

**A HISTORY OF MULTIPLE CAR WHEAT
RATES IN NORTH DAKOTA**

By

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A HISTORY OF MULTIPLE CAR WHEAT RATES IN NORTH DAKOTA

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Gene C. Griffin and Jon H. Mielke

INTRODUCTION

North Dakota relies on three major markets, Minneapolis-St. Paul, Duluth-Superior, and the Pacific Northwest for the marketing of its annual wheat production. These three markets accounted for 89 percent of the wheat movements in the 1980-81 crop year amounting to 168 thousand bushels of hard red spring and durum wheat out of a total movement of 189 thousand bushels. The Minneapolis and Duluth markets are treated as the same market for the purposes of this paper because a majority of the rates from North Dakota origins to the two destinations are exactly the same.

Rail rates on wheat in North Dakota have been rather traditional in the sense that they have been single car rates up until the introduction of multiple car rates. Although the rates were single car in nature there were different levels of rates based on the ancillary services which were provided. The first multiple car rates were introduced by the Burlington Northern on December 1, 1980 and applied to wheat to the Pacific Northwest. A number of multiple car rates on various commodities to various markets, by both the Soo Line and Burlington Northern have since been implemented.

WHEAT TO THE PACIFIC NORTHWEST

A significant amount of hard red spring wheat moves to the Pacific Northwest from North Dakota primarily for export. The majority of the wheat originates in the western one-half of the state. Wheat moves to the Pacific Northwest by two modes, truck and rail. The trucked grain is either shipped direct to the PNW or is transshipped by barge on the

Columbia-Snake River. Grain serves as a backhaul in many cases for truckers who are transporting oil drilling supplies and building materials from the West Coast. Rail movement from North Dakota to the Pacific Northwest is accomplished by two carriers, the Burlington Northern and the Soo Line. The Burlington is the only carrier of the two that has a single line route to the Pacific Northwest. The Soo Line must interline with the Burlington or the Canadian Pacific to provide Pacific Northwest service to its customers.

There are at least three points of interest in the Burlington Northern rate structure on wheat from North Dakota and Montana to the Pacific Northwest, Table 1. They are the change in the nature of the rate structure, the overall change in the level of the rates, and the change in the spreads over time for the different types of service. Also of interest is a comparison of Burlington rates in the Upper Great Plains with Burlington and Union Pacific rates in the Central Plains states.

The rate to the PNW in effect on October 1, 1979 was a single car rate at the X-368 level and varied from 140 cents/cwt in Montana to 216½ cents/cwt in North Dakota. Rates were increased on July 12, 1980 as a result of a general rate increase, X-375-C. Burlington then reduced the single car rate between 10 and 38 cents/cwt and introduced multiple car rates for the first time on wheat to the PNW from North Dakota and Montana on December 1, 1980. Furthermore, they did not apply the X-386 general increase. These multiple car rates were the first permanent multiple car rates ever introduced in North Dakota.

TABLE 1. BURLINGTON NORTHERN WHEAT RATES TO THE PACIFIC NORTHWEST FROM SELECTED ORIGINS IN NORTH DAKOTA AND MONTANA.

ORIGINS IN NORTH DAKOTA AND MONTANA.											
RATE CHANGE*	LOADING REQ. ^b	DATE OF CHANGE	DEVILS LAKE, ND	MINOT, ND	DICKINSON, ND	WILLISTON, ND	GLASGOW, MT	GLENDIVE, MT	HARVE, MT	SHELBY, MT	AVERAGE
RAIL SHORT LINE MILEAGE TO PORTLAND											
			1446	1327	1318	1207	1051	1213	898	793	
			(CENTS/CWT.)								
X-368 EFFECTIVE RATE											
	S.C.	10/ 1/79	216½	216½	217	211½	190	197½	148½	140	192
X-375C, GEN. INC.											
	S.C.	7 /12/80	246	246	246	240½	216	224½	169	159½	218
REDUCTION AND INTRODUCTION OF MULTIPLE CAR RATES											
	S.C.	12/ 1/80	218	218	213	202	182	197	153	148	191
	26M		202	202	197	187	167	182	138	133	176
	26S		197	197	192	182	162	177	133	128	171
	52		192	192	187	177	157	172	128	123	166
X001, COST RECOVERY											
	S.C.	6/ 5/81	224	224	218	208	187	203	157	151	196
	26M		208	208	203	192	172	187	141	135	181
	26S		203	203	198	187	166	182	136	130	176
	52		198	198	192	182	161	177	131	125	171

TABLE 1. BURLINGTON NORTHERN WHEAT RATES TO THE PACIFIC NORTHWEST FROM SELECTED ORIGINS IN NORTH DAKOTA AND MONTANA.

