



Katie Farmer
*President and
Chief Executive Officer*

BNSF Railway Company
P.O. Box 961052
Fort Worth, TX 76161-0052

2650 Lou Menk Drive
Fort Worth, TX 76131-2830
(817) 352-1215
(817) 352-7488 fax
katie.farmer@bnsf.com

August 8, 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 July 23, 2024 letter requesting information about BNSF's preparedness for the upcoming harvest season. BNSF shares your view regarding agriculture's importance to America's economy and the critical role railroads, including BNSF, play in supporting America's farmers as they compete in dynamic global commodity markets. Our partnership with America's agricultural producers is a central part of our heritage and a commitment we take very seriously. BNSF moves more agricultural products than any other railroad, and over the past decade we have partnered with our customers to grow agricultural products shipments by more than 120,000 units while agricultural products volume for the rest of our industry has declined by more than 200,000 units.¹ I am pleased to provide additional information about the steps we are taking to ensure another successful harvest season on BNSF in 2024.

As a preliminary matter, I want to address your description of BNSF's service performance during the 2023 harvest season.² I respectfully disagree with your characterization that BNSF struggled to live up to our responsibilities during last year's harvest. In order for information about our harvest preparedness in 2024 to be properly understood, it is important to proceed from a common understanding of facts about the 2023 harvest.

I first want to recognize the unique operational event that is harvest season and credit the people whose hard work, focus, and ingenuity make harvest season happen year after year at BNSF. The week we delivered the first soybean train of the 2023 harvest season to a PNW export terminal, our weekly grain volume increased by 2,550 carloads (32 percent). That figure represents the equivalent of an additional 23 loaded shuttle trains. It is an immense increase in operational tempo that various teams across BNSF must begin planning for months in advance, then implement and sustain throughout the harvest season. Hundreds of movements for dozens of daily active grain trains are carefully coordinated as shipments are advanced, staged, and layered to accommodate

¹ Association of American Railroads Freight Commodity Statistics

² While the term "harvest season" is often used colloquially to describe our overall national agricultural gathering process, the timing and duration of harvest season varies by geographical region and commodity group. For the purposes of this letter, I use that term to describe the peak period running from mid-August through November.

vessel loading schedules, operating conditions at destination terminals and elevators, and the needs of other traffic. As harvest proceeds, our field personnel across crafts continue to keep trains moving through difficult working conditions as the northern winter takes hold. Harvest represents the coordinated efforts of men and women spanning half a continent to bring the nation's crop to market, and the fluidity with which it occurs belies the immense complexity and difficulty of that task.

The most complex part of any harvest season is the initial ramp up period when BNSF handles a surge in volume from over 150 origin locations moving to the same eight export destinations in the Pacific Northwest. As we advised the Board in our December 2, 2023 update in the Ex Parte 770 proceeding, heavy rains at the outset of harvest season prevented producers from bringing in the crop and loading the trains that we had pre-positioned for movement to export facilities. Because our customers were unable—through no fault of their own—to load these trains by their scheduled want dates, BNSF was required to hold trains at origin. When loading could begin, those held trains then had to share available rail and crew resources with trains scheduled for later want dates, which made the harvest ramp up process even more complex to execute.

A similar disruption occurred in early December as an atmospheric river weather system moved into the PNW, bringing heavy rains into the region. Many grain export facilities and elevators are unable to load product in the rain, so loaded trains had to be held throughout the corridor until unloading could resume. While BNSF has invested billions of dollars into our network to build resiliency in the face of weather-related challenges, externalities outside of our control and our customers' control can and do affect the ability to load and operate trains. The cascading effects of these disruptions are an example of the unavoidable variability in any freight transportation service but should not be equated to service failure.

