

RAILROAD TESTIMONY OPPOSING HB 2095

RAILROAD STATEMENT IN OPPOSITION TO HB 2095

**KANSAS STATE SCHOOL OF ECONOMICS STUDY OF THE
POTENTIAL EFFECT OF SHORTLINE RAILROAD ABANDONMENT**

USDOT ROAD AND BRIDGE DATA BY STATE

KANSAS HIGHWAY PATROL WEIGHT ENFORCEMENT FACTS

BNSF AND UP FACTS SHEETS

KANSAS RAILROAD MAP

KANSAS RAILROADS

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Railroad Opposition to HB 2095

My name is Pat Hubbell. I am here today opposing amendments to HB 2095. Increasing existing truck size and weight limits would mean higher taxpayer costs to repair damage to our highways and bridges; more highway gridlock; and more harm to the environment. The taxes and fees that heavy trucks pay are already far less than the cost of the damage that heavy trucks cause. This multi-billion dollar annual underpayment — which other motorists and the general public have to make up for through higher taxes — would become even greater if truck size and weight limits were increased.

Truck weight limits on the Interstate Highway System were set at 80,000 pounds by Congress in 1982; truck length and weight limits for longer combination vehicles (LCVs) - tractors with two or more trailers weighing more than 80,000 pounds - were frozen in 1991. These limits were imposed largely because of concerns about the safety of longer and heavier trucks and the uncompensated highway damage that heavy trucks cause. Kansas limits are set at 85,500 pounds on state highways.

Legislation to increase these limits on federal highways have been proposed many times over the years. To date, all attempts at nationwide increases have failed — most recently in 2015 — because the concerns that led to the federal limits in the first place are still valid.

A 2000 U.S. DOT study found that increased truck size and weights would lead to a sharp decline in rail traffic. More recent studies have confirmed this, projecting that an increase in allowable truck weight from 80,000 pounds to 97,000 pounds could reduce merchandise traffic on Class I railroads by up to 50 percent and overall Class I rail traffic by up to 19 percent. Traffic on short line railroads could suffer similarly large diversion, likely crippling many short lines. An estimated 6 million to 12 million additional trucks could be added to our nation's already overcrowded highways because of diversion of freight from rail to trucks that don't pay their own way.

Unlike trucks, barges, and airlines, America's privately-owned freight railroads operate almost exclusively on infrastructure that they own, build, maintain, and pay for themselves. Freight diversion would mean that railroads would have less money to reinvest in their networks, leading to reduced rail capacity and poorer rail service. Railroads are not afraid of competition, but the playing field should be level.

Traffic diversion would also harm the environment. Since railroads are, on average, four times more fuel efficient than trucks, diversion could increase fuel consumption by hundreds of millions of gallons per year and increase greenhouse gas emissions accordingly.

Polls have consistently found that Americans overwhelmingly oppose bigger and heavier trucks because of cost and safety concerns. For example, a March 2010 poll of 3,000 AAA members in Missouri found 90 percent were opposed to bigger trucks on the highways.

In fact, polls show that the public believes that enforcement of existing truck size and weight limits is inadequate, and that if any changes are to be made, they should be in the direction of more restrictive limits, rather than more permissive limits.

Thank you for the opportunity to present this material.

Kansas Railroad Abandonment Trends

<u>Time Period</u>	<u>Miles Abandoned</u>
1970-1979	415
1980-1989	815
1990-2000	1,246
2001	335

- In the 1990-2000 period almost half of 1,246 miles were abandoned by shortlines
- In 2001, 86% of the 335 miles were abandoned by shortlines

Motor Carrier Share of Grain Shipped From Kansas Elevators (Percent)

<u>Grain Type</u>	<u>1990 Share</u>	<u>2000 Share</u>
Wheat	37%	47%
Corn	62%	72%
Sorghum	35%	56%
Soybeans	35%	53%

Source: Kansas Grain Transportation (2001)

Changes in the Kansas Grain Transportation System Contributing to Increased Grain Trucking

1. Construction of Shuttle Train Stations on Class I Main Lines
2. Fewer, Larger Farms so Farmer Ownership of Large Trucks has Increased
3. Increasing Size of Rail Grain Cars

Reasons for Increased Grain Trucking Shippers Located on Study Area Shortline Railroads

<u>Reasons for Increased Grain Trucking</u>	<u>Number of Shippers Citing the Reason</u>
1. Truck Service is More Frequent and Dependable Than Rail Service	121
2. Truck Rates are Lower Than Rail Rates	102
3. Uncompetitive Rail Rates	94
4. Best Markets Are Not Rail-Served (Sorghum, Corn, Soybeans)	76
5. Railcar Shortages	70
6. Construction of Shuttle Train Stations on Class I Railroads	53

In General the Shippers as a Group Have Increased Their Grain Trucking Because They View Truck Service and Prices as Better Than That of Railroads

Implications of Increased Grain Trucking for Shortline Railroad Viability

1. Carloads per Mile of Track is the Most Important Determinant of Shortline Profitability
2. Grain is the Most Important Commodity Market for Kansas Shortlines
3. As More Grain is Shipped by Truck the Economic Viability of Shortlines is Threatened