RATE CHANGE ^a	LOADING REQ. ^b	DATE OF CHANGE	DEVILS LAKE, ND	MINOT, ND	DICKINSON, ND	WILLISTON, ND	GLASGOW, MT	GLENDIVE, MT	HARVE, MT	SHELBY, MT	AVERAGE
RAIL SHORT LINE MILEAGE TO PORTLAND											
			1446	1327	1318	1207	1051	1213	898	793	
(CENTS/CWT.)											
X002, COST RECOVERY											
	S.C.	7/ 1/81	230	230	224	214	192	201	161	155	201
	26M		214	214	209	197	177	192	145	139	186
	26S		209	209	204	192	173	187	140	134	181
	52		204	204	195	187	166	182	135	129	175
X002, COST RECOVERY											
	S.C.	10/ 1/81	233	233	227	217	195	212	163	157	205
	26M		217	217	212	200	179	195	147	141	188
	26S		211	211	207	195	175	190	142	136	183
	52		206	206	198	190	168	185	137	131	178
X082, COST RECOVERY											
	S.C.	1/ 1/82	244	244	239	227	204	221	172	164	214
	26M		227	227	222	209	187	204	154	145	197
	26S		221	221	217	204	183	199	149	142	192
	52		206	206	198	190	168	185	138	131	178

TABLE 1. BURLINGTON NORTHERN WHEAT RATES TO THE PACIFIC NORTHWEST FROM SELECTED ORIGINS IN NORTH DAKOTA AND MONTANA.											
RATE CHANGE ^a	LOADING REQ. ^b	DATE OF CHANGE	DEVILS LAKE, ND	MINOT, ND	DICKINSON, ND	WILLISTON, ND	GLASGOW, MT	GLENDIVE, MT	HARVE, MT	SHELBY, MT	AVERAGE
RAIL SHORT LINE MILEAGE TO PORTLAND											
			1446	1327	1318	1207	1051	1213	898	793	
			(CENTS/CWT.)								
REDUCTION											
	S.C.	4/19/82	239	239	233	219	195	210	161	154	206
	26M		220	220	215	202	180	194	148	142	190
	26S		213	213	207	145	174	187	143	137	177
	52		190	190	185	174	155	167	128	122	164
REDUCTION											
	S.C.	7/20/82	218	218	218	204	193	203	161	154	196
	26M		204	204	204	191	180	191	148	142	183
	26S		197	197	197	85	174	185	143	137	176
	52		182	182	182	169	155	167	128	122	161

^a Several fuel surcharges were also applied up until X001, however, for convenience they are not shown here.

^b S.C. - single car; 26M - 26 car multiple origin; 26S - 26 car single origin; 52 - 52 car single origin.

Several reasons can be cited for the development of the westbound multiple car rates and the reduced single car rates. Truck competition and reduced rates from competing producing regions were predominant among these reasons. Also, the relationship between eastbound and westbound rates changed as a result of percentage rate increases. Burlington Northern was faced with ever increasing truck competition in the movement of wheat from Montana and extreme western North Dakota to the Pacific Northwest during the past fifteen years (1965-1980). The truck competition consisted of movements directly to the PNW and truck-barge competition. The truck-barge competition consisted of truck movements to the Columbia-Snake and transshipment from such places as Lewiston, Idaho by barge to the PNW. This competition was met by single car rate reductions on one or more occasions in Montana. However, in 1980 the truck mode accounted for approximately 40 percent of the modal share of wheat movements from Montana to the Pacific Northwest.¹ During this same time trucks accounted for 38 percent of the wheat movement from North Dakota to the same destination.²

A second factor which probably influenced the implementation of multiple car rates in the Upper Great Plains was the implementation of multiple car rates by the Union Pacific on wheat from the Central Great Plains to the Pacific Northwest which was followed by the Burlington Northern. The effect of implementation of these rates was to increase the already existing spread between shipping from the Upper and Central Great Plains from approximately 50 cents/cwt to approximately 70 cents/cwt (Tables 2 and 3).

