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September 3, 2014

236577

Ms. Cynthia Brown
Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E Street, SW
Washington, DC 20423-0001

ENTERED
Office of Proceedings
September 3, 2014
Part of
Public Record

Re: STB Ex Parte No. 724 (~~Sub No. 2~~), United States Rail Service Issues—Grain

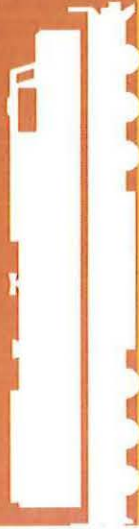
Dear Ms. Brown:

Enclosed for electronic filing in the above captioned proceeding is the slide presentation that BNSF's witnesses will reference during their testimony to the Board during tomorrow's hearing in Fargo, North Dakota. Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Jill K. Mulligan".

Jill K. Mulligan



STB Hearing: Ex Parte 724

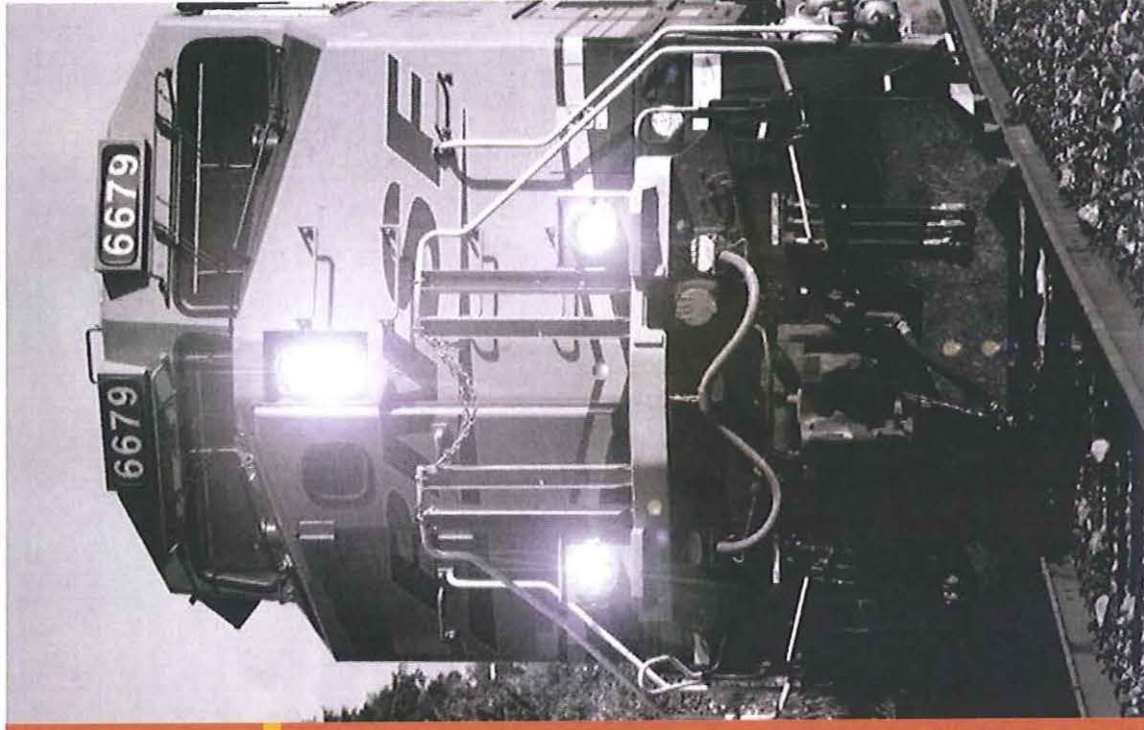
September 4, 2014

Fargo, North Dakota

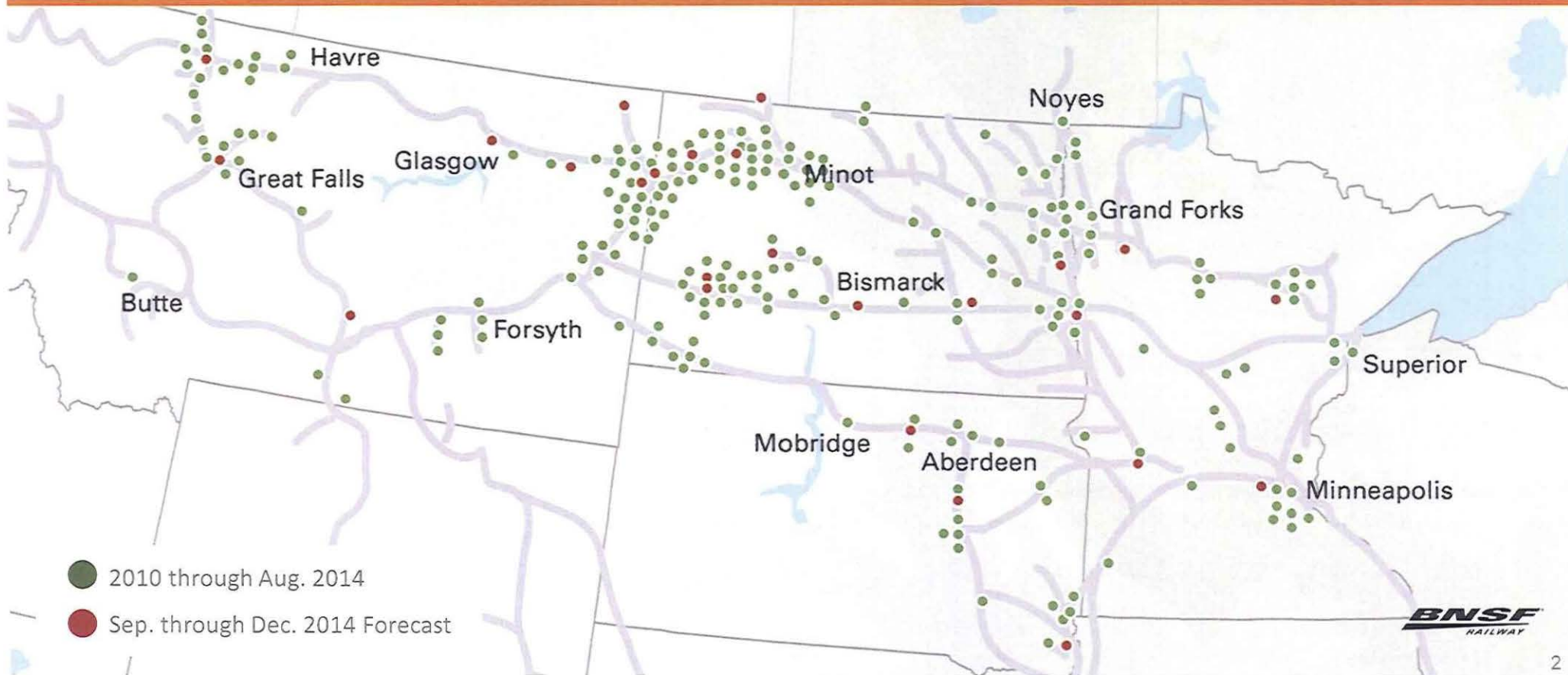
Testimony of BNSF Railway

Steve Bobb, Executive Vice President, Chief Marketing Officer

Bob Lease, Vice President, Service Design and Performance



Economic Development and Rail Growth in the North Dakota Region



North Dakota Represents 36% of BNSF's Growth This Year Alone

(2009-2014 Jan-Aug actuals)

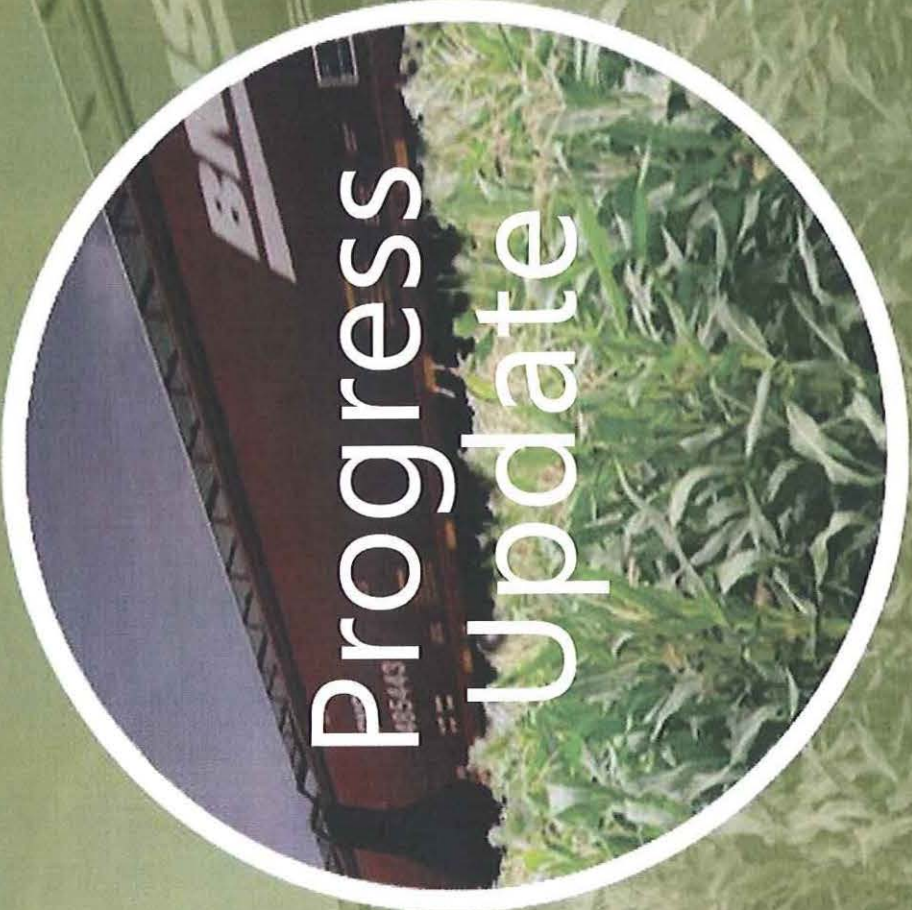
Traffic into
North Dakota
since 2009
increased