Potential Effects of Shortline Railroad Abandonment

1. Lower Grain Prices Received by Farmers
2. Higher Transportation Costs and Lower Profits for Rail Shippers
3. Loss of Market Options for Shippers
4. Lost Economic Development Opportunities for Rural Communities
5. Loss of Local Tax Base Needed for Basic Government Services
6. Potential Increases in Highway Accidents Due to Increased Truck Traffic
7. Increased Road Damage Costs on County Roads and State Highways

Study Area and Objectives

1. Study Area is the Western Two-Thirds of Kansas. Accounts for 91% of Kansas Wheat Production

2. Major Objective is to Measure the Quantifiable Impacts of Shortline Railroad Abandonment Including:

- Compute the Changes in Transportation and Handling Cost Due to Shortline Railroad Abandonment
- Compute the Increase in Truck Attributable Road Damage Cost to Kansas County and State Roads as a Result of Shortline Railroad Abandonment
- Calculate Additional Highway Accident Costs and Benefits Attributable to Incremental Truck Traffic Resulting From Shortline Railroad Abandonment

Study Area Railroads

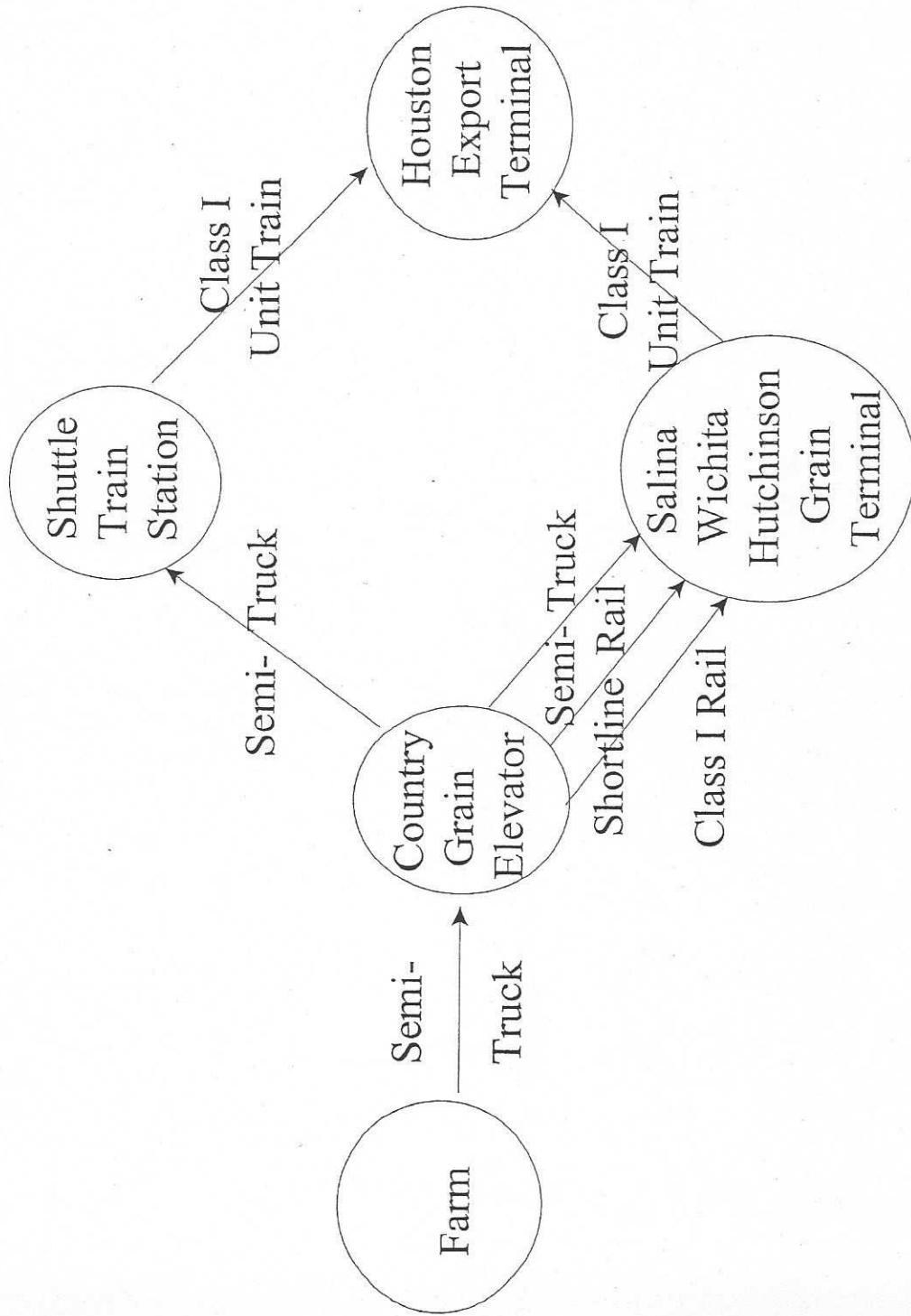
Shortline Railroads

<u>Railroad</u>	<u>Kansas Route Miles</u>
Kansas and Oklahoma	971
Kyle Railroad	482
Cimarron Valley Railroad	186
Nebraska, Kansas and Colorado Railnet	122