BNSF monthly reports filed with the Board reflect that during the peak harvest period months of September through November, BNSF maintained an average shuttle turns per month above 2.0 for each grain corridor we serve with shuttle service other than Mexico, reflecting our commitment to serve our customers shipping in our other corridors as well as the PNW. Within the PNW itself, we must also continue to balance grain shipments with an array of non-grain traffic—including domestic and export coal, petroleum products, automobiles, merchandise traffic, and passenger rail traffic—throughout fall harvest. This shuttle turn data thus reflects the immense dedication of our teams on the ground and the year-round planning and focus throughout our organization on meeting our customers' expectations.

BNSF Average Shuttle Turns per Month by Region, September–November 2023

	System	CA	Gulf	Mexico	PNW	West TX
Sept 2023	2.4	2.6	2.4	1.3	2.9	3.6
Oct 2023	2.2	2.7	2.7	1.2	2.2	3.5
Nov 2023	2.4	2.1	2.9	1.1	2.6	3.5
Average	2.3	2.5	2.7	1.2	2.6	3.5

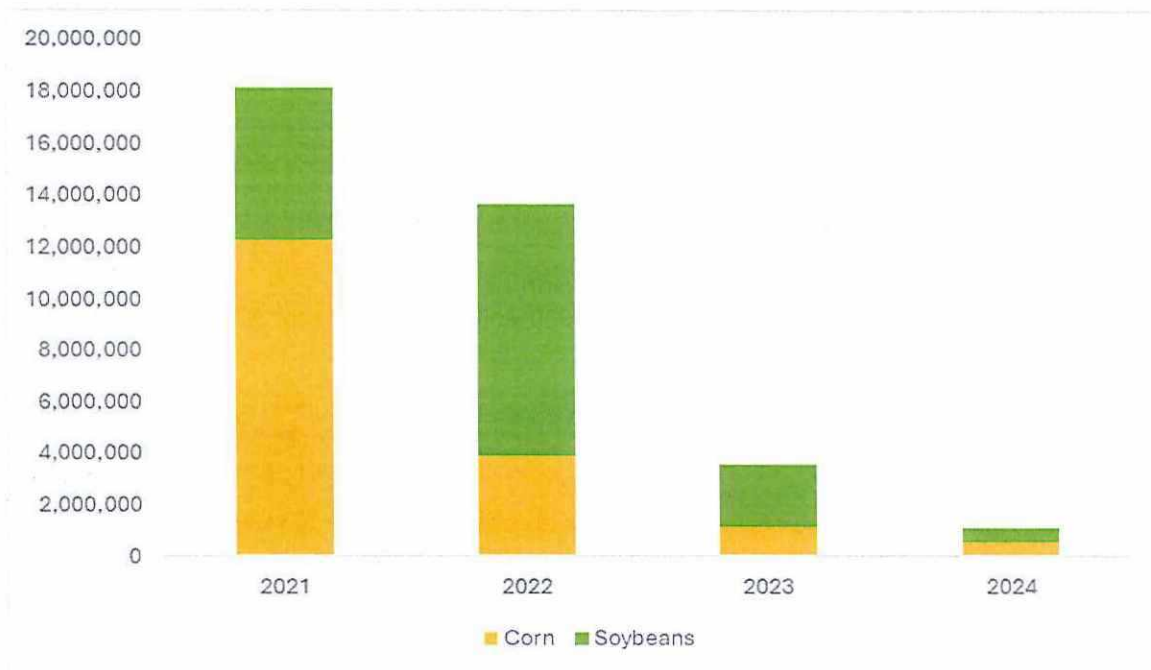
Harvest season is highly dynamic, with harvest for different crops beginning in different regions at different times of year, requiring BNSF to modify plans and shift resources as our customers' needs change. Critically, some short-term changes to our service metrics are a function of such operational changes we make to accommodate our customers' needs. For instance, when a vessel is loading soybeans and needs additional product to make its loading, we may hold westbound wheat or milo trains short of destination so that the additional soybeans can reach the export terminal. This facilitates our customers' meeting their commitments and is to the ultimate benefit of all stakeholders; however, it negatively affects our reported velocity and trains holding metrics, which highlights how raw data can sometimes lead to a misleading conclusion about service levels to our customers. While we believe that various metrics can be important indicators of the health of our network, BNSF will not prioritize short-term metrics at the expense of finding solutions that meet our customers' needs. This approach has been critical to our success in growing our agricultural products business.