¹Personal communication, Terry Whiteside, Montana Department of Commerce, Helena, Montana.

²Gene C. Griffin, North Dakota Grain and Oilseed Transportation Statistics 1980-1981, Upper Great Plains Transportation Institute, North Dakota State University, Fargo, North Dakota, UGPTI Report #42. March 1982.

**TABLE 2. UNION PACIFIC WHEAT RATES TO THE PACIFIC NORTHWEST
FROM SELECTED ORIGINS IN NEBRASKA.**

FROM SELECTED CITIES								
RATE CHANGE ^a	LOADING REQ. ^b	DATE OF CHANGE	COLUMBUS	KEARNY	NORTH PLATTE	KIMBALL	SIDNEY	AVERAGE
RAIL SHORT LINE MILEAGE TO PORTLAND								
			1689	1585	1490	1329	1366	
			(CENTS/CWT.)					
X-368, EFFECTIVE RATE								
	S.C.	10/ 1/79	194½	188	159	159	159	172
REDUCTION AND INTRODUCTION OF MULTIPLE CAR RATES								
	S.C.	12//31/79	165	161	157	149	153	157
	25M		160	156	152	144	148	152
	25S		155	151	147	139	143	147
	50		150	146	142	134	138	142
X-375, GENERAL INCREASE								
	S.C.	7/12/80	187½	183	178½	169½	174	178
	25M		182	177½	173	163½	168½	173
	25S		176	171½	167	158	162½	167
	50		170½	166	161½	155½	157	162

**TABLE 2. UNION PACIFIC WHEAT RATES TO THE PACIFIC NORTHWEST
FROM SELECTED ORIGINS IN NEBRASKA.**

FROM SELECTED ORIGINS IN NEBRASKA								
RATE CHANGE ^a	LOADING REQ. ^b	DATE OF CHANGE	COLUMBUS	KEARNY	NORTH PLATTE	KIMBALL	SIDNEY	AVERAGE
RAIL SHORT LINE MILEAGE TO PORTLAND								
			1689	1585	1490	1329	1366	
			(CENTS/CWT.)					
X-386, GENERAL INCREASE								
	S.C.	12/31/80	194½	190	185½	176	180½	185
	25M		189	184	179½	170	174½	179
	25S		183	178	173½	164	168½	173
	50		177	172½	167½	158	163	168
REDUCTION								
	S.C.	3/20/81	188	184	180	171½	176	180
	25M		182	178	173½	165½	169½	174
	25S		178	172½	167½	159	163½	168
	50		171½	167½	163½	155	159	163
X001, COST RECOVERY								
	S.C.	6/ 5/81	189	185	181	173	177	181
	25M		182	179	175	166	171	175
	25S		176	173	168	160	163	168
	50		173	168	164	156	160	164

**TABLE 2. UNION PACIFIC WHEAT RATES TO THE PACIFIC NORTHWEST
FROM SELECTED ORIGINS IN NEBRASKA.**

FROM SELECTED ORIGINS IN NEBRASKA								
RATE CHANGE*	LOADING REQ. ^b	DATE OF CHANGE	COLUMBUS	KEARNY	NORTH PLATTE	KIMBALL	SIDNEY	AVERAGE
RAIL SHORT LINE MILEAGE TO PORTLAND								
			1689	1585	1490	1329	1366	
			(CENTS/CWT.)					
X002, COST RECOVERY								
	S.C.	7/ 1/81	194	190	186	178	182	186
	25M		187	184	180	171	176	180
	25S		181	178	173	165	168	173
	50		178	173	169	160	164	169
REDUCTION								
	S.C.	8/28/81	181	177	173	173	173	175
	25M		166	162	158	158	158	160
	25S		158	154	150	150	150	152
	50		150	146	142	142	142	144
X003, COST RECOVERY								
	S.C.	10/ 1/81	184	179	175	175	175	178
	25M		168	164	160	160	160	162
	25S		160	156	152	152	152	154
	50		152	148	144	144	144	146

