



**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

June 9, 2021

The Honorable Martin Oberman  
Chairman  
United States Surface Transportation Board  
395 E Street, SW  
Washington, DC 20423

Dear Chairman Oberman:

I write in response to your letter of May 27, 2021 regarding the important role that freight railroads are playing in the nation's continuing economic recovery from the COVID-19 pandemic. I appreciated the recent opportunity to visit with you and share my immense pride in the unwavering dedication of BNSF employees throughout the pandemic to provide safe and efficient freight service to our customers. Thank you as well for recognizing the hard work and dedication of these men and women who have kept our trains running and our nation supplied during these challenging times.

As BNSF has communicated regularly to the Board and other key stakeholders since the early days of the pandemic, our twin objectives have been to protect the health and safety of our employees and to recognize that as an essential industry, we needed to keep our network fluid to meet the demand for goods upon which our customers and the nation depend. I believe we have been successful in our efforts, all while navigating significant swings in freight volume and challenging weather events including the polar vortex earlier this year.

BNSF responded with appropriate urgency last spring as the pandemic caused freight demand to decline quite rapidly; we adjusted our employee and equipment resources to match the rapidly changing freight volumes. As those volumes began to recover and gathered steam heading into the fourth quarter of 2020 and early 2021, BNSF similarly flexed to bring back employees and deploy stored assets to handle customer demand. This is not a new way of doing business. We work closely with our customers on an ongoing basis to understand their expected service needs and have a long history of adjusting our resources as needed to move our customers' freight. BNSF is confident that we have the people, equipment, and capacity in place to serve our customers' needs today and a proven ability to adjust to what the future may bring.

All of this is not to suggest that the first five months of the year have been without challenges. We started 2021 with two significant derailments on our main East-West artery, the Southern Transcon, followed by a series of extreme winter weather events. This reduced productivity at our terminals and limited our ability to move train crews and other personnel, particularly in Texas where many trains were forced to hold due to widespread power outages and road closures. Our operations teams worked tirelessly in an effort to limit the impact of those events on our customers, with the railroad recovering fairly quickly considering the significant challenges. We were able to use many of the lessons we learned during the severe winter weather of 2013-14 to recover our network fluidity much more quickly in 2021.



June 9, 2021  
The Honorable Martin Oberman  
Chairman  
United States Surface Transportation Board

Page 2

From that weather recovery, we have shifted our focus to supporting the increasing demand we are seeing across many of our business units. On our railroad, we know we are busy when moving more than 200,000 units of freight in a week. During the depth of the pandemic, our weekly volumes dropped to as low as 150,000 units, necessitating the storage of equipment and temporary furloughs of employees. The situation has flipped quickly – since the beginning of the year, we have had eleven weeks where BNSF delivered more than 200,000 units. As we began to see volumes recover, we quickly scaled up our operations, bringing equipment back online and recalling furloughed employees across our network. Here is where we stand today:

- Equipment and Facilities: BNSF currently has 4,865 active high-horsepower locomotives in its on-road long-haul fleet, with considerable reserve capacity. In addition, BNSF has 1,085 active intermediate fleet locomotives for switch and yard jobs, and an adequate reserve capacity in storage. While there was a notable decrease in active cars managed by BNSF in 2020 as compared to 2019, those numbers are already back up overall. Currently, BNSF has 207,673 active cars, an increase of 1.5% over 2019 and 39% over 2020. Unsurprisingly, there is variability between sectors, with active coal cars down 28% compared to 2019, but auto cars up 195% since 2019. Active intermodal cars are up 41% since 2020 and 20% since 2019 in response to supply chain demand.

We are also taking measures to maximize the available capacity at all rail facilities. For example, in the intermodal space, we have increased lift equipment at our facilities by 20%. We are also fully utilizing available offsite parking for both inbound and outbound shipments to help maintain fluidity with elevated inventories. To help reduce the impact of long-dwelling international units at several of our facilities, we also recently implemented an offsite dray program.

