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April 2, 2015

Chairman Andre Baugh
Planning and Sustainability Commission
1900 SW 4th Avenue
Portland, Oregon 97201

VIA U.S. MAIL AND EMAIL

RE: Pembina Marine Terminals, Inc.'s proposed Propane Export Terminal Project

Dear Chairman Baugh:

BNSF Railway ("BNSF") submits this comment letter to the City of Portland regarding the proposed Pembina Marine Terminals Propane Export Terminal Project. This letter outlines BNSF's approach to rail safety not only in the greater Portland area, but also across our entire network. Nothing is more important to us than operating safely in the communities that we serve.

Background on BNSF

BNSF operates as a common-carrier and is one of North America's leading freight transportation companies, operating on 32,000 route miles of track in 28 states, as well as connections with Mexico via five border gateways and Canada via five border gateways, and direct service to and from British Columbia, Saskatchewan and Manitoba. BNSF employs more than 40,000 individuals across its system, and we serve more than 40 ports on our network.

As can be seen from the attached State Fact Sheet, freight rail provides significant economic benefits to Oregon. BNSF moves nearly 330,000 carloads annually in Oregon annually helping local companies deliver products to the world. BNSF employs 413 people in the state, with a combined payroll of nearly \$30,000,000. Also, since 2012, BNSF has been instrumental in locating seven new or expanded facilities in Oregon, creating additional jobs and more than \$7,000,000 in investments.

BNSF is one of the top transporters of consumer goods, grain, and industrial goods that help feed, clothe, supply, and power American homes and businesses every day. BNSF and its employees have developed one of the most technologically-advanced, efficient railroads in the industry. BNSF continuously works to improve the value of the safety, service, energy, and environmental benefits we provide to our customers and the communities we serve. This is a partnership that BNSF values tremendously, so we seek opportunities to advance our common interests of safety, opportunity and success.

Transportation of Commodities

BNSF has a diverse customer base and has segmented its business into 4 main groupings: Industrial Products, Consumer Products, Coal and Agricultural Products. These business groups are further differentiated into 43 forecast groups and 178 sub-forecast groups. These customers' demands are subject to the same complex factors as those driving the economy; one segment may experience significant growth while another segment is in decline. This variability in customer demand creates considerable uncertainty with respect to the timing and volume of future transportation of specific commodities.

A good example of this variability of demand can be seen with the increase in domestic shale production and the development of the Bakken Shale oil field in Montana and North Dakota. BNSF has been hauling Bakken crude out of the Williston Basin area by rail for over six years to oil refineries in the Midwest and the Gulf as well as the East and West Coasts, including Canada.

Other factors can also affect rail volumes over particular segments. Railroads operate in a competitive marketplace. We compete with other modes: trucks and barge, as well as other rail carriers. Business shifts between modes and carriers based on price, service, capability, and reliability. These shifts can be meaningful and can have major impacts to our network volumes.

Rail Safety

BNSF operates under a number of federal laws that govern our operations. These laws and regulations, as well as BNSF's own voluntary safety and prevention measures, make rail transportation the safest mode for transporting industrial goods in the United States.

BNSF prioritizes safety and the maintenance of its railroad network. We believe that every accident and injury is preventable. Operating free of accidents and injuries has long been part of BNSF's vision and our focus has been on preventing accidents in the first place. The rail industry as a whole is also very safe and has reduced employee injury rates, train accident rates, and grade crossing collision rates by 80 percent or more since 1980. BNSF experienced the fewest mainline derailments in its history in 2014, and the Federal Railroad Administration (FRA) says that preliminary data indicates it may have been the safest year for the rail industry as well, following 2013 which had been the safest year in history for both BNSF and the rail industry. We have made this remarkable safety progress in partnership with our employees and by continually investing in new technologies that help make the railroad safer and more efficient.

Additional information regarding rail incidents can be found on the FRA website at:
<http://safetydata.fra.dot.gov/OfficeofSafety/Default.aspx>.

As a result of our safety program, 99.99% of all hazardous materials shipments delivered by the railroad arrive at their destination without any incident. These hazardous materials include petroleum products, chemicals used to purify municipal drinking water, fertilizers used to produce abundant food crops, and chemicals needed to produce medicine.

BNSF makes significant investments in railroad safety and infrastructure. For example, in 2015 alone we will invest \$6 billion in support of our rail maintenance and expansion programs. Nearly 50% of our 2015 capital plan will be spend on replacing and maintaining existing infrastructure.

