

TRANSPORTATION REPORT - REVISED

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BNSF HAS SET MAY 1, 2015 TO INCREASE WHEAT FREIGHT RATES WHILE SIMULTANEOUSLY FOLDING FUEL SURCHARGES INTO THE RATE BASE

The BNSF has published their anticipated wheat freight rate increases effective 05-01-15. There are some interesting numbers. With this Transportation Report, an examination of Montana freight rate structures.

In a nutshell, the BNSF is showing some of the largest increases in decades. The Montana to PNW freight rates for shuttle operations (110-120 cars), the BNSF is raising its rates from \$202-\$300/Car or 6¢ to 8¢/bushel. Be mindful that the fuel surcharge that is being 'folded' into the rates also.

Most troubling for Montana farm producers will be the differential expansion between shuttles and less-than-shuttles. This differential creep has skyrocketed every year for the past decades. In the last decade, the difference between Shuttle rates and single car rates at Great Falls was \$350/car and at Billings, \$350/car. . After the 05/01/15 increases, the difference between Shuttle rates

and single car rates at Great Falls will have skyrocketed to \$970/car and at Billings, \$1,094/car. The Billings rates 2005-2015 have increased by 59.84% (singles) and 43.18% (shuttles) while the differentials between Shuttles and singles have increased by 284%! The Grove rates (central Montana) 2005-2015 have increased by 57.69% (singles) and 39.47% (shuttles) while the differentials between Shuttles and singles have increased by 296% After the 05/01/15 increases, the difference between Shuttle rates and single car rates at Great Falls will have skyrocketed to \$1435/car and at Billings, \$1659/car. The Billings rates 2005-2015 have increased by 75.82% (singles) and 57.49% (shuttles) while the differentials between Shuttles and singles have increased by 374%!

	2005 SINGLE CAR	2005 SHUTTLE	DIFFERENTIAL BETWEEN SINGLE AND SHUTTLE/CAR
BILLINGS	\$2,961/CAR	\$2,611/CAR	\$350/CAR
GREAT FALLS	\$2,914/CAR	\$2,564/CAR	\$350/CAR

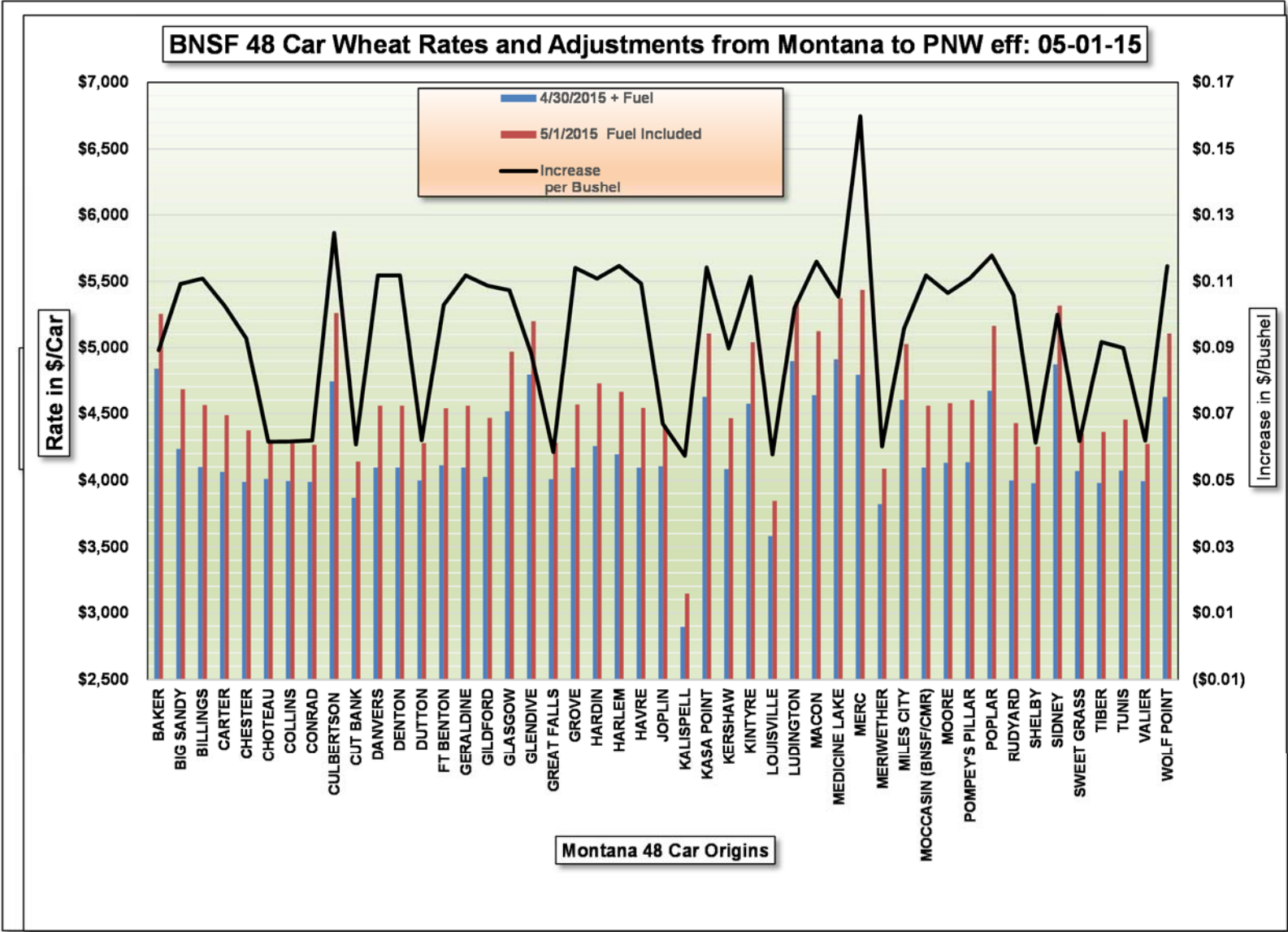
	2015 SINGLE CAR	2015 SHUTTLE	DIFFERENTIAL BETWEEN SINGLE AND SHUTTLE/CAR
BILLINGS	\$5,206/CAR	\$4,112/CAR	\$1094/CAR
GREAT FALLS	\$4,823/CAR	\$3,953/CAR	\$870/CAR

There is a shift in Montana agricultural, moving to growing an ever increasing amount of pulse, peas, beans, barley and lentils as rotational crops which do not move in shuttle quantities. The ever increasing spread in differentials (differential creep) is

1.) not justified by rail cost differentials and

2.) not justified by demand for smaller train load shipments.

None the less, the differential creep being imposed with each tariff rate adjustment is penalizing Montana farm producers by exacting an increasing burden on them from the railroad.



BNSF Single Car Wheat Rate Increases - Montana to PNW eff: 05-01-15