TABLE 2. UNION PACIFIC WHEAT RATES TO THE PACIFIC NORTHWEST FROM SELECTED ORIGINS IN NEBRASKA								
RATE CHANGE ^a	LOADING REQ. ^b	DATE OF CHANGE	COLUMBUS	KEARNY	NORTH PLATTE	KIMBALL	SIDNEY	AVERAGE
RAIL SHORT LINE MILEAGE TO PORTLAND								
			1689	1585	1490	1329	1366	
			(CENTS/CWT.)					
X082, COST RECOVERY								
	S.C.	1/ 1/82	193	187	183	183	183	186
	25M		176	172	168	168	168	170
	25S		168	163	159	159	159	162
	50		159	155	151	151	151	153
REDUCTION								
	S.C.	6/28/82	185	181	177	177	177	179
	25M		160	156	152	152	152	154
	25S		150	146	142	142	142	144
	50		140	136	132	132	132	134

^a Several fuel surcharges were also applied up until X001, however, for convenience they are not shown here.

^b S.C. - single car; 26M - car multiple origin; 26S - 26 car single origin; 52 - 52 car single origin.

**TABLE 3. BURLINGTON NORTHERN WHEAT RATES TO THE PACIFIC NORTHWEST
FROM SELECTED ORIGINS IN NEBRASKA.**

FROM SELECTED ORIGINS IN NEBRASKA							
RATE CHANGE *	LOADING REQ. ^b	DATE OF CHANGE	ALLIANCE	LINCOLN	NORTHPORT	OXFORD JCT.	AVERAGE
RAIL SHORT LINE MILEAGE TO PORTLAND							
			1464	1825	1489	1820	
			(CENTS/CWT.)				
X-368 EFFECTIVE RATE							
	S.C.	10/ 1/79	162	NA	162	194½	173
SELECTIVE RATE INCREASE							
	S.C.	3/21/80	181½	NA	181½	208	190
RATE REDUCTION							
	S.C.	4/14/80	167	NA	167	200	178
X-375C. GENERAL INCREASE							
	S.C.	7/12/80	184	NA	184	214	194
X-386, GENERAL INCREASE							
	S.C.	12/31/80	193	NA	193	224½	203
REDUCTION AND INTRODUCTION OF MULTIPLE CAR RATES							
	S.C.	3/ 2/81	181	197½	185	193½	189
	27M		165½	182	169½	178	174
	27S		159	176	163½	171½	168
	54		155	171½	159	167½	163

**TABLE 3. BURLINGTON NORTHERN WHEAT RATES TO THE PACIFIC NORTHWEST
FROM SELECTED ORIGINS IN NEBRASKA.**

RATE CHANGE ^a	LOADING REQ. ^b	DATE OF CHANGE	ALLIANCE	LINCOLN	NORTHPORT	OXFORD JCT.	AVERAGE
RAIL SHORT LINE MILEAGE TO PORTLAND							
			1464	1825	1489	1820	
			(CENTS/CWT.)				
X001, COST RECOVERY							
	S.C.	6/ 5/81	182	199	186	194	190
	27M		166	183	171	179	175
	27S		160	177	164	173	169
	54		156	173	160	168	164
X002, COST RECOVERY							
	S.C.	7/ 1/81	187	205	191	199	196
	27M		171	188	176	184	180
	27S		164	182	169	178	173
	54		160	178	164	173	169
X003, COST RECOVERY							
	S.C.	10/ 1/81	190	207	194	203	199
	27M		173	191	178	186	182
	27S		167	184	171	180	176
	54		163	180	167	176	172

**TABLE 3. BURLINGTON NORTHERN WHEAT RATES TO THE PACIFIC NORTHWEST
FROM SELECTED ORIGINS IN NEBRASKA.**

RATE CHANGE ^a	LOADING REQ. ^b	DATE OF CHANGE	ALLIANCE	LINCOLN	NORTHPORT	OXFORD JCT.	AVERAGE
RAIL SHORT LINE MILEAGE TO PORTLAND							
			1464	1825	1489	1820	
			(CENTS/CWT.)				
X082, COST RECOVERY							
	S.C.	1/ 1/82	199	217	203	213	208
	27M		181	200	186	195	191
	27S		175	193	179	188	184
	54		171	188	175	184	180
REDUCTION							
	S.C.	2/20/82	185	192	183	187	187
	27M		170	176	168	172	172
	27S		161	168	159	163	163
	54		153	159	151	155	155

