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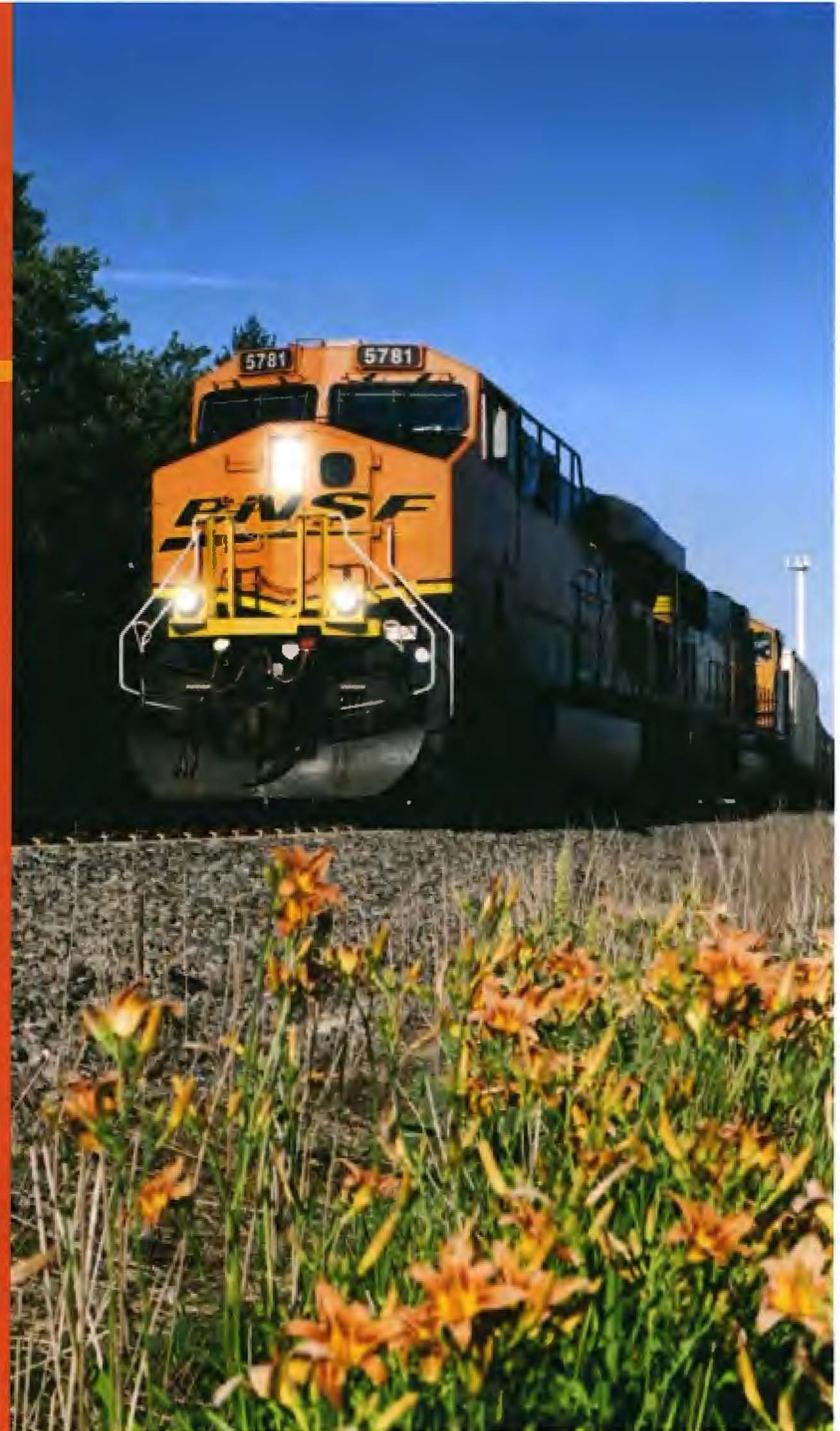
ENTERED
Office of Proceedings
July 23, 2015
Part of
Public Record