51%

BNSF grew
21% during
this same
time period.

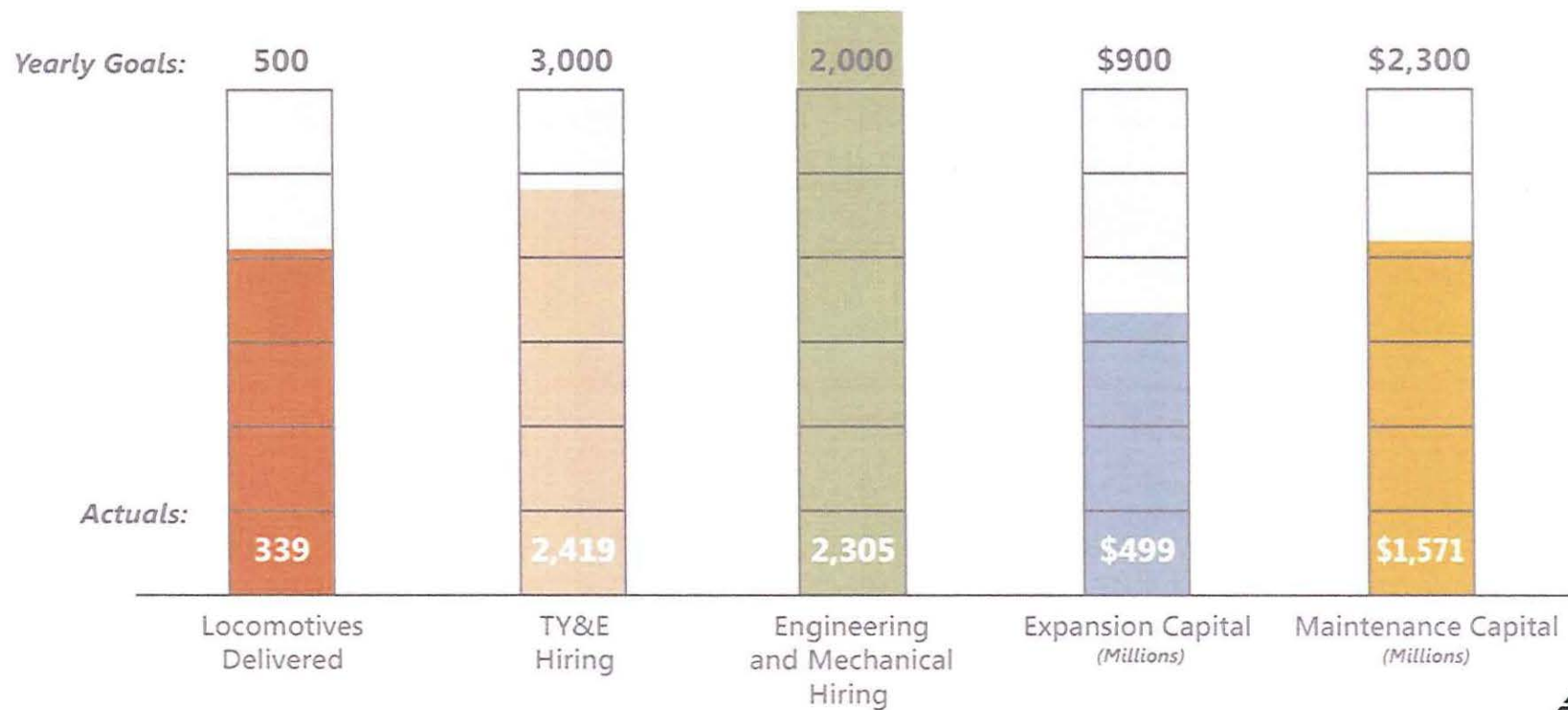
193%

Increase in rail
traffic out of
North Dakota
since 2009.



