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January 28, 2019

Ms. Cynthia Brown
Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E Street, SW
Washington, DC 20423-0001

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Office of Proceedings
January 28, 2019
Part of
Public Record

552

Re: **Ex Parte No. ~~522~~ (Sub-No. 22), *Railroad Revenue Adequacy – 2017 Determination***
Ex Parte No. 558 (Sub. No. 21), *Railroad Cost of Capital*
Ex Parte No. 750, *Uniform Railroad Costing System – 2017 Calculations*

Dear Ms. Brown:

In its December 6, 2018 decision (“Decision”) in the above-referenced proceedings, the Board instructed all Class I carriers to file recalculated figures for Schedules 210, 410, 414, and any other applicable schedule that might be affected by the proposals adopted by the Board in that decision. In accordance with the Decision, enclosed for filing are the following recalculated BNSF schedules:

1. Schedule 250 – Consolidated Information for Revenue Adequacy Determination
2. Schedule 200 – Comparative Statement of Financial Position
3. Schedule 210 – Results of Operations
4. Schedule 210A – Consolidated Statements of Comprehensive Income
5. Schedule 220 – Retained Earnings
6. Schedule 240 – Statement of Cash Flows
7. Schedule 310 – Investments and Advances Affiliated Companies
8. Schedule 310A – Investments in Common Stock of Affiliated Companies
9. Schedule 450 – Analysis of Taxes

Sincerely,



Jill K. Mulligan

cc: Mr. Pedro Ramirez, Office of Economics
(pedro.Ramirez@stb.gov)

250. CONSOLIDATED INFORMATION FOR REVENUE ADEQUACY DETERMINATION

(Dollars in Thousands)

Line No.	Item (a)	Beginning of year (b)	End of year (c)	Line No.
Adjusted Net Railway Operating Income For Reporting Entity		N/A		
1**	Combined/Consolidated Net Railway Operating Income for Reporting Entity		\$ 4,299,653	1**
2	Add: Interest Income from Working Capital Allowance-Cash Portion		1,498	2
3 (B)	Income Taxes Associated with Non-Rail Income and Deductions		102,070	3 (B)
4	Gain or (loss) from transfer/reclassification to nonrail-status (net of income taxes)		32,106	4
5	Adjusted Net Railway Operating Income (Lines 1, 2, 3 & 4)		\$ 4,435,327	5
Adjusted Investment in Railroad Property for Reporting Entity				
6	Combined Investment in Railroad Property Used in Transportation Service	\$ 60,328,103	\$ 61,383,025	6
7	Less: Interest During Construction	-	-	7
8	Other Elements of Investment (if debit balance)	-	-	8
9	Add: Net Rail Assets of Rail-Related Affiliates	-	-	9
10	Working Capital Allowance	856,162	1,100,717	10
11	Net Investment Base Before Adjustment for Deferred Taxes (Lines 6 through 10)	\$ 61,184,265	\$ 62,483,742	11
12**	Less: Accumulated Deferred Income Tax Credits	19,963,817	20,835,003	12**
13	Net Investment Base (Line 11-12)	\$ 41,220,448	\$ 41,648,739	13
In the space provided, please list all railroads and rail-related affiliated companies which are being reported in this consolidation, along with the nature of the business for each company.				
Name of Affiliate		Nature of Business		
BNSF Railway Company		Transportation		
Bayport Systems, Inc.		Transportation		
BayRail, LLC		Financial		
BN Leasing Corporation		Leasing of railroad related property and equipment		
BNSF Communications, Inc.		Communications		
BNSF Equipment Acquisition Company, LLC		Leasing of railroad related property and equipment		
Burlington Northern Santa Fe Properties, LLC		Financial		
BNSF Railway International Services, Inc.		Financial		
BNSF Spectrum, Inc.		Communications		
Burlington Northern (Manitoba) Limited		Transportation		
Burlington Northern Railroad Holdings, Inc.		Owns railroad land		
Los Angeles Junction Railway Company		Transportation		
Midwest/Northwest Properties Inc.		Financial		
Pine Canyon Land Company		Environmental		
San Jacinto Rail Limited		Transportation		
Santa Fe Pacific Insurance Company		Insurance		
Santa Fe Pacific Pipelines, Inc.		Severance/ Benefits		
Santa Fe Pacific Railroad Company		Transportation		
SFP Pipeline Holdings, Inc.		Severance/ Benefits		
Slover Development Company LLC		Owns railroad land		
Star Lake Railroad Company		Transportation		
The Burlington Northern and Santa Fe Railway Company de Mexico, S.A. de C.V.		Transportation		
The Zia Company		Financial		
Western Fruit Express Company		Railroad refrigerated cars		

Note (B) Line 3 - Income Taxes Associated with Non-Rail Income and Deductions. Part B was revised based on adjusted income, earnings and taxes, however, the resulting non-railroad related taxes is unchanged from prior filing April 2018.

** Excludes accounting impacts of Tax Cuts and Jobs Acts per STB Decision EP 522 (Sub-No. 22) et al

SCHEDULE 250 - PART B
(in thousands)
Determination of Nonrail Taxes

This table is designated to facilitate the calculation of taxes that are not rail-related. The amount to be reported on Schedule 250, Line 3.

