



Jill K. Mulligan
Associate General Counsel

BNSF Railway Company
P.O. Box 961039
Fort Worth, TX 76161-0039
2500 Lou Menk Drive
Fort Worth, TX 76131-2828
817-352-2353 Direct
817-352-2399 Fax
Jill.mulligan@bnsf.com

June 27, 2014

236252

Ms. Cynthia Brown
Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E Street, SW
Washington, DC 20423-0001

ENTERED
Office of Proceedings
June 27, 2014
Part of
Public Record

Re: STB Ex Parte No. 724 (Sub-No. 2), United States Rail Service Issues—Grain

Dear Ms. Brown:

Enclosed for electronic filing in the above captioned proceeding is the initial Weekly Report of BNSF in response to the Board's Order of June 20, 2014. Thank you for your attention to this matter.

Sincerely,

A handwritten signature in blue ink, appearing to be "J.K. Mulligan", written over a blue circular stamp.

Jill K. Mulligan

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

STB EX PARTE NO. 724 (Sub-No. 2)

UNITED STATES RAIL SERVICE ISSUES--GRAIN

**WEEKLY REPORT OF
BNSF RAILWAY COMPANY**

BNSF Railway Company ("BNSF") provides the following initial weekly status report in response to the Board's Order of June 20, 2014 in the above referenced sub-docket. In that order, the Board directed BNSF to: (i) provide by June 27, 2014 an updated plan to reduce current backlog of unfilled grain car orders and resolve grain delays, including a timeline, (ii) provide weekly status reports containing the following metrics by state:

- a. Running total of outstanding grain car orders at the end of the week;
- b. Total number of new orders for the week;
- c. Total number of orders filled for the week;
- d. Number of orders cancelled by shippers for the week;
- e. Number of orders cancelled by BNSF for the week;
- f. Average number of days late for all outstanding grain car orders;

and (iii) report the number of cars allocated to grain car service each week, including the number of private cars in service.

At the outset, we note that BNSF currently provides almost all of the information covered by the Board's Order in our ongoing communications with our customers¹ and in our biweekly correspondence to the Commissioners and weekly calls with the STB's staff, and, pursuant to the

¹ BNSF maintains a Service Overview webpage (<http://www.bnsf.com/customers/service-page/index.html>), which collects all ongoing communications in one place for easy access by BNSF customers.

Board's Order, we consolidate and supplement that information here. In this initial report, we have laid out information responsive to the Board's requests for information regarding the current unfilled grain car orders and our plans for alleviating that backlog. We will continue to provide the updated weekly status reports outlined in the Board's Order until we have sufficiently resolved the existing backlog of grain car orders on our network.

I. Update on BNSF's Plan for Reduction of Outstanding Loaded Grain Orders

As we have stated in our prior communications to our customers and public officials, BNSF is very focused on the needs of our agricultural customers and remains committed to becoming current with existing orders from last year's harvest. BNSF has in place numerous short-term and long-term actions focused on improving the velocity across our network and reducing the existing backlog of grain cars. Our short-term actions include:

- Aggressive coordination between train operations and maintenance activity to maximize the throughput of traffic;
- Ensuring equipment and manpower are located where they can best support increased velocity and volumes and remedy critical service situations;
- Moving grain hoppers that have been in shuttle service for which certificate commitments have expired into our non-shuttle service;
- Hiring and training 405 new Train, Yard and Engine ("TY&E") employees from January through June 20, 2014 to work along our Northern tier where most BNSF grain originations occur and many grain products and processor sites are located;
- Adding more than 200 locomotives to the network since the beginning of 2014;
- Assigning field supervisors from across the system to key locations to assist in streamlining communication, coordinating train flows, and managing critical resources;
- Undertaking several innovative employee programs to further increase crew availability, including a vacation buyback program and incentives for eligible TY&E employees to stay past their eligible retirement date for 6 or 12 months; and
- Continue our ongoing dialogues with producers, shippers and other partners who rely on our rail service to provide them with updated information about day-to-day operations on our network, and to ensure that we stay up-to-date on how changing agricultural markets impact their short-term and long-term transportation demand.

In addition to these measures, BNSF has undertaken the long-term actions necessary to reach service performance levels acceptable to our customers. BNSF has initiated for 2014 the largest, single year capital investment in our company's history. This capital plan includes bringing online 500 new locomotives and 5,000 cars, and spending more than \$3.2 billion in maintaining and expanding our network. A significant portion of that investment, including key capital expansion projects, is focused on the Northern region of the network, across which significant volumes of grain traffic move. BNSF continues to make good progress against our system-wide 2014 goals in equipment and infrastructure investment and hiring. Between January and the end of May, BNSF has invested more than \$300 million in maintaining and expanding our Northern Corridor.