Progress Update

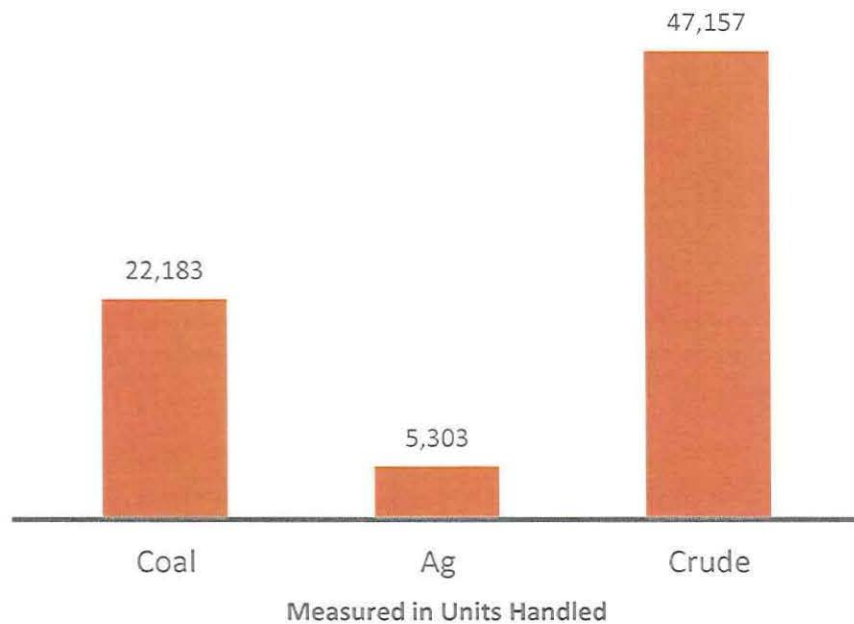
2014 Long-Term Actions to Add Capacity YTD



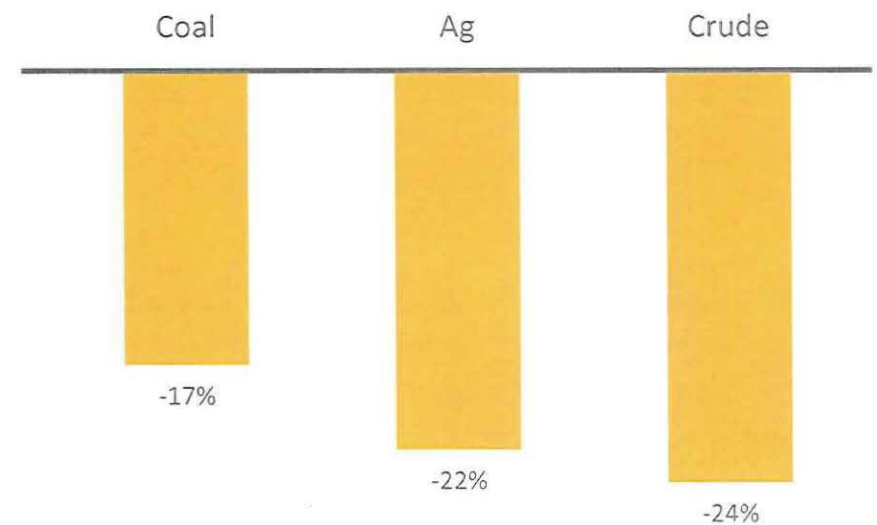
As of August 31, 2014; capital represents YTD actual through July 31, 2014 and August 2014 planned

Increasing BNSF Volumes Across Commodities has Impacted Service Across Commodities