PART I - DETERMINE TAXES ON NONRAILROAD INCOME FOR ALL COMBINED/CONSOLIDATED RAILROADS	
(EXCLUDES ALL RAIL-RELATED AFFILIATES)	
(1) Determine Combined/Consolidated Adjusted income from continuing operations (before taxes) for all affiliated railroads (all classes). Do not include rail-related affiliates that are not railroads in this part. This represents the total combined/consolidated amounts for all items listed below for railroads in the reporting entity.	
Income from continuing operations (before taxes) should be the equivalent of the numbers contained in the R-1 Schedule 210, Line 46, adjusted to include all railroads in the reporting entity.	** 7,479,014
- Equity in undistributed earnings, which represents the total of Schedule 210, Line 26, for all railroads in the reporting entity.	** 27,468
- Dividends in affiliated companies. (If the affiliate is 80% or more controlled by the parent railroad, then deduct 100% of the affiliate's dividend. If the affiliate is less than 80% controlled by the parent railroad, then deduct 80% of the affiliate's dividend.	5,760
= Adjusted income from continuing operations (before taxes). This represents "A" in item (3) below.	7,445,786
(2) Determine Combined/Consolidated Adjusted Pre-Tax NROI for all railroads in the reporting entity	
Combined/Consolidated After-Tax NROI for the entire entity, which equals the amount shown on Schedule 250, Line 1.	** 4,299,653
+ Current provision for taxes, which represents the consolidated amounts of Schedule 210, Line 51, for all railroads in the reporting entity. (This figure includes both Account 556, Incomes Taxes on Ordinary Income and Account 557, Provision for Deferred Taxes.	** 2,793,998
+ Interest Income on working capital allowance, which represents the total consolidated interest income relative to the working capital component of the new investment base and should equal the amount shown in Schedule 250, Line 2, for all railroads in the reporting entity.	1,498
+ Release of premiums of funded debt, which represents the consolidated total of release of premium on funded debt as shown on Schedule 210, Line 22, for all railroads in the reporting entity.	0
- Total fixed charges, which represents the equivalent of the consolidated total of fixed charges as shown on Schedule 210, Line 42 for all railroads in the reporting entity.	43,320
- Railroad-related income from affiliates (other than railroads) which was included in consolidated NROI (Schedule 250, Line 1).	0
= Combined/Consolidated Pre-Tax Adjusted NROI for all railroads. This represents "B" in item (3) below.	7,051,829
(3) Calculate the railroad-related tax ratio: "(B/A)"	94.71%
(4) Compute the NONRAILROAD-related complement (1 - Railroad-related income ratio) which equals the Nonrailroad-related tax ratio.	5.29%
(5) Compute the nonrailroad portion of the total provisions for taxes. This equals :	
The Nonrailroad-related tax ratio (Item (4) above) times the total current taxes accrued on ordinary income (Account 556) which represents the consolidated amounts of Schedule 210, Lines 47, 48, and 49 for all railroads in the reporting entity.	102,070
PART II - DETERMINE NONRAILROAD-RELATED TAXES FOR RAIL-RELATED AFFILIATES (EXCLUDES ALL AFFILIATED RAILROADS)	
(6) This is calculated by dividing the nonrailroad-related income for combined rail-related affiliates by the total pre-tax net income for all combined rail-related affiliates and multiplying this result by the total taxes (current provision plus deferred). This equals the taxes on nonrailroad income for all affiliated companies.	0
PART III - DETERMINE TOTAL NONRAILROAD-RELATED TAXES	
(7) This is determined as follows:	
Total income taxes on nonrailroad-related income for all railroads in the reporting entity (Item (5) above).	102,070
+ Total Nonrailroad-related taxes for all rail-related affiliates (item (6) above).	0
Equals total nonrailroad-related taxes. (This amount should be transferred to Schedule 250, Part A, Line 3).	102,070

** Excludes accounting impacts of Tax Cuts and Jobs Acts per STB Decision EP 522 (Sub-No. 22) et al

200. COMPARATIVE STATEMENT OF FINANCIAL POSITION - ASSETS
(Dollars in Thousands)

Line No.	Cross Check	Account	Title (a)	Balance at close of year (b)	Balance at beginning of year (c)	Line No.
Current Assets						
1		701	Cash	516,090	570,348	1
2		702	Temporary cash investments			2
3		703	Special deposits			3
			Accounts receivable			
4		704	- Loan and notes			4
5		705	- Interline and other balances	106,654	90,639	5
6		706	- Customers	975,418	847,346	6
7		707	- Other	108,340	135,011	7
8		709, 708	- Accrued accounts receivables	222,484	196,041	8
9		708.5	- Receivables from affiliated companies	340,942	326,042	9
10		709.5	- Less: Allowance for uncollectible accounts	(86,027)	(87,053)	10
11		710, 711, 714	Working funds prepayments deferred income tax debits	142,185	212,965	11
12		712	Materials and supplies	802,565	825,018	12
13		713, 713.5, 713.6	Other Current Assets	62,730	64,562	13
14			TOTAL CURRENT ASSETS	3,191,381	3,180,919	14
Other Assets						
15		715, 716, 717	Special funds	46,310	64,579	15
16**		721, 721.5	Investments and advances affiliated companies (Sch. 310 and 310A)	589,523	552,839	16**
17		722, 723	Other investments and advances			17
18		737, 738	Property used in other than carrier operation (Less depreciation) \$	990,773	985,776	18
19		739, 741	Other assets	15,140,663	15,228,719	19
20		743	Other deferred debits	1,453,589	1,228,174	20
21		744	Accumulated deferred income tax debits			21
22			TOTAL OTHER ASSETS	18,220,858	18,060,087	22
Road and Equipment						
23		731, 732	Road (Sch. 330) L-30 Col h & b	56,895,483	53,834,268	23
24		731, 732	Equipment (Sch 330) L-39 Col h & b	12,496,578	12,033,951	24
25		731, 732	Unallocated items	989,384	964,906	25
26		733, 735	Accumulated depreciation and amortization (Sch. 335, 342)	(8,896,846)	(6,396,433)	26
27			Net Road and Equipment	61,484,599	60,436,692	27
28	*		Total Assets	82,896,838	81,677,698	28

