



Surface Transportation Board
Washington, D.C. 20423-0001

Meeting of the National Grain Car Council

Tuesday, August 25, 2026

1:00 pm – 5:00 pm CDT

AGENDA/TIMELINE OF SPEAKERS

Welcome and Call to Order

Justin Cauley, Council Chair, welcomed everyone and thanked them for their participation. Notified members that the STB Board Members will ask questions, and questions may also be fielded by other members of the Council. Also informed members that the STB is unable to discuss matters related to the recently announced merger of UP NS.

The safety briefing was provided by Jacob Thomas.

Aaron Reid, Chair of TEGMA, gave a brief overview of TEGMA and looks forward to seeing everyone at the TEGMA gathering the next day

Self-introductions were done by the STB Board members. Patrick Fuchs, Board Chairman Michelle Schultz, Board Vice-Chair Robert Primus, Board Member Karen Hedlund, Board Member

Jeremy Lutes, Designated Federal Officer (DFO), informed members of approved substitutes, council vacancies.

Justin Cauley begins NGCC officer self-introductions. Justin Cauley asks STB to take seats on floor and requests the first speaker to come to the stage.

Note: for full information on presentations given at the meeting, see the presentation slide deck available on the NGCC's website at: <https://www.stb.gov/resources/stakeholdercommittees/grain-car-council/>.

Ag Market Update
Austin Hunt, USDA

Presentation:

- About Agricultural Marketing Service
 - Part of Transportation Economics Division (TED) within USDA
 - Group of economists providing market research on ag. transportation across all modes of transportation including rail
 - Produce weekly Grain Transportation Report released every Thursday

- Also have an open data platform available at <https://AgTransport.usda.gov/>
- 2025-2026 Harvest
 - 17 billion bushels of corn – 2.4 billion more than 5-year average. And 1.7 billion more than the highest harvest in 2023.
 - Largest jumps in production from western producing states: North and South Dakota, Nebraska. Minnesota, Iowa, and Kansas also saw better harvest.
 - Normal soybean crop – 4.3 billion bushels. Also saw better production in western states.
 - Wheat crop of 2 billion bushels – highest since 2016-2017.
- 2025-2026 Export Performance
 - There were concerns about fewer exports to China and they did not come in market until October. USDA projects exports of 1.5 billion bushels (lowest since 2012-2013).
 - Some of this loss is being made up for by increased domestic crush volumes.
 - Corn exports up 39% versus the 5-year average.
 - Exports to PNW doubled in 2025-2026 – 10.8 million metric tons more than the 5-year average.
 - Soybeans exports down 25% versus 5-year average.
 - Wheat export was pretty good – 900 million bushels which is highest in 5 years.
 - Mexican strong trade partner - largest corn and wheat buyer for the U.S.
- Data
 - Record grain carloads this year (from STB data source)
 - Overall, the Class Is have moved 12 percent more carloads in 2026 YTD than in the same period 2025. All Class Is except NS and CSX have moved more.
 - Train speeds
 - Slowing down in recent weeks
 - For the last 4 weeks, BNSF's avg. was 23.4 mph. This is down from earlier in year, but fastest among the Class Is.
 - CPKC avg. speed was ~18 mph. It was the slowest among class Is but it has improved over last year.
 - Most others Class Is are at average speeds.
 - Dwell has been rising
 - Slight pickup in the west
 - BNSF avg. of 32 hours for grain, which is up from 13 hours this time last year.
 - UP at 21 hours, up from 15 last year.
 - East is more variable
 - NS's avg. is 50 hours, though this is likely due to severe weather.
 - CN at 8 hours
 - CPKC at 24 hours, which is better than last year.