In addition to these capital improvements, BNSF implements a comprehensive inspection process that ensures safety by identifying potential problems before they can lead to unsafe conditions on the rail network. Under BNSF's inspection program, we inspect bridges and tracks more frequently than required by the Federal Railroad Administration (FRA). BNSF also inspects most Key Routes* four times weekly, and we often inspect our busiest mainlines daily. Inspections of all bridge structures are performed a minimum of twice per year and are utilized to identify required maintenance and to ensure there are no structural exceptions. One of those inspections is also performed with the presence of a supervisor. The key to the longevity of any structure is proper maintenance and repair. And railroads, such as BNSF, spend a higher percentage of revenue maintaining, replacing, and expanding its infrastructure than any other industry.

(*Note: A "Key Route is any rail route taken by a Key Train, which in turn, is defined as any train with one tank car load of Poison/Toxic Inhalation Hazard, 20 car loads or intermodal portable tank loads of any combination of hazardous material or one or more car loads of Spent Nuclear Fuel (SNF), High Level Radioactive Waste (HLRW).)

Technology plays an important role in our safety program. Most people may not immediately think of the railroad when they envision a state-of-the-art network technology company, yet BNSF is nationally-recognized as a top information-technology employer. One example of the information technology we employ is a geometry track car, which gathers information about track surface, track alignment, curve geometry, gage, and rail wear. This information helps the company evaluate track maintenance and safety concerns. BNSF also gathers information on railcar performance through the use of wayside detectors, which measure conditions of each passing freight car. Several systems are employed -- such as the Wheel Impact Load Detector, Warm Bearing Detection System, Hot / Cold Wheel Detector & Technology Drive Train Inspections, and the Acoustic Bearing Detector -- which allow us to carefully evaluate and react to the conditions of a railcar.

Effective March 25, 2015, Key Trains that are stopped by Hot Bearing Detectors must set-out the indicated rail car and further, Key Trains with Level II Wheel Impact Load Detector defect (120-140 Kilopound) (KIPS) will be handled as a Level I defect (requiring immediate set-out).

Effective April 1, 2015, BNSF is increasing rail detection testing frequencies on crude by rail routes along critical waterways. Currently, we inspect at twice the frequency as required by the FRA, and with this operating change, our frequency increases to 2.5 times more than what is required by federal regulators.

It should be noted that crude oil is transported in DOT-111A100W1 tank cars. This includes legacy DOT-111s and CPC-1232s. Shell thickness for these tank car types range from 7/16 to 1/2". Cars may have jackets, thermal protection, insulation, bottom outlet valves, head shields and top fittings protection.

LPG, including propane, normally is transported in DOT-112J340W. These cars have a 9/16" shell thickness. Thermal protection, jackets, head shields and valve roll over protection is required. Bottom outlet valves are not authorized.

BNSF also invests in community hazmat training. BNSF provides free railroad hazmat response training to 3,500 to 4,000 local emergency responders a year in communities across our network, and has provided training to more than 65,000 emergency responders since 1996. In 2014, we participated in 28 training sessions for responders in Oregon and Washington, training more than 1,000 people.

In fact, from 2009-2013, over 3,600 first responders were trained in Washington and Oregon. BNSF regularly instructs at the Oregon and Washington State Hazmat Conferences and has worked and trained with the Vancouver and Portland Hazmat Teams.

In addition, BNSF has Northwest Industrial Fire-Fighting Foam Trailer locations in Klamath Falls, Oregon, Seattle, Pasco, and Vancouver, Washington, as well as other specialized Equipment in the Northwest, including High Pressure Midland Tank Car Capping Kits in Klamath Falls, Oregon, Spokane, Pasco, and Vancouver, Washington.

BNSF has specialized equipment and hazmat responders staged across its network to deal with hazmat and crude oil incidents, including for firefighting and spill cleanup. BNSF has more than 250 trained hazmat responders at 60 locations on our network who are supported by a network of contract emergency and environmental responders. BNSF is rolling out a real time geographic information system (GIS) tracking application for State Fusion Centers and/or Emergency Operation Centers. This is in addition to the AAR/industry application known as "ASKRAIL". This GIS system for emergency incidents enables BNSF to quickly identify and contact the local emergency responders closest to any incident on our network. BNSF has also implemented geographic response plans (GRPs) as adopted by the Northwest Area Committee ("NWAC") and as directed within the Northwest Area Contingency Plan ("NWACP").

BNSF was the first railroad in the industry to deploy our fleet of industrial fire-fighting foam trailers on hazmat routes around its network. The trailers produce alcohol-resistant foam to extinguish fires involving materials such as ethanol and crude oil by covering the spilled material and depriving it of oxygen. BNSF also makes the trailers available to other railroads and communities.