TABLE 3. BURLINGTON NORTHERN WHEAT RATES TO THE PACIFIC NORTHWEST FROM SELECTED ORIGINS IN NEBRASKA.							
RATE CHANGE ^a	LOADING REQ. ^b	DATE OF CHANGE	ALLIANCE	LINCOLN	NORTHPORT	OXFORD JCT.	AVERAGE
RAIL SHORT LINE MILEAGE TO PORTLAND							
			1464	1825	1489	1820	
			(CENTS/CWT.)				
REDUCTION							
	S.C.	7/20/82	179	185	177	181	181
	27M		154	160	152	156	156
	27S		144	150	142	146	146
	54		134	140	132	136	136

^a Several fuel surcharges were also applied up until X001, however, for convenience they are not shown here.

^b S.C. - single car; 26M - 26 car multiple origin; 26S - 26 car single origin; 52 - 52 car single origin.

The increased spread resulted in requests from the Central Plains states for similar reductions. The reason for development of such a rate structure by the Union Pacific is somewhat speculative, however there seems to be economic justification for such a rate. The Union Pacific terminates on the east end of its system at Omaha and Kansas City. Thus, wheat movements out of Nebraska and Kansas to these markets are typified by a short haul, domestic and export market, joint routing beyond the markets which summed up means truck competition into the markets, low rates, and poor equipment control. On the other hand, if the same wheat moves to the Pacific Northwest, the Union Pacific gains car control because it is a single line export move and the haul is much longer. Reductions were also made on March 20, 1981 and August 28, 1981.

The Burlington, which competes with the Union Pacific for winter wheat from the Central Plains region destined for the Pacific Northwest, was slow to meet the reduced rates and implement its own multiple car rate structure in the Central Plains states. On April 14, 1980 the Burlington reduced its single car rates; however, they were still approximately 33¢ higher than the lowest Union Pacific rate (Kimball compared to Northport Tables 2 and 3). The Burlington first introduced multiple car rates from Kansas and Nebraska to the Pacific Northwest on March 2, 1981, fourteen months after the Union Pacific introduced such rates. Following this reduction the Union Pacific further reduced its rates on March 20, 1981. Presently the rates for both railroads have settled to the same level. As an example the present rates from Northport on the Burlington are exactly the same as the rates from Kimball on the Union Pacific.

The absolute level of the existing Burlington and Union Pacific rates from the Central Plains winter wheat producing states to the Pacific Northwest are lower than Burlington rates on wheat from the Northern Plains states to the same destination. Fifty-two car

rates from the Central Plains states to the PNW are approximately 135 cents as compared to 52-car rates of approximately 179 cents from North Dakota origins, a difference of 44 cents/cwt.

A third possible reason for the reduction in increase was in the differential between eastbound and westbound wheat rates as a result of percentage increases. For instance the differential at Stanley, North Dakota was 72½ cents in January of 1977 as compared to a differential of 125 cents in July of 1980, a 72 percent increase in three and one-half years.

The Burlington rates were increased four consecutive times after this introduction of multiple car rates for cost recovery purposes before a reduction on April 19, 1982 as is shown in Table 1. The reduction on April 19, 1982 was for at least two reasons. One reason was to meet continued truck competition and another was to widen the spread between the multiples and single car rates.

The absolute difference between the different types of rates has changed dramatically since the multiple car rates were first introduced on December 1, 1980. Using Minot as an example, Table 1, the original spreads were as follows:

Between single car and 26-car multiple origin	- 16¢
26-car multiple origin and 26-car single origin	- 5¢
26-car single origin and 52-car	- 5¢

for a total difference of 26¢ between the single car and 52-car rate. Following the reductions implemented on April 19, 1982 the spreads for the same station were as follows:

Between single car and 26-car multiple origin	- 19¢
26-car multiple origin and 26-car single origin	- 7¢
26-car single origin and 52-car	- 23¢

for a total of 49¢ between the single car and the 52-car rates. It should also be noted that the Burlington flagged out of X-082 cost recovery increase on 52-car rates while taking them on the other rate structures thereby increasing the spread between October 1, 1981 and January 1, 1982.