BNSF Railway

Docket No. EP 722
Railroad Revenue Adequacy

Ex Parte 644 (Sub-No. 2)
WCTL Petition – Cost of Capital

July 22-23, 2015

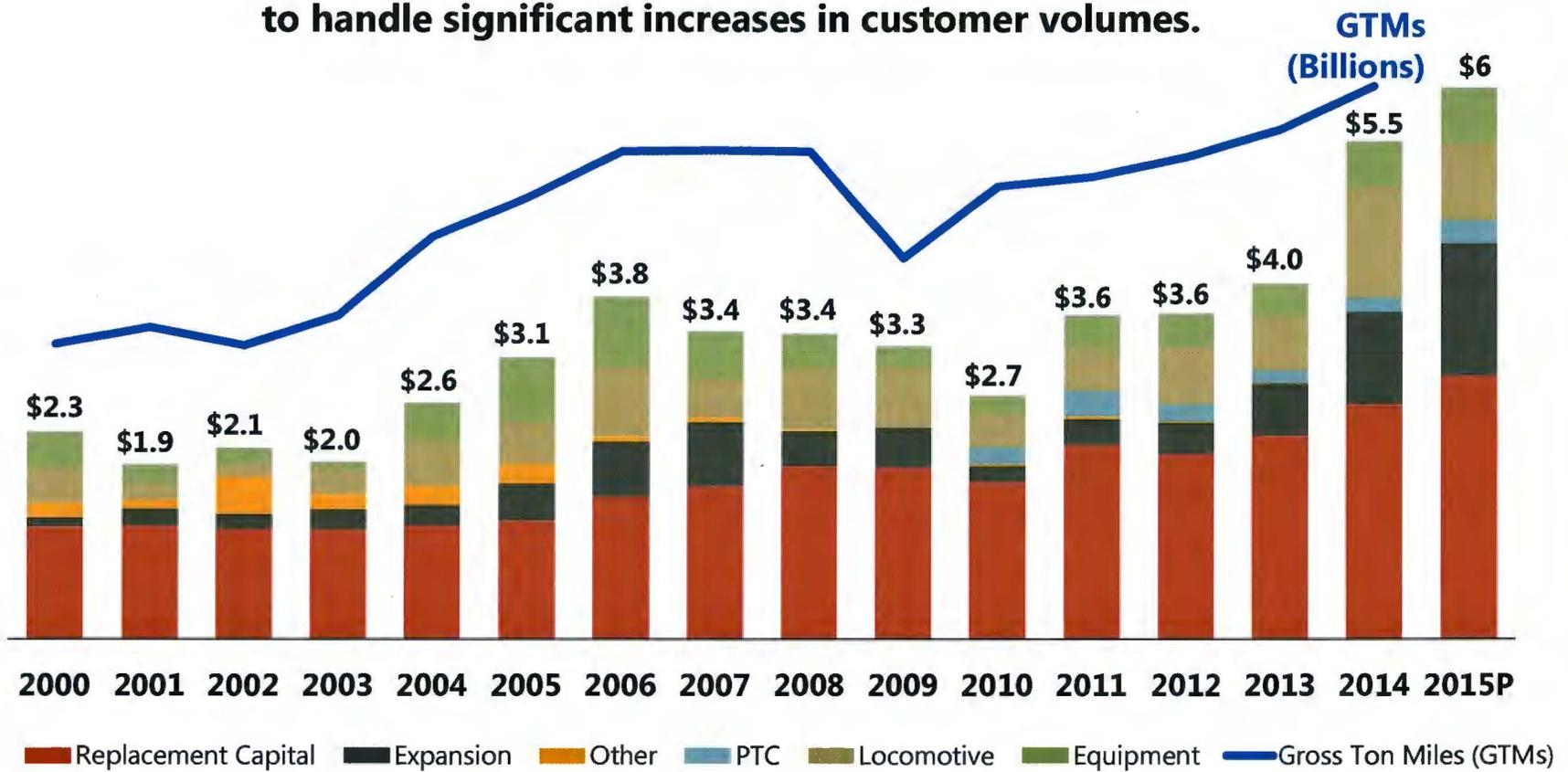


BNSF's Business Model is Focused on Growing with our Customers