Class I Railroads

<u>Railroad</u>	<u>Kansas Route Miles</u>
Burlington Northern Santa Fe	1255
Union Pacific System	2049

Wheat Logistics System



EMPIRICAL RESULTS
 TRANSPORTATION AND HANDLING COST
 (Millions of Dollars)

	(1) No <u>Abandonment</u>	(2) <u>Abandonment</u>	(2) -(1) <u>Difference</u>
Total Truck Transport Cost	\$34.33	\$43.49	\$9.16
Total Shortline Transport Cost	\$10.90	0	\$-10.90
Total Class I Transport Cost	\$81.40	\$81.40	0
Total Handling Costs	\$74.76	\$97.13	\$22.37
Total Transport & Handling Cost	\$201.35	\$222.02	\$20.67

Impact on Kansas Farm Income

- Total Transport and Handling Costs Increase by 5.6 Cents Per Bushel as a Result of Simulated Abandonment
- According to Koo (1985) as Much as 85% of an Increase in Transportation and Handling Cost is Borne by the Grain Producer
- If This is the Case, Kansas Farm Income Would Fall \$17.4 million if Shortlines are Abandoned
(365.5 Million Bushels Shipped x \$0.056 x 0.85 = \$17.4 Million)

EMPIRICAL RESULTS
ROAD DAMAGE COST ANALYSIS
(Millions of Dollars)

<u>Abandoned Shortline</u>	<u>Incremental Road Damage Cost</u>
Kansas & Oklahoma	\$30.57
Kyle Railroad	\$15.76
Cimarron Valley Railroad	\$8.53
Nebraska, Kansas & Colorado Railnet	<u>\$2.92</u>
Total	\$57.78
Total Road Damage Cost	\$ 57.78
Less State User Fees	<u>\$ 0.288</u>
Net Road Damage Cost Due to Abandonment	\$ 57.49

EMPIRICAL RESULTS
HIGHWAY SAFETY COSTS AND BENEFITS

<u>Type of Accident</u>	<u>Benefits</u>	<u>Costs</u>	<u>Difference</u>
	(1)	(2)	(1) - (2)
Fatality	\$2,057,146	\$649,196	\$1,407,950
Non-fatal Injury	\$626,831	\$622,380	\$4,451
Property Damage Only	\$14,627	\$23,785	-\$9,158
Total	\$2,698,604	\$1,295,361	\$1,403,243

SUMMARY OF SHORTLINE
ABANDONMENT IMPACTS
(Millions of Dollars)

Increased Transport and Handling Cost	\$20.7
Increased Net Road Damage Cost	\$57.5
Increased Highway Safety Cost	\$1.3
Increased Highway Safety Benefits	\$2.7

Policy Recommendations

1. Study Area Shortline Railroads Annually Save the State of Kansas \$57.5 Million in Avoided Road Damage Cost
2. Kansas Currently Has Two Shortline Railroad Assistance Plans:
 - Federal Local Rail Freight Assistance to States (LRFA)
 - State Rail Service Improvement Funds (SRSIF)
3. Funds in the SRSIF Program Need to be Greatly Increased. To Lower the Impact of SRSIF on Shortline Debt, the State's Share of Track Projects Should be Raised from 70% to 80%, if SRSIF Funds Are Increased
4. The Federal Government Needs to Change the Railroad Rehabilitation and Improvement Financing (RRIF) Program Which Has Not Been Used in Kansas
 - Extend Maximum Repayment Period From 25 to 30 Years
 - Lower the Interest Rate From 6% to 3%
 - Modify the Credit Risk Premium to be More User Friendly

Road and Bridge Data by State



The Highway Trust Fund is set to expire on July 31. Without action from Congress, federal funding for transportation will come to a screeching halt -- and with it, so will traffic in many places. Over the last six years, Congress has passed 33 short-term measures rather than funding transportation for the long term. And our transportation system -- our roads and bridges, especially -- is in a dire state of disrepair because of it. The attached fact sheet shows us this. Experts agree: The only way to prepare our transportation system for the next generation is to stop this cycle of short-term measures and pass a long-term transportation bill.