- Employee Availability: With regard to our employees, we have sufficient train crews and yard employees for current volumes. In addition, currently over 1,500 TYE employees remain on furlough, down from just over 3,000 furloughs at the end of January. Furlough numbers for 2020 were higher for our Engineering personnel than in years past due to the impact of the pandemic on volumes, which resulted in seasonal production gangs being furloughed earlier and deeper than usual. As of the end of May, all eligible Engineering employees have been recalled with the start of our 2021 production gang work.

Looking toward hiring, BNSF is actively hiring in many regions across our network. These plans include a total of over 330 infrastructure employees in 2021 to support BNSF's capital expansion program. In addition, we have increased manpower at our intermodal facilities in the range of 15-35% across our network, and we continue our efforts to onboard additional resources at some of our more labor-challenged locations. Our 2022 hiring plan is highly dependent on volume levels in determining the timing of bringing on transportation, maintenance, and other personnel to support growth.



June 9, 2021  
The Honorable Martin Oberman  
Chairman  
United States Surface Transportation Board

Page 3

BNSF has and will continue to take the steps to ensure we have the right resources to meet new demand levels while providing consistent and reliable service. BNSF has demonstrated our ability to increase our resources with great speed in response to changing circumstances and I am confident in our ability to do so now.

As you are aware, the freight supply chain is a complex system of connections between ports, roadways, railroads, waterways, and shipper and receiver facilities. BNSF and its customers often depend on many, if not all, parts of this intermodal supply chain to deliver freight safely, efficiently, and when expected. With that context in mind, I would like to highlight several supply chain challenges beyond the rail network that are currently impacting BNSF's operations.

First, our intermodal facilities have been heavily impacted by historically high container dwell and chassis shortages that are driven by extended over-the-road drive time and customer unloading times that have been as much as 48 hours longer than normal. While we have been taking the aggressive measures detailed above to increase available capacity on our routes and in our intermodal facilities, BNSF does not control the chassis supply at our facilities. Thus, while we have increased our lift equipment and aggressively used available offsite lot capacity, our fluidity nevertheless relies in part upon the capacity and performance of our trucking and ocean carrier partners, as well as our beneficial cargo owners effectively managing their own pipelines and efficiently turning chassis pools.

Second and relatedly, it is also important to note that our rail operations are 24/7 and our service can be impacted by parts of the supply chain that are not. As an example, some of our westbound flow is restricted into various terminals due to their processing capabilities. We need all parts of the supply chain to be willing to operate 24 hours a day, 7 days a week to help keep up with these unprecedented demand levels. As these inland supply chain constraints moderate, the resulting velocity improvement on our rolling stock will generate more than enough capacity to handle the current backlog as well as increasing volumes, including those at major ports.

We have always believed it is critical to actively and consistently communicate with our customers so that we can understand their present and future needs, and such communication is even more important in times of increased demand and tight capacity. Providing our customers access to the most current and accurate information possible permits them to better manage their own operations, and BNSF continues to invest to expand and enhance our customer communication infrastructure. An average of 11,000 of our customers visit our Customer Portal on BNSF.com every day, accessing a suite of tools that enable customers to track the location and progress of their shipments at all times while on our network. We have also expanded our customer information flows by developing critical function Application Programming Interfaces (APIs) that enable BNSF's systems to directly and efficiently interact with our customers' own transportation management systems. We have been able to effectively grow our communications systems because of input from our customers, and we will continue to work



June 9, 2021  
The Honorable Martin Oberman  
Chairman  
United States Surface Transportation Board

Page 4

with them to evolve our technology roadmap to provide the information, tools, and support they need to effectively manage their own supply chains.

We recognize that strong demand remains in front of us and we are eager to play our part in the country's economic recovery. We are proud of our partnership with our customers to meet the challenges of the pandemic period and now as we pivot together to meet the growth in demand in businesses with safe, efficient, and reliable rail service.

Sincerely,

A handwritten signature in black ink that reads "Katie Farmer". The signature is written in a cursive, flowing style.

Katie Farmer  
President and Chief Executive Officer