,000
Benson, MN	Watertown	92.0	45.1	263,000
Watertown	Huron	69.9	69.9	263,000
Geneseo Jct.	Aberdeen	76.6	53.6	263,000
Alliance, NE	Edgemont	110.6	27.4	315,000
Edgemont	Gillette, WY	121.1	21.4	315,000
	TOTAL	751.9	289.6	

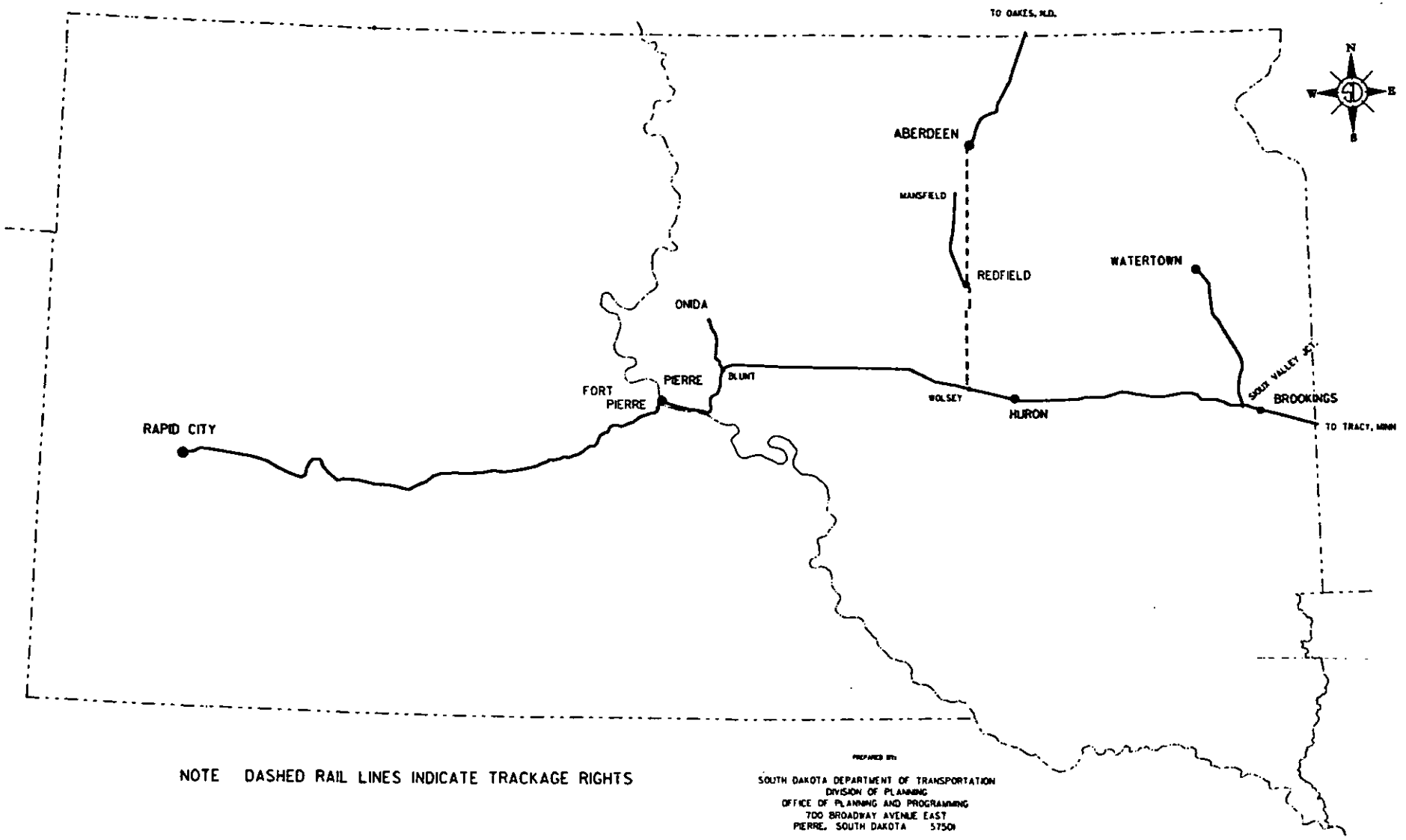
SEGMENT (SD OWNERSHIP) FROM	TO	TOTAL MILES	SD MILES	WEIGHT LIMIT (LBS.)
Sioux Falls	Canton	20.8	20.8	263,000
Canton	Mitchell	79.2	79.2	263,000
Mitchell	Wolsey	54.6	54.6	263,000
Wolsey	Aberdeen	74.0	74.0	263,000
Mitchell	Yankton	74.9	74.9	263,000
Yankton	Sioux City	62.0	56.0	263,000
Jarrett Jct.	Britton	5.0	5.0	263,000
Ortonville, MN	Aberdeen	110.7	110.7	263,000
Aberdeen	Mobridge	98.6	98.6	263,000
Mobridge	Terry, MT	270.6	89.8	263,000
Sioux Falls	West Jct.	3.1	3.1	263,000
	TOTAL	853.5	666.7	

TRACKAGE RIGHTS ON DM&E FROM	TO	TOTAL MILES	SD MILES	WEIGHT LIMIT (LBS.)
HURON	WOLSEY	13.3	13.3	263,000

FIGURE 5

DAKOTA, MINNESOTA and EASTERN

SOUTH DAKOTA OPERATIONS - 1988



NOTE DASHED RAIL LINES INDICATE TRACKAGE RIGHTS

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TABLE 4
DAKOTA, MINNESOTA & EASTERN RAILROAD
SOUTH DAKOTA OPERATIONS (1-1-88)

SEGMENT (DM&E OWNERSHIP)		TOTAL MILES	SD MILES	WEIGHT LIMIT (LBS.)
From	To			
Tracy, MN	Wolsey	149.7	104.5	263,000
Wolsey	Ft. Pierre	108.3	108.3	263,000
Ft. Pierre	Rapid City	164.6	164.6	263,000
Redfield	Mansfield	26.3	26.3	263,000
Aberdeen	Oakes, ND	52.7	37.5	210,000
Sioux Valley Jct.	Watertown	44.2	44.2	210,000
Blunt	Onida	16.2	16.2	263,000
	TOTAL	562.0	501.6	
TRACKAGE RIGHTS ON SOUTH DAKOTA OWNED LINES				
Wolsey	Aberdeen	74.0	74.0	263,000

