



Air Resources Board



Matthew Rodriguez
*Secretary for
Environmental Protection*

Mary D. Nichols, Chairman
1001 I Street • P.O. Box 2815
Sacramento, California 95812 • www.arb.ca.gov

Edmund G. Brown Jr.
Governor

August 19, 2013

Mr. David Smat, P.E., General Director of
Environmental Operations
BNSF Railway Company
2500 Lou Menk Drive, OOB-2
Fort Worth, Texas 76131

Dear Mr. Smat:

The Air Resources Board (ARB) received BNSF Railway's (BNSF) 2012 Fleet Average Agreement Annual Compliance Report (Compliance Report) pursuant to Section IV.B. of the 1998 Memorandum of Mutual Understanding and Agreements, South Coast Locomotive Fleet Average Emissions Program (1998 Agreement). The Air Resources Board staff determined that BNSF fully complied with provisions of the 1998 Agreement for its operations in 2012.

BNSF's Compliance Report included the following:

- (1) BNSF's letter of certification: This letter is signed by the railroad and certifies that the information in this report is true, accurate and complete.
- (2) BNSF's fleet summary information: This is information regarding the methodology used by the railroad to comply with the 1998 Agreement (Form F-S).
- (3) BNSF's fleet average calculation: This information includes individual locomotive megawatt-hours and emission levels, as well as calculations and any necessary adjustments (Form F-A-1 through Form F-A-6).

Starting in calendar year 2010, the 1998 Agreement requires that BNSF have an annual locomotive final fleet average of 5.5 grams per brake horsepower-hour (g/bhp-hr) for oxides of nitrogen (NOx) for locomotive operations in the South Coast Air Basin. Additionally, the 1998 Agreement allows BNSF to use accumulated fleet average credits, including credits accrued from the use of ultra-low emitting locomotives (ULEL) in the South Coast Air Basin, in order to meet the locomotive final fleet average.

The energy challenge facing California is real. Every Californian needs to take immediate action to reduce energy consumption. For a list of simple ways you can reduce demand and cut your energy costs, see our website: <http://www.arb.ca.gov>.

California Environmental Protection Agency

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Staff reviewed BNSF's submittal of its Compliance Report, which included activity information (in megawatt-hours) and emission levels for over 2,000 individual locomotives in 2012. Staff also assessed the accuracy of BNSF's data by comparing it with extensive locomotive information collected from ARB field surveys, inspection reports, and locomotive inventories. ARB staff determined that, for calendar year 2012, BNSF's final fleet average of 5.3 g/bhp-hr meets the required NOx compliance level set forth in the 1998 Agreement without using any ULEL credit.

Additionally, the 1998 Agreement provides the opportunity for a participating railroad to create Fleet Average Credit (FAC) in any year in which its final fleet average is below the NOx compliance level of 5.5 g/bhp-hr. For calendar year 2012, BNSF created a total of 0.2 g/bhp-hr of FAC that can be used in the future to comply with the NOx fleet average of 5.5 g/bhp-hr.

As discussed, ARB will make all of the information publicly available except for individual locomotive activity levels, which have been determined to be business confidential according to California Government Code Section 6254.7. The activity data will be aggregated by tier and emission standard level.

Should you have any questions regarding BNSF's compliance with the 1998 Agreement, please contact me at (916) 327-8267 or dito@arb.ca.gov, or Mr. Harold Holmes, Manager, Rail Strategies Section at (916) 324-8029 or hholmes@arb.ca.gov.

Sincerely,



Douglas Ito, Chief
Freight Transport Branch

cc: See next page.