GROWTH YEAR TO DATE OVER 2013 IN
COAL, AG AND CRUDE SHIPMENTS



SLOWER TRAIN VELOCITY YEAR OVER YEAR
HAS BEEN FELT ACROSS COMMODITIES

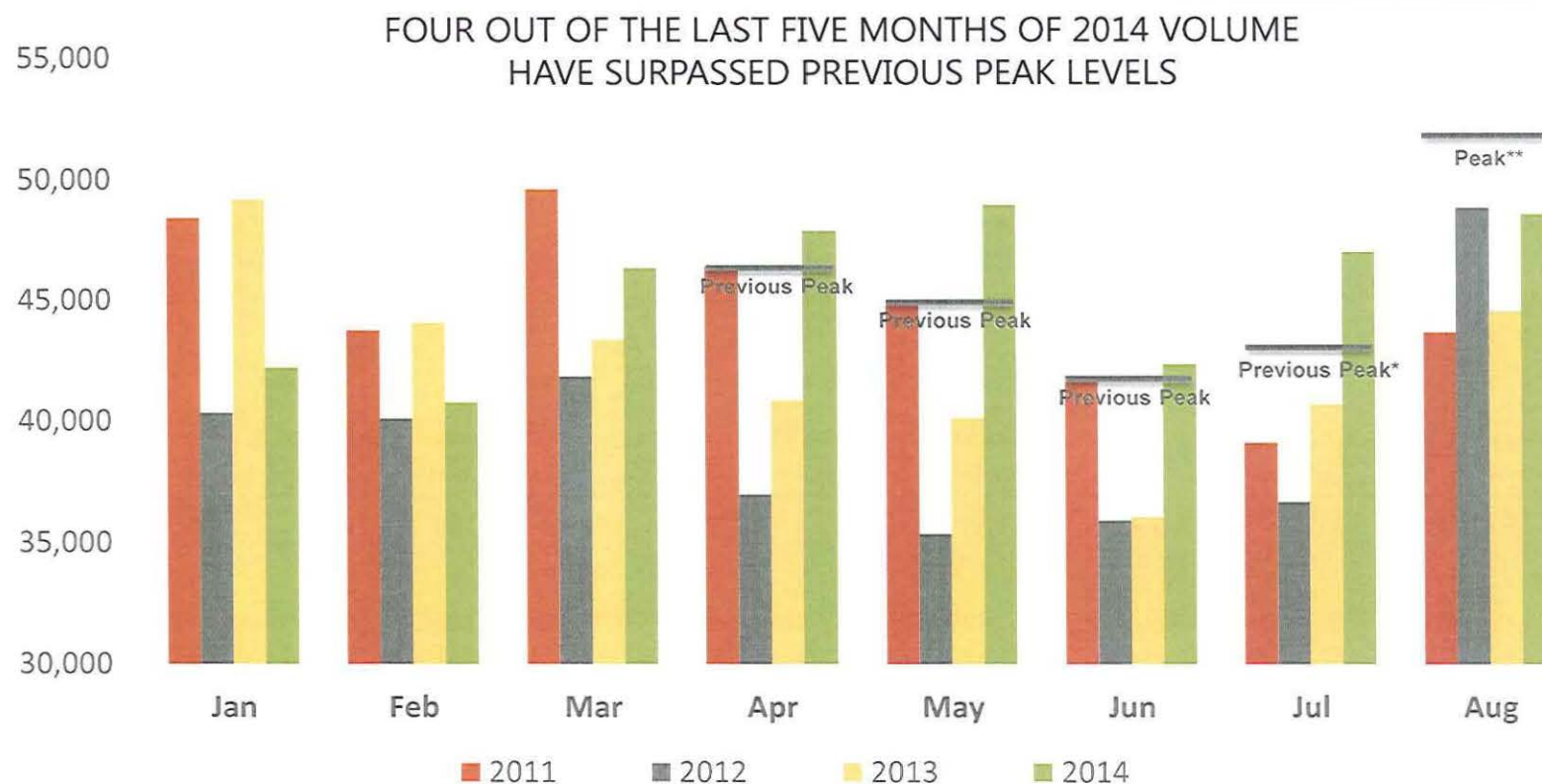


Miles Per Day Change for Coal and Crude (Aug. 2014 v Aug. 2013)
Shuttle Trips Per Month Change for Agriculture (Aug. 2014 v Aug. 2013)