FIGURE 6

OTHER RAIL OPERATIONS

SOUTH DAKOTA - 1988

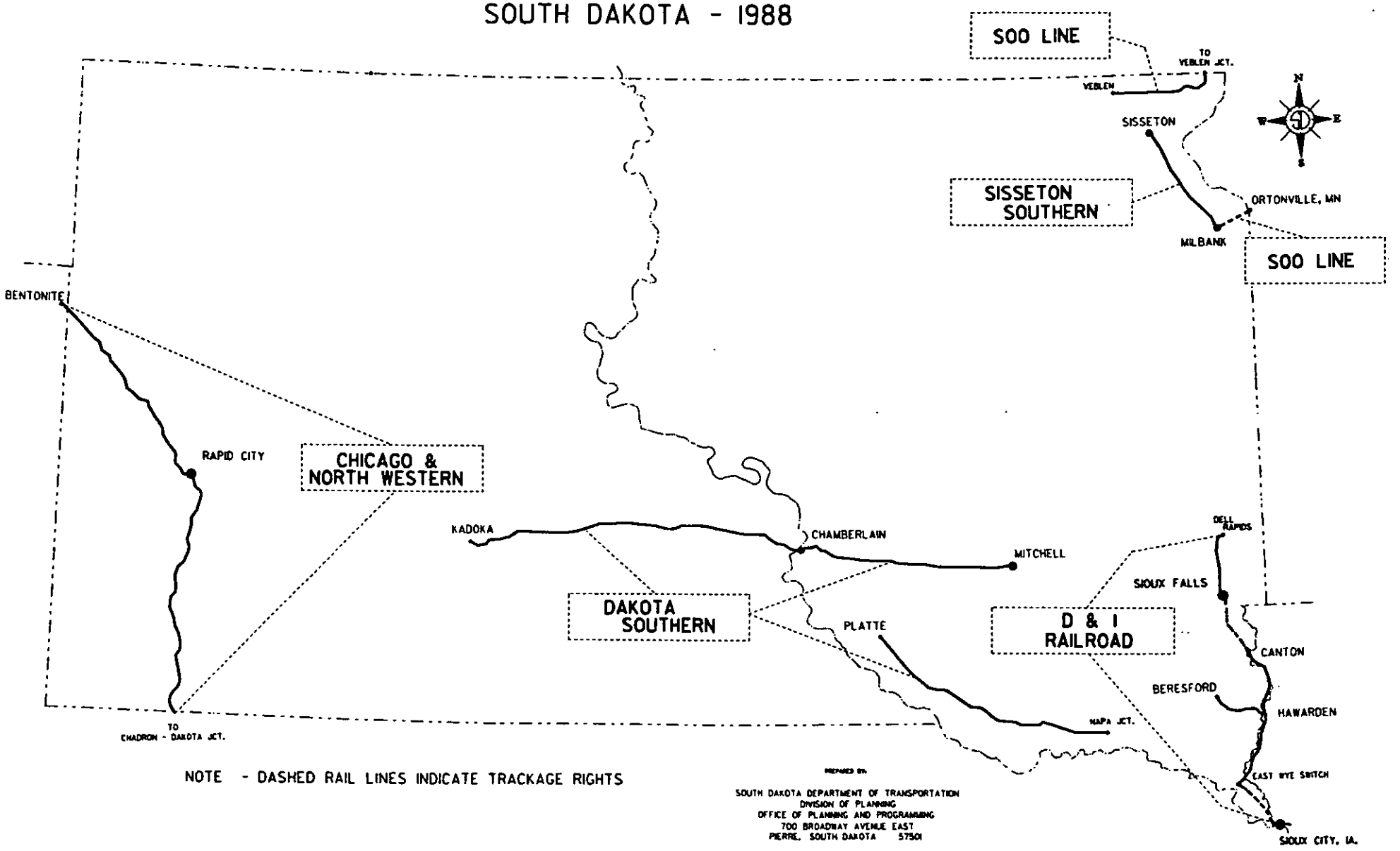

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TABLE 5
CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY
SOUTH DAKOTA OPERATIONS (1-1-88)

SEGMENT (C&NW OWNERSHIP)		TOTAL MILES	SD MILES	WEIGHT LIMIT (LBS.)
From	To			
Chadron, NE	Rapid City	102.2	86.8	251,000
Rapid City	Bentonite, WY	77.6	71.0	251,000
	TOTAL	179.8	157.8	

TABLE 6
OTHER RAIL OPERATIONS
-SOUTH DAKOTA-

SEGMENT FROM - TO	TOTAL MILES	SD MILES	WEIGHT LIMIT (LBS.)
Sisseton Southern			
Milbank - Sisseton	37.1	37.1	263,000
Soo Line			
Veblen Jct. - Veblen	42.2	33.5	263,000
Ortonville, MN - Milbank, SD (Trackage Rights on SD Owned Line)	10.4	10.4	263,000
TOTAL	52.6	43.9	
D&I Railroad			
Sioux Falls - Dell Rapids (West Jct.)	16.8	16.8	263,000
Canton - East Wye Switch (SD Owned Track)	49.7	14.1	263,000
Hawarden, IA - Beresford, SD (SD Owned Track)	16.9	16.2	263,000
Sioux Falls - Canton (Trackage Rights on SD Owned Line)	20.8	20.8	263,000
East Wye Switch - Sioux City (Trackage Rights on SD Owned Line)	17.3	11.3	263,000
TOTAL	121.5	79.2	
Dakota Southern (SD Owned Track)			
Napa - Platte	82.4	82.4	263,000
Mitchell - Chamberlain	68.5	68.5	263,000
Chamberlain - Kadoka	121.2	121.2	263,000
TOTAL	272.1	272.1	

The Soo Line Railroad Company operates one dead end branch line which extends 33.5 miles into the State from North Dakota. It also has trackage rights on approximately ten miles of State-owned track to Milbank.

The D & I Railroad operates on its own track from Sioux Falls to Dell Rapids. In November 1986, the D & I began common carrier service on the State-owned lines from Canton to East Wye Switch and the branch line from Beresford to Hawarden, IA.

The Dakota Southern Railway Company operates the State-owned line from Napa to Platte. In 1987, Dakota Southern extended their operations to include the State-owned line from Mitchell to Chamberlain. They extended their operations even further in 1988 to include the operation of the 121 mile State-owned line from Chamberlain to Kadoka which had been without service since 1980.

The Sisseton Southern Railroad operates a 37 mile, locally-owned branch line from Milbank to Sisseton. The Sisseton Southern replaced Dakota Rail which ceased operations on the line in 1987.

Rail Traffic

Rail traffic can be measured in several different ways. Common measurements of traffic are cars, tons and revenue, whereas railroads also measure traffic in gross tons per mile of track.

The historical trend for carloadings for the years 1975-1987 is shown in Figure 7. The number of rail cars of commodities moved in 1985, 1986 and 1987 is down slightly from 1984 traffic levels. This statistic can be misleading, as the condition of the rail lines has improved, thereby allowing the movement of heavier (and fewer) cars.

A trend of rail tonnage for the years 1975-1987 is shown in Figure 8. Tonnage continued to increase for originating traffic while the terminating traffic continued its trend of steady decline.

Figure 9 graphically shows the carloadings for the major rail commodities in South Dakota during the year 1987. The leading rail commodities were:

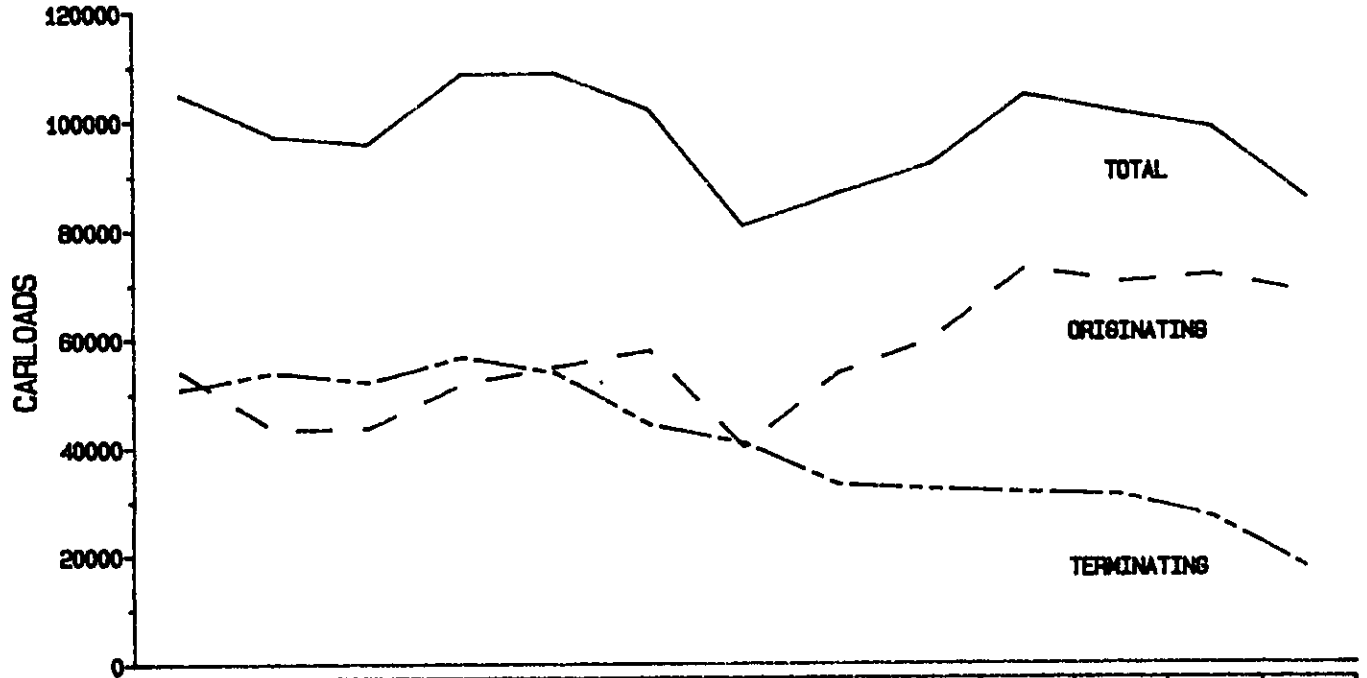
- o Farm Products (66.6%, mainly grain)
- o Coal (8.8% of the total traffic)
- o Stone, Clay and Non-Metallic Minerals (10%)

Farm products accounted for 83.3% of the originating traffic, whereas coal dominated the terminating traffic with 43.2%. The three major commodity groups represent 85.4% of the rail traffic, based on the number of cars.

Table 7 shows that although the number of miles in operation has increased since 1984, the number of cars per mile has remained relatively steady. The number of tons per car continues to increase, reflecting the rail improvements which have allowed larger hopper cars to be utilized.

