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July 8, 2015

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Ms. Cynthia Brown
Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D.C. 20423-0001

ENTERED
Office of Proceedings
July 8, 2015
Part of
Public Record

Re: Ex Parte No. 722, *Railroad Revenue Adequacy*, and
Ex Parte No. 664 (Sub-No. 2), *Petition of the Western Coal Traffic League to
Institute a Rulemaking Proceeding to Abolish the Use of the Multi-Stage
Discounted Cash Flow Model in Determining the Railroad Industry's Cost of
Equity Capital*

Dear Ms. Brown:

Pursuant to the Board's May 8, 2015 Notice in the above-referenced proceedings, this is to inform the Board that Paul Bischler, Vice President, Finance, and Chief Sourcing Officer and Treasurer, of BNSF Railway Company intends to participate in the public hearing scheduled for July 22 and 23. BNSF requests that Mr. Bischler be allotted 20 minutes to address the Board. A brief summary of Mr. Bischler's testimony is attached. Mr. Bischler will be accompanied by Jill Mulligan, Associate General Counsel, Regulatory, who may also answer questions from the Board.

Sincerely,

Adam Weiskittel

STB EX PARTE 722
RAILROAD REVENUE ADEQUACY

STB EX PARTE No. 664 (SUB-NO. 2)
PETITION OF THE WESTERN COAL TRAFFIC LEAGUE TO INSTITUTE
A RULEMAKING PROCEEDING TO ABOLISH THE USE OF THE MULTI-STAGE
DISCOUNTED CASH FLOW MODEL IN DETERMINING THE RAILROAD INDUSTRY'S
COST OF EQUITY CAPITAL

BRIEF OUTLINE OF TESTIMONY OF
PAUL BISCHLER, BNSF RAILWAY COMPANY

- The Board should adopt policies that encourage—not threaten—investment in the rail system.
- BNSF's recent service experience illustrates the importance of maintaining a regulatory approach that does not discourage railroad investment.
- Every investment decision made by BNSF is based on the ability to earn an adequate return on the investment over time. The fact that we are a subsidiary of Berkshire Hathaway in no way changes that.
- Proposals that we have seen from participants in this proceeding represent significant risks to BNSF's ability to continue the current level of investment. R/VC-based regulatory proposals in particular have extremely negative consequences that are contrary to the public interest and the interests of our customers.
- Any changes in the treatment of revenue adequate carriers must recognize the complexities of the markets in which BNSF operates, and respect the principles underlying the Staggers Act.