Source: BNSF internal data year-to-date through August



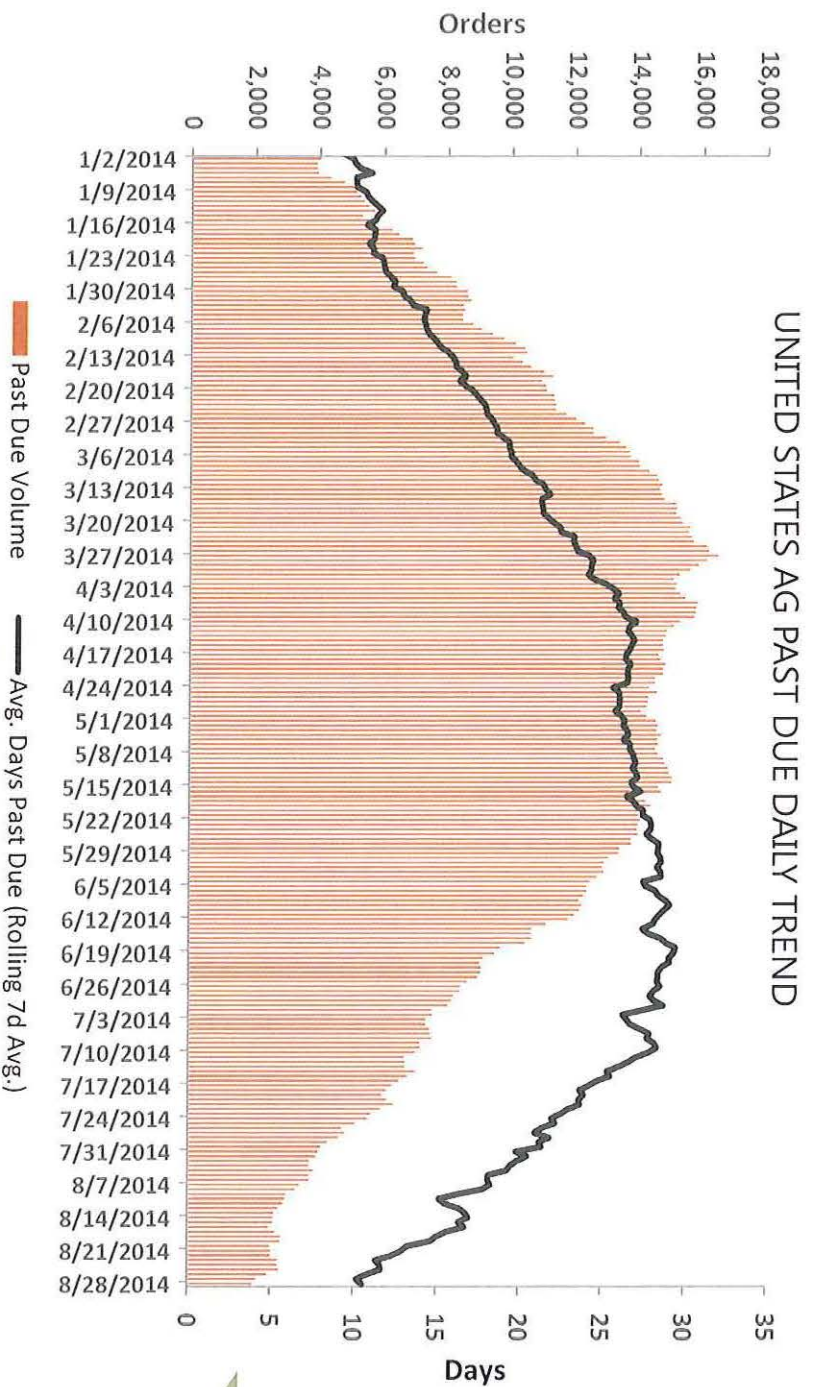
Ag Volume YTD has Grown to/from North Dakota, South Dakota, Montana and Minnesota



* Previous July peak occurred in 2010. ** August peak occurred in 2010.

Source: BNSF Internal data year-to-date through August for origins/destinations to/from North Dakota, South Dakota, Montana and Minnesota.

Ag Past Dues Progress



88%
Decrease in
U.S. Past Dues
Since March 2014
High

Coal Tons Delivered Year-to-Date

BNSF CUMULATIVE COAL DELIVERIES BY MONTH



Coal Network Planning Process

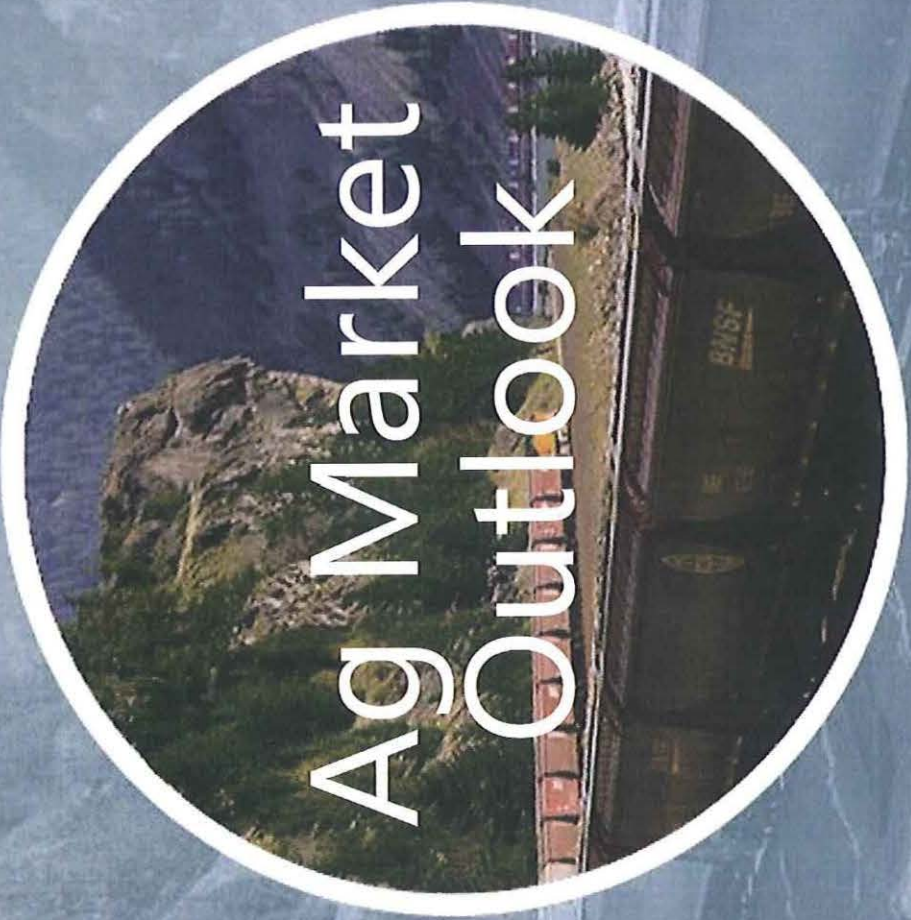
- Coal movement is part of the network planning process.
- Coal tons delivered is a function of set productivity, which is a function of network productivity. An increased number of sets results in velocity declines and less coal delivered.