- Tariff Rate Adjustments
 - Most grain moves under common carrier tariff rates, particularly for the western railroads
 - For last year's winter wheat, BNSF and UP cut rates to the TX gulf.
 - Minimal changes this year
 - For spring wheat, most rates to the PNW are up.
 - Most domestic rates are up \$225 per car (BNSF and CPKC)
 - For soybeans:
 - UP and BNSF made significant cuts to soybean moves to southern destinations.
 - This year, UP will raise rates \$225 per car. BNSF will likely lower rates to MX and raise to PNW by \$120 per car.
 - For corn:
 - Last year, UP reduced most rates by \$150 per car. BNSF kept PNW rates the same.
 - This year, UP will raise rates by \$225 per car. BNSF will raise by \$200 to PNW.
- Fuel surcharge are at all-time records. The highest recorded value for the data series was set in July 2026 at ~.61 cents per car mile.
- Secondary shuttle bids have declined in recent weeks, at least partially due to service declines mentioned before.
- Issues for other modes
 - Dry bulk rates from the U.S. Gulf to Japan is up 46% since start of year – this is a 4-year high due to high demand and fuel costs.
 - Panama Canal drought effects are a problem since it is the most effective move to Asia from the U.S. Gulf
 - This could cause more movements from the U.S. Gulf around the Cape of Good Hope which will raise costs, or it will cause a shift to the PNW.
 - Containerized grain exports up 31% from last year or 29% from 3-year average
 - Westbound container rates are higher
 - The second quarter truck rates are up 22% over last year at \$4.09 per mile.
- Projections
 - Soybean crop projected at 4.5 billion bushels in 2026 – given record demand. The export situation is looking better – 5.7 million metric tons of sales to China for 2026 so far.
 - 1.5 billion bushels of wheat – smallest since 1970 - 2026
 - Likely a lower corn crop this year – currently projected at 16 billion bushels.
 - Car rail loads likely to be down next year due to lower corn crop.

The presentation transitioned to the Q&A with the STB Board Members.

Karen Hedlund:

- Do you know what percentage of shippers are captive to one railroad? *I do not know off the top of my head.*

Patrick Fuchs:

- Anything on the international sphere to look out for? *It will be interesting to see what the Class I T&E and locomotive power numbers will be interesting in the railroad reports. We will likely see a drop in carloads this year but volumes should still be strong overall. It is possible we will see more soybean volume move to the PNW due to the Panama Canal situation.*
- What are some of the biggest future impacts to agr. transport we should keep an eye on? *Among long-term trends, it will be interesting to see how the crush expansion plays out – there are different equipment needs for whole soybeans versus meal or oil, etc. Are we going to see more unit trains? Historically, meal and oil has moved more via manifest services, but whole beans moves by unit trains.*

Michelle Schultz:

- Are you seeing anything unique about this year's crop that will change this year's export flow dynamics? *Soybean crop was smallest since 1970, so exports should be small. We should get more clarity on corn in the next month or two – at this stage we do not know how big the crop will be. We should have this clarity in the next month or two.*

Market Update

Stephen Nicholson, Rabobank

Presentation:

- Macro picture for the U.S. economy
 - o US GDP – economy has been slowing down since COVID though the variation in performance has narrowed – there is more certainty.
 - o Fed funds rates has been down recently. Probably a few rates cuts next year (.25 basis points each).
 - We will be flat or up the rest of this year on rates.
 - o This administration is watching the 10-year rate – this has been going up significantly the last few years in an environment of higher inflation and government debt.
 - The market is demanding greater returns for the risk.
 - o Job growth has slowed down with big losses in manufacturing and, recently, in government jobs.
 - o Wages have been higher than CPI recently – but now that has turned around and wage increase outpaced by inflation
- Agriculture picture
 - o 2021-2022 farmers were getting 25-30% off operating lines; 80-90% now
 - o 2022-2023 farmers quit capital expenditures
 - o 2022 and 2024 farmers had lower demand for fertilizer

