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*Via Email*

Mr. Stu Letcher  
Executive Vice President  
ND Grain Dealers Association  
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Dear Stu,

Thank you for your May 31, 2024 letter on behalf of the North Dakota Grain Dealers Association, the Minnesota Grain & Feed Association, and the South Dakota Agri-Business Association (collectively, the "Associations") regarding the results of BNSF's recent Certificate of Transportation ("COTs") auctions for shuttle trains. We value our long-term relationship with the Associations, your members, and the producers you service, and welcome your feedback. We understand that the adjustments we made to the number of COTs shuttle offerings may have caused some questions, and we appreciate the chance to address your concerns.

BNSF takes seriously our role in enabling American agricultural products to reach export and domestic markets and we do not make changes to ag service offerings without a great deal of consideration and feedback from impacted stakeholders. For more than six months, we have been engaging our grain customers and other stakeholders about their needs for the upcoming year and expected shuttle demand. The feedback we received from the market was clear—shippers wanted BNSF to meet market demand with more consistent and reliable service than in recent years. The changes we have made to our offerings are designed to do precisely that by increasing velocity through a more efficient, market-responsive allocation of railcars and other network resources.

You note that there is a perceived shortage of freight capacity in the market, but we believe any such perception is wrong. BNSF looked to streamline its fleet by eliminating inefficient and unproductive sets of equipment, allowing us to move at least the same amount of freight with more expedient turns of this equipment. We also shifted available equipment from shuttle service to other service offerings that better address market demand. Specifically, while we reduced the number of shuttles available from 155 last year to 140 this year, we also nearly doubled our offering of direct Destination Efficiency Trains ("DETs") from 8 to 15. Direct DETs offer the market a freight alternative with a shorter commitment period compared to shuttles and allow similar flexibility for shippers to reach markets outside of the Pacific Northwest. Regardless, the 140 shuttle sets offered at auction is, in fact, not a sharp reduction from the number of shuttle trains made available historically.<sup>1</sup> While we have offered more than 140 shuttles in the last few years, offering 140 shuttles is very much aligned with longer-term historical

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<sup>1</sup> As recently as 2018 to 2020, BNSF averaged 140, 136, and 130 shuttles per month, respectively.

averages. BNSF has a strong harvest plan in place to support our customer's projected demand through the upcoming Fall harvest.

You also raised concerns about the winning bids produced by the May 22 and 29 shuttle auctions, and the impact those results might have on the Associations' members. As you know, BNSF sets no minimum bids for shuttle auctions and the market—not BNSF—fully determines the winning bid. While the results of the two most recent shuttle auctions have been higher than in recent years, bids at this level are not that unusual in this highly volatile market and this is not the first time have ranged from \$0 to over \$1,000,000 in the recent past. While some customers may view the recent auction bids for Fall shuttle starts as high, BNSF grain shippers could seek alternative shuttle start windows in which demand and premiums are typically lower. For example, earlier this year BNSF held multiple COTs auctions for Spring-Summer shuttle starts that received no or minimal bids, something not uncommon for those starts. These shuttles would have been for twelve months starting in April, May, and June, providing shippers with shuttle service during the desired Fall harvest time period.

Finally, you suggest that BNSF can offer more transparency into the COTs auction system for smaller shippers. This feedback is particularly important to BNSF as we are committed to transparency regarding the COTs auction process. BNSF has long provided weekly announcements about upcoming COTs auctions. This year BNSF added an additional announcement outlining all of the COTs auction offerings for the Fall harvest with the goal of improving transparency and allowing our shippers to better plan for their transportation needs. While there is a significant amount of information already available on our website (<https://customer.bnsf.com/plan/ag-car-programs/Pages/default.aspx>), we would also be happy to meet with the Associations or any of their members to walk through the process in greater detail and answer any questions you may have.

Thank you again for reaching out to me and sharing your feedback. Please let me know if you would like to discuss any of your concerns further.

Sincerely,



Angela Caddell

cc: Senator Amy Klobuchar  
Senator Tina Smith  
Representative Michelle Fischbach  
Governor Tim Walz  
Senator John Hoeven  
Senator Kevin Cramer  
Representative Kelly Armstrong  
Governor Doug Burgum  
Senator John Thune  
Senator Mike Rounds  
Representative Dusty Johnson  
Governor Kristi Noem  
STB Chairman Robert Primus  
STB Vice Chairman Karen Hedlund  
STB Member Patrick Fuchs  
STB Member Michelle Schultz