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November 22, 2013

William F. Huneke  
Director & Chief Economist  
Office of Economics  
Surface Transportation Board  
395 E Street, SW  
Washington, DC 20423-0001

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Office of Proceedings  
November 26, 2013  
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**Re: BNSF's 2010, 2011 and 2012 R-1 Reports**

Dear Mr. Huneke:

I am writing in response to your letter of November 19, 2013 regarding BNSF's submission of revised 2010, 2011 and 2012 R-1 reports in response to the Board's July 25, 2013 decision in the Purchase Accounting proceeding. That decision ordered that "BNSF must refile its R-1 reports for 2010, 2011, and 2012 and remove entirely the markup of rail assets" by October 23, 2013, and consistent with that order, BNSF submitted restated R-1 reports for each of those years to the Board's staff on October 22, 2013.

We did not understand the Board's use of the terminology of "certified reports" in the text of its decision (on page 29 in describing the Board's internal review process) as a modification of the Board's specific order at the end of the decision. However, in conversations with the Board's audit staff following our submission, it became clear that their desire was to replicate the Agreed-Upon Procedures (AUP) process performed as part of the annual R-1 submission process for the resubmitted 2010-2012 R-1 reports. In addition, it is customary for the AUP report by a railroad's independent accountants to significantly post-date the submission of the annual R-1 report (for example, BNSF submitted its 2012 R-1 on March 28, 2013 but the AUP report was not due until July 31, 2013). However, in those conversations, the staff expressed their desire to have that certification accompany our submission of the restated 2010-2012 R-1 reports.

While we did not understand this to be a requirement from our reading of the Board's July decision and did not complete the AUP process prior to our October 22 submission, we have made every effort to expeditiously fulfill the requests of the Board's audit staff. As part of that process, it was necessary to develop AUPs tailored to the unique circumstances surrounding BNSF's revisions to our previously filed R-1 reports implementing the Board's July decision. While the Board had previously issued AUPs pursuant to Ex Parte 460 for 2010, 2011 and 2012 that were performed by BNSF's independent accountants for the R-1 reports submitted for each of those years, revised AUPs that reflected the specific non-GAAP modifications required by the Board's July decision needed to be

crafted and then approved by the STB's audit staff. The STB's audit staff was diligent and responsive in moving that process forward and we were able to quickly work through the approval of the specialized AUPs to provide to our independent accountants, Deloitte & Touche LLP, to perform their review against.

That review is now complete. We also understand that Ms. Bienko of the Board's audit staff met yesterday with Deloitte to complete a review of the procedures. Please feel free to contact me at (817) 352-4975 if the Board staff has any additional inquiries relating to the AUPs or BNSF's refiled R-1 reports.

Sincerely,



Jon I. Stevens  
Assistant Vice President and Assistant Controller  
BNSF Railway Company