FIGURE 7

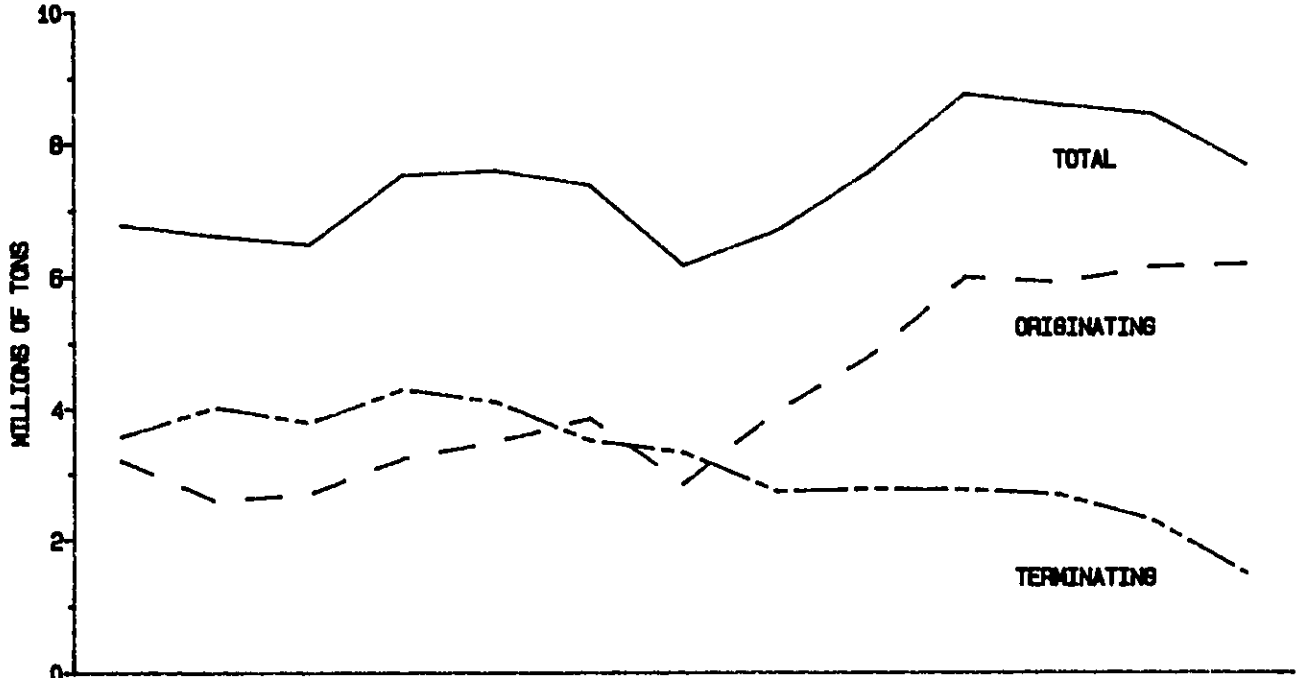
CARLOADS OF COMMODITIES ORIGINATING AND TERMINATING BY RAIL IN SOUTH DAKOTA



ORIGINATING	54008	43310	43642	51801	54907	57792	39982	53545	59709	72868	70118	71507	68093
TERMINATING	50848	53920	52094	56702	53729	44118	40704	32981	32186	31506	30971	26729	17384
TOTAL	104856	97230	95736	108503	108639	101910	80686	86526	91894	104361	101089	98236	85477
YEARS	1976	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987

FIGURE 8

TONS OF COMMODITIES ORIGINATING AND TERMINATING BY RAIL IN SOUTH DAKOTA

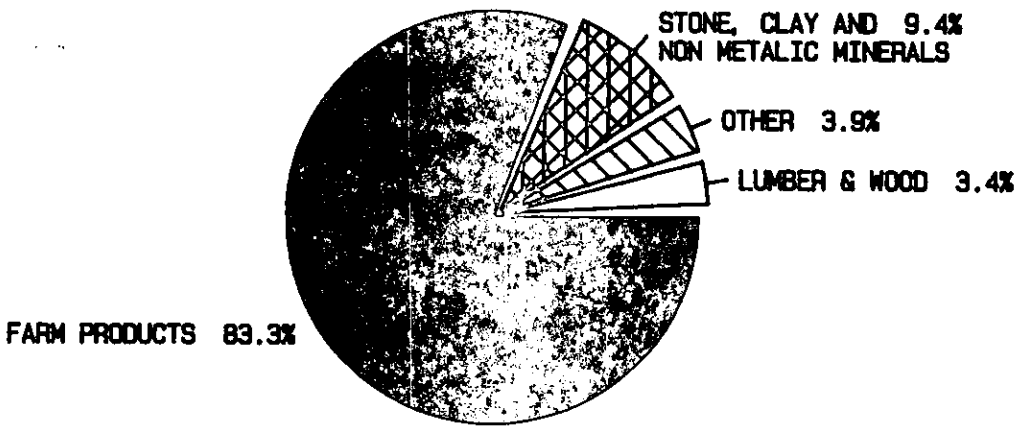


ORIGINATING	3.20	2.59	2.69	3.23	3.49	3.84	2.84	3.96	4.79	5.96	5.88	6.11	6.15
TERMINATING	3.58	4.02	3.78	4.29	4.09	3.50	3.31	2.72	2.76	2.75	2.67	2.29	1.49
TOTAL	6.78	6.61	6.47	7.52	7.58	7.35	6.15	6.67	7.56	8.71	8.54	8.40	7.64
YEARS	1976	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987

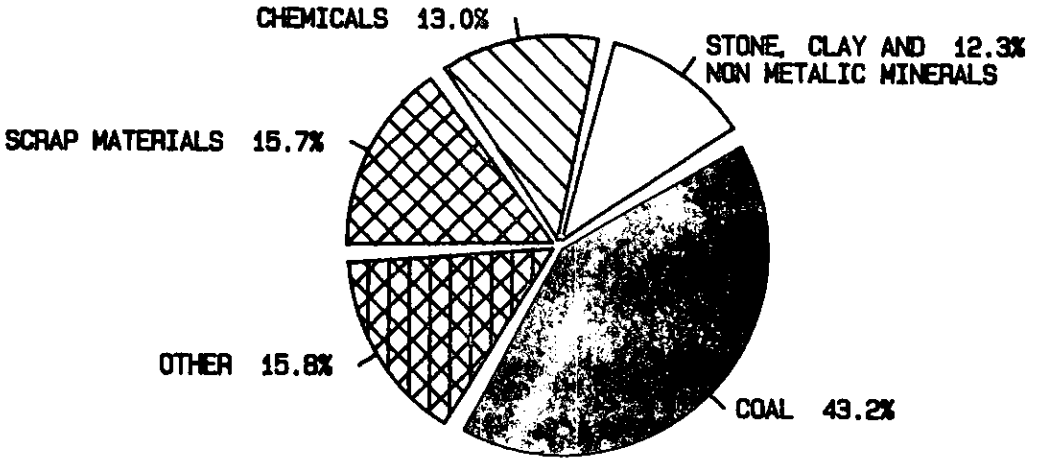
FIGURE 9

PERCENTAGE OF RAIL CARLOADINGS BY COMMODITY - 1987

ORIGINATING



TERMINATING



TOTAL

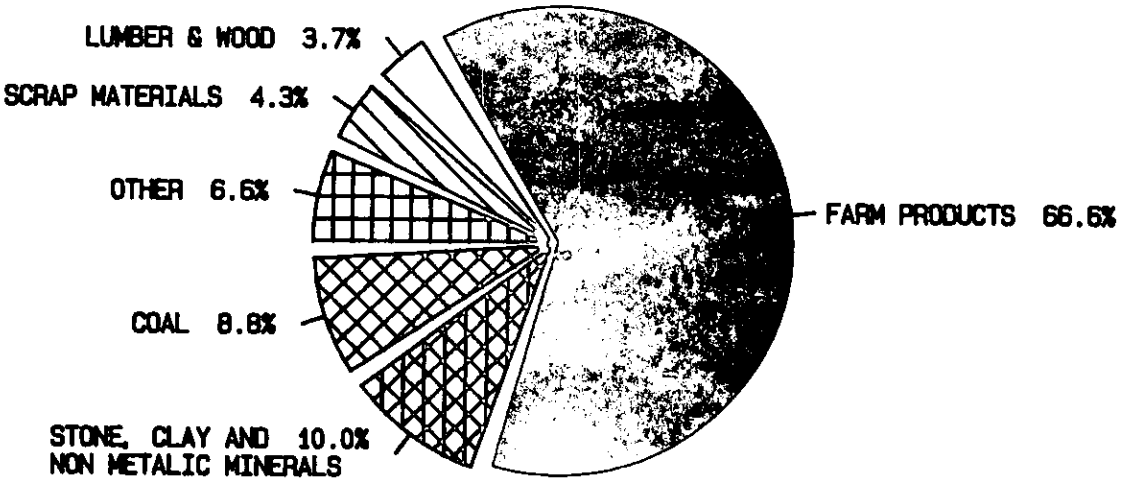


TABLE 7
RAIL FREIGHT OPERATING STATISTICS
SOUTH DAKOTA

YEAR	MILES IN OPERATION	CARS PER MILE	TONS PER MILE	TONS PER CAR
1975	3,346	31	2,027	65
1976	3,342	29	1,977	68
1977	3,199	30	2,022	68
1978	2,988	36	2,516	69
1979	2,741	40	2,767	70
1980	1,760	58	4,175	72
1981	2,049	39	3,003	76
1982	2,004	43	3,329	77
1983	1,932	48	3,911	82
1984	1,917	54	4,543	83
1985	1,984	51	4,307	85
1986	1,984	50	4,235	86
1987	1,909	45	4,002	89

