BNSF Railway

STB - Rail Energy Transportation Advisory Committee

June 12, 2008

Rail Capacity Drivers

People

Locomotives

Track and Terminals

Equipment

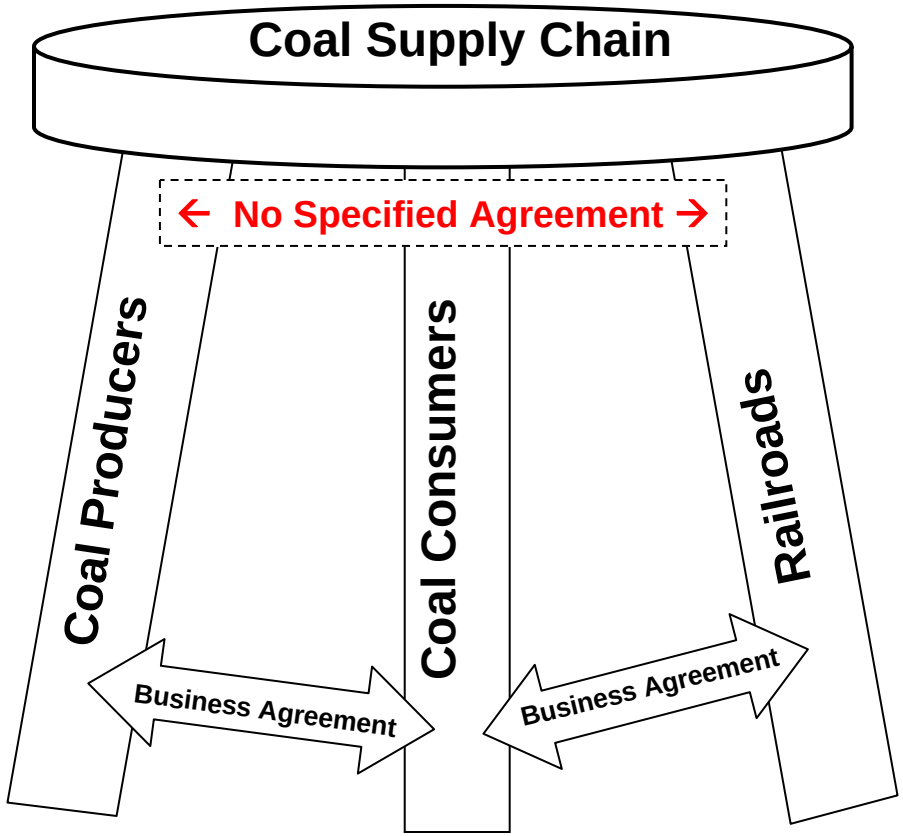
Planning Process

Planning Horizons:

- **Long-term (CANAC)**
- **Annual (Nominations)**
- **Quarterly**

- **Monthly**
- **Weekly**
- **Daily: every 4 hours, update 36 hours outlook**

Tri-Party Coordination



- 2 of 3 relationships have formal agreements
- Railroads and Producers coordinate informally
- Need increased transparency across all 3

Tri-Party Variables of RR Accountability

- Communication with utility and mines regarding
- Facilitate Mine and Utility Loadings Balance
- Systems Integration

Processes

Ops Execution

- Load / Empty pipeline management & execution
- Tactical communication
  - BNSF
  - Interline / Customer

Asset Optimization

Operation Analytics

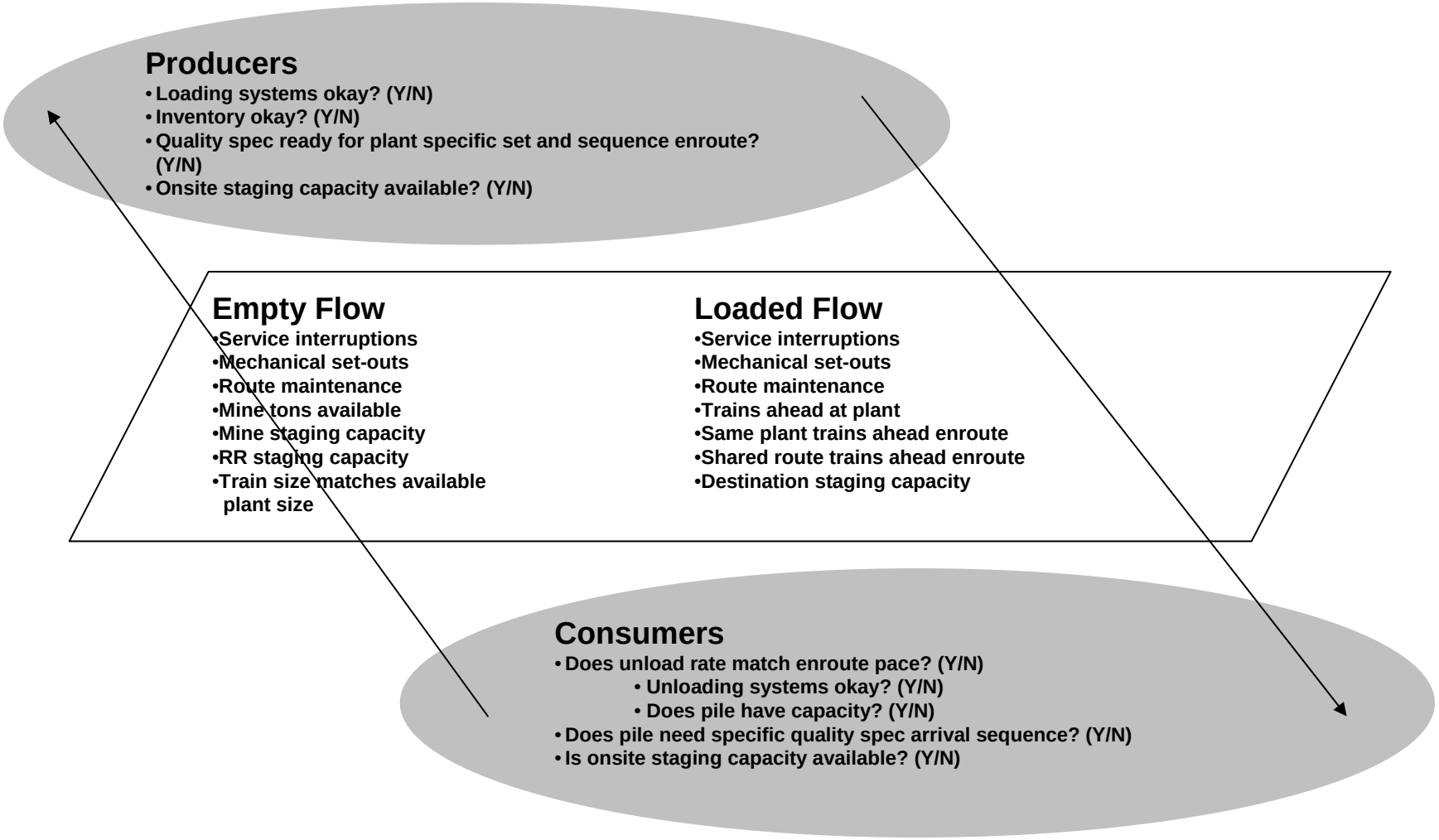
- Optimize Unit Per Train Opportunities
- Fleet Velocity