- 2024-2025 farmers were still buying seed, but they were buying last year's genetics, or reducing seed rate slightly to lower costs
- Farmers are now looking for debt financing for inputs: seed, machinery, etc.
- Expectations were for a recovery from the agr. recession in 2027, but now it is looking like it will be in 2028 due to the Iran War.
- We have had four years of negative margins. 2027 per bushel cost will likely be higher due to increase in fertilizer costs.
- We are at record level of government payments – \$44 billion in 2026.
 - This is messing up market signals, causing inflation – more money chasing fewer goods and being capitalized into input costs: land, fertilizer, seed, etc.
- Likely a strong El Nino in 2026-2027
 - Historically, there is not a lot of correction between El Nino and deviation from trend for corn or soybeans production
 - As we go into this El Nino, U.S. exports will likely benefit as Asian will bear the brunt of the effects of the weather.
 - Wheat, rice, and vegetable oil will have opportunities to export.
 - Australia has already cut back on production due to fertilizer prices.
 - Soybeans not expected to increase this year due to fertilizer costs. It should stay flat.
- The affordability of fertilizer for U.S. farmers has been a problem for the last four years.
 - Phosphates production has contracted due to rising costs – mostly due to high sulfuric acid costs as this comes out of the region around the Strait of Hormuz.
 - Nitrogen won't be as big a problem despite high prices given we have some domestic production. Climate change regulations have affected the cost.
- Tariff rates will be around 11-12% by end of year. We are at 7% right now – this will be a challenge. It will hurt consumers.
- Rules of the road related to tariffs keep changing, and this has created uncertainty. Tariffs have changed 50 different times since January 2025.
- Soybean exports to China were rising until 2018. Since 2018 our exports have been more variable.
- We are well below 15-year average stock levels for gasoline, diesel, fuel oil. Diesel is the big problem for farmers and is likely to get worse before it gets better.
- Agr. Fundamentals
 - Global stocks of commodities are still historically high while supply has been declining – supply not keeping up with demand.
 - Corn is the only grain for which supply has not been keeping up with demand. This is the crop I am most worried about. There is opportunity for price upside.

- Domestic consumption continues to rise – strong foundation.
- Bombing between Ukrainian and Russian ports is relentless. Russia has one working terminal while its biggest terminal is not currently useful.
 - U.S. exporters will have some opportunity to fill the loss of supply from this region for things like wheat and corn.
- US fundamentals
 - There is likely not going to be much change in acreage over the next ten years for corn, soy, and wheat.
 - Corn crop will be second or third largest on record even though it will likely decline from the prior season.
 - U.S. domestic demand for grain and oilseeds is strong. Growing demand for soybean crush is partially responsible.
 - Exports have leveled off. Not much hope for growth in soybeans and wheat going forward – more hope for corn.
 - China has committed to buying 25 million metric tons of soybeans, but that is it.
 - U.S. continues to lose share of the global corn, wheat, and soybean export market.
 - Soybeans:
 - ~300 million bushels of stock for the past four years
 - Crush margins are near record highs right now.
 - Biomass diesel production has increased nearly 60% this year.

The presentation transitioned to the Q&A with the Council and STB Board Members.

Do you think the EPA will continue on the direction they are on for renewable fuels? *I think they will likely continue the RVO. The good news with U.S. policy is it typically doesn't end abruptly; it will be phased out. So, if they decide to end it people should have time to prepare.*

Patrick

- Can you speak to how the weather patterns will affect Brazil production and export? *It is the same as for US, not much of a correlation for Brazil yields. Brazil will have a challenge with timing – they have to move in a very timely manner to plant corn behind soybeans. If they don't get the timing right, that will really affect yields. They do not get much rain in Brazil for December. There is more production volatility in Brazil which will help us.*
- It sounds like the problems with diesel might be with us a bit longer – do you have any insight into how you think about that probabilistically? *My analyst says there is a high probability it will be this way for a long time. He is very bullish diesel prices for the medium to long term.*
- What is driving that [the diesel price bullishness]? *We do not have the cracking capacity to produce more diesel. We haven't built a new refinery since 1986. If a new one were built it would take at least five years to get it up and running.*
- Do we have a ceiling for exports for all crops or just soybeans in particular? *US exports are reaching point where the growth is not there anymore. Brazil is more*

competitive because it can produce two crops on each hectare where we can only produce one. We can stay competitive on production and transportation costs. We also have the benefit of our waterways. We need to keep our investment in rail and waterway infrastructure high to maintain our advantage.

