

STEPTOE & JOHNSON ^{LLP}

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July 5, 2007

Via ELECTRONIC FILING

The Honorable Vernon A. Williams
Secretary
Surface Transportation Board
395 E Street, S.W.
Washington, D.C. 20423-0001

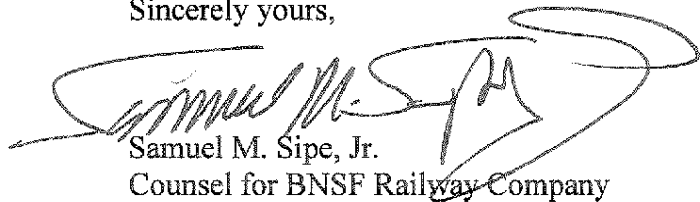
**Re: STB Ex Parte No. 672 - Rail Transportation of Resources Critical to the
Nation's Energy Supply**

Dear Secretary Williams:

Enclosed for filing in the above-referenced proceeding, please find summaries of testimony to be presented to the Board on July 18, 2007 in Kansas City, MO by Messrs. Stevan B. Bobb and Kevin D. Kaufman on behalf of BNSF Railway Company (BNSF).

Please address any questions concerning this communication to the undersigned.

Sincerely yours,



Samuel M. Sipe, Jr.
Counsel for BNSF Railway Company

cc: Stevan B. Bobb
Kevin D. Kaufman
Richard E. Weicher, Esq.

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

Ex Parte No. 672

**RAIL TRANSPORTATION OF RESOURCES CRITICAL TO
THE NATION'S ENERGY SUPPLY**

**SUMMARY OF JULY 18, 2007 TESTIMONY OF
STEVAN B. BOBB ON BEHALF OF BNSF RAILWAY COMPANY**

- Overview – Demand for Low-Sulfur PRB Coal Continues to Grow
 - Production at PRB mines has doubled since 1990.
 - BNSF delivered more coal in 2006 than ever before.
- BNSF Is Committed to Providing Reliable and Efficient Coal Transportation
 - Coal transportation, which accounted for nearly 20% of BNSF's freight revenues in 2006 is a crucial element of BNSF's business.
 - BNSF continues to make substantial capital investments in the PRB and elsewhere on its network to ensure that there will be sufficient capacity to meet demand for coal transportation into the future.
 - Efforts to increase capacity include not only new track but new locomotives and personnel, as well as investment designed to increase productivity.
 - BNSF engages in an aggressive maintenance-of-way program to ensure that critical network segments remain available.
 - Increasing train velocity remains a priority so that the existing network will be able to carry as much volume as possible.
- The Regulatory Environment Must Foster Continued Investment in Infrastructure Required for Coal Transportation.

July 5, 2007

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

Ex Parte No. 672

**RAIL TRANSPORTATION OF RESOURCES CRITICAL TO
THE NATION'S ENERGY SUPPLY**

**SUMMARY OF JULY 18, 2007 TESTIMONY OF
KEVIN D. KAUFMAN ON BEHALF OF BNSF RAILWAY COMPANY**

- Ethanol Market Overview
 - Shipments of ethanol have increased substantially over the last several years and are expected to continue to grow into the future.
 - Increased demand for shipment of ethanol depends in part on development of new markets outside the Midwest.
 - Availability of ethanol to meet demand depends on the supply of corn and competing uses for that supply.
- BNSF is Working to Meet Ethanol Transportation Requirements
 - BNSF transports substantial volumes of corn across its network and expects to make deliveries to an increasing number of ethanol plants.
 - BNSF also transports ethanol from many plants accessible by its network. The number of plants will increase substantially between now and 2010.
 - BNSF pioneered the use of unit trains for ethanol and expects to continue to shift more ethanol to unit train service using longer trains.
 - BNSF is continuing to make capital expenditures to increase the capacity of its network overall.
- Destination Infrastructure and Processes Must be Developed to Support Ethanol Transportation
 - More and larger terminals will be required.
 - Efficient methods for off-loading must be developed.

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