



Adam Weiskittel
AVP & Associate General Counsel, Operations

BNSF Railway Company
2500 Lou Menk Drive, AOB-3
Fort Worth, TX 76131
(817) 352-2322 Phone
(817) 352-2397 Fax
adam.weiskittel@bnsf.com

VIA ELECTRONIC FILING

306833

July 14, 2023

Ms. Cynthia Brown, Chief
Section of Administration
Office of Proceedings
Surface Transportation Board
395 E Street SW
Washington, DC 20423

ENTERED
Office of Proceedings
July 14, 2023
Part of
Public Record

RE: Docket No. EP 7701 (Sub No. 1), Urgent Issues in Freight Rail Service

Dear Ms. Brown:

Pursuant to the Board's May 6 and October 28 decisions in the above-referenced proceeding, BNSF respectfully submits this update on the status of our service recovery plan filed on May 20, as modified in accordance with the Board's June 16 decision. The data in this report reflects BNSF's service performance the week of July 7. Last week BNSF achieved target for 9 of our 12 KPIs and was within 5% of target for 2 of the remaining 3 KPIs. As reflected in the following chart,¹ BNSF has consistently achieved or been within 5% of target for nearly all of our KPIs over the past ten weeks.

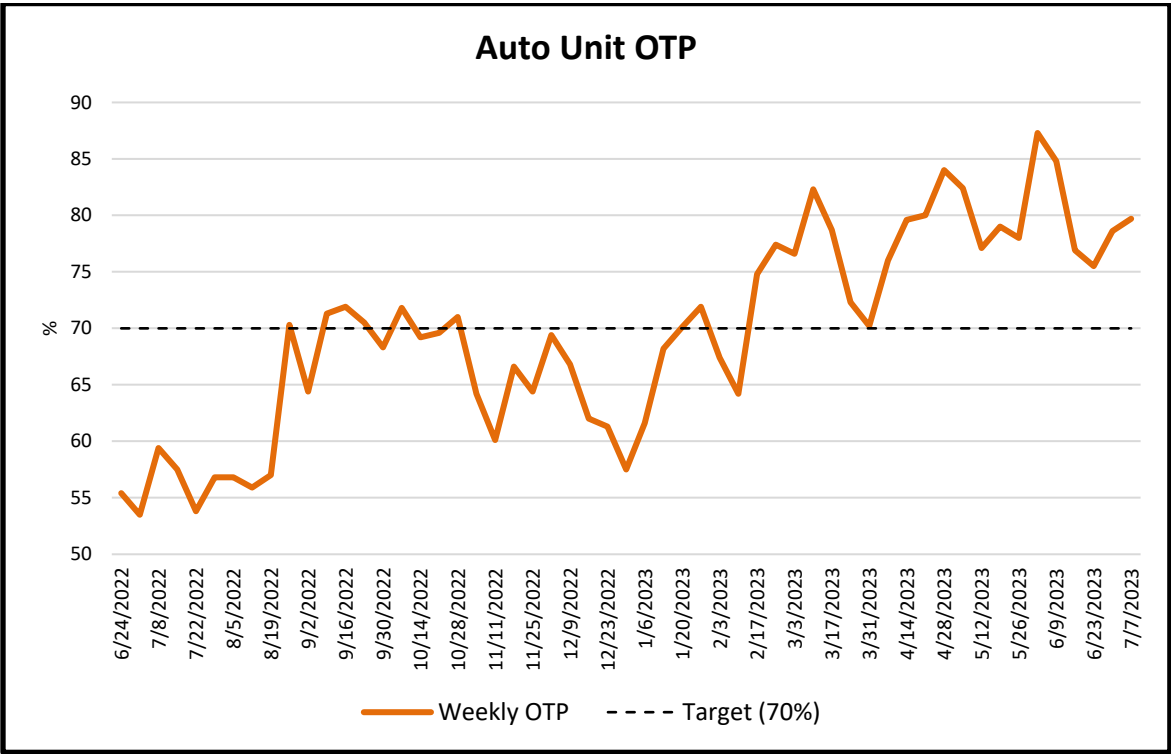
■ = at or above target
■ = within 5% of target
■ = within 10% of target