Figure 10 lists gross operating revenues for Class I railroads on their South Dakota operations for the years 1980 through 1987. Gross revenues on South Dakota operations for the Soo Line, Burlington Northern and Chicago & North Western have declined in 1985, 1986 and 1987. This may be a reflection of the reduction of operations in the State by all three carriers and a revenue shift to the short line carriers. In addition, some grain rates declined during these years.

A common measurement of rail line health by a railroad company is freight density. This measurement is quantified in millions of gross tons per mile of track operated. Figure 11 is a traffic density composite of all operating lines in the State for the year 1987.

Other Rail Characteristics

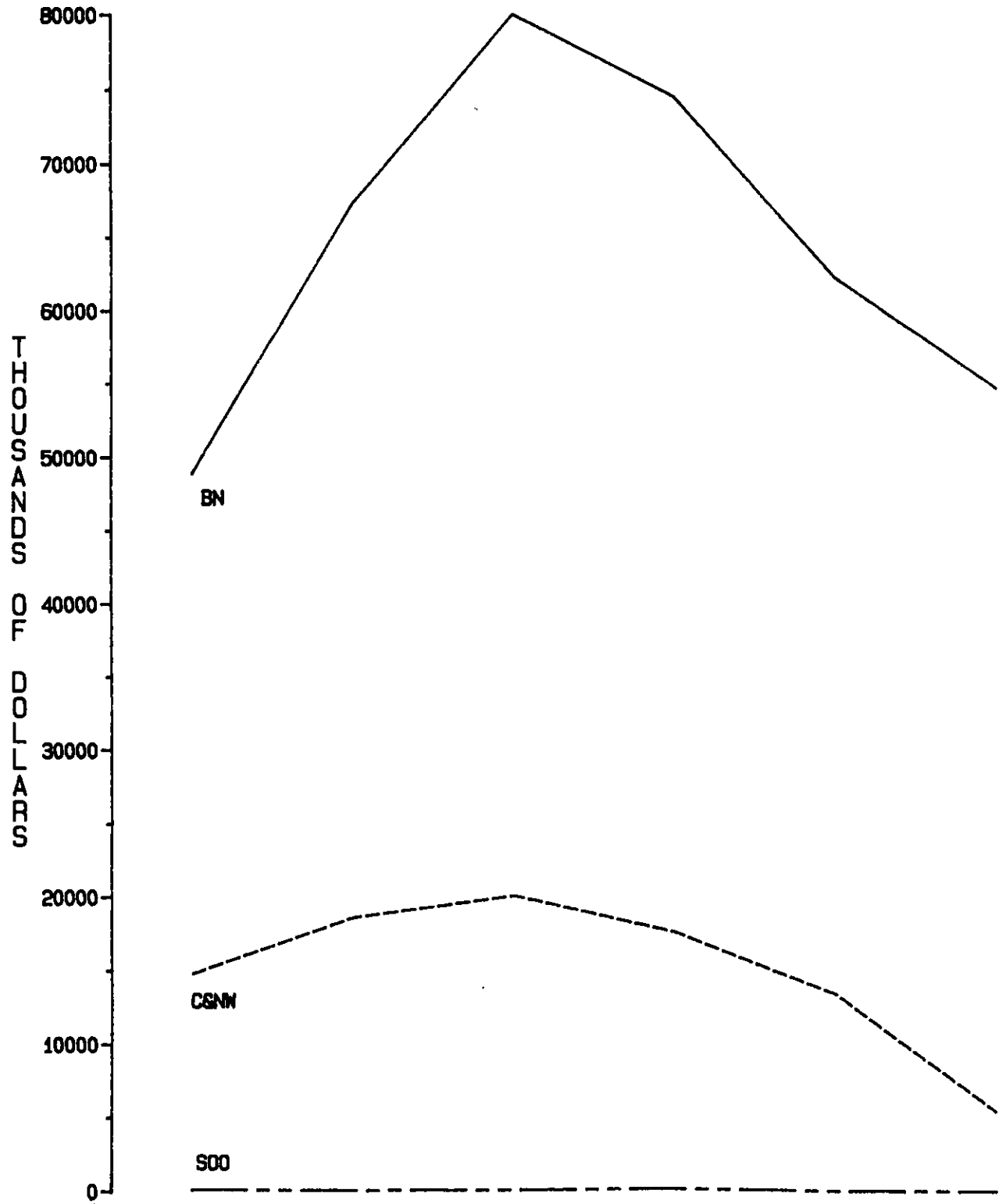
Rail volume is an indicator of rail usage. However, many factors influence traffic, income and abandonment decisions. An examination of other rail characteristics besides those previously mentioned is necessary to understand and analyze rail transportation in South Dakota.

Figure 12 illustrates the maximum load limits for each operating rail line in the State. A line should have the capacity to carry 263,000 pounds or more to fully utilize fully loaded covered hopper cars. Any line rated less than 263,000 pounds will most generally suffer inefficiencies (less than full

FIGURE 10

CLASS I RAILROADS GROSS OPERATING REVENUES

FROM SOUTH DAKOTA



BN	48897	67311	79923	74407	62105	54513
CGNW	14828	18611	20114	17612	13362	5463
SOO	142	133	161	298	114	97
TOTAL	63827	86055	100198	92317	75581	60073
YEARS	1982	1983	1984	1985	1986	1987