NOTES AND REMARKS

** Excludes accounting impacts of Tax Cuts and Jobs Acts per STB Decision EP 522 (Sub-No. 22) et al

200. COMPARATIVE STATEMENT OF FINANCIAL POSITION - LIABILITIES AND SHAREHOLDERS' EQUITY
(Dollars in Thousands)

Line No.	Cross Check	Account	Title (a)	Balance at close of year (b)	Balance at beginning of year (c)	Line No.
Current Liabilities						
29		751	Loans and notes payable			29
30		752	Accounts payable: interline and other balances	9,497	120,090	30
31		753	Audited accounts and wages	256,009	235,507	31
32		754	Other accounts payable	247,436	326,612	32
33		755, 756	Interest and dividends payable	24,006	24,740	33
34		757	Payables to affiliated companies	28,488	50,306	34
35		759	Accrued accounts payable	1,701,437	1,623,890	35
36		760, 761, 761.5, 762	Taxes accrued	621,013	950,919	36
37		763, 763.5, 763.6	Other Current Liabilities	181,175	159,321	37
38		764	Equipment obligations and other long-term debt due within one year	89,736	84,831	38
39			TOTAL CURRENT LIABILITIES	3,158,797	3,576,216	39
Non-Current Liabilities						
40		765, 767	Funded debt unmatured	460,470	488,504	40
41		766	Equipment obligations	473,991	497,344	41
42		766.5	Capitalized lease obligations	420,195	480,942	42
43		768	Debt in default			43
44		769	Accounts payable: affiliated companies			44
45		770.1, 770.2	Unamortized debt premium			45
46		781	Interest in default			46
47		783	Deferred revenues - transfers from govt. authorities			47
48**		786	Accumulated deferred income tax credits	20,835,003	19,963,817	48**
49		771, 772, 774, 775, 782, 784	Other long-term liabilities and deferred credits	2,385,212	2,591,924	49
50			TOTAL NON-CURRENT LIABILITIES	24,574,871	24,022,531	50
Shareholders' Equity						
51		791, 792	Total capital stock	1	1	51
52			Common stock	1	1	52
53			Preferred stock			53
54		793	Discount on capital stock			54
55		794, 795	Additional capital	42,919,547	42,919,547	55
56		797	Retained earnings: Appropriated			56
57**		798	Unappropriated	12,011,601	11,040,186	57**
58		798.5	Less treasury stock			58
59		799	Accumulated Other Comprehensive Income or (loss)	232,021	119,217	59
60			Total stockholders equity	55,163,170	54,078,951	60
61			Noncontrolling interest			61
62			Total equity (Lines 60 + 61)	55,163,170	54,078,951	62
63			Total Liabilities & Shareholders' Equity	82,896,838	81,677,698	63

NOTES AND REMARKS

** Excludes accounting impacts of Tax Cuts and Jobs Acts per STB Decision EP 522 (Sub-No. 22) et al

210. RESULTS OF OPERATIONS

(Dollars in Thousands)

1. Disclose requested information for respondent pertaining to results of operations for the year.

Cross-Checks

Schedule 210

Schedule 210

Line 15, col b

= Line 66, col b

2. Report total operating expenses from Sched. 410. Any differences between this schedule and Sched. 410 must be explained on page 18.

Lines 47,48,49 col b

= Line 67, col b

Line 50, col b

= Line 68, col b

3. List dividends from investments accounted for under the cost method on line 19, and list dividends accounted for under the equity method on line 25.

Line 14, col b

Schedule 410

Line 14, col d

= Line 620, col h

Line 14, col e

= Line 620, col f

= Line 620, col g

4. All contra entries should be shown in parenthesis.

Line No.	Cross Check	Item (a)	Amount for current year (b)	Amount for preceding year (c)	Freight-related revenue & expenses (d)	Passenger-related revenue & expenses (e)	Line No.
		ORDINARY ITEMS					
		OPERATING INCOME					
		Railway Operating Income					
1		(101) Freight	20,783,627	19,304,902	20,783,627		1
2		(102) Passenger					2
3		(103) Passenger-related					3
4		(104) Switching	41,665	46,796	41,665		4
5		(105) Water transfers					5
6		(106) Demurrage	177,751	192,739	177,751		6
7		(110) Incidental	113,531	109,323	113,531		7
8		(121) Joint facility - credit	8,151	8,003	8,151		8
9		(122) Joint facility - debit					9
10		(501) Railway operating revenues (Exclusive of transfers from government authorities-lines 1-9)	21,124,725	19,661,763	21,124,725		10
11		(502) Railway operating revenues - transfers from government authorities					11
12		(503) Railway operating revenues - amortization of deferred transfers from government authorities					12
13		TOTAL RAILWAY OPERATING REVENUES (lines 10-12)	21,124,725	19,661,763	21,124,725		13
14	*	(531) Railway operating expenses	14,018,226	13,061,812	14,018,226		14
15	*	Net revenue from railway operations	7,106,499	6,599,951	7,106,499		15
		OTHER INCOME					
16		(506) Revenue from property used in other than carrier operations					16
17		(510) Miscellaneous rent income					17
18		(512) Separately operated properties - profit					18
19		(513) Dividend income (cost method)	400	400			19
20		(514) Interest income	366,204	205,311			20
21		(516) Income from sinking and other funds					21
22		(517) Release of premiums on funded debt					22
23		(518) Reimbursements received under contracts and agreements					23
24		(519) Miscellaneous income	52,656	21,763			24
25		Income from affiliated companies: 519 a. Dividends (equity method)	7,200	5,683			25
26**		b. Equity in undistributed earnings (losses)	27,468	10,154			26**
27		TOTAL OTHER INCOME (lines 16-26)	453,928	243,311			27
28		TOTAL INCOME (lines 15, 27)	7,560,427	6,843,262			28
		MISCELLANEOUS DEDUCTIONS FROM INCOME					
29		(534) Expenses of property used in other than carrier operations					29
30		(544) Miscellaneous taxes					30
31		(545) Separately operated properties-Loss					31
32		(549) Maintenance of investment organization					32
33		(550) Income transferred under contracts and agreements					33
34		(551) Miscellaneous income charges	38,093	16,166			34
35		(553) Uncollectible accounts					35
36		TOTAL MISCELLANEOUS DEDUCTIONS	38,093	16,166			36
37		Income available for fixed charges	7,522,334	6,827,096			37