Before addressing your specific questions about the 2024 harvest season, I want to emphasize that despite the challenges inherent to the fall harvest, we are helping our customers grow. Year-to-date, our agricultural products volumes have increased by double digits from 2023. BNSF grain volumes over the first half of 2024 are up 11% compared to the same period in 2023. For the busy export season period, BNSF grain volumes to the PNW increased 18% versus the same time period of the prior season. Over the past three years, agricultural products customers have partnered with us to open or expand 29 shuttle facilities on BNSF, investing over \$560 million in infrastructure to access our network. While we are always looking for ways to improve our service, our growth reflects our customers' confidence that we will be here to meet our commitment to them. The ramp up to harvest season is always a significant operational feat, but we have consistently met harvest demand and we expect to do so again this year.

To address your specific questions:

Expected Demand. BNSF monitors publicly available data and works closely with our customers to understand anticipated crop yields and market opportunities, which inform our decisions in scaling capacity for harvest season. Harvest season varies by crop (i.e., wheat, soybeans, corn) and by region, which drives geographical differences as well as grain traffic flow fluctuations depending on market conditions. Agricultural demand is driven by several always-changing variables including weather, commodity prices, strength of the dollar, global supply and demand, geopolitical and regulatory impacts, storage availability, and more. Crop yields for soybeans, corn, and wheat are all projected to be strong this year but there remains significant uncertainty around ultimate rail demand. A large driver of that uncertainty is shippers having made significantly fewer documented export sales to Asian countries for new crops, a key driver of PNW harvest volumes, as compared to this time last year. As shown in the chart below, soybean export sales are down 91% against the average of the three preceding years, and corn export sales are down 90% against the same three-year average.

Year To Date Confirmed Sales to Asian Export Markets, 2021–24³



In light of the unusual level of uncertainty in the current export market, we are planning for freight demand during fall harvest to be similar to demand in Q4 2023, and we are working to provide resources adequate to meet that forecasted demand. BNSF recently provided a comprehensive description of the equipment allocations we are making to support the fall harvest, which is available on the Board's website.⁴ With respect to track capacity, capital maintenance projects on key grain corridors will be completed well ahead of the beginning of harvest to promote maximum throughput on the Northern Transcon. Other efforts to maximize capacity include pre-positioning equipment at origin facilities so that our customers can begin loading as soon as product is available.

Employee Resources. We have worked hard to build our crew bases in order to have sufficient numbers of TY&E employees to meet anticipated fall harvest demand. Our Northern Transcon corridor spans three BNSF operating divisions: the Northwest Division, the Montana Division, and the Twin Cities Division. Across these divisions, we have fulfilled our 2024 hiring plan, hiring 259 new conductor trainees, of which 212 are already in the field. All new hires that are currently in training will be available for service at the beginning of harvest. Additionally, approximately 70 new locomotive engineers will complete their training in September and be available for service on the Northern Transcon. No TY&E employees are currently furloughed across these three divisions, and there is no hiring freeze in place. In fact, we are pulling forward our 2025 hiring plan for these divisions into 2024 with a goal of hiring and training an additional 92 conductors across these divisions by February 2025.

³ USDA Data for YTD Sales as of July 15, 2024.

⁴ Letter to N.D. Grain Dealers Ass'n, available at https://www.stb.gov/wp-content/uploads/BNSF-response-letter-to-state-ag-associations-regarding-service_06042024.pdf (June 4, 2024).

BNSF plans to supplement our regular workforce when and as needed with temporary transfers, a process we have successfully utilized in prior years and one that creates additional earning opportunities for employees in over-resourced portions of our network. In essence, temporary transfers are an important and effective means of providing additional surge manpower capacity during volume surges such as fall harvest.