FIGURE 11

1987 - RAIL FREIGHT TRAFFIC DENSITY

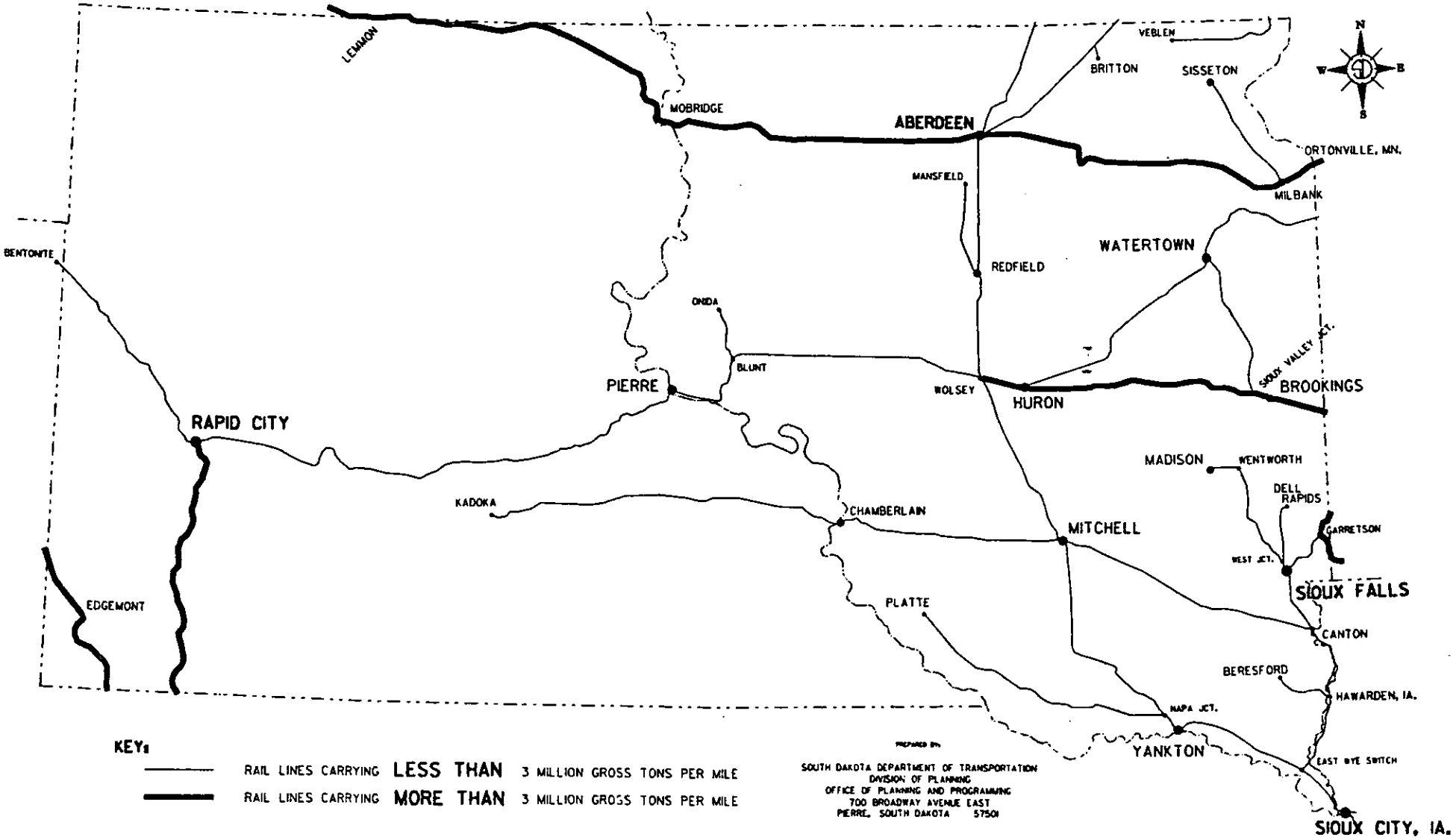
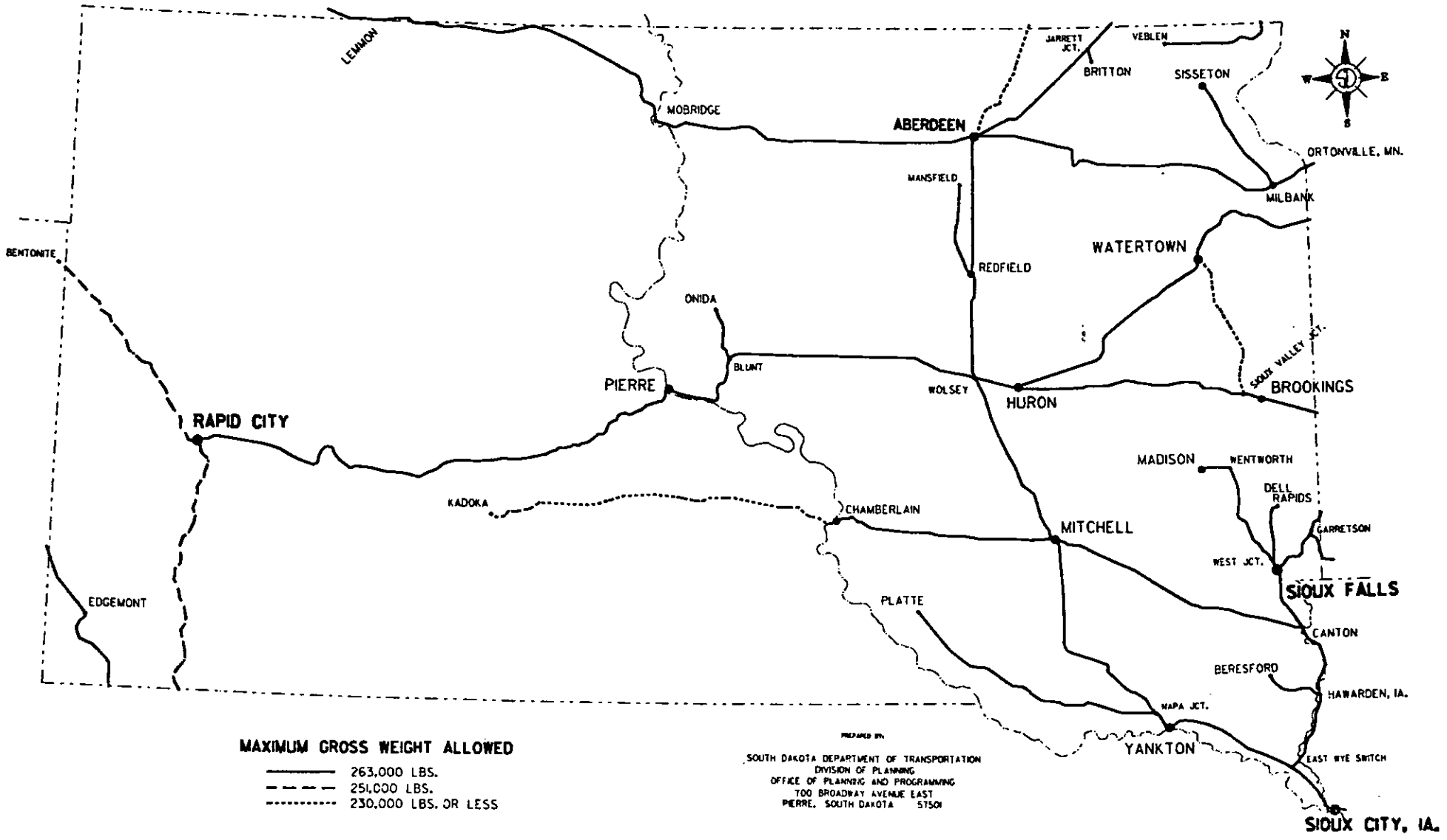


FIGURE 12

1988 - SOUTH DAKOTA OPERATING SYSTEM MAXIMUM ALLOWABLE LOAD LIMITS



MAXIMUM GROSS WEIGHT ALLOWED

- ——— 263,000 LBS.
- – – – 251,000 LBS.
- ····· 230,000 LBS. OR LESS

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loads) or force shippers to rely on smaller cars, such as boxcars or smaller hopper cars, to move freight. Grain sold to export terminals, if transported by rail, must be moved in the large hopper cars to facilitate handling and unloading.

Since the publication of the 1986 Railplan, the capacity limit on 315.4 miles of track has been increased to 263,000 pounds. This has improved the competitive ability of the carrier and increased the profitability of grain movement for the shippers.

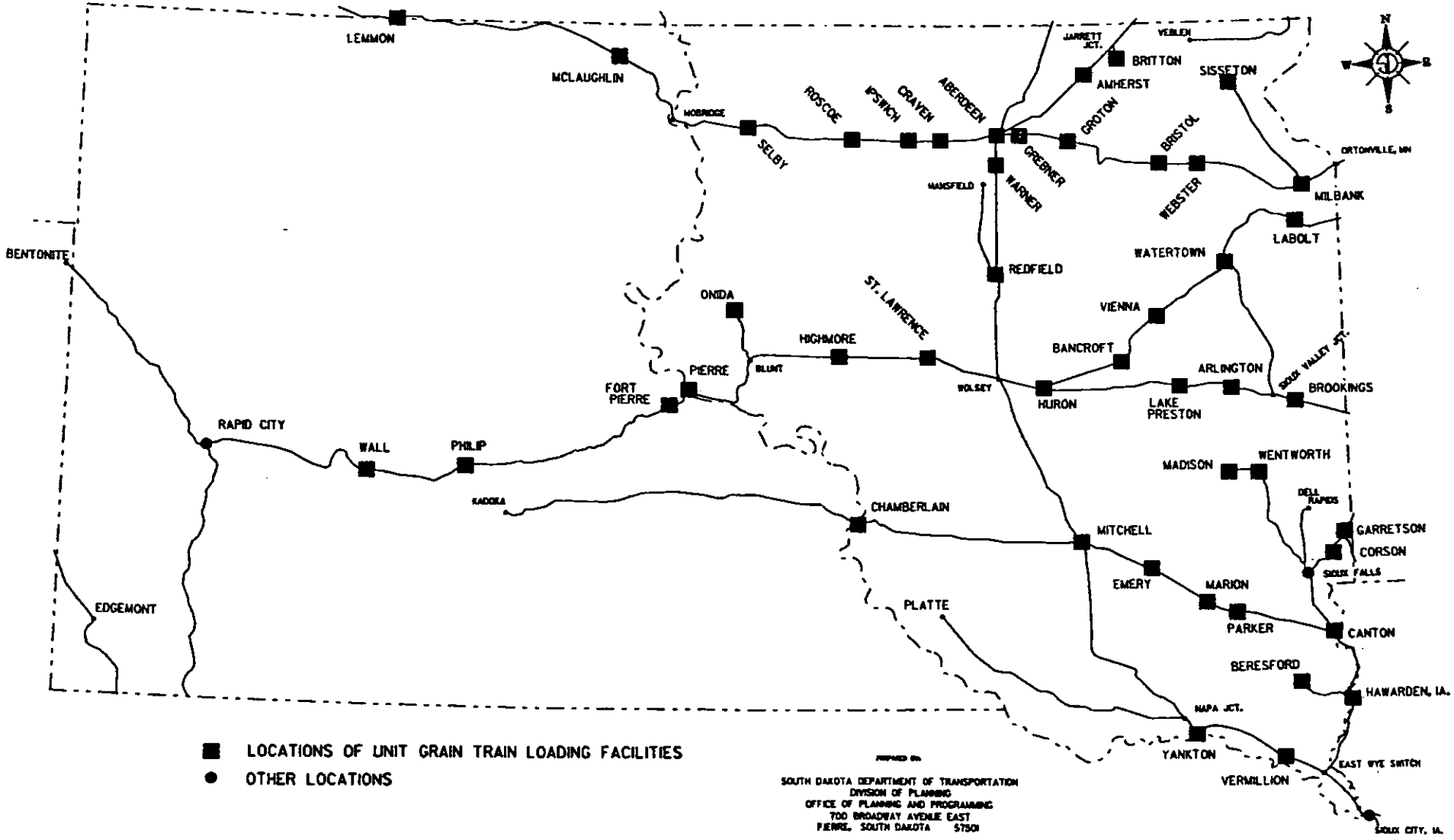
Unit Grain Train Facilities and Shipments