** Excludes accounting impacts of Tax Cuts and Jobs Acts per STB Decision EP 522 (Sub-No. 22) et al

Railroad Annual Report R-1

210. RESULTS OF OPERATIONS - Continued
(Dollars in Thousands)

Line No.	Cross Check	Item (a)	Amount for current year (b)	Amount for preceding year (c)	Line No.
FIXED CHARGES					
38		(546) Interest on funded debt:			38
		(a) Fixed interest not in default	34,917	39,891	
39		(b) Interest in default			39
40		(547) Interest on unfunded debt	6,347	7,494	40
41		(548) Amortization of discount on funded debt	2,056	2,172	41
42		TOTAL FIXED CHARGES (lines 38 through 41)	43,320	49,557	42
43		Income after fixed charges (line 37 minus line 42)	7,479,014	6,777,539	43
OTHER DEDUCTIONS					
44		(546) Interest on funded debt:			44
		(c) Contingent interest			
UNUSUAL OR INFREQUENT ITEMS					
45		(555) Unusual or infrequent items (debit) credit			45
46		Income (Loss) from continuing operations (before inc. taxes)	7,479,014	6,777,539	46
PROVISIONS FOR INCOME TAXES					
47	*	(556) Income taxes on ordinary income:			47
		(a) Federal income taxes	1,726,751	1,360,221	
48	*	(b) State income taxes	202,911	171,921	48
49	*	(c) Other income taxes	(170)	567	49
50**	*	(557) Provision for deferred taxes	864,506	985,717	50**
51		TOTAL PROVISION FOR INCOME TAXES (lines 47 through 52)	2,793,998	2,518,426	51
52		Income from continuing operations (line 46 minus line 51)	4,685,016	4,259,113	52
DISCONTINUED OPERATIONS					
53		(560) Income or loss from operations of discontinued segments (less applicable income taxes of \$)			53
54		(562) Gain or loss on disposal of discontinued segments (less applicable income taxes of \$)			54
55		Income before extraordinary items (lines 52 through 54)	4,685,016	4,259,113	55
EXTRAORDINARY ITEMS AND ACCOUNTING CHANGES					
56		(570) Extraordinary items (Net)			56
57		(590) Income taxes on extraordinary items			57
58		(591) Provision for deferred taxes - Extraordinary items			58
59		TOTAL EXTRAORDINARY ITEMS (lines 56 through 58)			59
60		(592) Cumulative effect of changes in accounting principles (less applicable income taxes of \$)			60
61	*	Net income (Loss) (lines 55 + 59 + 60)	4,685,016	4,259,113	61
62		Less: Net Income attributable to noncontrolling interest			62
63		Net Income attributable to reporting railroad	4,685,016	4,259,113	63
64		Basic Earnings per Share	N/A	N/A	64
65		Diluted Earnings per Share	N/A	N/A	65
RECONCILIATION OF NET RAILWAY OPERATING INCOME (NROI)					
66	*	Net revenues from railway operations	7,106,499	6,599,951	66
67	*	(556) Income taxes on ordinary income (-)	1,929,492	1,532,709	67
68**	*	(557) Provision for deferred income taxes (-)	864,506	985,717	68**
69		Income from lease of road and equipment (-)	12,848	12,848	69
70		Rent for leased roads and equipment (+)			70
71		Net railway operating income (loss)	4,299,653	4,068,677	71

** Excludes accounting impacts of Tax Cuts and Jobs Acts per STB Decision EP 522 (Sub-No. 22) et al

NOTES AND REMARKS FOR SCHEDULE 210 AND 220

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210 A. CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Dollars in Thousands)

1. This schedule applies only to entities with items of Other Comprehensive Income (OCI).

Cross-Checks
Schedule 210 = Schedule 210 A
Line 61, col b Line 1, col b

2. Entities must present comprehensive income in two separate but consecutive financial statements.

3. Entities must present reclassification adjustments and the effects of those adjustments on net income and OCI on the face of the financial statements.