Locomotive Availability. BNSF currently has 4,868 active road locomotives in our fleet with an additional 232 in storage. That active number includes an additional 50 new, fully winterized high horsepower locomotives that are additive to the 50 new locomotives added in 2023. In total, we have 1,615 fully winterized and 3,570 partially winterized locomotives in the active fleet. We do not generally dedicate a portion of the locomotive fleet to specific territories—locomotives flow efficiently across our system and to and from other railroads as traffic demands—however, we are currently preparing 50 locomotives to pre-position across busy grain origin terminals ahead of fall harvest.

Winter Plan. BNSF provided a comprehensive overview of our winter plan in our August 25, 2023 status report in the Ex Parte 770 proceeding. As our operational leaders briefed you in June, we've made further efforts to build resiliency this year, including installing an additional 150 switch heaters in key locations on our network, upgrading existing switch heaters with stronger blowers and more reliable fuel sources, and adding an additional rail snowplow to our plow fleet. Also, we have added additional wind anemometers to the MRL Subdivision, which help us to safely reduce downtime due to wind conditions and improve fluidity. Additionally, we have fully integrated the MRL Subdivision into the Montana Division's Winter Action Plan to provide more seamless coordination of resources during winter events on that portion of our network.

Mexico. We agree with your concerns regarding the disruptions to cross-border service with Mexico. Service to and from Mexico has been undeniably challenged this year, largely due to the impacts of the ongoing humanitarian crisis at the southern border. Indeed, our access to Mexico at certain interchanges has been closed on three different occasions over the past nine months, once due to an order from the Department of Homeland Security and twice due to Ferromex (FXE) embargoes. Putting aside those disruptions, we have limited interchange windows at our border crossings at Eagle Pass and El Paso, which must accommodate not only grain traffic, but all the traffic on our railroad as well as that of Union Pacific. Any missed interchange opportunity is impactful, and long-term interruptions, such as the closure of the border last December, can reverberate for weeks before traffic flows are able to normalize.

Given that we do not operate across the border, BNSF is limited in our ability to address service disruptions in Mexico, and our contingency efforts are principally aimed at limiting the impact of those disruptions on the broader network. These efforts include daily coordinating calls with FXE to exchange information on volume pipelines; our permit embargo to manage freight flows to the border and avoid trains being released that FXE cannot accept; careful staging of southbound trains to ensure there are available trains to take advantage of each interchange window; and implementing non-standard operating plans to clear backlogs of FXE traffic and get equipment back onto our network. For example, in late June, we agreed to forego any southbound interchange for 48 hours to facilitate increased FXE northbound interchange to clear some of the congestion off its system.

BNSF continues to work with our interchange partners to identify means of improving cross-border service and mitigating the effects of those disruptions. I understand that rail service disruptions are but one part of a complex, interrelated series of issues at the southern border, and I support your efforts to work with other federal agencies to identify and implement sustainable solutions.

At BNSF, we pride ourselves on transparency and communicating timely, accurate information to customers and other stakeholders. We look forward to joining grain rail stakeholders at the 2024 National Grain Car Council meeting on August 27, where BNSF along with other Class I rail carriers will provide this requested information. Beyond STB-sponsored fora, we devote substantial attention to communicating with our customers through ongoing one-on-one touchpoints, our participation in the Ag Rail Business Council, and our own BNSF Agricultural Products Summit. In addition, we maintain a dedicated 24/7 grain desk within our Network Operations Center dedicated to coordinating grain movements with our operating department and customers. This communication is important to ensuring shared understanding among railroads, customers, and regulators of the operational realities around fall harvest, and so I hope that this information is helpful and contributes to the Board's understanding of the outlook for the 2024 fall harvest.

Sincerely,

A handwritten signature in black ink, reading "Katie Farmer". The signature is fluid and cursive, with the first name "Katie" and last name "Farmer" clearly distinguishable.

Katie Farmer
President and Chief Executive Officer