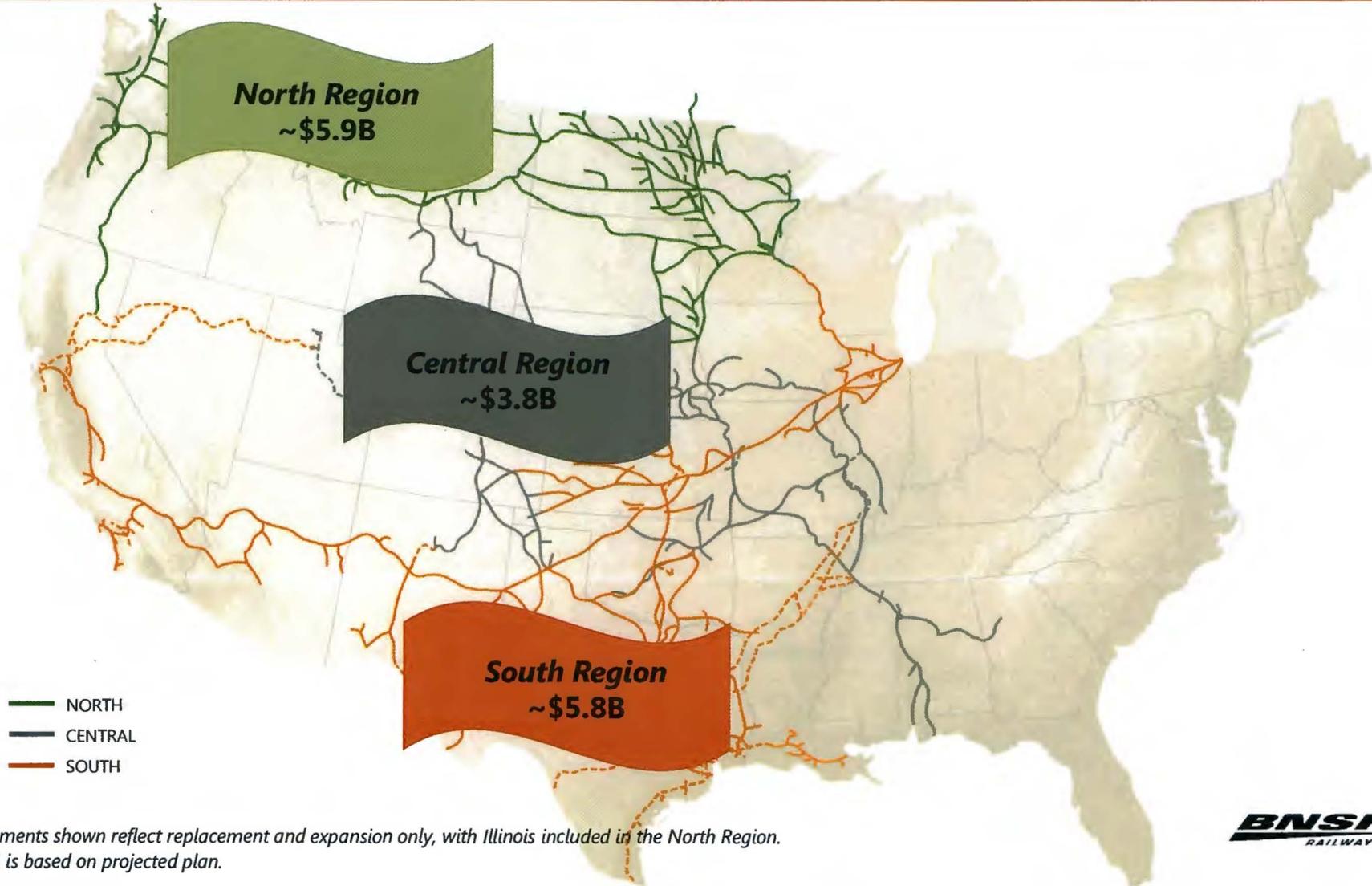


BNSF is Investing for Growth

Since 2000, BNSF will have invested over \$50 billion to handle significant increases in customer volumes.