4. All contra entries should be shown in parenthesis.

Line No.	Cross Check	Item	Amount for current year	Amount for preceding year	Line No.
		(a)	(b)	(c)	
1 **		Net Income	4,685,016	4,259,113	1**
2		Other Comprehensive Income, net of tax Foreign currency translation adjustments			2
3		Unrealized gains on securities:			3
4		Unrealized holding gains arising during period			4
5		Less: reclassification adjustment for gains included in net income			5
6		Defined benefit pension plans:			6
7		Prior service cost arising during period			7
8		Net gain (loss) arising during period	114,418	73,660	8
9		Less: amortization of prior service cost included in net periodic pension cost	1,697	1,695	9
10		Other Comprehensive Income	82	(446)	10
11		Comprehensive Income	4,797,819	4,330,632	11
12		Less: comprehensive income attributable to noncontrolling interest			12
13		Comprehensive Income attributable to reporting railroad (Loss)	4,797,819	4,330,632	13

Notes:

** Excludes accounting impacts of Tax Cuts and Jobs Acts per STB Decision EP 522 (Sub-No. 22) et al

220. RETAINED EARNINGS
(Dollars in Thousands)

1. Show below the items of retained earnings accounts of the respondent for the year, classified in accordance with the Uniform System of Accounts for Railroad Companies,
2. All contra entries should be shown in parentheses.
3. Show in lines 22 and 23 the amount of assigned Federal income tax consequences for accounts 606 and 616.
4. Segregate in column (c) all amounts applicable to the equity in undistributed earnings (losses) of affiliated companies based on the equity method of accounting.
5. Line 3 (line 7 if a debit balance), column (c), should agree with line 26, column (b), in Schedule 210. The total of columns (b) and (c), lines 3 and 7, should agree with line 61, column (b) in Schedule 210.
6. Include in column (b) only amounts applicable to retained earnings exclusive of any amounts included in column (c).

Line No.	Cross Check	Item	Retained Earnings - Unappropriated (b)	Equity in Undistributed Earnings (Losses) of Affiliated Companies (c)	Line No.
(a)					
1		Balances at beginning of year	11,059,882	99,521	1
2	(601.5)	Prior period adjustments to beginning retained earnings			2
		CREDITS			
3**	(602)	Credit balance transferred from income	4,657,548	27,468	3**
4	(603)	Appropriations released			4
5	(606)	Other credits to retained earnings	112,803		5
6		TOTAL CREDITS	4,770,351	27,468	6
		DEBITS			
7	(612)	Debit balance transferred from income			7
8	(616)	Other debits to retained earnings	3,713,600		8
9	(620)	Appropriations for sinking and other funds			9
10	(621)	Appropriations for other purposes			10
11	(623)	Dividends: Common stock			11
12		Preferred stock (1)			12
13		TOTAL DEBITS	3,713,600	0	13
14		Net increase (decrease) during year (Line 6 minus line 13)	1,056,751	27,468	14
15		Balances at close of year (lines 1, 2, and 14)	12,116,633	126,989	15
16		Balances from line 15 (c)	126,989	N/A	16
17	(798)	Total unappropriated retained earnings and equity in undistributed earnings (losses) of affiliated companies at end of year	12,243,622		17
18	(797)	Total appropriated retained earnings:		N/A	18
19		Credits during year \$ _0_____			19
20		Debits during year \$ _0_____			20
21		Balance at close of year \$ _0_____			21
22		Amount of assigned Federal income tax consequences			22
23		Account 606 \$ _0_____			23
		Account 616 \$ _0_____			

1. If any dividends have not been declared on cumulative preferred stock, give cumulative undeclared dividends at beginning of year and end of year.

** Excludes accounting impacts of Tax Cuts and Jobs Acts per STB Decision EP 522 (Sub-No. 22) et al

240. STATEMENT OF CASH FLOWS
(Dollars in Thousands)

Give the information as requested concerning the cash flows during the year. Either the direct or indirect method can be used. The direct method shows as its principal components operating cash receipts and payments, such as cash received from customers and cash paid to suppliers and employees, the sum of which is net cash flow from operating activities. The indirect method starts with net income and adjusts it for revenues and expense items that were not the result of operating cash transactions in the current period to reconcile it to net cash flow from operating activities. If the direct method is used, complete lines 1 through 41. If the indirect method is used complete lines 10 through 41. Cash, for the purpose of this schedule, shall include cash and cash equivalents which are short-term, highly liquid investments readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Information about all investing and finance activities which do not directly affect cash shall be separately disclosed in footnotes to this schedule. They shall clearly relate the cash (if any) and noncash aspects of transactions. Examples of noncash investing and transactions include converting debt to equity, acquiring assets by assuming directly related liabilities, such as purchasing a building by incurring a mortgage to the seller; obtaining an asset by entering into a capital lease; and exchanging noncash assets or liabilities for other noncash assets or liabilities. Some transactions are part cash and part noncash; only the cash portion shall be reported directly in the statement of cash flows. Refer to FAS Statement No. 95, Statement of Cash Flows, for further details.