Unit trains are largely responsible for reversing the railroads' long standing loss of market share to trucks in grain transportation. There has been a greater utilization of trucks for short hauls to unit train terminals as opposed to long haul trips to out-of-state markets. This is contributing much-needed revenue to rail lines and better prices for grain producers through lower transportation costs. Private industry has built new elevators and made changes to existing elevators to take advantage of unit train rates.

Figure 13 shows the locations of existing unit train loading facilities. Since the 1986 Railplan unit train facilities have been created at Roscoe, Craven, Groton, Amherst, Bristol, Webster, Milbank, La Bolt, Garretson Vermillion, Wall, Philip, Highmore, Lake Preston, Arlington, and Brookings.

FIGURE 13

UNIT GRAIN TRAIN LOADING FACILITIES CAPABLE OF LOADING 25 OR MORE CARS



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Current Status Of The State-owned System

The Burlington Northern is the largest operator of the state-owned system, currently providing service on 667 miles of track. The BN has relinquished operations on two state-owned lines since the 1986 Railplan. The operating rights for the 68.5 mile line from Mitchell to Chamberlain have been transferred to the Dakota Southern Railroad and the D & I Railroad has assumed operation of the formerly BN-operated 50 mile line from Canton to East Wye Switch and the 17 mile Hawarden to Beresford line. Figure 14 highlights the state-owned rail lines.

Core System Traffic Analysis

Figure 15 graphically shows the number of rail carloads originating and terminating on the core system by individual line segments. This same data is documented in Table 8 and Table 9. Traffic on the core system has shown a steady increase since 1984. Looking at the individual line segments, the traffic on the Canton to Mitchell line has nearly doubled over the last four years. Traffic on the Mitchell to Aberdeen line increased dramatically in 1987 due to an increase in shipments received from the DM&E at Wolsey. The Mitchell to Sioux City segment has had a stable traffic flow while traffic on the Chamberlain to Mitchell line has declined slightly.

FIGURE 14

STATE OF SOUTH DAKOTA

MAP HIGHLIGHTED TO SHOW STATE OWNED RAIL LINES

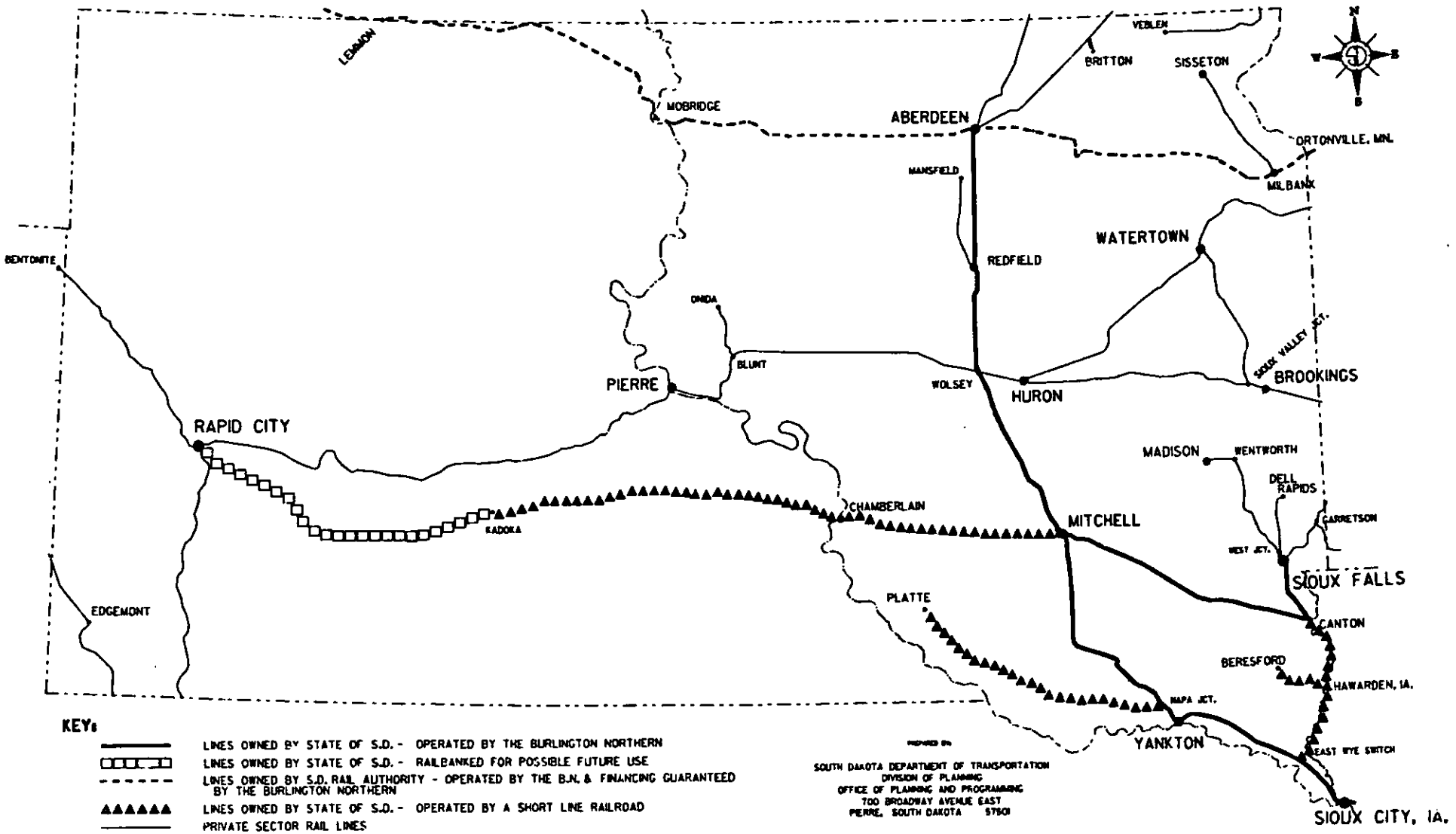
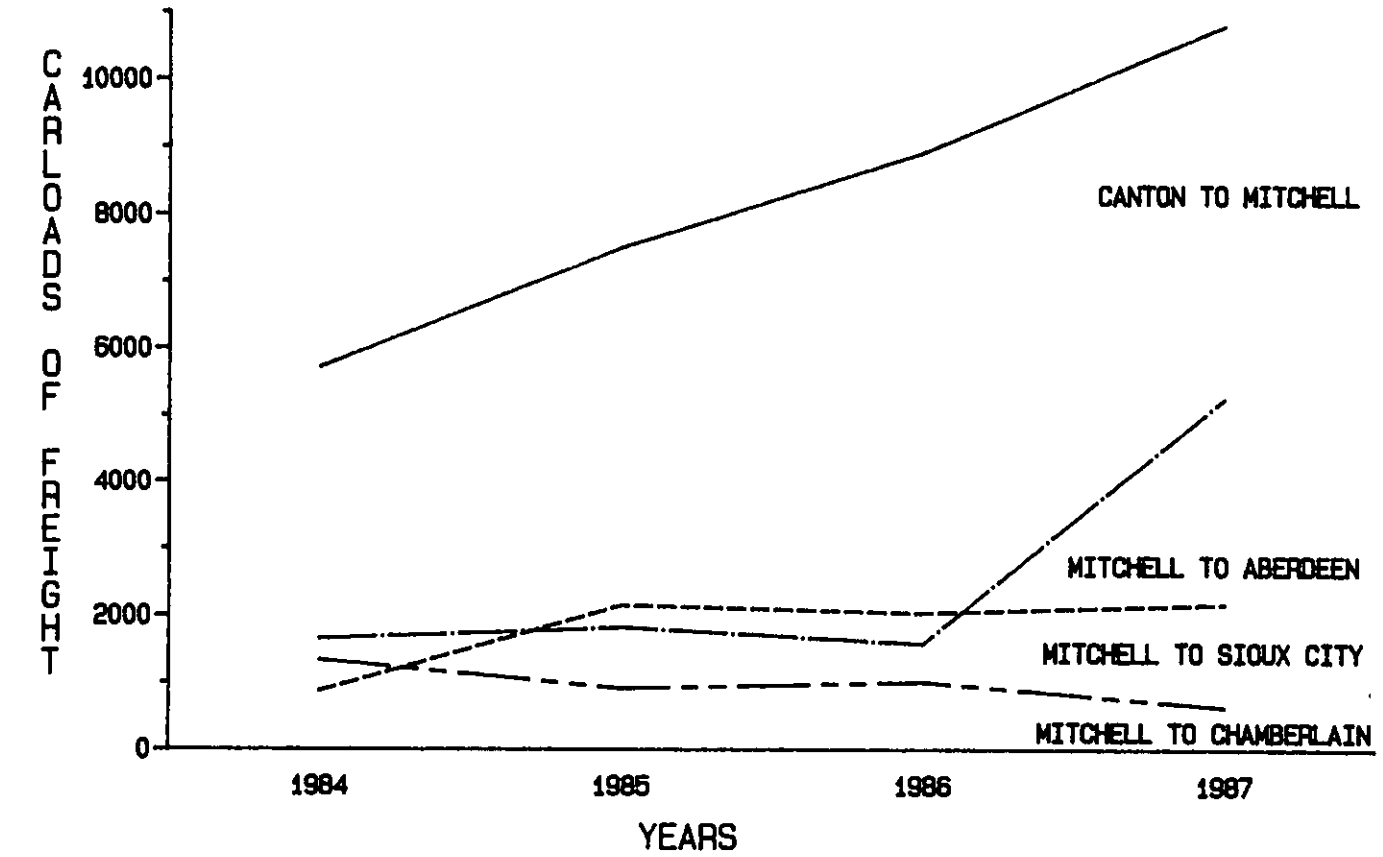