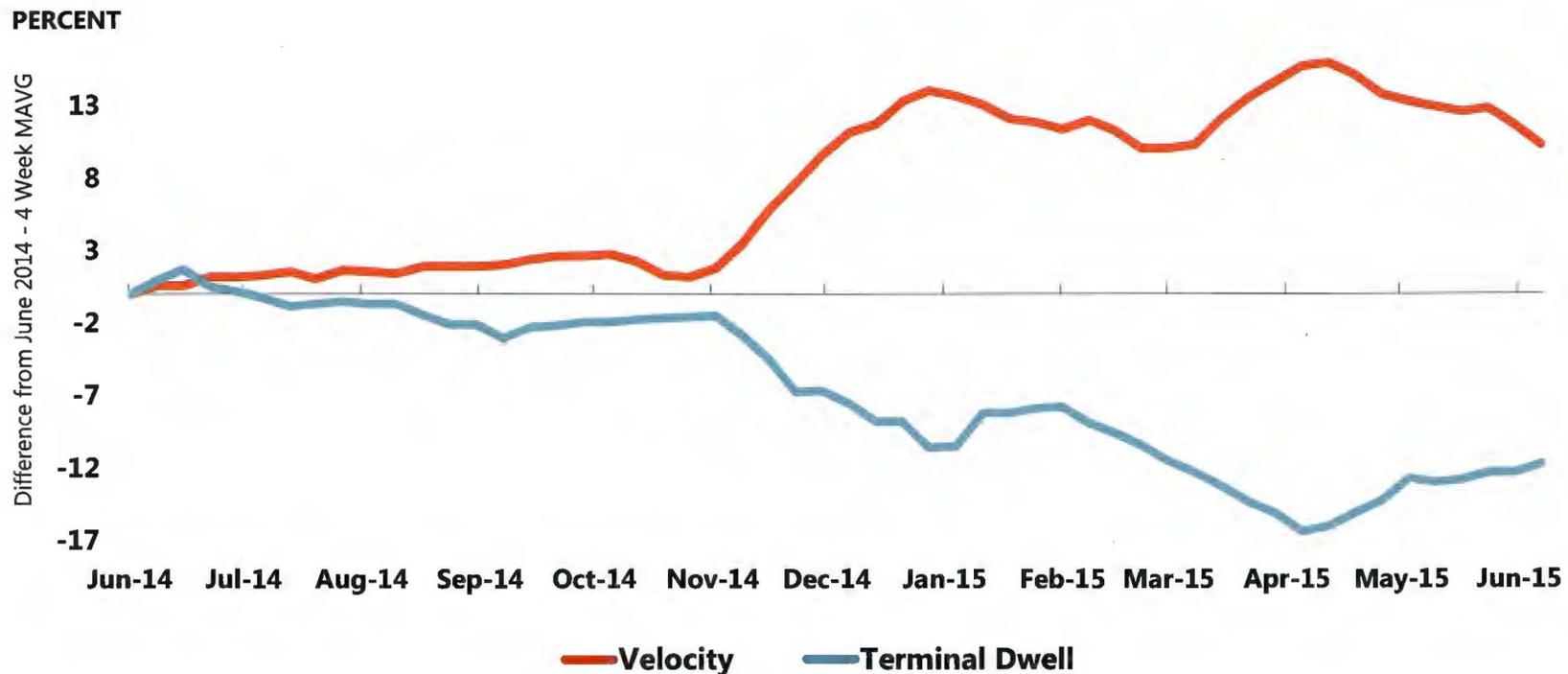
2010–2015P* Capital Investments by Region



Investments shown reflect replacement and expansion only, with Illinois included in the North Region.
*2015 is based on projected plan.

