THE BELT RAILWAY COMPANY OF CHICAGO

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August 10, 2026

VIA EMAIL
The Honorable Patrick J. Fuchs, Chairman
The Honorable Michell A. Schultz, Vice Chairman
The Honorable Karen J. Hedlund, Member
The Honorable Richard J. Kloster, Member
Surface Transportation Board
395 E Street, S.W.
Washington, DC 20423-0001

Re: Clearing Yard Service Performance — Response to the Board's Letter of August 3, 2026

Dear Members of the Board:

The Belt Railway Company of Chicago ("BRC") is in receipt of the Board's letter of August 3, 2026, concerning recent car volumes and dwell times at Clearing Yard. We share the Board's commitment to a fluid Chicago gateway, and we welcome the opportunity to explain the conditions that produced the trends that the Board has observed, the measures BRC has already put in place to restore normal operations, and the results those measures have already produced.

OVERVIEW OF TRENDS AND CURRENT INVENTORY/DWELL

At the outset, it is important to note that the elevated inventory and dwell over this period reflect a convergence of largely external events rather than any single operational factor, and that they occurred while BRC continued to handle record traffic. Cars handled are up 8.4 percent year to date, and Clearing Yard has continued to receive, classify, and depart increased volume compared to last year.[1] Beginning in June of 2026 – and with a desire to accommodate increased traffic, foster commerce, and continue to grow the economy – BRC increased its daily receivable car quotas. With the increased traffic came the corresponding percentage of cars that require double handling in the form of a "rehump" back into the side of the yard from which it was received. Within that general backdrop, four categories of events have compressed classification capacity at the same time — severe weather, a fatal highway-rail incident, crew availability, and three operationally significant derailments – which resulted in the temporary trends noted in your letter. Each category is described below.

Severe weather. The Chicago terminal was struck by three separate weather events within seven weeks, all of which affected BRC property directly. On the evening of June 11, 2026, an EF-2 tornado — peak winds of approximately 120 mph along an 8.4-mile path — tracked across BRC's West Clearing Yard. On June 25, 2026, a weather event resulted in downed power lines, which took the SCID North Lead out of

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[1] While we lack visibility into every reason behind the increase in overall traffic, one factor is the increased cost of fuel, which may be leading companies to seek alternatives to over-the-road trucking.

service through July 1, 2026. On July 27, 2026, a possible tornado tracked south along the South Central Avenue corridor on the north side of Clearing Yard and took the NCID lead out of service. These storms, and the broader outbreaks of which they were part, disrupted inbound flows across the connecting carriers, produced bunched and uneven arrivals into Clearing Yard, took tracks out of service, and required weather-related repairs that temporarily reduced yard capacity. Likewise, the July 27, 2026, event took Clearing Yard's north industrial lead out of service until July 30, 2026. During the SCID outage, BRC was unable to deliver cars to industries that are served south of Clearing Yard and during the NCID outage, BRC was unable to deliver cars to industries that are served north of Clearing Yard.

Highway-rail incident. In the early morning of July 26, 2026, during a police pursuit on public roadways, a pickup truck carrying four occupants left the Cicero Avenue bridge and fell into the west end of the East Receiving Yard, striking and derailing a loaded car on Track 16 and destroying approximately fifty feet of track. All four occupants were fatally injured. This tragic event — wholly outside BRC's control — required a full emergency and law-enforcement response and took the East Receiving Yard out of service for receiving and humping for several hours, until the scene was released by law enforcement and the track repaired. Because East Receiving is a primary intake point for a substantial share of our inbound traffic, the temporary loss of that facility once again disrupted inbound flows, which cascaded into elevated inventory and dwell in the days that followed.

Crew availability. Reduced crew availability further constrained operations during this period. The 8.4% year-over-year increase in traffic was not forecast for BRC, and additional train-service crews therefore could not have been planned in advance. In June, and for a combination of reasons, BRC experienced a higher-than-normal number of assignments that were not filled on a given day. Because a train-service employee must complete an extensive training and qualification process before he or she can mark up for a first assignment, these shortfalls cannot be remedied on short notice.

Derailments. Over roughly the same window, BRC responded to a series of significant derailments that each removed critical classification or departure capacity for a period of hours: on the west class/hump end on June 10, and at the East Departure Yard on July 27 and again on August 4, and at the 30 crossover on August 7. Our mechanical and engineering forces, supported by contracted re-railing resources, returned each location to service as quickly as could be done safely. These derailments resulted in approximately 36 hours of high-impact outages that impacted BRC's ability to process cars, especially its departure ability. It bears emphasis that the number of derailments has in fact declined significantly year over year; however, the operational impact in this period stemmed from the location and timing of these events — concentrated at receiving and departure chokepoints during a period of already-high inventory — and not from any sustained increase in frequency.

BRC'S PLANS TO RETURN OPERATIONS TO NORMAL LEVELS

As of the date of this letter, inventory and dwell times are already significantly on their way to planned operating levels. Specifically, as of this moment (afternoon of August 10, 2026), Clearing Yard inventory stands at approximately 2,928 cars — down from the 5,048-car level the Board cited for Week 30 — and today's average dwell is approximately 16 hours. BRC's recovery is due to several actions. Each is described below.