FIGURE 15

STATE CORE SYSTEM RAIL TRAFFIC



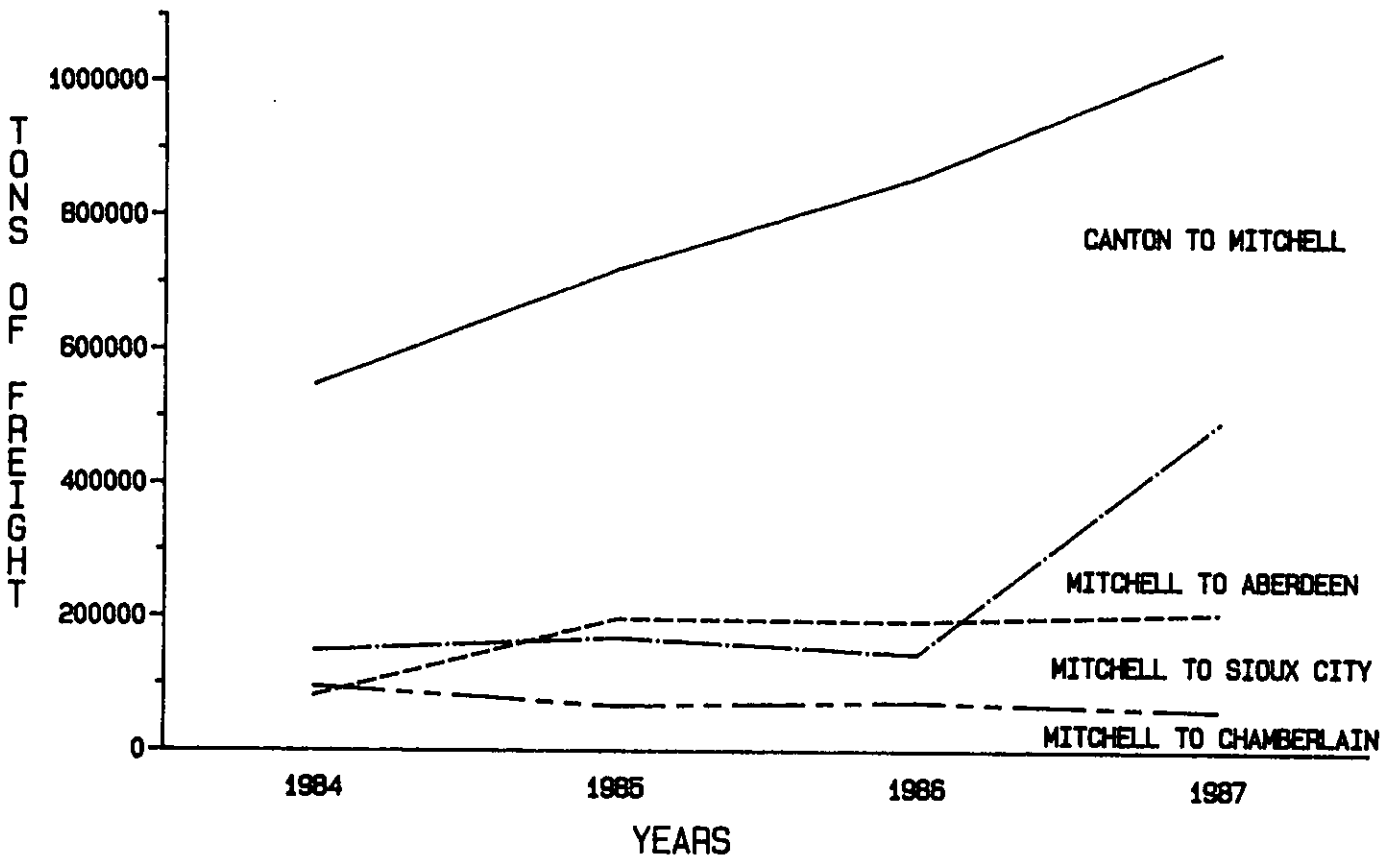


TABLE 8
STATE CORE SYSTEM RAIL TRAFFIC
CARLOADS OF FREIGHT

SEGMENT	1984	1985	1986	1987
Canton to Mitchell	5,718	7,495	8,898	10,770
Mitchell to Sioux City	874	2,142	2,020	2,158
Mitchell to Aberdeen	1,654	1,815	1,561	5,233
Mitchell to Chamberlain	1,329	908	1,002	623
TOTAL	9,575	12,360	13,481	18,784

TABLE 9
STATE CORE SYSTEM RAIL TRAFFIC
TONS OF FREIGHT

SEGMENT	1984	1985	1986	1987
Canton to Mitchell	547,469	718,563	855,220	1,039,988
Mitchell to Sioux City	82,010	195,966	192,699	205,276
Mitchell to Aberdeen	149,039	167,593	143,476	490,553
Mitchell to Chamberlain	95,364	66,334	72,616	61,054
TOTAL	873,882	1,148,456	1,264,011	1,796,871