Road and Bridge Data by State

State	Structurally Deficient / Functional Bridges*	Annual Total Extra Vehicle Repairs / Costs Due to Driving on Roads in Need of Fixing**	Percentage of Roads in Poor / Mediocre Condition**
ALABAMA	3,608 of the 16,078 (22.4%)	\$530 million (\$141 per motorist)	25%
ALASKA	290 of the 1,196 (24.2%)	\$181 million (\$359 per motorist)	49%
ARIZONA	954 of the 7,862 (12.1%)	\$887 million (\$205 per motorist)	52%
ARKANSAS	2,894 of the 12,748 (22.7%)	\$634 million (\$308 per motorist)	39%
CALIFORNIA	6,953 of the 24,955 (27.9%)	\$13.892 billion (\$586 per motorist)	68%
COLORADO	1,438 of the 8,612 (16.7%)	\$1.034 billion (\$287 per motorist)	70%
CONNECTICUT	1,472 of the 4,218 (34.9%)	\$847 million (\$294 per motorist)	73%
DELAWARE	177 of the 864 (20.5%)	\$168 million (\$257 per motorist)	36%
FLORIDA	2,044 of the 12,070 (16.9%)	\$1.792 billion (\$128 per motorist)	26%
GEORGIA	2,600 of the 14,769 (17.6%)	\$374 million (\$60 per motorist)	19%
HAWAII	494 of the 1,125 (43.9%)	\$456 million (\$515 per motorist)	49%
IDAHO	859 of the 4,232 (20.3%)	\$316 million (\$305 per motorist)	45%
ILLINOIS	4,246 of the 26,621 (15.9%)	\$2.4 billion (\$292 per motorist)	73%
INDIANA	4,168 of the 18,953 (22%)	\$1.249 billion (\$225 per motorist)	17%
IOWA	6,271 of the 24,398 (25.7%)	\$756 million (\$381 per motorist)	46%

KANSAS	4,465 of the 25,171 (17.7%)	\$646 million (\$319 per motorist)	62%
KENTUCKY	4,436 of the 14,116 (31.4%)	\$543 million (\$185 per motorist)	34%
LOUISIANA	3,790 of the 13,050 (29%)	\$1.2 billion (\$408 per motorist)	62%
MAINE	791 of the 2,402 (32.9%)	\$246 million (\$245 per motorist)	53%
MARYLAND	1,418 of the 5,291 (26.8%)	\$1.598 billion (\$422 per motorist)	55%
MASSACHUSETTS	2,694 of the 5,136 (52.5%)	\$1.461 billion (\$313 per motorist)	42%
MICHIGAN	3,018 of the 11,022 (27.4%)	\$2.534 billion (\$357 per motorist)	38%
MINNESOTA	1,513 of the 13,137 (11.5%)	\$797 million (\$250 per motorist)	52%
MISSISSIPPI	3,636 of the 17,044 (21.3%)	\$811 million (\$419 per motorist)	51%
MISSOURI	6,633 of the 24,350 (27.2%)	\$1.6 billion (\$380 per motorist)	31%
MONTANA	882 of the 5,126 (17.2%)	\$136 million (\$184 per motorist)	52%
NEBRASKA	3,765 of the 15,370 (24.5%)	\$380 million (\$282 per motorist)	59%
NEVADA	253 of the 1,853 (13.7%)	\$391 million (\$233 per motorist)	20%
NEW HAMPSHIRE	790 of the 2,438 (32.4%)	\$267 million (\$259 per motorist)	54%
NEW JERSEY	2,334 of the 6,566 (35.5%)	\$3.476 billion (\$601 per motorist)	66%
NEW MEXICO	654 of the 3,935 (16.6%)	\$397 million (\$291 per motorist)	44%
NEW YORK	6,775 of the 17,442 (38.8%)	\$4.551 billion (\$403 per motorist)	60%
NORTH CAROLINA	5,534 of the 18,168 (30.5%)	\$1.555 billion (\$241 per motorist)	45%
NORTH DAKOTA	966 of the 4,439 (21.8%)	\$112 million (\$237 per motorist)	44%
OHIO	6,647 of the 27,015 (24.6%)	\$1.685 billion (\$212 per motorist)	42%
OKLAHOMA	5,828 of the 22,912 (25.4%)	\$978 million (\$425 per motorist)	70%
OREGON	1,754 of the 7,656 (22.9%)	\$495 million (\$173 per motorist)	65%
PENNSYLVANIA	9,561 of the 22,660 (42.2%)	\$2.947 billion (\$341 per motorist)	57%
RHODE ISLAND	433 of the 766 (56.5%)	\$350 million (\$467 per motorist)	70%
SOUTH CAROLINA	1,920 of the 9,275 (20.7%)	\$811 million (\$255 per motorist)	40%
SOUTH DAKOTA	1,459 of the 5,875 (24.8%)	\$194 million (\$324 per motorist)	61%
TENNESSEE	3,802 of the 20,058 (19%)	\$809 million (\$182 per motorist)	38%
TEXAS	9,998 of the 52,561 (19%)	\$5.27 billion (\$343 per motorist)	38%
UTAH	437 of the 2,974 (14.7%)	\$332 million (\$197 per motorist)	25%
VERMONT	903 of the 2,731 (33.1%)	\$230 million (\$424 per motorist)	45%
VIRGINIA	3,588 of the 13,765 (26.1%)	\$1.344 billion (\$254 per motorist)	47%
WASHINGTON	2,066 of the 7,902 (26.1%)	\$1.349 billion (\$272 per motorist)	67%

WEST VIRGINIA	2,514 of the 7,125 (35.3%)	\$372 million (\$273 per motorist)	47%
WISCONSIN	1,970 of the 14,088 (14%)	\$1.147 billion (\$281 per motorist)	71%
WYOMING	723 of the 3,099 (23.3%)	\$96 million (\$236 per motorist)	47%

*According to 2013 data from the Federal Highway Administration

**According to the American Society of Civil Engineers 2013 Report Card for America's Infrastructure

Updated: Thursday, October 13, 2016

Share

ENFORCEMENT OPTIONS

Officers may elect one or more of the following enforcement options depending on the situation:

- Shifting or redistribution of the load may be required.
- Off-loading may be required in certain situations (e.g. the Interstate system).
- Drivers of overweight vehicles may be cited.
- Cash bonds may be required to insure a court appearance.