Karen Hedlund

- How is Ukraine able to get its crop out given the change in gauge between Ukraine and Poland? *At the borders, they have put transfer station. That was a problem in early 2022 and they have worked to make the situation better. Other European farmers have pushed back on concerns it will lower their prices.*
- how can Ukrain move its crop given different gauge of trains between Ukraine and Russia. *That was problem in 2022, they work hard to make sure they can move it. They got so good at it European farmers complained that they had lower prices.*

Michelle

- Can you speak to how much of the cost of fertilizer is related to the shortage of phosphates versus what is going on with the Strait of Hormuz . *They are interlocked. 40-45% of the world's sulfur comes through the Strait of Hormuz where it is turned into sulfuric acid. If there are not making money at these high prices, I do not think production will come back online anytime soon.*
- Is there any possibility we could increase our own production? *I do not know. My analyst did not talk about whether this was a possibility – so likely not. We can get back to you on that.*
- Can we increase our own production here? *I do not know. I have not heard talk about it.*

Grain Shipper/Receiver Panel

Monica Freeman (Moderator)

- Matthew White introduced Monica Freeman of CHS as the moderator for the panel. The three panelists introduced themselves.
 - Brock Lautenschlager – Cargill
 - Wayne Johnson – AGP
 - Taylor Aaland- AgTegra
- Monica: Can you discuss the corn and wheat outlook?
 - Brock:
 - Corn
 - Fiscal year 2026 – USDA showed a 16 billion bushels corn crop (second largest on record) just behind last year 17 billion
 - There was a decline of 2 million acres in this crop year
 - Yields are down about 6 bushels per acre

- Everyone is watching what the impact of recent weather and drought.
- Should see more normalized trade environment this coming year which will influence YoY rail demand. There was good corn movement last year in the Oct. to Dec. timeframe, but there was poor soybean movement due to China.
- Wheat
 - 1.5 billion bushel crop of wheat this year which is down ~450 billion bushels.
 - This is mostly due to a decline in acreage of ~8 million acres.
 - Reduction in productivity of ~5.5 bushels per acre.
 - This market will continue to be impacted as Russia and Ukraine escalate attacks on one another. Could create some opportunity for the U.S. toward the end of this calendar year.
- Monica: What do you think about the crush market and what insights do you have on how this will change from the perspective of rail needs?
 - Wayne:
 - We are going to press dramatically more beans in this country meanwhile there is only so much demand in North America – there is only about 2-3% growth in demand per year. This means we will largely need to get it off the continent, preferably out via PNW. Thus, we will need good rail service.
 - We do not have infinite storage for press operations, so we reach out to Class Is and short lines for service on a regular basis, to make sure we can move it to market and process it.
- Monica: Can you tell us what you see in the market and how do changes in that affect your rail transportation decisions?
 - Taylor:
 - SD saw a record corn crop last year, and with a lack of bean exports there was a big push to get corn moving around October through December.
 - This year the local crush and crush expansion across the U.S. has been discussed a lot. We have seen that in the Dakotas as well.
 - The rush to get the exports will not be like it used to be as we will likely struggle to see where beans need to go. I think ultimately, supplies will start to tighten in the Dakotas and in Minnesota.
 - We are monitoring the expansion of alternative oil – there is a big opportunity with canola crush and it is starting to expand in SD.
 - Sunflowers, are excluded from biofuels benefits.
- Monica: As we look to the coming months, what are some of the key things you have learned that you can carry forward in preparation for each season and particularly for this Fall?
 - Brock