- Mine Supply & Utility Demand based Trainset Count Prescriptions
- Capacity Planning

Mine Slotting Process

- **The Joint Line on which BNSF and UP both serve the southern Powder River Basin mines is operated pursuant to the Joint Line Agreement approved by the ICC**
- **Monthly tonnage demand for each railroad by mine is determined through the PRB forecast process**
- **BNSF and UP management jointly assign order and quantity of loading slots at each mine**
- **BNSF and UP manage the flow of trains onto the Joint Line to attain ETA compliance for specific slots**
- **Both railroads' coal operating groups jointly manage slotting changes to maximize the line's efficiency**
  - **Examples of events causing slotting changes:**
    - Railroad maintenance
    - Inclement weather
    - Mine outages
    - Mechanical problems

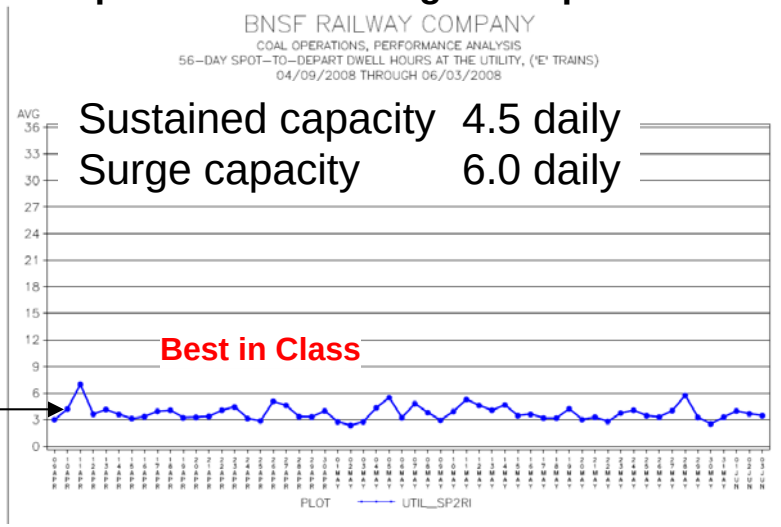
Tri-Party Conditions RR's Manage

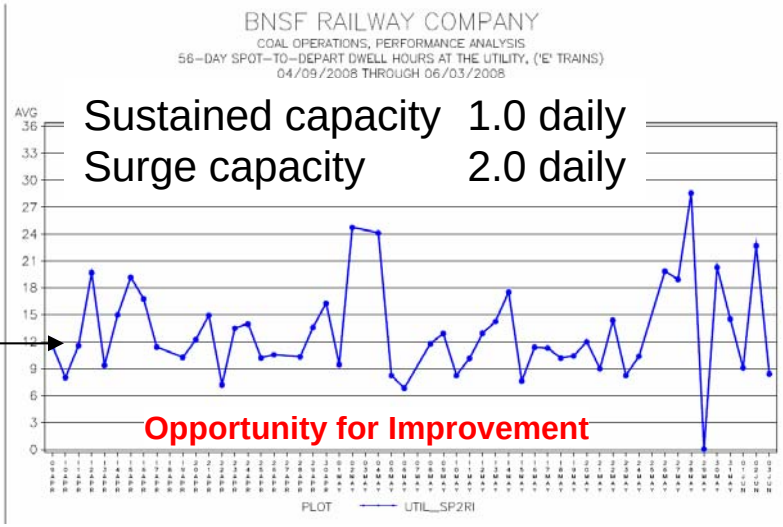


Unloading Best Practices – Investment and Management Matter

- **Infrastructure investment and management of unloading operations**
  - **Key lever of supply chain**
  - **Vary widely across locations**
  - **Determine capacities**
    - **Sustainable**
    - **Surge**
  - **Add variability to the cycle**

Sample Train Unloading Hrs: Spot to Release





Process Assessment

Works Well:

- Daily operating adjustments
- Mine and RR maintenance planning

Opportunities for Improvement:

- Longer mine balance timelines
- More sharing of stockpile levels
- Unloading outage communication
- Transparency of mine producer issues
- Sharing of best unloading practices
- Enhanced unload investments and management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