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September 27, 2024

The Honorable Robert E. Primus  
Chairman  
United States Surface Transportation Board  
395 E Street, SW  
Washington, DC 20423

Dear Chairman Primus:

I write in response to your September 24, 2024 letter requesting information about the impacts to BNSF's network from changes to volume flows due to the potential work stoppage at the country's East Coast and Gulf Coast ports on October 1. BNSF has been carefully monitoring the situation at the ports, and we are engaged with our ocean carrier customers, the Marine Terminal Operators (MTOs) we serve, and our connecting carriers to ensure we have the best available information on forecasted volumes in order to keep our network running fluidly.

Although no work stoppages have occurred yet, volume shifts to the west coast have already been underway for the past six weeks, with the amount of volume diverted increasing each week. The Port of Long Beach had the busiest month in its history this past August, with volumes increasing by 34% from August 2023, and the Port of Los Angeles reported an 18% increase in volume from August 2023. For BNSF, the first half of 2024 is a half-year record for on-dock volumes and is the fastest we've reached one million lifts at on-dock terminals within a year. Despite the increase in volume, BNSF's intermodal velocity has remained consistent. While there has been some increase in container dwell at west coast ports, dwell at the marine terminals we serve has largely held steady even as we have seen significant increases in volume. The service performance we are demonstrating now is thus indicative of our ability to handle additional volumes coming to the west coast as a result of a potential work stoppage.

Regarding your specific questions, a key component of our plans to provide reliable service for growing volume at any time, including under the current circumstances, is the investments we've made in capacity expansion on our Southern Transcon corridor. Since 2019, we have invested over \$2.9 billion in expansion capital on our core intermodal corridor, adding over 100 miles of main track plus 8,000 additional parking spaces and five miles of new crane production tracks within our intermodal hubs. Additionally, and as noted in Tom Williams' testimony in the Ex Parte 775 proceeding, we've recently completed the addition of 40,000 feet of processing tracks at our Belen,

New Mexico terminal to improve throughput at a key point for refueling, inspections, and crew changes on the corridor.

Another long-term measure we have taken to improve supply chain efficiency is our effort to increase integration and transparency with other stakeholders in the port supply chain. BNSF has worked with other port stakeholders on developing and implementing technological solutions to integrate data flows between ocean carriers, MTOs, and BNSF. These efforts supplement our frequent regular touchpoints with the ports and ocean carriers to provide greater visibility into broader traffic flows so that each link in the chain can better plan its operations and promote the most efficient movement of freight from vessel to port to train.

The Alameda Corridor provides an important example of how increased collaboration among stakeholders has improved service to and from the ports. Alameda Belt Line's assumption of dispatching duties on the corridor has increased collaboration between BNSF, Union Pacific, and the ports, improving fluidity on the vital link of the network. Since ABL began dispatching the corridor in late July, BNSF's westbound transit time has decreased by two hours. This substantial gain in fluidity has been made possible by the ABL cutover. BNSF greatly appreciates the Board's support to facilitate the operational changes that have contributed to these efficiencies.

International supply chains are extraordinarily complex, so while our network is speeding up, we must also rely on our interchange partners, terminal operators, and dray providers to similarly execute on their operating plans to keep the entire point-to-point network running fluidly. The diverted volumes coming to the west coast to move to the eastern U.S. result in longer hauls and longer cycle times, which delay the return of equipment for reloading at west coast ports. These delays can be exacerbated by the dynamics of other parts of the supply chain. If rail cars are held or re-routed in the east in order to be reloaded with westbound freight, that will naturally affect how quickly they can be returned for loading to west coast ports, and port dwell could increase as a result. Conversely, if eastern shippers who lack an export outlet due to the strike are unable to load cars for westbound moves, eastern terminal capacity could be consumed by dwelling origin freight that affects the ability of those terminals to receive freight from the west, slowing our network.

Given these dynamics, our plans to provide reliable service are interrelated with how we allocate resources to the west coast ports. BNSF has taken a number of measures to mitigate the effect of offline issues that are otherwise outside of our control. Most immediately, we have pulled all of our international stack cars out of long-term storage and have staged surge locomotives at key points on the Southern Transcon to address power-related contingencies. We are also departing full length westbound trains from Chicago on schedule even without a full load of containers in order to get needed rail cars back to the ports. Additionally, we are working with ocean carriers and our connecting carriers to expedite billing of equipment back to the west coast, including working with these stakeholders to provide eastern exporters with a west coast service outlet. These measures are working. September has thus far been our fastest car miles-per-day month for our stack cars, and rail transit time for Inland Point Intermodal freight has improved by more than 50% from 2022.

Our plans also include measures for contingencies that have not yet come to pass. We have partnered with one of the key drayage providers to stand up a staging yard near our Hobart Intermodal Facility in Los Angeles to provide additional capacity for international volume. Additionally, while destination dwell has thus far remained low, we have ensured container yard

capacity is ready at our key destination facilities to facilitate unloading of trains and keep the network fluid if destination dwell begins to increase.

The central component of our plans is the hard work of thousands of BNSF railroaders who keep freight moving across our network. This disruption in volume patterns comes as we are gearing up for our traditional intermodal peak season that begins in just a few weeks. The potential work stoppage at the east coast ports has started our busy season early, and we are proud of and grateful for the dedication of the BNSF men and women who take personal ownership of our commitment to our customers every day.

We have been successful executing on our plans to leverage the factors within our control and mitigate those factors that are not within our control. These external factors include incidents like yesterday's highway incident that has resulted in the closure of the marine terminals on Terminal Island within the Ports of Los Angeles and Long Beach, which unavoidably impact our network. As of this morning, nine eastbound train starts from the port have had to be cancelled, which affect the trip plans of dozens of other trains. Currently, the affected terminals still have not resumed operations. A disruption such as this can take days or even weeks to fully unwind, despite the dedicated efforts of all participants in the supply chain. The capacity investments we have made and the focus and dedication of our operating teams help BNSF to minimize this recovery curve.

Sincerely,

A handwritten signature in cursive script that reads "Katie Farmer".

Katie Farmer  
President and Chief Executive Officer