- Early planning is critical. Success isn't just having the railcars, it's keeping our supply chain synchronized. There are three key things we do:
 - Supply chain planning – ensure to align merchandising, transportation, and the end customer.
 - Communication with carriers and calling out if we see a difference in trade flows.
 - Network fluidity – during peak shipment, there will always be some combination of bad weather, network disruptions, etc.
- Monica: When you think on the regional cooperative side and the timing of all these things, how does the timing of service fit together?
 - Taylor:
 - At harvest timing is more crucial than ever. We are experiencing a production boom across South Dakota, where we are located mostly. There has been a storage deficit the last few years.
 - We have been putting capital to use expanding our storage footprint.
 - We will be more focused on keeping everyone operating. Shutting down even for a day can be very detrimental to our grower base.
- Monica: How are you all approaching implementation of new technology, what is important to you, and how does it add value?
 - Wayne:
 - We use it mostly to plan ahead. We do not store anything and our staff, on the rail side, is looking daily at what is moving up and down the line, monitoring events that affect service.
 - We focus on training people so they understand what they are looking at and on making sure the data is correct.
- Monica: How are you guys thinking about on-time performance (OTP), or KPIs or other measure you think are valuable?
 - Brock:
 - When it comes to measuring reliable service, we look at measures beyond just OTP, we look at consistency, predictability, and transparency.
 - We need confidence in rail supply levels during peak service times.
 - Communication is equally important – we need early visibility during service issues even if the news is bad, so we can adjust schedules, manage our inventories, and work with our customers proactively.
 - From the shipper perspective, we need our service providers to respond quickly, and restore service levels in a timely manner.
- Monica: Any thoughts on AI?
 - Brock: It is new and moving fast. It can help us make decisions faster.

- Wayne: It is going to change everything. For now there is still the human factor, because someone has to verify what answers or information AI provides.
- Monica: Do you have a couple of recommendations for the other members that could help make meaningful change in how we operate in the industry?
 - Taylor:
 - Improving visibility on ETAs and issues with service.
 - Maximizing the labor force usage.

The presentation transitioned to the Q&A with the STB Board Members.

Michelle

- Can you give examples of how to improve transparency? (Brock) *We actively look at average velocity and consider other metrics when assessing rail service. As metrics stabilize, as a shipper, it gives you more confidence. This stability benefits shippers and railroads. How to provide the data quicker should be considered. The quicker we can see such data, the quicker we can move.*

Dick

- What are your views on car supply? (Wayne) *We have not seen construction of cars in the last few years as we have before. I think the system is at an adequate level of cars now when everyone is operating well and velocity is good. Looking at how crop production has been growing, if crops grow significantly, we need to plan to cover that. Hopefully, there is some flex in the system to handle this.*
- (Brock) *For now the supply of covered cars is essentially fixed – it comes down to velocity and how quickly can those assets turn. Volumes on Class 1s is up about 3 percent so we need to consider how this will hold up going into the fall.*

Patrick

- Anything that concerns you all heading into the harvest when considering synchronization, communication, and fluidity? Anything that you think is working well? (Taylor) *We've had a tough summer with the maintenance schedules. We continue to see a network that is operating slowly now in August. So, looking at harvest 3 weeks out it seems a little scary.*
- Can you provide more insight into the timing and magnitude as it relates to the canola market? (Taylor) *I think it will be a slow growth year. What happens with biodiesel program will significantly impact it. The margins on canola is likely to draw more production.*

Shortline Speaker
Zach Boehme, WATCO

Zach Boehme made his presentation according to the slides provided. Please see the presentation slides as shown on the NGCC website.

The presentation transitioned to the Q&A with the STB Board Members.

Karen

- As a RR holding company, how do you make decisions to allocate capital among the roads? *WATCO is unique in that it is still privately owned and majority owned by original family. We do not make projects compete against each other, we do not allocate capital based by comparing one business unit and its related project versus another – they have to be able to stand on their own. If a project makes sense for an individual entity we will move forward with it.*

Patrick

- What kind of opportunities catch your eye in the ag. sector? *Soybean crush is a tremendous opportunity. We are also seeing more opportunities on the shuttle loading-side. We can leverage multiple Class I connections to bring value. We can also do unique things for a service package at a local level.*
- What is your assessment of interchange right now? *Overall interchange performance is running better than it ever has been since I've been at WATCO.*

Michelle

- What has led to this improved interchange? *I think it is increased communication. Short-lines account for 30% of some Class Is business and the focus on the first mile last mile has increased tremendously.*

Rail Equipment Overview

Katie Hadenfeldt, from GATX, made his presentation according to the slides provided. Please see the presentation slides as shown on the NGCC website.

The presentation transitioned to the Q&A with the STB Board Members.