Penalties

The following penalties are applicable to a first conviction for gross vehicle weight and axle weight violations.

Pounds Overweight	Fine
up to 1000	\$25.00
1001 to 2000	0.03 per pound
2001 to 5000	0.05 per pound
5001 to 7500	0.07 per pound
7501 and over	0.10 per pound

Second and subsequent convictions result in progressively stiffer penalties.



The Bridge Table

Distance	2 axles	3 axles	4 axles	5axles	6 axles	7 axles	8 axles
4	34,000						
5	34,000						
6	34,000						
7	34,000						
8 & less	34,000	34,000					
Over 8	38,000	42,000					
9	39,000	42,500					
10	40,000	43,500					
11		44,000					
12		45,000	50,000				
13		45,500	50,500				
14		46,500	51,500				
15		47,000	52,000				
16		48,000	52,500	58,000			
17		48,500	53,500	58,500			
18		49,500	54,000	59,000			
19		50,000	54,500	60,000			
20		51,000	55,500	60,500	66,000		
21		51,500	56,000	61,000	66,500		
22		52,500	56,500	61,500	67,000		
23		53,000	57,500	62,500	68,000		
24		54,000	58,000	63,000	68,500	74,000	
25		54,500	58,500	63,500	69,000	74,500	
26		55,500	59,500	64,000	69,500	75,000	
27		56,000	60,000	65,000	70,000	75,500	
28		57,000	60,500	65,500	71,000	76,500	82,000
29		57,500	61,500	66,000	71,500	77,000	82,500
30		58,500	62,000	66,500	72,000	77,500	83,000
31		59,000	62,500	67,500	72,500	78,000	83,500
32		60,000	63,500	68,000	73,000	78,500	84,500
33		64,000	68,500	74,000	79,000	80,000	85,000
34		64,500	69,000	74,500	80,000	80,500	85,500
35		65,500	70,000	75,000	80,500	81,000	
36 *		66,000	70,500	75,500	81,000	81,000	
37 **		66,500	71,000	76,000	81,500	81,500	
38 *		67,500	72,000	77,000	82,000	82,000	
39		68,000	72,500	77,500	82,500	82,500	
40		68,500	73,000	78,000	83,000	83,000	
41		69,500	73,500	78,500	84,000	84,000	
42		70,000	74,000	79,000	84,500	84,500	
43		70,500	75,000	80,000	85,000	85,000	
44		71,500	75,500	80,500	85,500	85,500	
45		72,000	76,000	81,000	86,000	86,000	
46		72,500	76,500	81,500	86,500	86,500	
47		73,500	77,500	82,000	87,000	87,000	
48		74,000	78,000	83,000	88,000	88,000	
49		74,500	78,500	83,500	88,500	88,500	
50		75,500	79,000	84,000	89,000	89,000	
51		76,000	80,000	84,500	89,500	89,500	
52		76,500	80,500	85,000	90,000	90,000	
53		77,500	81,000	85,500	90,500	90,500	
54		78,000	81,500				
55		78,500	82,500				
56		79,500	83,000				
57		80,000	83,500				
58		84,000	84,000				
59		85,000	85,000				
60		85,500	85,500				

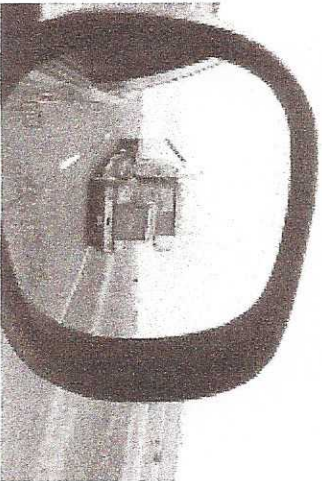
- * Two consecutive sets of tandem axles may carry 34,000 pounds each if the overall distance between the first and last axles is 36 feet or more.
- * Maximum gross weight allowed on Kansas Interstate highways is 80,000 pounds.
- * Maximum gross weight allowed elsewhere, without permit, is 85,500 pounds.

Weight Enforcement Facts

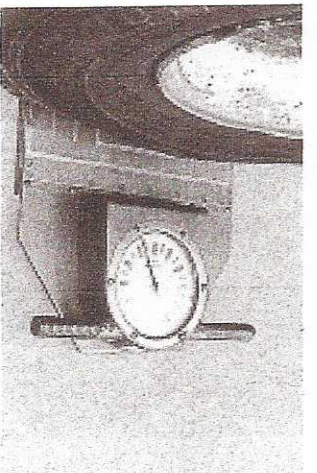


Why is Weight Enforced?

