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Congress of the United States

House of Representatives

Washington, DC 20515-1505

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March 20, 2012
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The Honorable Daniel R. Elliot, III
Chairman
Surface Transportation Board
395 E Street, SW
Washington, DC 20423-0001

RE: STB Finance Docket No. 35506

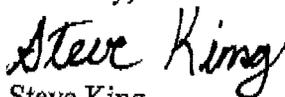
Dear Chairman Elliott:

I write regarding Berkshire Hathaway's 2010 acquisition premium of BNSF Railway Company (BNSF), which is now estimated to be \$8.1 billion. It is my understanding that Missouri River Energy Services, the National Association of Regulatory Utility Commissioners (NARUC), and the U.S. Department of Agriculture have expressed concerns regarding the effect of the acquisition premium on cost determinations and rates. I appreciate the Surface Transportation Board (STB) opening a proceeding and holding a hearing to review the acquisition premium on March 22, 2012.

Among the issues raised about the treatment of the acquisition premium is its inclusion in BNSF's capital asset and regulatory rate bases. Those concerned about the treatment of the premium have argued that its inclusion in the railroad's capital asset base could impact the revenue-to-variable cost ratio of 180% required by statute for a shipper to bring a rate dispute before the STB and could adversely affect the value used to determine the railroad's revenue adequacy. They maintain that the inclusion of BNSF's acquisition premium in its regulatory rate base may result in higher costs for captive consumers, with those higher costs impacting a large segment of rural America, electric producers that rely on coal, and others who rely on BNSF Railway for service.

To resolve this matter and minimize any further impacts on shippers and affected parties, I respectfully request that the STB conduct a thorough and impartial review of this proceeding and provide full and fair consideration to the testimony delivered at the March 22 hearing. Thank you for your willingness to investigate this issue and for your consideration of it.

Sincerely,



Steve King
Member of Congress

cc: Francis P. Mulvey, Vice Chairman
Ann D. Begeman, Commissioner