Michelle

- You mentioned that the rate of retirement exceeds the rate of attrition – if that continues for the next three or four years are there any types of cars that could be impacted more than others? *Boxcars. The last boxcars were made in the late '70's and early '80's. Boxcar demand has been light but could see a huge impact.*
- How fast could they be replaced? *It depends on builder availability and capability – maybe 6-8 months if there is no backlog. Lack of components can cause delays.*

Karen

- What are the particular challenges of owning cars that move outside the U.S.? *Canada is similar to the U.S. Mexico is a bit different because there are car types*

we do not ship Mexico, mostly due to theft – fridge cars are one of the most challenging. You need to know whether you are using the cars in international service, or whether they will be dedicated to service in Mexico – the government will respond if you do not handle these things properly.

Patrick

- Can you speak to repair capacity overall? *The last couple of years repair capacity has been really tight. In 2014-2016 the first batch of cars came up for requalification. We expect capacity will improve soon. We know some third-party repair shops are looking for work.*

Justin

- Are there any industry growth initiatives to accommodate car needs for crush and RVO? *The RVO (renewable diesel) and crush is one we have been following. There may need to be more meal cars – but it depends on where it's going. We feel that covered hoppers are relatively easy to build. Currently, we think there is rail capacity of ~50,000 cars. There is nothing specific that suggests any one type will really drive the market.*

Public Questions:

- With the increased crush, do you see a decline in grain shipments since less is moving longer distances? *I cannot speak to the specifics of car types used for each commodity.*
- On the boxcar side, how is per diem used to incentivize more investments in certain car types? *Some of the economics related to boxcars and per diem do not make sense. We have been arguing for fairer car-hire rates to incentivize investment. Boxcars are also a primary component for getting traffic off the road.*

Class I Railroad Reports

The Class I presenters covered their metrics provided for in the 2026 Railroad Reports. You can find these reports on the NGCC website. Additional information shared that was not in the reports is noted below for each presenter followed by the relevant questions to particular presenter from the Board Members.

- **BNSF – Shae Davis**
 - o We are prepared to meet customer demand this harvest seasons.
 - o We invested \$3.6 billion back into the railroad this past year.
 - o We are focused on ag. trains per month and velocity metrics.
 - o We are setting records for PNW delivers in the first five months of 2026.
 - o We have no major ongoing network challenges.
 - o We maintain strong relations with our partners at our Eagle Pass and El Paso gateways.

- Each division as a preparedness plan, so we are prepared for the winter weather this year.

Patrick to Shae Davis, BNSF

- Can you explain the difference in numbers between this year and last? *We have ~160 additional in service this year. We did a lot of locomotive maintenance to be ready for harvest. We have more locomotives, but they need to be repaired. Despite lower number, we believe we are in a great position.*
- Can you talk about why you have a lower number of cars in storage this year and whether you see any risk here given the higher utilization rate? *We are confident we have sufficient capacity.*
- Can you talk through the shuttle numbers and why there is additional direct DET capacity this year? *Expanding that allows us to maintain consistency to Mexico.*

Michelle to Shae David, BNSF

- (Question inaudible). *I don't think it will have an impact on harvest. We measure capacity by four days beyond the [inaudible] date. It is high right now but are intent on it being more toward the 300 level. We have no concerns from a fulfillment standpoint.*
- (Questions inaudible). *We have seen a significant capital investment this year to be ready for harvest. Record harvest-like volume throughout the entire year has resulted in numbers you see. The maintenance for 2026 will clear off as we come upon harvest and we will be ready to go.*

- CN - David Przednowek & Rahul Singh

- We have a significant locomotive fleet, and we can deploy more if there is stronger demand.
- Last seven days we have had a ~94% LSCP for trip plan compliance – has been 94-95% for the last 30 days.
- Personnel in southern region, we have 183 folks furloughed. For coming grain season. T&E down a net 50 people right now
- Since we run right along the Mississippi, we always watch the water levels. The Waterways Journal put out their survey results for 2025 which showed that the barge fleet is down about 700-800 from 2023 levels.