With Added Capacity Comes Improved Performance

**BNSF Velocity (ALL TRAINS) and Weekly Average Terminal Dwell
Indexed to June 2014***



*Four-week moving average [measured in miles per hour (velocity)/hours (terminal dwell)] ending on the dates shown versus the average train speed/average dwell hours recorded for the four-week period ending June 27, 2014

Source: AAR through July 3, 2015



Capacity Expansion Decision

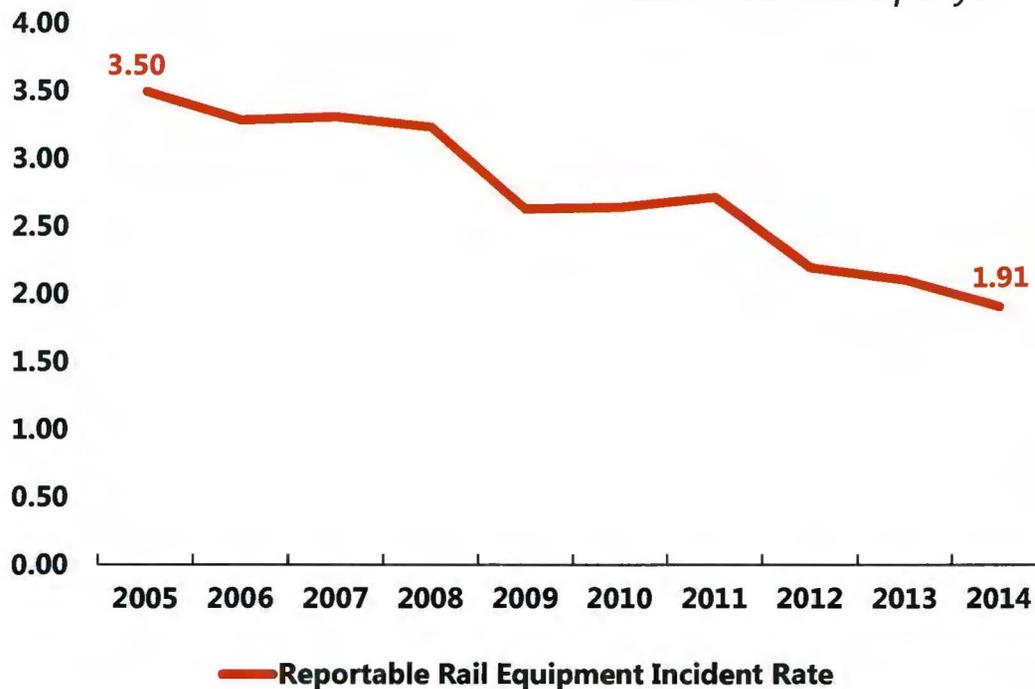


- Investments must earn adequate risk adjusted return
- Significant risk already exists
 - Regulatory process risk
 - Business risk
- Rail assets are long-lived
- Spending front-end loaded
- Returns earned over asset's life

Investment Drives Innovation, Innovation Drives Improvement

**Capital investments are driving efficiency and reliability.
BNSF reportable incidents are declining to record-low levels.**

Incidents per
million train-miles



Source: FRA



Any Changes in Regulatory Policy Should Not Threaten Investment and Growth

- 1) BNSF's investment is unprecedented.
- 2) Investment is driving improved service & efficiency for customers.
- 3) Customers are responding with investment and volumes on our railroad.
- 4) Stable regulatory environment allows investment & innovation. This incents the right behavior for railroads and suppliers.
- 5) Regulatory changes that disrupt the current balance will have unintended consequences & lower capital investment.
- 6) Any Board consideration of long term revenue adequacy should only occur within individualized rate review process.



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