- Overweight vehicles damage roadways and shorten their life.
- One five-axle truck weighs about the same as 20 automobiles, but its impact on the roadway is the same as 9,600 automobiles (GAO Report 197922-4).
- An axle weight of 26,000 lbs. is only 30 percent greater than an axle weight of 20,000 lbs., but the effect on the roadway is 200 percent greater.



Public tax dollars must be utilized to repair premature deterioration of roadways and bridges caused by overweight vehicles.



Kansas Size and Weight Laws

- Maximum gross weight in Kansas is 85,500 lbs. (80,000 lbs. on interstate highways.)
- Gross weight is defined as the total weight of the vehicle or vehicles and the load thereon.
- Maximum single axle weight is 20,000 lbs.
- Maximum tandem axle weight is 34,000 lbs.
- The Federal Bridge Formula Chart is used to determine violations of bridge law.
- Maximum legal width is 8.5 feet.
- Maximum height is 14 feet (except vehicles hauling large round bales of hay which is 14.5 feet).
- Kansas registered vehicles towing trailers must have enough gross weight registration to cover everything hauled and/or towed (K.S.A. 8-142(7)).

Kansas Highway Patrol Weight Enforcement Policies

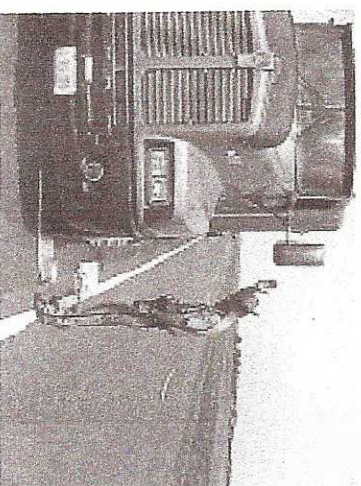
Voluntary compliance with weight laws along with a progressive weight enforcement program are necessary to insure our network of roads and bridges will continue to meet the needs of all Kansans.

PORTABLE SCALES

- Officers may allow a 5 percent tolerance up to a 1,500 lb. maximum.
- Single Axle- Maximum tolerance is 1,000 lbs.
- Tandem Axle- Maximum tolerance is 1,500 lbs.

FIXED SCALES

- No tolerance is allowed when using fixed scales.
- These scales are certified to be in error no more than 0.1 percent, and federal requirements dictate that no tolerances be allowed.





KANSAS

A Critical Link in the BNSF Network

For more than a century, BNSF Railway Company and Kansas have enjoyed a prosperous relationship, thanks to the state's strong workforce and its central location.

That tradition thrives today with BNSF maintaining significant operations in eight Kansas communities, including a major locomotive overhaul shop in Topeka, and BNSF's largest rail switching yard in Kansas City, KS.

BNSF's Logistics Park Kansas City in Edgerton currently has eight tenants and construction is underway on the eighth building at the park. When the new building is completed, a total of 4.8 million square feet will have been constructed since the facility opened in October 2013.

We also deliver cleaner-burning Powder River Basin coal from Wyoming and Montana to provide the energy that feeds the Kansas economy, lumber from the Northwest for use in construction throughout the state and fertilizer from plants around the country to feed Kansas crops.

BNSF worked in partnership with Johnson County Community College (JCCC) in Overland Park to build and operate the National Academy of Railroad Sciences on the campus of JCCC. This world-class facility is the largest railroad technical training center of its kind and provides new employees with the technical skills needed to work with today's sophisticated railroad systems.

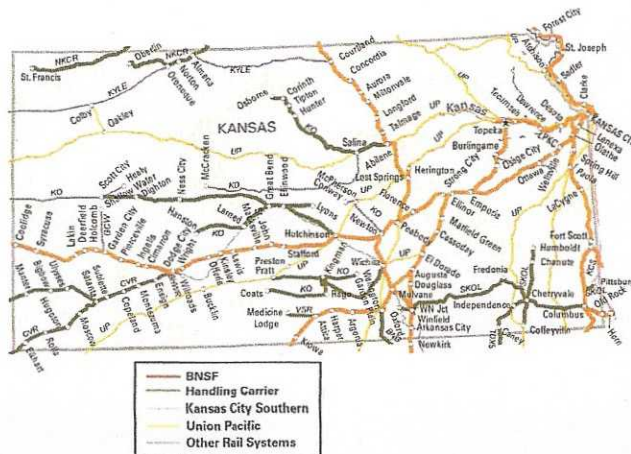
Once trained, these BNSF employees help Kansas farmers move agricultural products to dining tables in every corner of the world, and they are helping to grow the state's emerging ethanol industry by providing the transportation link needed to deliver this green fuel to market.

BNSF has the shortest and best routes between the Midwest and Southern California, and between the Pacific Northwest and the Southeast, both of which pass through Kansas. This strategic junction makes Kansas one of the nation's busiest rail centers. In addition, BNSF offers Kansas shippers more single-line route options between Canada and Mexico than any other railroad via its Midcon Corridor.