Michelle to David Przednowek, CN

- Questions related to the speed with which cars can be made available – about two weeks (exact question inaudible). *That two-week number was related to our short-term shortage of locomotives. The hopper cars we can pull easily based on how we place them. To get to our 1,475 fleet we have a much quicker ramp up. Most of the cars moving grain are private, customer-owned.*
- How do you meet that demand when there is an unexpected surge? *Two-way communication with customers is very important. The last thing anybody wants is surprises with transportation. Resourcing decisions get made months in advance and we have monthly resource planning meetings to continually read the demand*

forecasts. This influences our training, acquisition of locomotives, and decisions on network infrastructure.

Karen Hedlund to David Przednowek, CN

- Where do you store all your grain cars in the off season? *We have storage locations in yards or sidings, and sometimes we talk with customers to load them “under the spout” at the grain elevator.*
- **CPKC – Stephanie Roediger & Mike Walczak**
 - o About 88% of our fleet is now the high-capacity hopper cars.
 - o Our grain hoppers are used interchangeably across the network allowing us to maximize the empty spot at the elevators.
 - o About 80% of our fleet runs in a unit train.
 - o For the upcoming fall peak we are targeting consistent level of locomotives including Tier locomotives we purchased in 2025. 60 are now in service, the rest should be delivered before the end of 2026.
 - o We currently operate two trains per month to PNW, ~1.6 trains per month to Mexico, and two trains per month in all of our other corridors.

Patrick asks Mike Walczak, CPKC

- Where are you now with locomotive target availability? *We currently have 1,950 revenue-ready locomotives and we are operating in the upper 1800’s on any given day.*
- You do not foresee any problems with that? *No.*
- With relation to the IBEW strike, are there any implications for deferred maintenance? *No. We had management employees deployed throughout the network for the entirety of the strike. We were able to keep up with all the maintenance.*

Michelle asks CPKC

- (Question Inaudible). *The coordination and communication with our customers, and planning in advance for harvest to ensure we have resources available.*

Dick to all Class Is

- You have about 200,000 covered hoppers in the 4750-5400 gravity car range – about 70,000 are the 4750s. So, about a third of these cars are going to expire within the next five years since they are over 40 years old. From an ownership or leasing perspective how do you plan on replacing these cars over the next 3-5 years, particularly given how expensive they are to replace? **(David Przednowek, CN)** *A low percentage of the CN owned and leased fleet is 4750s. We take a monthly view on long-term fleet planning. We quarterly review demand outlook through 2035, looking for age-outs. We currently have less than 500 cars that are going to age out.*

(Shae David, BNSF) *I do not specifics in front of me related to the 4750s, but I can certainly get them to you. We are continuing to review these age-outs on a monthly basis. Last year we brought on ~1,000 high-efficiency hoppers.*

(Mike Walczak, CPKC) *We currently have a multi-year acquisition program. We factor in a net growth position to handle current and projected demand while accounting for cars that are aging out.*

(Ted Johnson, CSX) *Most of the cars we expect to fall out in the next 3-5 years are in longer-term storage. We do not expect to need to invest in new covered hoppers over this time frame. We do not have many leases.*

(Paul Petersen, NS) *We phased all of our 4750s out about 3-4 years ago.*

- **CSX - Ted Johnson & Phillip Rutledge**
 - o CSX is well positioned for this season.
 - o CSX expects to see increased grain rail demand versus last year due to Southeastern corn production has been negatively impacted by drought during critical growing stages. The Carolinas corn production is projected to be down 35-40% - likely to be second lowest production for the past 11 years.
 - o North and South Carolina locations account for ~40% of CSX corn shipments.
 - o Soy production in the southeast is projected to be up 13% but shorter than demand in Georgia, Carolinas, and in Virginia.

