

To: PMT Members

From: Bob Suko, Twin Cities & Western Railroad

Re: Train and Car Counts

Despite continued efforts to explain the actual car count on the Twin Cities & Western both historically and current, it appears that the information is not either clear enough or is not being accepted as factual.

Recently at a PMT meeting members of Safety in the Park distributed literature indicating car counts of 800 per day based on the 1999 St. Louis Park Rail Study. What disturbed us the most was that this is listed under the category of FACT when that indeed is a misleading statement based on historical and current volumes that TC&W have presented multiple times at PMT meetings and additionally is listed on the FAQ's on the Hennepin County website.

As indicated in the 1999 Study under Future Projections, it is clearly stated that "rail traffic forecasting is largely subjective process due to a variety of scenarios that may or may not take place." Specifically the report indicates expectations to expand carloads an additional 20,000-30,000 per year based on a three year growth plan that included doubling corn and bean cargo. While we agree forecasting is a difficult thing, with the LRT and Freight Rail Re-Alignment due to be completed in the next 5-7 years it's challenging to accurately forecast our potential growth. While we are always trying to expand our business and diversify our carloads, our location and property availability makes this a challenge.

Reality is in 1999 we moved approximately 24,000-25,000 carloads on TC&W. Since 1999 we have ranged from 14,000-25,000 carloads, with only one year exceeding 1999. So based on what has been our trend since the 1999 report, our growth has been minimal at best and basically stationary as opposed to the projected growth of 10% short term (0-5 years) and an additional 5% long term. While we are continually trying to diversify our carloads, the reality is at this point we are an agriculturally driven railroad which is proven by the volatile volume of carloads throughout the years.

Of the growth projections that were addressed in the 1999 Rail Study only two, the sugar beet plant expansion and intermodal transportation have come to fruition. While we are not going to share specific customer loading levels, it's evident by the history that any expansion of plants on our lines has not provided a 5-6% increase in TC&W traffic overall. The intermodal piece was a part of our operations in 2008 and 2009. We have had limited to no movement of intermodal traffic due to market driven costs associated with this movement since 2009.

As we have stated numerous times river bound traffic has been non-existent part of our operations for a number of years. The last time we accessed Savage the river via the Mississippi River was April of 2008. The last time we accessed Camden via the MN&S was November of 2010 for a total of 11 carloads. As we have stated in the past, when this was at the peak we moved approximately 9,000 carloads per year

to the river via the MN&S. While we certainly hope this business model comes back, at this time the margins for movement of grain make the Pacific Northwest the driver on exported grain.

Although the 1999 SLP Rail Study indicated the potential purchase of additional track and servicing Super Valu, we never purchased the track referenced in the report and do not service Super Valu nor would we have the right to as SuperValu is located on CP track.

So that's the history and where we have been over the past 11 years as opposed to the projections of the 1999 SLP rail study. Had we grown at the projected rates in that study we would be moving nearly 45,000-50,000 carloads per year. While that would thrill us, the reality of it or the actual factual information is that we are annually moving between 20,000-25,000 carloads.

So this raises the question, "What does 25,000 carloads a year mean to train size per day through SLP if this reroute were to occur?" We are going to start by eliminating the unit train traffic from the carload number so we can capture a true number of cars per day. We move approximately 27 unit coal trains per year in 123 car train movements. This equals out to approximately 3321 carloads per year leaving us at 21,679 cars per year. Additionally we run about 36 unit ethanol trains per year at 80 cars per train. This equals out to 2880 carloads per year leaving us at 18,799 carloads per year minus unit train traffic.

We currently run one train per day into the CP St. Paul yard 6-7 days per week. From 2008 to current this train running six days per week is averaging 50.3 carloads per train. Additionally we run a train on average 3-4 days per week into the UP which is averaging about 20.1 carloads per train.

Both of these trains go on duty at 7:00 A.M. in Hopkins and if all goes well will return to Hopkins approximately 8-10 hours later. Since very few of our empty cars are generated on the west end of our railroad in Appleton, you can basically use the same numbers of 50.3 and 20.1 cars on the return trip empty. So on average you would see a total of 140 cars handled by these two trains on a round trip.

From a unit train perspective, here's how it works. On the coal side we run approximately 25-27 trains per year, so about a train every two weeks. We **only handle the loaded** trains on the east end and the empties go out the west end. These trains are approximately 123 cars long.

On the ethanol side we handle both the empty and loaded trains on the east end. Due to the sensitivity of releasing information on hazardous material shipments I will not go into detail on schedule. However, the trains run at 80 cars and we run on average three loaded trains per month and typically see two of the loads return for a total of about an extra 1.5 trains per week.

So in the case that everything ran all in one day including both regular trains, a coal load, an empty ethanol train and a loaded ethanol train we would be moving approximately 353 cars in one day, nowhere near 800 cars. First of all the odds of this happening although it's come close is very slim at best. Secondly we don't have the crew base to support a multitude of movements such as this.

While we support educating the public on this matter, it would be our preference that the information stated as fact, should be exactly that. While we certainly don't believe there was any intent in sharing the numbers from the 1999, those numbers are not fact and have never been more than an optimistic guess from nearly 12 years ago. I've shared virtually the same information a number of times, and I would appreciate information update accordingly so that we are represented correctly.

I once again hope this clearly identifies the numbers for both volume of trains and volume of cars per day. Please understand the confidentiality of releasing exact numbers and realize that we will not release those numbers. If there are any further questions please feel free to direct them to me and I will answer them to the best of my ability.

We have been an active partner in this process and have worked very hard to be open and honest about what we do and how we do it. In return it would be appreciated if members of the PMT and Safety in the Park would show the same courtesy now that they have been formally presented with factual information.

Thank you,

Bob Suko
GM Operations, Twin Cities & Western Railroad