Short-term measures. Prior to receipt of the Board's letter, the BRC had already taken some measures to manage operations and avoid further congestion, including enforcing quotas, advising carriers that we were temporarily not accepting extra trains, and enforcing train length requirements of 10,000 ft. In addition, out of operational necessity and to keep the operation plannable while crew availability was constrained, BRC temporarily adjusted its shift structure and relied more heavily on overtime so that assignments could be covered and traffic kept moving. While these collective measures were enough for BRC to keep the inventory number from continuing to grow, they were not enough for BRC to quickly return to normal operation levels. After direct consultation with our connecting carriers, BRC placed the following restrictions into effect, to remain in place until Clearing Yard inventory returns to normal operational levels:

- A 6,000-foot maximum length on all inbound trains, with a minimum of two working locomotives, so that outbound trains can continue to be built to normal size; and
- No extra inbound trains — ISA-scheduled inbound trains only.

BRC's Command Center is coordinating these measures with each connecting carrier; moreover, BRC is issuing status updates twice daily, at 10:00 and 20:00, to its connecting carriers until inventory and dwell return to normal levels. Because of the success of these measures, we are beginning to ramp up train size restrictions as a phased approach to returning to regular train sizes. As of the date of this letter, train sizes have been increased to 7,000 ft. in the West Receiving and 8,000 ft. in the East Receiving. We are planning final increases to inbound train size in the next several days.

Moreover, with employee availability improving – including with employees returning to service and some new hires entering the workforce – BRC has returned to its more traditional three-shift operation. Because the required training and qualification period is necessarily lengthy, reflecting the priority BRC places on safety, the full benefit of the current hiring cycle with be realized over the coming months. As those crews qualify and enter service through the third and fourth quarters, they will reduce our reliance on overtime and add resilience to our departure plan. We are beginning to ramp up train size restrictions as a phased approach to returning to regular train sizes. As of the date of this letter, train sizes have been increased to 7,000 ft. in the West Receiving and 8,000 ft. in the East Receiving. We are planning final increases to inbound train size in the next several days.

Long-term measures. As of the date of this letter, BRC's inventory and dwell metrics are back to regular operating levels, especially considering the year-over-year traffic increase. Just as important is being proactive in maintaining those regular operation levels. Various long-term factors should help keep us there. Beginning in July of 2026, we implemented increased tariff amounts for rehumps, with a focus on decreasing "haulbacks" or "setbacks." We have already seen some reduction in haulbacks/setbacks. BRC is also recalibrating the inbound car quota for Clearing Yard. Our objective is to strike a deliberate balance — remaining mindful of the clear interest in routing additional traffic through the yard, while accounting realistically for Clearing Yard's current classification capacity. The revised quota will also bring rehump volume into the equation, so that cars requiring a second pass over the hump are counted against available capacity rather than treated as incidental. Setting the quota on this basis allows BRC to accept traffic at a level the yard can fluidly process and depart, and to avoid rebuilding the very inventory these measures are intended to reduce.

As mentioned above, these measures are already producing measurable improvement, to the point where yesterday's metrics are consistent both within our planned numbers and compared to last year. We expect continued improvement as the inbound restrictions, departure discipline, and some scheduled crew additions take full effect, and BRC will keep these measures in place until performance is restored to normal levels on a sustained basis.

<u>REPORTING TO THE BOARD</u>

BRC is appreciative of the Board's guidance and accommodations to the reporting schedule as discussed during our conference call and follow-up email on August 7, 2026. Pursuant to those discussions, BRC will provide the daily average and by-interchange Clearing Yard metrics identified in the Board's letter — including dwell, inventory, cars humped and re-humped, cars received and departed, on-time departure percentage, extras and annulments, cars received against quota, and haulbacks — beginning with the first submission on August 11, 2026, covering the period of July 31, 2026, through August 6, 2026. Then, going forward for any potential further data submissions, BRC will submit that data on Wednesdays (beginning August 19, 2026).

BRC notes, and appreciates, the Board's provision that the requested submissions are to continue "until such time as BRC's average daily dwell and average daily inventory have both normalized, on a sustained basis, to 2025 levels for the corresponding week." BRC reads that standard as a self-executing endpoint — one it is working in earnest to reach. As set out above, both metrics are already trending firmly in the right direction: inventory has fallen from the 5,048-car level the Board cited toward approximately 2,928 cars, and average daily dwell has moved from roughly 31 hours to approximately 16 hours. Should those trends hold, BRC is hopeful that its metrics will return to planned levels within a relatively short period, such that reporting under the terms of the Board's letter may not need to continue for long. BRC will of course provide each weekly submission faithfully in the meantime.

BRC values its role as the neutral switching carrier at the heart of the Chicago gateway, and we are firmly committed to restoring and sustaining fluid operations at Clearing Yard. We appreciate the Board's engagement and would welcome the opportunity to discuss our operations and outlook at any time.

Sincerely,

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For Jerry Peck
President and General Manager
The Belt Railway Company of Chicago

By: Edward DeVries, General Counsel

Signed on behalf of Mr. Peck, who has reviewed this letter.

cc: Janie Sheng, Director, OPAGAC
Ellen Erichsen, Deputy Director, OPAGAC
Michael Higgins, Deputy Director, OPAGAC