CASH FLOWS FROM OPERATING ACTIVITIES

Line No.	Cross Check	Description (a)	Current Year (b)	Previous Year (c)	Line No.
1		Cash received from operating revenues			1
2		Dividends received from affiliates			2
3		Interest received			3
4		Other income			4
5		Cash paid for operating expenses			5
6		Interest paid (net of amounts capitalized)			6
7		Income taxes paid			7
8		Other - net			8
9		NET CASH PROVIDED BY OPERATING ACTIVITIES (lines 1 through 8)			9

RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Line No.	Cross Check	Description (a)	Current Year (b)	Previous Year (c)	Line No.
10**		Income from continuing operations	4,685,016	4,259,113	10**

ADJUSTMENTS TO RECONCILE INCOME FROM CONTINUING OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Line No.	Cross Check	Description (a)	Current Year (b)	Previous Year (c)	Line No.
11		Loss (gain) on sale or disposal of tangible property and investments	(51,288)	(19,743)	11
12		Depreciation and amortization expenses	2,338,460	2,042,286	12
13**		Net increase (decrease) in provision for Deferred Income Taxes	864,506	985,717	13**
14**		Net decrease (increase) in undistributed earnings (losses) of affiliates	(27,468)	(10,154)	14**
15		Decrease (increase) in accounts receivable	(237,306)	(200,818)	15
16		Decrease (increase) in material and supplies and other current assets	100,265	(124,028)	16
17		Increase (decrease) in current liabilities other than debt	(282,306)	573,663	17
18		Increase (decrease) in other - net	(210,033)	52,699	18
19		Net cash provided from continuing operations (lines 10 through 18)	7,179,846	7,558,735	19
20		Add (Subtract) cash generated (paid) by reason of discontinued operations and extraordinary items			20
21		NET CASH PROVIDED FROM OPERATING ACTIVITIES (lines 19 and 20)	7,179,846	7,558,735	21

CASH FLOWS FROM INVESTING ACTIVITIES

Line No.	Cross Check	Description (a)	Current Year (b)	Previous Year (c)	Line No.
22		Proceeds from sale of property	19,335	20,846	22
23		Capital expenditures	(3,214,684)	(3,758,199)	23
24		Net change in temporary cash investments not qualifying as cash equivalents			24
25		Proceeds from sale/repayment of investment and advances	33,813	26,744	25
26		Purchase price of long-term investment and advances	(13,128)	(7,830)	26
27		Net decrease (increase) in sinking and other special funds			27
28		Other - net	(260,981)	(195,672)	28
29		NET CASH USED IN INVESTING ACTIVITIES (lines 22 through 28)	(3,435,645)	(3,914,111)	29

** Excludes accounting impacts of Tax Cuts and Jobs Acts per STB Decision EP 522 (Sub-No. 22) et al

(Continued on next page)

240. STATEMENT OF CASH FLOWS (Concluded)
(Dollars in Thousands)

CASH FLOWS FROM FINANCING ACTIVITIES

Line No.	Cross Check	Description (a)	Current Year (b)	Previous Year (c)	Line No.
30		Proceeds from issuance of long-term debt			30
31		Principal payments of long-term debt	(84,859)	(117,132)	31
32		Proceeds from issuance of capital stock			32
33		Purchase price of acquiring treasury stock			33
34		Cash dividends paid			34
35		Other - net	(3,713,600)	(3,522,000)	35
36		NET CASH FROM FINANCING ACTIVITIES (lines 30 through 35)	(3,798,459)	(3,639,132)	36
37		NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (lines 21, 29, and 36)	(54,258)	5,492	37
38		Cash and cash equivalents at beginning of the year	570,348	564,856	38
39		CASH AND CASH EQUIVALENTS AT END OF THE YEAR (lines 37 & 38)	516,090	570,348	39
		Footnotes to Schedule Cash paid during the year for:			
40		Interest (net of amount capitalized) *	61,293	60,370	40
41		Income taxes (net) *	2,087,231	1,020,289	41

* Only applies if indirect method is adopted

NOTES AND REMARKS

** Excludes accounting impacts of Tax Cuts and Jobs Acts per STB Decision EP 522 (Sub-No. 22) et al

310. INVESTMENTS AND ADVANCES AFFILIATED COMPANIES

(Dollars in Thousands)

1. Give particulars of investments in stocks, bonds, other secured obligations, unsecured notes, and investment advances of companies affiliated with respondent from accounts 715 (sinking funds), 716 (capital funds), 721 (investments and advances affiliated companies), and 717 (other funds).
2. Entries in this schedule should be made in accordance with the definitions and general instructions given on page 25, classifying the investments by means of letters, figures, and symbols in columns (a), (b) and (c).
3. Indicate by means of an arbitrary mark in column (d) the obligation in support of which any security is pledged, mortgaged, or otherwise encumbered. Give names and other important particulars of such obligations in footnotes.
4. Give totals for each class and for each subclass and a grand total for each account.
5. Entries in column (d) should show date of maturity of bonds and other evidence of indebtedness. In case obligations of the same designation mature serially, the date in column (d) may be reported as "Serially _____ to _____." Abbreviations in common use in standard financial publications may be used to conserve space.