	18	19	20	21	22	23	24	25	26	27	10 Week Avg
Train Speed	99%	100%	99%	100%	102%	102%	103%	101%	101%	104%	101%
Dwell	97%	95%	96%	98%	100%	96%	99%	98%	96%	95%	97%
Trains Holding	109%	121%	101%	108%	121%	128%	140%	145%	137%	131%	124%
Local Service	101%	101%	100%	100%	99%	98%	98%	99%	100%	98%	100%
Overall OTP	110%	110%	112%	113%	119%	118%	109%	112%	112%	114%	113%
Intermodal OTP	119%	119%	118%	118%	116%	117%	109%	111%	114%	109%	115%
Coal OTP	85%	95%	105%	101%	109%	107%	99%	105%	101%	110%	102%
Merch OTP	92%	95%	90%	98%	111%	113%	102%	103%	103%	109%	102%
Grain OTP	103%	88%	92%	100%	118%	106%	106%	103%	112%	102%	103%
Crude OTP	75%	72%	76%	76%	95%	93%	82%	79%	74%	93%	81%
Auto OTP	118%	110%	113%	111%	125%	121%	110%	108%	112%	114%	114%
Ethanol OTP	48%	74%	62%	62%	112%	119%	70%	79%	70%	105%	80%

¹ This chart has been updated from what was included in our June 30 Bi-Weekly Report to correct some errors in the data presentation that largely understated our service performance against target.

BNSF’s Automotive Network

One notable bright spot in BNSF’s service recovery story has been our automotive service. As reflected in the chart below, since filing our Supplemental Service Recovery Plan on June 23, 2022, our Auto OTP has improved significantly, and we have been at or above our stated target for the past five months.

