

BNSF-ODOT Cost Share on the BNSF Red Rock Subdivision

The Federal Railroad Administration's (FRA) \$8 Billion American Recovery and Reinvestment Act's (ARRA) High Speed and Intercity Passenger Rail (HSIPR) grant program offers the State of Oklahoma a unique opportunity to accelerate its long planned rail improvement initiative. BNSF looks forward to working with you to expand our working relationship of providing outstanding passenger rail service without degrading present or future freight service based on principles that have enabled BNSF to achieve one of the highest on-time passenger rail service performance records in the industry while continuing to meet the growing needs of our freight shippers.

To move our discussions forward specific to Positive Train Control (PTC), we have preliminary cost estimates and the appropriate cost allocation of deploying PTC on the Red Rock Subdivision between Oklahoma City and the nearest BNSF rail station to the state line (Gainesville, TX – Red Rock Subdivision beginning/ending point). The BNSF/ODOT share numbers below reflect that the Oklahoma Department of Transportation (ODOT) will be responsible for 56% of the cost of PTC deployment and the BNSF will be responsible for 44% of the cost of PTC deployment. This proposed cost share split includes costs associated with wayside deployment and grant administration.

The telecommunications costs of \$762,767 associated with PTC deployment between Oklahoma City and Gainesville will be accounted for by the BNSF as part of our internal programmatic implementation plan and have not been accounted for in this stimulus opportunity. However, it should be noted that these telecommunication improvements are required for PTC integration for telecommunication links between field locations and our operations center in Fort Worth and for changes in our operations center to accommodate PTC and should be considered as part of BNSF's total commitment towards the PTC project implementation.

Cost splits between ODOT and BNSF are based train count ratios of passenger and TIH/PIH movements with the State/regional agencies responsible for the total project costs equal to the percent passenger/commuter movements and the BNSF responsible for the total project costs equal to the average daily TIH/PIH movements. To summarize, the total estimated wayside implementation costs for PTC installation between Oklahoma City to Gainesville are allocated based on intercity passenger train movements of 2 per day (56%) and BNSF TIH trains of 1.57 per day (44%).

For PTC implementation on the Red Rock Subdivision between Oklahoma City and Gainesville, the currently estimated costs are as follows:

- **Wayside** **\$19,859,572**
- **Administration** **\$330,000**
- **Total Cost (PTC Track 2)** **\$20,189,572**

- **ODOT Share (56%)** **\$10,902,369**
- **BNSF Share (44%)** **\$9,287,203**

As part of our collective efforts, we realize that the cost of outfitting our respective locomotives is mutually exclusive. As such we realized that the costs associated with PTC on-board locomotive retrofits of BNSF locomotives is our responsibility, not the public's, just as the passenger carriers will be responsible for outfitting locomotives and cab cars associated with that service. That said, equipping both passenger and freight rolling stock is necessary for the PTC system operation and the BNSF will be outfitting an appropriate number of locomotives in the fleet to adequately serve the corridor. The value of this commitment, at least, should be recognized as an integral part of the project and even more so if there are plans towards seeking public funding to outfit passenger locomotives and cab cars. Over time, BNSF estimates we will outfit hundreds of locomotives that

travel the north-south corridor through Oklahoma at an estimated cost of approximately \$50,000 each.

In general, the BNSF has the experience, staff, procedures and controls in place to carry out the State of Oklahoma's proposed PTC efforts, as demonstrated by BNSF's completion of dozens of passenger rail improvement projects implemented with all or a portion of U.S. Department of Transportation funding over a period spanning more than thirty years. While the BNSF cannot accept speed obligations in exchange for public funding of PTC, the BNSF is prepared to provide a capital funding match of **\$9,287,203** and would absorb cost overages above the BNSF submitted estimate for the total cost to install the wayside equipment.

If there is anything else BNSF can do in supporting your efforts, please do not hesitate to ask. BNSF and I appreciate this unique opportunity to partner with you to enhance passenger rail operations by improving our railroad's capabilities in the State of Oklahoma.