Patrick to Ted Johnson

- Can you speak to the deterioration of the trip plan and turn times resulting from tight crew numbers in some locations which was mentioned in the latest earnings call – what were these locations and does this effect the key ag. locations? *Many of the areas are in the northeast, and it affects more of the manifest cargo. We do not feel we are tight in the key ag. areas.*

Michelle to all Class Is

- Do any of you offer incentives to shippers to invest in their own cars? **(Ted Johnson, CSX)** *There is a spread in system versus higher freight rates. CSX freight rates are higher if their own cars because CSX paid for that investment, but they are lower if they pay for their own private fleet – can be hundreds cheaper.*

(David Przednowek, CN; Paul Petersen, NS) *It is the same for us. There is a spread.*

(Stephanie Roediger, CPKC) *Most of our customers use private fleets for the crush side and we have a tariff spread as well.*

- Is this cost broken out specifically? *Yes. CN says same thing. CPKC most of their crush customers use a private fleet.*

- **NS - Paul Petersen**
 - Through the second quarter our network has achieved a 1.03 FRA personal injury index, a 1.61 FRA accident rate, and a 0.49 FRA mainline accident rate. There are all YoY improvements.
 - Last year, we maintained grain train unit speeds of 18+ miles per hour.
 - Our second quarter network integrity degraded due to stronger demand and recovery from weather-related disruptions.
 - Our average grain train size increased Yoy by 105 grain car applications which has helped us meet demand and reduce congestion.

Patrick to Paul Peterson, NS

- Can you talk through how you are working to meet demand given some crew tightness? *Our ag. network is not supported by a specific fleet. We look at key corridor points and look at other commodities to see what each needs to handle. We have the crews we just ensure we understand the macro environment. We have crews that we can divert rapidly to busy areas.*
- Was the network deterioration located in the areas where a lot of your ag. traffic flows? *In some cases yes, others no. Roanoke, VA is one area we have been working with – we have a lot of cross traffic with unit trains.*
- For Roanoke, will everything be on time for harvest? *Roanoke is staffed up. We feel our resources are adequate for this harvest season.*

Michelle to all Class Is

- What role has technology played as it relates to forecasting and how accurate has it been? **(Paul Petersen, NS)** *What goes into the forecast is simplified by technology – it doesn't replace market knowledge.*

(Rahul Singh, CN) *Our forecasting dominated by verticals. We used it to determine what resources are needed – locomotives, cars, etc. We are now integrating this with our financial planning system. We refresh this every month.*

- **UP – Jacob Thomas**
 - Over the last three years our shuttle fleet averaged more than 300 miles per day each year.
 - We have 17,000+ covered hoppers. A portion of this is scheduled to age out. We have been actively investing in our fleet and have added 3,000 new cars over the past 4-5 years. We have additional new build cars arriving this year.
 - Over the past three months grain shuttle velocity has averaged 315 miles per day, similar to last year. Our service performance index is near 95%.
 - We have worked through recent service issues and are now confident we can meet season demands.

Karen to Jacob Thomas, UP

- What are you and BNSF doing to prepare for adverse weather events on the West Coast? **(Jacob Thomas, UP)** *Our operating team monitoring potential weather*

events. Processes are in place to quickly respond and address issues. Equipment will be repositioned as necessary to ensure service is restored as quickly as possible.

(Shae Davis, BNSF) *Similarly to UP, we have plans in place and responders ready to be made available.*

Michelle to Jacob Thomas, UP

- Are there any areas in your network where service might be constrained or become tight? What is your ability to relocate cars across the network? *We have made commitments in agreement with the cars we have already available, so we have no concerns about those cars. The broader concern is around the PNW corridor. We anticipate some volume above what our base crews can support. We have been actively repositioning crews there to handle the anticipated demand.*
- **FXE - Diana Mendoza Diaz & Cleotilde Magaña Suarez**
 - We are still working with U.S. railroads UP and BNSF to and maintaining effective communication with all of our customers.
 - We are working with AI for schedule optimization in our most important yards of Nueva Leon and Guadalajara.
 - In the past year there have been issues with soil contamination on some unit cars. We are working with our customers to get certification in the facilities at destination. We are also working with our U.S.-origin drayage to ensure cars moving to Mexico are clean.

Closing Remarks / Adjourn

Justin Cauley thanked the members and STB for their participation then handed off to STB members for closing remarks.

The STB members thanked everyone for their participation, TEGMA for hosting, and the NGCC officers and the DFO for their help in coordinating and running the meeting.