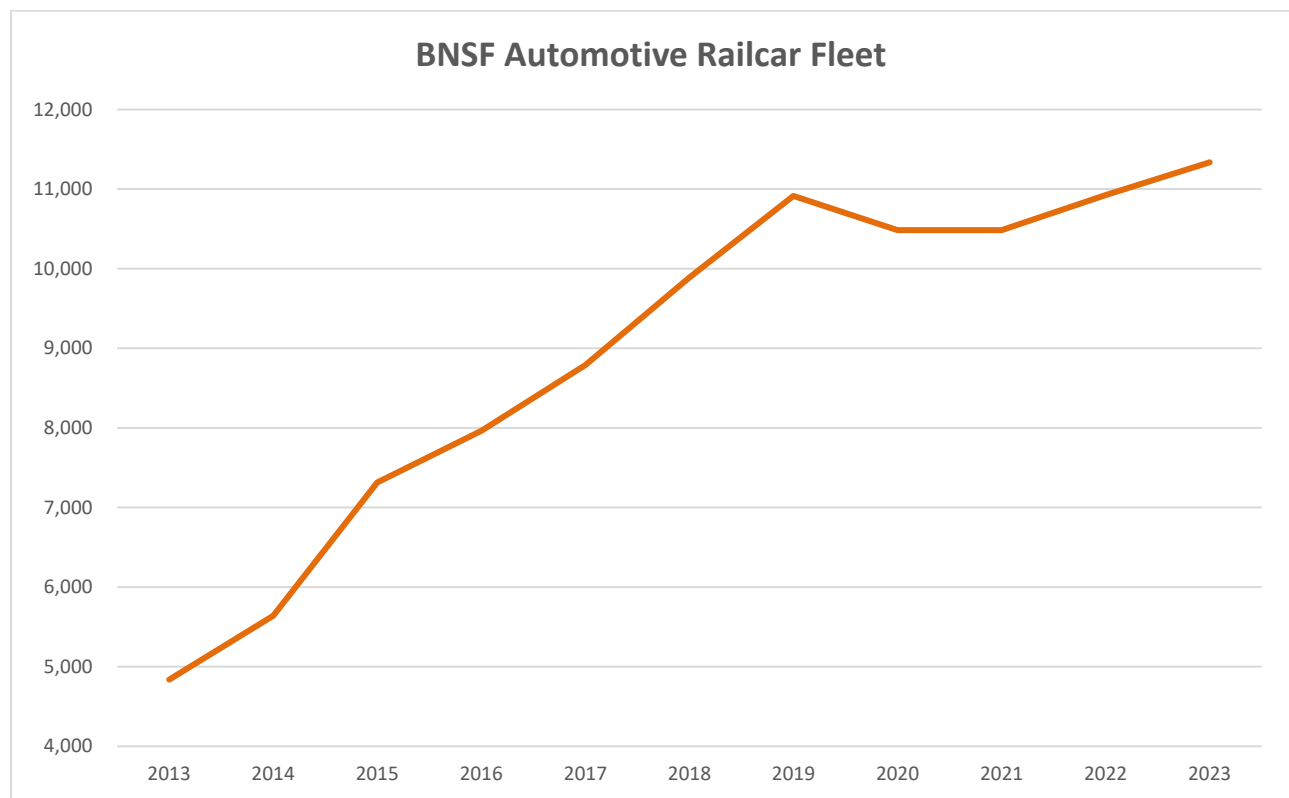


This mature trend reflects several initiatives BNSF has undertaken to simultaneously improve service for our existing automotive customers and grow automotive volumes on our railroad. Historically, BNSF has moved the smallest automotive volumes among the Class I railroads, which largely reflected that our competitors’ networks were more closely aligned geographically with domestic automotive manufacturing facilities. Over the past decade, we have invested significant time and resources to better position BNSF to compete for automotive volumes, including adjusting our automotive network as conditions warrant.

BNSF has traditionally moved automotives on dedicated unit trains like we move other intermodal shipments. But as automotive manufacturing slowed dramatically during the pandemic due to lessened consumer demand and parts shortages (particularly semiconductor chips), BNSF’s automotive volumes dropped significantly, and we adjusted by blending our automotive shipments into our merchandise network. As automotive manufacturers ramped up production in 2023 to meet pent-up demand, volumes have surged in a manner that exceeded forecasts received from the automotive manufacturers and has challenged the existing railcar fleet. BNSF’s automotive shipments in the second quarter of 2023 reached our highest levels in more than five years and represented a nearly 20% increase compared to shipment volume in the second quarter of 2022.

In the short term, the most effective measure we can take to manage surging volumes is to improve our automotive velocity, thus enabling us to move more automotive shipments with the same amount of railcars. We've taken several important actions to further this initiative. Most importantly, we are taking those shipments out of our merchandise network and moving them back onto dedicated unit trains moving between our automotive facilities and interchange points. This has substantially improved automotive velocity across our network, which has increased 28% from an average of 150 miles per day in 2022 to an average of 175 miles per day in June 2023. BNSF now has the fastest automotive velocity in the industry, running 18% faster than the Class I average (less BNSF).² Higher velocity means shorter car cycle times and, as a result, fewer railcars needed to move the same amount of shipments. We believe there is further room for improvement, and we have an internal goal and action items against that goal to see further improvements in our automotive MPD by the end of 2023.

We are also investing in our automotive railcar capacity to support our customers' growth over the longer term. As shown below, BNSF has doubled the size of our automotive railcar fleet over the past ten years, and late last year BNSF ordered an additional 740 new automotive railcars at a cost exceeding \$170MM. These new railcars will start arriving this fall and will support both existing customer business, and new customer business that BNSF competed to win at the end of 2022.



² The Class I (excluding BNSF) average referenced here does not include CSX's automotive network velocity because, to our knowledge, CSX does not publicly report that metric.