Customer review and escalation:

- Criticality of plant to reliability
- Contractual obligations
- Operating parameters

Critical customers under watch:

- Under or at 10-day stockpile
- Under or at 5-day stockpile



Ag Market Outlook

Shuttle Trips Per Month (TPM)

	August 2014 PLAN	Week Ending Aug. 30	Week Ending Aug. 23	Week Ending Aug. 16	Week Ending Aug. 9
BNSF System	2.3	2.1	2.2	2.2	2.4
California	2.3	1.8	1.7	1.6	2.1
Texas Gulf	2.0	2.1	1.5	1.7	2.6
PNW	2.5	2.5	2.8	2.5	2.5
West Texas	2.8	1.9	3.6	2.2	2.6
Mexico	1.3	1.0	1.2	1.0	1.8

Shuttle vs. Non-shuttle Assets

Ag Fleet



Grain Hauled



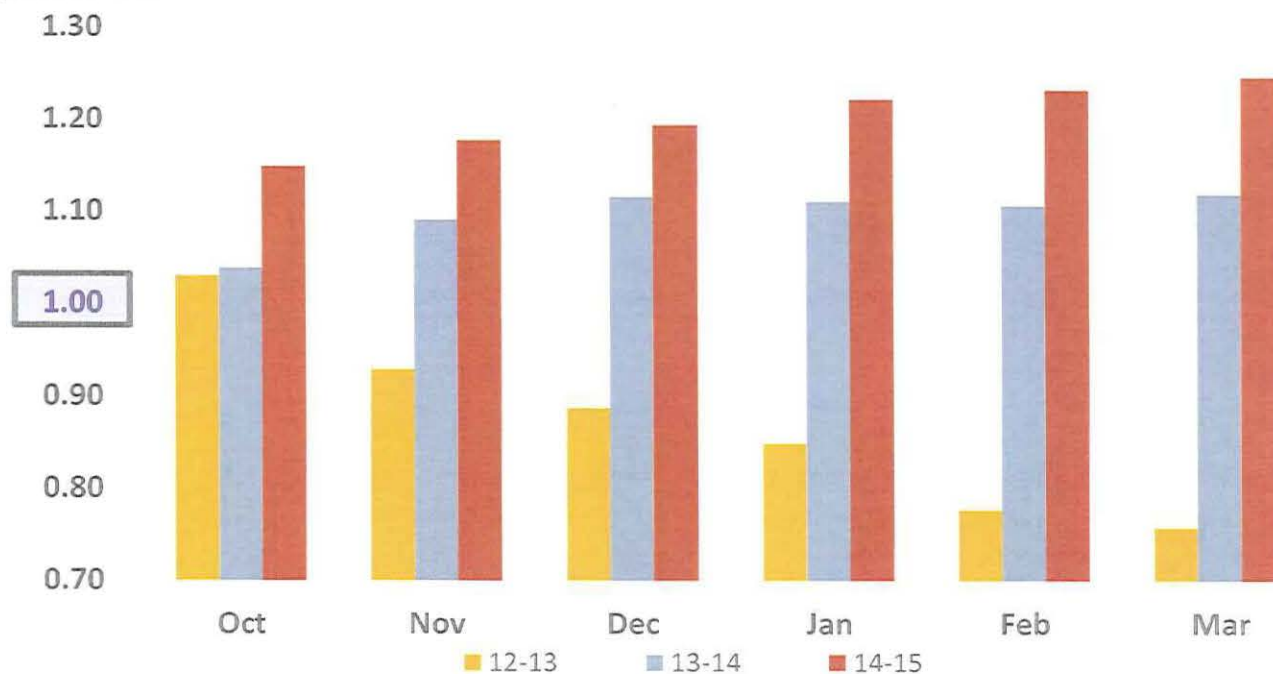
- In March 2014, Ag non-shuttle fleet was 14,222
- Winter storage of Ag shuttle sets created more line, crew, and locomotive capacity for the rest of the network
- In April, increased non-shuttle sets to 14,882
- In June, the number of shuttle sets sold decreased by 27
- The cars from those shuttle sets were transitioned to the non-shuttle fleet which increased the size to 17,282