In all, BNSF annually moves nearly 4 million carloads of freight in Kansas.

Supporting BNSF's vast rail network in Kansas are more than 3,500 dedicated men and women who earn a combined payroll of more than \$287 million.

In addition, the BNSF Foundation plays an active role in multiple communities within the state and contributed nearly \$630,000 in donations to various charities in 2015 alone.



BNSF Railway Service in Kansas - 2015

Employees
3,558

Payroll
\$287,083,385

BNSF Foundation Giving
\$628,409

Lines Operated
Route miles owned: 1,142
Route miles trackage rights: 445

Carloadings
Originated: 255,250
Handled within state: 3,965,326
Terminated: 334,612

Major Facilities

Rail Yards

Argentine, Arkansas City, Dodge City, Emporia, Hutchinson, Newton, Topeka, Wellington

Intermodal Facilities

Logistics Park Kansas City (LPKC)

Shops

Topeka, Argentine

Administrative Offices

Topeka

BNSF Facts

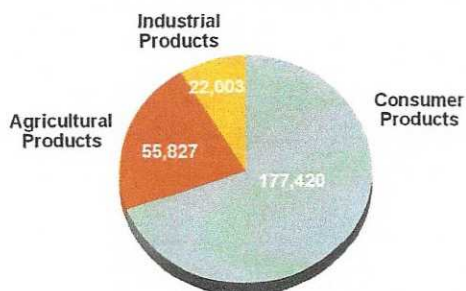
Operating in 28 States and 3 Canadian Provinces
 BNSF Freight Cars: 77,000
 Locomotives: 8,000
 Route Miles: 32,500
 Number of Employees: 44,000
 Military: 7,200 veterans employed

Capital Commitments

In 2016, BNSF plans to invest approximately \$100 million in its network in Kansas, and approximately \$4.1 billion in capital expansion and maintenance across its system. In addition to maintaining and expanding its core network and related assets, the plan includes acquiring new locomotives, freight cars, and other equipment, continuing implementation of positive train control (PTC), and investing in expansion and efficiency projects to enhance productivity and velocity. In 2015, BNSF invested approximately \$182 million in Kansas for capacity expansion and maintenance.

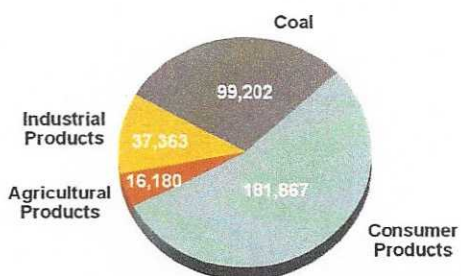
BNSF 2015 Volume—Kansas

Products Shipped From Kansas



255,250 Carloads and Intermodal Units

Products Shipped To Kansas



334,612 Carloads and Intermodal Units

Coal

About 10 percent of the electricity produced in the United States is generated from coal hauled by BNSF. More than 90 percent of the coal BNSF hauls comes from the Powder River Basin (PRB) in Wyoming and Montana and is 60 percent lower in sulfur than most other U.S. coal sources.

Agricultural

BNSF is one of the largest grain-hauling railroads in the United States. In fact, BNSF hauls enough grain to supply 900 million people with a year's supply of bread. Approximately 50 percent of the agricultural commodities traffic BNSF hauls is transported to export points in the Pacific Northwest, Gulf of Mexico, Mexico and the Great Lakes.

Consumer

Many items found in local retail stores, restaurants and automobile dealerships were shipped on a BNSF train. Each year BNSF moves about 10 percent of the vehicles sold in the United States. BNSF is among the world's top transporters of intermodal traffic, and the only western U.S. railroad offering direct intermodal service to the Southeast, as well as the fastest intermodal service to the Northeast.

Industrial

BNSF is a leader in transporting forest products, chemicals, metals and other products that drive our economy. Each year BNSF transports enough lumber to build more than 500,000 homes; enough asphalt to lay a single lane road four times around the equator; and enough coiled sheet steel to lay the unrolled coils end to end 12 times between New York City and Seattle, WA.

For more information contact:

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State Government Affairs
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BNSF Emergency Hotline: 1-800-832-5452

For more information, please visit our website at www.bnsf.com



BNSF
RAILWAY

UNION PACIFIC IN KANSAS



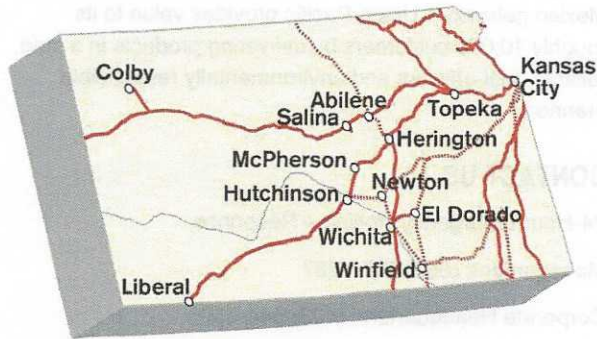
BUILDING AMERICA®

2015 FAST FACTS

Miles of Track	2,203
Annual Payroll.....	\$146.3 million
In-State Purchases	\$231.8 million
Capital Investment.....	\$119.5 million
Employees*	1,347
U.S. Jobs Supported**	6,061.5