In terms of our timeline, our goal remains to remove the backlog of past due orders from the last harvest prior to the start of the new harvest in the Fall. Our future reports, described below, will reflect the progress towards accomplishing that goal.

II. Weekly Report on Past Due Metrics

The Board's Order requests weekly status reports containing the following metrics by state: (a) running total of outstanding grain car orders at the end of the week; (b) total number of new orders for the week; (c) total number of orders filled for the week; (d) number of orders cancelled by shippers for the week; (e) number of orders cancelled by BNSF for the week; and (f) average number of days late for all outstanding grain car orders. Included with this filing as Attachment A, please find a dashboard containing these figures for the most recent seven-day period, ending on the morning of June 26, 2014. Attachment A identifies the number of new past due car orders for the seven-day period, as well as the overall number of past due orders on

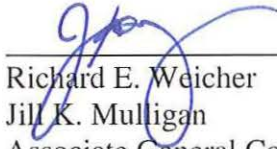
BNSF as of June 26, 2014. Please note that a pending car order is classified as past due when the shipment is more than three days past the shipper's want date (hereinafter, the "conversion date"). BNSF does not track new orders on a weekly basis. Instead, we have included in Attachment A a column for "New Orders", which are those shipments with a want date within the three days prior to the measurement date (June 26, 2014 in this report). Any order with a want date that is more than three days old is considered a "Past Due" and if any shipment converted into a Past Due in the seven-day reporting period, it is included in the "New Past Dues" sub-column as well as the "Past Dues" column. The reported "Average Days" reflects the number of days that past-due shipments have been delayed beyond the conversion date. "Orders Filled" and "Cancelled Orders" are measured over the seven day period ending the morning of June 26, 2014. Please also note that, in order to be consistent with the Board's order, we have excluded past due orders originating in Canada, which accounted for 1,170 units as of June 26, 2014; we point that out as our biweekly report to the Board includes those shipments in the total past due count.

The Board's Order also asks for the number of cars allocated to grain car service each week, including private cars in service. Attachment A identifies the total number of railroad-controlled and private cars marking up the grain fleet as of the morning of June 26, 2014, as well as the overall split between loaded and empty cars.

We understand the Board's continued interest in accessing real-time information about our recovery efforts and progress as it relates to our agricultural partners and all of our customers who rely on our ability to provide consistent service on all parts of our network. Pursuant to the

Board's order, we will provide weekly updates on the performance measures contained in Attachment A. We do not read the Board's Order here to create a direct preference for agricultural shippers over our other customers, which we believe is important. Our goal is to increase velocity for all our customers and offer consistent service across a network that is staged to accommodate future growth. BNSF is in the best position to consider the operational and investment steps that are necessary to achieve that.

Respectfully submitted,



Richard E. Weicher
Jill K. Mulligan
Associate General Counsel
BNSF RAILWAY COMPANY
2500 Lou Menk Drive
Fort Worth, Texas 76131

June 27, 2014

Attachment A

2014 Grain Orders Update

Past Due orders are as of 06/26 - All other measures are for preceding week, 06/19-06/25

	Past Dues			New Past Dues		New Orders		Orders Filled		Cancelled Orders	
	Cars	Stations	Avg. Days	Cars	Stations	Cars	Stations	Cars	Stations	Shipper	BNSF
CA	12	2	8.9	7	1	8	1	9	2	0	0
CO	2	1	23.0	1	1	0	0	14	1	2	0
IA	21	2	24.5	0	0	0	0	9	3	0	0
ID	3	1	12.3	2	1	0	0	0	0	0	0
IL	0	0	0.0	0	0	0	0	1	1	0	0
KS	7	2	38.1	0	0	0	0	41	4	0	0
MN	887	22	13.9	507	13	114	3	427	10	0	0
MO	0	0	0.0	0	0	0	0	7	3	0	0
MT	1,598	24	31.0	254	13	88	10	551	18	1	0
ND	4,942	87	32.0	828	43	456	22	1,094	37	0	0
NE	289	7	30.3	17	3	16	1	148	7	0	0
OK	25	1	4.0	25	1	0	0	3	1	0	0
OR	9	1	20.0	0	0	0	0	0	0	0	0
SD	237	7	9.2	57	3	96	2	226	4	0	0
TX	37	2	11.2	15	1	7	1	50	5	0	0
WA	318	11	25.7	69	4	1	1	161	11	0	0
WI	58	1	16.9	17	1	0	0	28	2	0	0
WY	17	2	11.4	3	1	2	1	15	3	0	0
BNSF Total	8,462	173	28.6	1,802	86	788	42	2,784	112	3	0

Car orders become past due when they are greater than 3 days past the desired want date

Current BNSF past due of 8,462 is down 11.2% vs 9,527 last week

Current BNSF active grain fleet is 24,829 cars, with 47.0% under load (active empty fleet: 13,152 cars)