YTD 2014

2014-2015 BNSF Ag Shuttles

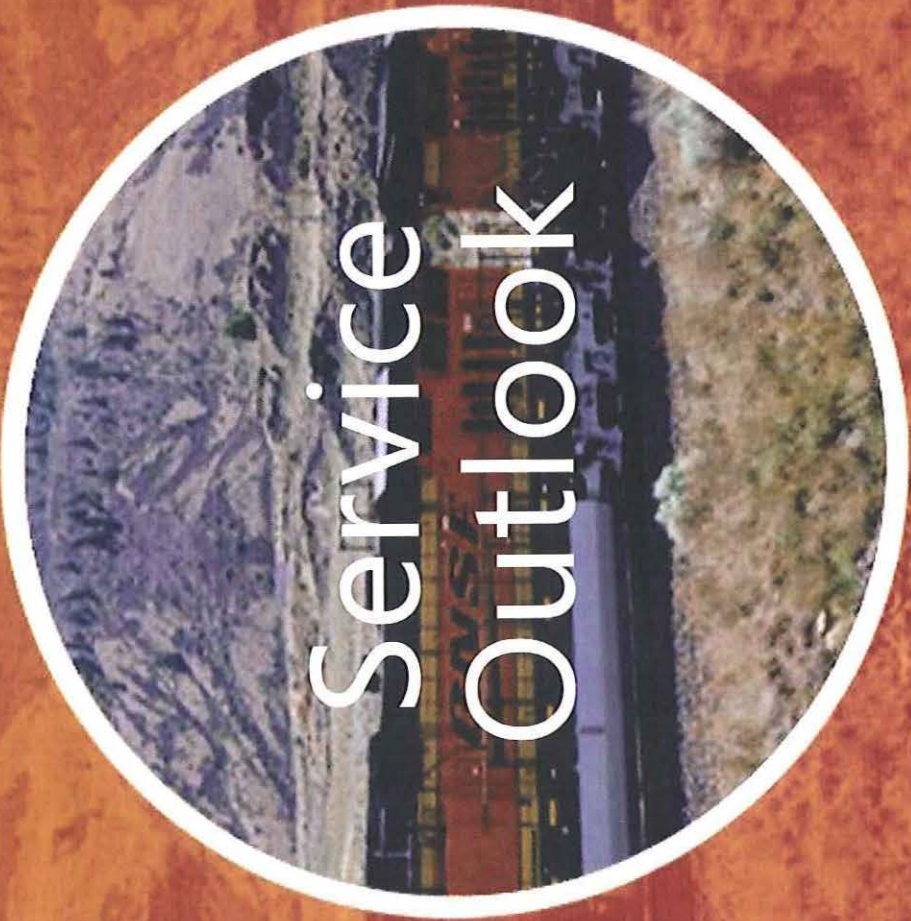
BNSF WILL RUN HIGHEST NUMBER OF SHUTTLES EVER DURING
THE UPCOMING OCTOBER-MARCH PEAK SEASON

5-Yr Average Index = 1.0



Factors Influencing Grain Movement

- Crop Size
- Crop Prices
- Storage Availability
- Crop Quality
- Weather
- Cycle Time Variability
Due to Demand
- Export Demand vs.
Domestic
- Freight Performance
Expectations
- Market Structure –
Carry vs. Inverse



Service Outlook

Recovery Outlook by Region

South Region

Improvement will continue as the majority of the major track work projects are winding down. Capacity projects to address remaining Transcon bottlenecks for 2015 delivery.

Central Region

More gradual improvement as we continue to operate a very high number of coal sets toward all destinations, while track work programs on this heavy-haul route approach the two-thirds point of completion.

North Region

Incremental improvements as capacity projects come online. Uneven progress as track recovery continues following several outages stemming from heavy rains in late August. Heavy maintenance programs will continue into fall, which are necessary for improvement, but impact short-term velocity.



BNSF
RAILWAY