While our efforts are critical to providing the level of service our customers expect, BNSF's—and the broader rail industry's—efficient handling of automotive volumes does currently remain challenged by factors outside of our control. For example, during the pandemic our automotive customers lost access to over 2,000 haul away carriers (i.e., truck drivers who take the automobiles from our railyards to final destination) and that capacity has not yet fully returned. Limited haul away capacity leads to congestion at rail facilities and less efficient railcar utilization as loaded railcars dwell longer waiting for capacity to free up so vehicles may be unloaded. BNSF has created new pipeline management tools to give our customers and haul away drivers more visibility into incoming shipments and facility capacity. We are confident that by partnering with our customers and others in the automotive supply chain, we will successfully manage the current surging demand and be well positioned to support our customers' growth going forward.

Montana Rail Link Bridge Update

Finally, we want to update the Board on the Montana Rail Link ("MRL") bridge collapse that occurred on June 28 near Columbus, Montana. The bridge remains out of service and is currently expected to be so until the end of July. As a result of the bridge collapse, BNSF has had to reroute substantial traffic along our Northern Transcon route, which has elongated cycle times for that traffic. To minimize service disruptions, we have added locomotives to our existing fleet in the Northern Region and reached an agreement with MRL and the Brotherhood of Locomotive Engineers and Trainmen (BLET) that allows MRL crews to temporarily operate detoured BNSF trains. However, not all BNSF traffic that typically moves in the MRL corridor can be rerouted as the MRL corridor is the only route on BNSF with the clearances needed to move certain dimensional shipments. For example, the bridge outage has posed a unique and substantial challenge for our contract movements of airplane fuselages for a longstanding customer from Kansas to assembly facilities in the Pacific Northwest. To address the challenge, BNSF worked closely with our customer and the MRL to devise a bespoke transload option to move these fuselages by rail to a point short of the bridge, then by truck around the outage to be reloaded back onto railcars, and our customer has elected to use this option despite its increased expense.³

While not every weather or other event outside of BNSF's control will lend itself to short term options like this, BNSF is proud to be part of a creative solution that helped maintain the fluidity of our customer's supply chain in this instance. We express our appreciation for the ingenuity and hard work of the BNSF, customer and MRL employees that have made this movement possible.

Sincerely,



Adam Weiskittel
AVP & Associate General Counsel, Operations

CC: Mr. Michael Higgins, Office of Public Assistance, Government Affairs, and Compliance

³ See Boeing Fuselages to Take Brief Highway Detour Around Collapsed MRL Bridge, by Justin Franz, Railfan & Railroad Magazine (<https://railfan.com/boeing-fuselages-to-detour-over-highway-to-get-around-collapsed-mrl-bridge/>).



BNSF Service Recovery Plan

Key Performance Indicators

	Baseline (March 4, 2022)	Current ¹	Progress Against Baseline	Target
Overall Velocity	24.4 mph	27.0 mph	+10.7% 	26 mph
Terminal Dwell	28.8 hrs	26.7 hrs	-7.3% 	25.5 hrs
Local Service Performance	87.6%	89.5%	+2.2% 	91%
Overall On Time Performance	62.4%	79.8%	+27.9% 	70%
Average Trains Holding	147.3	65.4	-55.6% 	95

¹ The data in this column reflects the data BNSF reported on July 12, which reflects performance in the week ending July 7.



BNSF Service Recovery Plan

Key Performance Indicators

	Baseline	Current	Progress Against Baseline	Target
Intermodal	66.9%	81.8%	+14.9pp 	75%
Coal Unit	66.6%	82.8%	+16.2pp 	75%
Merchandise	46.9%	71.1%	+24.2pp 	65%
Grain Unit	62.7%	76.6%	+13.9pp 	75%
Crude Unit	46.1%	65.3%	+19.2pp 	70%
Auto Unit	52.0%	79.7%	+27.7pp 	70%
Ethanol Unit	18.0%	52.3%	+34.3pp 	50%