Line No.	Account No. (a)	Class No. (b)	Kind of Industry (c)	Name of Issuing Company and also lien reference, if any (include rate for preferred stocks and bonds) (d)	Extent of Control (e)	Line No.
1	721	A-1	VII	Alameda Belt Line	Common	1
2			VII	Belt Railway Company of Chicago, The	Common	2
3			VII	Central California Traction Company	Common	3
4			VII	Houston Belt & Terminal Railway Company	Common	4
5			VII	Kansas City Terminal Railway Company	Common	5
6			VII	Longview Switching Company	Common	6
7			VII	MT Properties Inc.	Common	7
8			VII	Oakland Terminal Railway	Common	8
9			VII	Paducah & Illinois Railroad Company	Common	9
10			VII	Portland Terminal Railroad Company	Common	10
11			VII	St. Joseph Terminal Railroad Company	Common	11
12			VII	Sunset Railway Company	Common	12
13			VII	Terminal Railroad Association of St. Louis	Common	13
14			VII	Texas City Terminal Railway Company	Common	14
15			VII	TTX Company	Common	15
16			VII	Wichita Union Terminal Railway Company	Common	16
17			VII	Central California Traction Company	Preferred	17
18						18
19				Total Class A-1		19
20						20
21	721	A-3	X	Kinder Morgan Energy Partners LP	LP	21
22			X	Meteorcomm, LLC	LLC	22
23			X	Montauk Synfuels LLC	LLC	23
24			X	PTC 220, LLC	LLC	24
25			X	Tongue River Holding Company, LLC	LLC	25
26			VII	Railmarketplace.com, Inc.	Preferred	26
27						27
28				Total Class A-3		28
29						29
30				Total Class A		30
31						31
32	721	E-1	VII	Port Terminal Railroad Association	Association	32
33			VII	Wichita Terminal Association	Association	33
34						34
35				Total Class E-1		35
36						36
37	721	E-3	VIII	Health Transformation Alliance	Cooperative	37
38						38
39				Total Class E-3		39
40						40
41				Total Class E		41
42						42
43				Total		43
44						44
45						45
46						46
47						47
48						48
49						49
50						50

310. INVESTMENTS AND ADVANCES AFFILIATED COMPANIES - (Continued)
(Dollars in Thousands)

6. If any of the companies included in this schedule are controlled by respondent, the percent of control should be shown in column (e). In case any company listed is controlled other than through actual ownership of securities, give particulars in a footnote. In case of joint control, give names of other parties and particulars of control.
7. If any advances reported are pledged, give particulars in a footnote.
8. Investments in companies in which neither the original cost or present equity in total assets are less than \$10,000 may be combined in one figure.
9. Also include investments in unincorporated entities such as lessee organizations (exclusive of amounts nominally settled on a current basis).
10. This schedule should not include securities issued or assumed by respondent.
11. For affiliates which do not report to the Surface Transportation Board and are jointly owned, give names and extent of control by other entities by footnotes.

Line No.	Investments and Advances				Disposed of profit (loss) (j)	Adjustments Account 721.5 (k)	Dividends or interest credited to income (l)	Line No.
	Opening Balance (f)	Additions (g)	Deductions (if other than sale, explain) (h)	Closing Balance (i)				
1								1
2	14,900			14,900				2
3		203		203				3
4	20,379	1,274	(2,691)	18,962				4
5	5,106	546		5,652				5
6	8		(2)	6				6
7	1,443	82		1,525				7
8								8
9	5,131	1,708		6,839				9
10	1,539	2	(220)	1,321				10
11	150			150				11
12	4,273		(24)	4,249				12
13								13
14	47,478	8,354	(7,213)	48,619				14
15**	414,241	39,083		453,324				15**
16	70	41		111				16
17								17
18								18
19	514,718	51,293	(10,150)	555,861				19
20								20
21	6,893			6,893				21
22	23,433	5,498	(9,759)	19,172				22
23								23
24	6,686	600	(798)	6,488				24
25								25
26								26
27								27
28	37,012	6,098	(10,557)	32,553				28
29								29
30	551,730	57,391	(20,707)	588,414				30
31								31
32	1,100			1,100				32
33	4			4				33
34								34
35	1,104			1,104				35
36								36
37	5			5				37
38								38
39	5			5				39
40								40
41	1,109			1,109				41
42								42
43	552,839	57,391	(20,707)	589,523				43
44								44
45								45
46								46
47								47
48								48
49								49
50								50

Note: Column (h) includes equity method accounting for losses

** Excludes accounting impacts of Tax Cuts and Jobs Acts per STB Decision EP 522 (Sub-No. 22) et al

310A. INVESTMENTS IN COMMON STOCK OF AFFILIATED COMPANIES
(Dollars in Thousands)

Undistributed Earnings From Certain Investments in Affiliated Companies

1. Report below the details of all investments in common stock included in Account 721, Investments and Advances Affiliated Companies.
2. Enter in column (c) the amount necessary to retroactively adjust those investments. (See instruction 5-2, Uniform System of Accounts).
3. Enter in column (d) the share of undistributed earnings (i.e., dividends) or losses.
4. Enter in column (e) the amortization for the year of the excess of cost over equity in net assets (equity over cost) at date of acquisition.
5. For definitions of carrier and noncarrier, see general instructions.

Line No.	Name of issuing company and description of security held (a)	Balance at beginning of year (b)	Adjustments for investments equity method (c)	Equity in undistributed earnings (losses) during year (d)	Amortization during year (e)	Adjustment for investments disposed of or written down during year (f)	Balance at close of year (g)	Line No.
1	Carriers: (List specifics for each company)							
1	Alameda Belt Line	-					-	1
2	Belt Railway Company of Chicago, The	14,900					14,900	2
3	Central California Traction Company	-	51	152			203	3
4	Houston Belt & Terminal Railway Company	20,379	1,274	(2,691)			18,962	4
5	Kansas City Terminal Railway Company	5,106	5	541			5,652	5
6	Longview Switching Company	8		(2)			6	6
7	MT Properties Inc.	1,443		82			1,525	7
8	Oakland Terminal Railway	-					-	8
9	Paducah & Illinois Railroad Company	5,131	1,708				6,839	9
10	Portland Terminal Railroad Company	1,539	2	(220)			1,321	10
11	St. Joseph Terminal Railroad Company	150					150	11
12	Sunset Railway Company	4,273		(24)			4,249	12
13	Terminal Railroad Association of St. Louis	-					-	13
14	Texas City Terminal Railway Company	47,478	(13)	1,154			48,619	14
15**	TTX Company	414,241	91	38,992			453,324	15**
16	Wichita Union Terminal Railway Company	70		41			111	16
17								17
18	TOTAL CARRIERS	514,718	3,118	38,025	-	-	555,861	18
19								19
20								20
21	Kinder Morgan Energy Partners LP	6,893					6,893	21
22	Meteorcomm, LLC	23,433	5,498	(9,759)			19,172	22
23	Montauk Syntels LLC	-					-	23
24	PTC 220, LLC	6,686	600	(798)			6,488	24
25	Tongue River Holding Company, LLC	-					-	25
26	Railmarketplace.com, Inc.	-					-	26
27								27
28	TOTAL NON-CARRIERS	37,012	6,098	(10,557)	-	-	32,553	28
29								29
30	TOTAL INVESTMENTS IN COMMON STOCK	551,730	9,216	27,468	-	-	588,414	30
31								31
32								32

