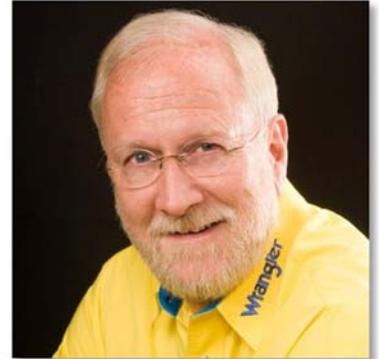


TRANSPORTATION REPORT

From: Terry Whiteside

Date: Monday June 23, 2014



THE STB, IN A STRIDENT MOVE BASED UPON SHIPPER CONCERNS BEFORE AND AFTER THE HEARING IN EX PARTE NO. 724, IS REQUIRING CP AND BNSF TO PUBLICLY FILE THEIR PLANS TO TIMELY RESOLVE THEIR BACKLOGS OF GRAIN CAR ORDER + WEEKLY STATUS REPORT

In a bold move, the STB issued a detailed order on Friday, June 20, 2014, requiring CP and BNSF to file publicly

1. their grain car backlogs, grain car delays,
2. by state the running total of outstanding grain order at the end of the week,
3. the total number of new order for the week,
4. the total number of orders filled for the week,

5. the number of orders cancelled by shippers for the week,
6. the number of orders cancelled by CP and BNSF for the week,
and
7. the average number of days late for all outstanding grain car orders.

Additionally, the Board is requiring both railroads to report

1. the numbers of cars allocated to grain car service each week,
including the number of private cars in service

The CP will have additional required reporting on the number of grain cars requested by the RCP&E and the number of cars furnished by CP on a weekly basis.

These reports will be required until each carrier resolves its backlog of unfilled grain car orders.

According to the STB, its hearing it held on April 10, 2014 in Washington DC it heard from farmers, and representatives of agricultural producers describing severe, negative effects resulting from backlogged grain car orders and delayed shipments of loaded grain cars. The reported impacts included, for example, elevators running out of storage capacity, risks of stored grain spoiling, and penalties incurred by grain shippers for products that are not delivered on time.

At the hearing, the CP President and COO, stated to the Board, that CP service would be restored to normal in four to six weeks – “if everyone does their part.” BNSF committed to moving last year’s crop prior to the fall harvest. The Board’s staff after the hearing met with shippers and shipper representatives and farmers in meetings in Fargo, ND; Sioux Falls, SD;

Bloomington, MN and Malta, MT in front of the STB's Office of Public Assistance, Governmental Affairs and Compliance. Many farm producers and elevator representatives gave input at these field hearings.

The BNSF has provided the STB data to the Board (but it has not been available to the public) regarding the status of their operations and their progress in resolving the ongoing service issues.

BNSF has outlined plans in 2014 to add employees, locomotives, and make additional capital investments focusing on the northern tier states. CP according to the Board has not to date clearly articulate its plans for resolving the grain car order backlog in the coming months.

The Board's concern is centered on the limited time period until the next harvest which will start in a month from now. There is a large amount of 2013 grain to be moved and little time to do it.

The Board is requiring updated plans by June 27, 2014 and they will be available to the public.

The hearings and follow-up hearings continue to be productive giving input to the Board members directly.

The BNSF's average train speeds are continuing to fall during the last several weeks and their velocities are at some of the lowest levels in 30 years.