*Fourth quarter 2015 average

**Each American freight rail job supports 4.5 jobs elsewhere in the U.S. economy. (Association of American Railroads)



RAIL CARS ORIGINATED IN KANSAS

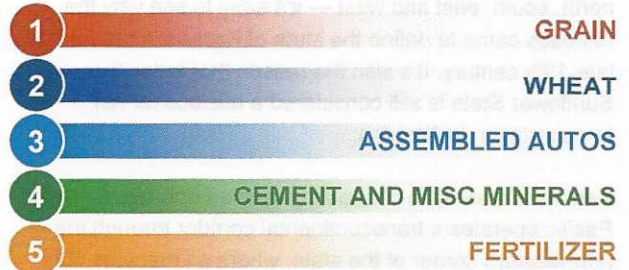
2011.....	129,930
2012.....	107,581
2013.....	118,714
2014.....	141,602
2015.....	126,883

RAIL CARS TERMINATED IN KANSAS

2011.....	139,515
2012.....	121,276
2013.....	134,234
2014.....	126,820
2015.....	135,694

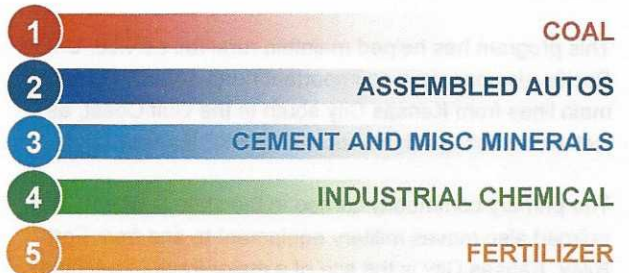
TOP FIVE COMMODITIES SHIPPED

2015 BY VOLUME



TOP FIVE COMMODITIES RECEIVED

2015 BY VOLUME



UNION PACIFIC'S KANSAS HERITAGE

The first locomotive rolled across Kansas soil in 1860, and from that moment, transportation in the state would never be the same. In 1863, Kansas City was the launching point for a network of railroads that eventually spun a web across Kansas to Colorado and south through Oklahoma to Texas. A number of railroads, including many bearing the name Union Pacific in some form without actually being connected to the real Union Pacific, operated in the state throughout the century. Financier Jay Gould, whose name is synonymous with early railroads, played a major role in Kansas rail transportation, as he consolidated control of most of the lines in the state during the 1880s.

UNION PACIFIC IN KANSAS

RAIL THRIVES IN KANSAS

With thousands of miles of opportunity in every direction — north, south, east and west — it's easy to see why the railroads came to define the state of Kansas in the mid- to late-19th century. It's also the reason that today the Sunflower State is still considered a nucleus for rail transportation in America.

Kansas is a study in contrasting railroad operations. Union Pacific operates a transcontinental corridor through the northeastern corner of the state, where as many as 60 trains a day travel between Topeka and Kansas City. In addition, Kansas is cobwebbed with a network of light-density, grain-gathering branch lines, many of which have been leased or sold to new short line railroads.

This program has helped maintain rural rail service. Union Pacific also operates an important north-south "couplet" of main lines from Kansas City south to the Gulf Coast, as well as a trackage-rights route on BNSF Railway.

The primary commodity carried in the state is wheat. The railroad also moves military equipment to and from Fort Riley. Kansas City is the site of a major freight switching yard. Union Pacific also operates yards and related facilities in Topeka, Marysville, Salina, Herington, Wichita, Parsons and Coffeyville.

From 2011 to 2015, Union Pacific's capital investment reached more than \$519 million in Kansas.

SUPPORTING THE COMMUNITIES WE SERVE

In 2015, Union Pacific provided support by donating more than \$340,000 to Kansas charitable organizations such as First Call for Help of Ellis County, Inc., El Centro, Heartspring, Inc. These organizations were reached through a combination of the Union Pacific Foundation, matching gifts and corporate contributions.

The Union Pacific Foundation is the primary philanthropic arm of Union Pacific Corporation and has distributed funds since 1959 to qualified organizations in communities served by Union Pacific.

AMERICA'S PREMIER RAILROAD

One of America's most recognized companies, Union Pacific Railroad (NYSE: UNP) connects 23 states in the western two-thirds of the country by rail, providing a critical link in the global supply chain. From 2006-2015, Union Pacific invested approximately \$33 billion in its network and operations to support America's transportation infrastructure. The railroad's diversified business mix includes Agricultural Products, Automotive, Chemicals, Coal, Industrial Products and Intermodal. Union Pacific serves many of the fastest-growing U.S. population centers, operates from all major West Coast and Gulf Coast ports to eastern gateways, connects with Canada's rail systems and is the only railroad serving all six major Mexico gateways. Union Pacific provides value to its roughly 10,000 customers by delivering products in a safe, reliable, fuel-efficient and environmentally responsible manner.

CONTACT US

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