Abandonments

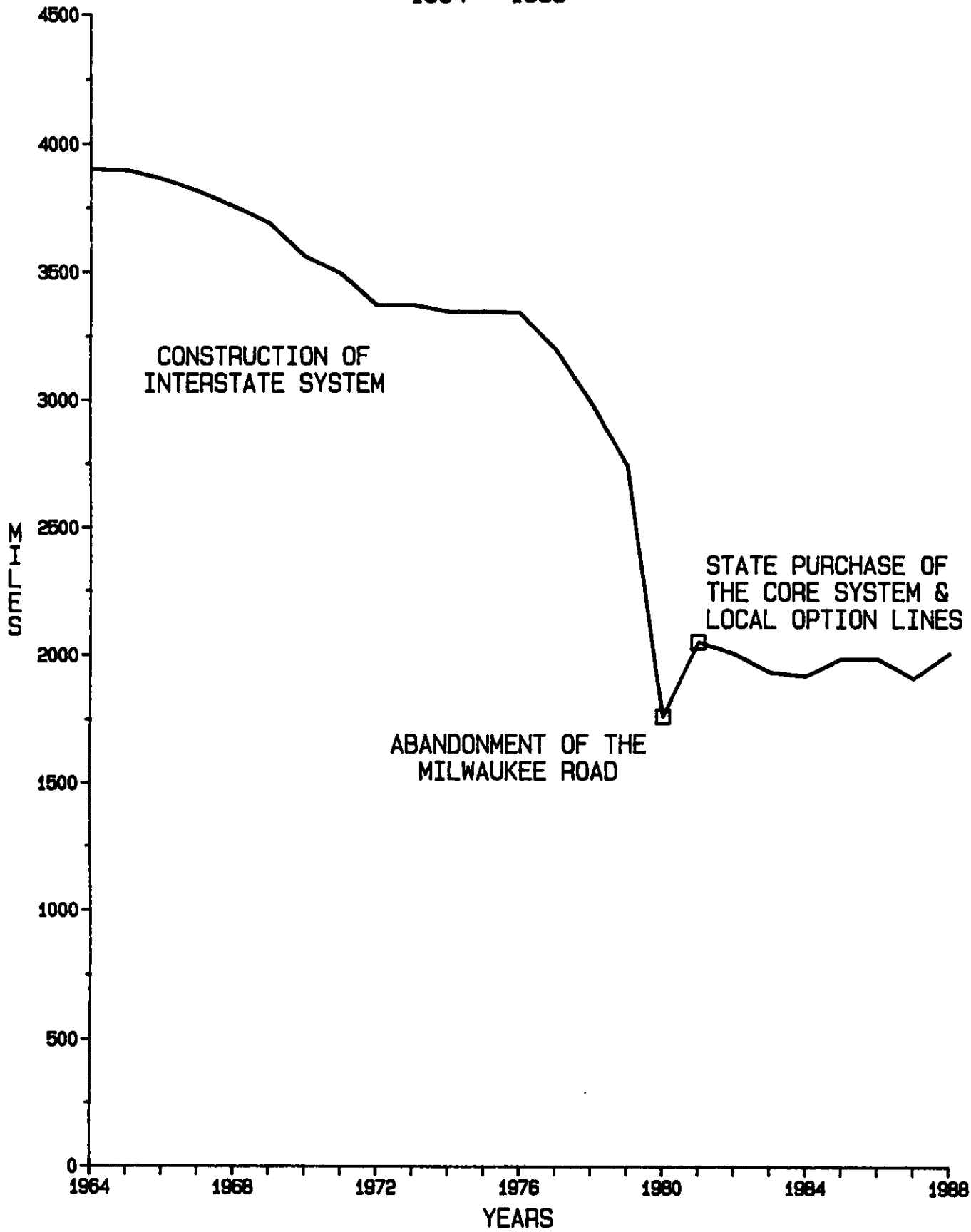
Since 1976, 2,359 miles of track in South Dakota have been approved for abandonment. However, through the efforts of the State, the railroads, local businesses and local units of government, 1,047 of those miles were purchased and service was reinstated. Today, there are 2,006 miles of track in service compared to 3,343 miles in 1976.

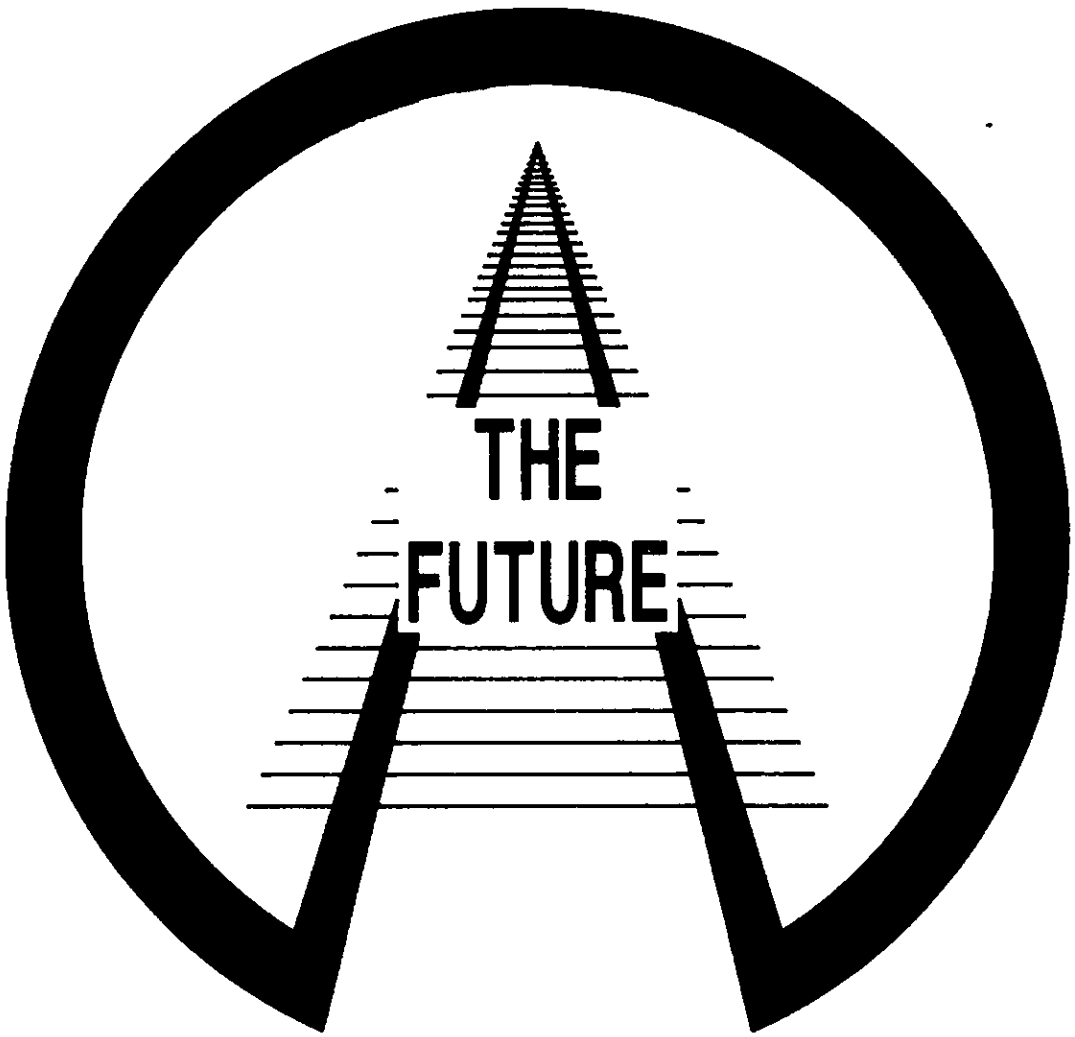
Since the 1986 Railplan, three rail lines have been approved for abandonment. The Ashley, ND to Pollock, SD line which was operated by the Soo Line was abandoned effective in September, 1987. This line was 49.27 miles in length, with 32.8 miles operating in South Dakota. The 41.63 mile long Edgemont to Custer rail line operated by the Burlington Northern was abandoned effective in December, 1987. The 22.6 mile line from Agate, MN to Ellis, SD line was abandoned in October, 1988 by C&NW. Figure 16 gives the historical record of South Dakota's railroad system.

FIGURE 16

SOUTH DAKOTA RAIL SYSTEM MILEAGE

1964 - 1988




THE
FUTURE

THE FUTURE

The future for South Dakota's rail transportation system appears much more secure than it did only a few years ago. The State survived the crisis of the Milwaukee Road bankruptcy and emerged with a rail system which, although smaller, can be supported by the traffic it carries. The cycle of rail line neglect and abandonment has been reversed by the combined efforts of the State, the railroads and private investors to improve and rehabilitate South Dakota's railroad infrastructure.

Abandonments will continue in the future, but at a much slower pace. The future abandonments will occur on the light density rail lines which are unable to safely support the larger rail cars and on rail lines which do not generate sufficient traffic to cover operating expenses.

Railroad restructuring, track upgrading, equipment modernization, unit train movements, increased rail traffic and improved efficiency have made the rail industry in South Dakota more economically sound today than it has been in recent history. This trend should continue into the future, as rail traffic continues to increase and railroad facilities are continually improved and modernized.


SOUTH DAKOTA
RAIL MAP

OFFICIAL SOUTH DAKOTA RAIL MAP