Note: Column (d) Line No. 14 is net of approximately \$7,200k in dividends received.

450. ANALYSIS OF TAXES

(Dollars in Thousands)

A. Railway Taxes

Line No.	Cross Check	Kind of Tax	Amount	Line No.
1		Other than U.S. Government Taxes	611,264	1
		U.S. Government Taxes		
		Income Taxes		
2		Normal Tax and Surtax	1,726,751	2
3		Excess Profits		3
4	*	Total - Income Taxes (Lines 2 and 3)	1,726,751	4
5		Railroad Retirement	680,731	5
6		Hospital Insurance	56,809	6
7		Supplemental Annuities	-	7
8		Unemployment Insurance	16,822	8
9		All Other United States Taxes	-	9
10		Total - U.S. Government Taxes	2,481,113	10
11		Total - Railway Taxes	3,092,377	11

B. Adjustments to Federal Income Taxes

1. In column (a) are listed the particulars which most often cause a differential between taxable income and pretax accounting income. Other particulars which cause such a differential should be listed under the caption "Other (Specify)," including state and other taxes deferred if computed separately. Minor items, each less than \$100,000, may be combined in a single entry under "Other (Specify)."
2. Indicate in column (b) the beginning of year totals of Accounts 714, 744, 762, and 786 applicable to each particular item in column (a).
3. Indicate in column (c) the net changes in Accounts 714, 744, 762, and 786 for the net tax effect of timing differences originating and reversing in the current accounting period.
4. Indicate in column (d) any adjustments, as appropriate, including adjustments to eliminate or reinstate deferred tax effects (credits or debits) due to applying or recognizing a loss carry-forward or a loss carry-back.
5. The total of line 19 in columns (c) and (d) should agree with the total of the contra charges (credits) to Account 557, Provision for Deferred Taxes, and Account 591, Provision for Deferred Taxes - Extraordinary Items, for the current year.
6. Indicate in column (e) the cumulative total of columns (b), (c), and (d). The total of column (e) must agree with the total of Accounts 714, 744, 762, and 786.

Line No.	Particulars (a)	Beginning of year balance (b)	Net credits (charges) for current year (c)	Adjustments (d)	End of year balance (e)	Line No.
1	Deferred debits:					1
2	Accrued liabilities not deductible until paid:					2
3	Casualty and Environmental Costs	(237,472)	41,186	-	(196,286)	3
4	Postretirement Benefits	(89,175)	36,826	36,463	(15,886)	4
5	Compensation and Benefits	(332,054)	221,538	-	(110,516)	5
6	Intangible Liabilities	(72,286)	42,491	-	(29,795)	6
7	Long-term debt fair value adjustment under acquisition accounting	(7,537)	7,537	-	-	7
8	Other	(290,081)	126,692	-	(163,389)	8
9	Subtotal	(1,028,605)	476,270	36,463	(515,872)	9
10	Deferred tax credits:					10
11**	Depreciation and Amortization	20,623,699	365,463	(29,767)	20,959,395	11**
12	Other	368,723	22,773	(16)	391,480	12
13	Subtotal	20,992,422	388,236	(29,783)	21,350,875	13
14						14
15						15
16						16
17						17
18						18
19	TOTALS	19,963,817	864,506	6,680	20,835,003	19

** Excludes accounting impacts of Tax Cuts and Jobs Acts per STB Decision EP 522 (Sub-No. 22) et al

450. ANALYSIS OF TAXES

(Dollars in Thousands)

* Footnotes:

1. If the flow-through method was elected, indicate the net decrease (or increase) in tax accrual because of investment tax credit.	0
If the deferral method for investment tax credit was elected:	
(1) Indicate amount of credit utilized as a reduction of tax liability for current year	N/A
(2) Deduct the amount of the current year's credit applied to reduction of tax liability but deferred for accounting purposes	N/A
(3) Balance of current year's credit used to reduce current year's tax accrual	N/A
(4) Add amount of prior year's deferred credits being amortized to reduce current year's tax accrual	N/A
(5) Total decrease in current year's tax accrual resulting from use of investment tax credits	N/A
2. Estimated amount of future earnings which can be realized before paying Federal income taxes because of unused and available net operating loss carryover on January 1 of the year following that for which the report is made	0

Notes and Remarks:

Adjustment is to reflect income taxes on balance sheet adjustment which, in accordance with generally accepted accounting principles, are not reflected in Railway income tax expense.

Minimum pension liability	\$	40,257
Postretirement benefits		(3,794)
Current year purchase accounting adjustments		-
FIN 48 and Other Reclasses		(29,783)
Total	\$	<u>6,680</u>