Conclusion

In conclusion, BNSF works continuously to meet and surpass all applicable safety and security requirements relating to the transportation of industrial commodities in Washington. These efforts make our rail transportation system one of the safest in the world.

Please feel free to contact me if you have any questions about information provided in this letter.

Sincerely,

A handwritten signature in dark ink, appearing to read "F. E. Kalb, Jr.", with a stylized, cursive script.

Cc: Mr. Tom Armstrong
Supervising Planner
Planning and Sustainability Commission
1900 SW 4th Avenue
Portland, Oregon 97201



OREGON

Helping the State's Economy Grow

For more than a century, BNSF Railway Company has played an important role in Oregon's economy. The tradition continues today with BNSF's 32,500-mile network helping Oregon companies deliver products to the world. Oregon is part of the Great Northern Corridor which spans the northern United States between the Pacific Northwest and Chicago, as well as reaching key southern points in Canada.

We serve the Pacific Northwest timber and agriculture industries by delivering their products to domestic markets, including California and Washington State, and by linking them to markets around the globe. In all, BNSF moves nearly 330,000 carloads of freight in Oregon annually.

But our tracks are not limited to moving just freight. BNSF rails are used to move passengers, too, including 10 Amtrak trains daily on our Portland to Seattle route.

BNSF is engaged with Oregon's shortlines and focused on creating growth in Central Oregon and the Portland region. Since 2012, BNSF has been instrumental in locating 7 new or expanded facilities in Oregon, creating jobs and more than \$7 million in investments. Projects include Chase Doors in Redmond, Arc Terminals Holdings, LLC in Portland, and McCall Oil & Chemical Corp., also in Portland. We also continue to look for ways to make our already environmentally preferred freight rail system even better, and we are helping Oregon shippers lower their emissions by shipping even more freight by rail.

BNSF continues to support the development of Oregon's diversified economy by pursuing the advancement of Portland Rivergate Industrial site, as well as opportunities for growth along the Willamette Valley, through central Oregon along the Deschutes Canyon, and in Klamath Falls in southern Oregon.

Supporting BNSF's rail network in Oregon are more than 400 dedicated men and women who earn a combined payroll of more than \$29 million.

In addition, the BNSF Foundation plays an active role in many communities within the state, and contributed more than \$100,000 in donations to various charities in 2014.



BNSF Railway Service in Oregon - 2014

Employees
413

Payroll
\$29,439,218

BNSF Foundation Giving
\$116,230

Lines Operated
Route miles owned: 235
Route miles trackage rights: 151

Carloadings
Originated: 82,891
Handled within state: 328,904
Terminated: 172,989

Major Facilities

Rail Yards

Bend, Klamath Falls, Portland

Intermodal Facilities

Portland

BNSF Facts

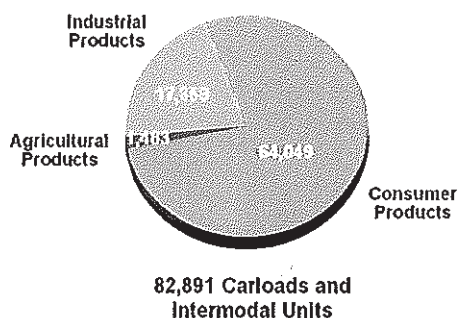
Operating in 28 States and 3 Canadian Provinces
BNSF Freight Cars: 76,000
Locomotives: 8,000
Route Miles: 32,500
Number of Employees: 48,000
Military: 7,500 veterans employed

Capital Commitments

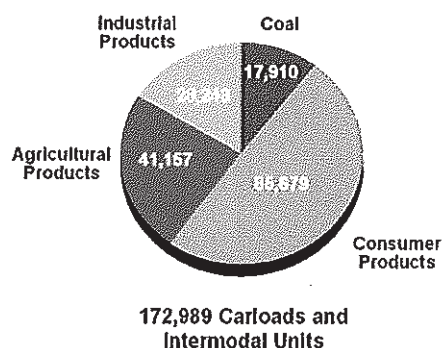
In 2015, BNSF plans to invest approximately \$6 billion in capital expansion and maintenance across its system. In addition to maintaining and expanding its core network and related assets, the plan includes acquiring new energy efficient locomotives, continuing implementation of positive train control (PTC), and investing in expansion and efficiency projects to enhance productivity and velocity. In 2014, BNSF invested approximately \$52 million in Oregon for capacity expansion and maintenance.

BNSF 2014 Volume—Oregon

Products Shipped From Oregon



Products Shipped To Oregon



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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BNSF Emergency Hotline:
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For more information,
please visit our website at
www.bnsf.com



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