The Soo Line which claims to have a different business philosophy concerning grain rates in the gathering territory introduced reduced westbound rates to the PNW which has resulted in a reduction of the Burlington Northern spreads. The Soo Line reduced its westbound rates on wheat on April 17, 1982. The reduced rates at Minot were as follows:

<u>Service</u>	<u>¢/cwt.</u>
Single car	239
26-car multiple origin	227
26-car single origin	213
52-car single origin	190

This reduction was in response to a proposed reduction by the BN which the Burlington implemented on April 19, 1982.

The Soo Line further reduced its westbound rates on May 22, 1982 which resulted in a significant decrease in the spread between the 52-car and 26-car rates from 23 cents to seven cents. The reduced rates at Minot were as follows:

<u>Service</u>	<u>c/cwt.</u>
Single car	218
26-car multiple origin	204
25-car single origin	197
50-car single origin	190

The Soo Line also adjusted the level of service from 26 and 52 cars to 25 and 50 cars at the same time.

WHEAT TO MINNEAPOLIS-ST. PAUL

Wheat from North Dakota, South Dakota, Minnesota, and occasionally Montana moves to Minneapolis-St. Paul and Duluth-Superior for domestic and export use. Only the rate structures to Minneapolis were examined since the rates to Duluth are very similar if not exactly the same in many cases. Two railroads, the Soo Line and Burlington Northern provide the majority of the service to the Northern Plains origin territory for this movement. Only single car rates were available prior to the spring of 1980. In the spring of 1980 both the Burlington and Soo offered spring specials, resulting from the surplus of equipment, to encourage movement. The Burlington reduced its rates on May 24, 1980 to encourage movement and the Soo offered coupons for free cars after a certain number of paid loads.

The Burlington reduced rates and introduced multiple car rates east on July 13, 1981 for at least two reasons, truck competition and to offer the same type of transportation service to the eastern market as they had implemented going west. Trucks had captured as much as 50 and 60 percent of the wheat movement east from eastern North Dakota and Minnesota in the late seventies and early eighties. This traffic has been diverted from the rail mode and the Burlington reduced prices in an effort to divert it back. The

Minneapolis market interests had also requested similar rate structures and concessions that the Burlington had introduced for wheat westbound from the north central plains states.

The Soo Line followed with the introduction of 3-car rates as well as 26-car and 52-car rates.

Prior to this time service competition did exist, however, price competition was inhibited by the institution of rate bureaus. The following succession of events describes the price competition which took place in the ensuing time period after multiple car rates on wheat eastbound were introduced:

- June 1981, the Soo Line introduced 3-car rates on wheat 10¢/cwt below their single car rate in response to an announcement by the Burlington Northern that they were going to implement multi-car rates to Minneapolis and Duluth.
- July 1981, the Burlington Northern introduced their first multiple car rates on wheat to Minneapolis and Duluth consisting of:
 - 26-car multiple origin 15¢ below single car rate;
 - 26-car single origin 20¢ below single car rate;
 - 52-car single origin 25¢ below single car rate.
- July 1981, the Soo Line introduced reduced 26- and 52-car rates on wheat to Minneapolis and Duluth to meet Burlington competition.
- October 1981, the Burlington Northern reduced its single car rate by 10¢/cwt and further reduced each of its multi-car rates in response to the Soo Line 3-car 10¢ reduction.
- October 1981, the Soo Line in response to the October reductions by the Burlington Northern reduced their 3-car rate an additional 5¢/cwt.
- January 1982, the Burlington Northern in response to Soo Line reductions in October again reduced its single car rate 5 to 7¢/cwt and reduced the 26-car single origin and 52-car rate each by five cents.

- February 1982, the Soo Line reduced its single car rate by 17-20¢/cwt to meet the Burlington Northern single car rate and reduced its 3-car, 24-car, and 52-car rates by 5¢/cwt.
- February 1982, the Burlington Northern cancelled its 26-car multiple origin rate and replaced it with a 3-car rate to meet the Soo Line.

Presently the rates for both railroads are the same or very similar (Minot Tables 4 and 5).

**TABLE 4. BURLINGTON NORTHERN WHET RATES TO MINNEAPOLIS AND ST. PAUL FROM SELECTED ORIGINS
IN NORTH DAKOTA, MINNESOTA, MONTANA, AND SOUTH DAKOTA - RESTRICTED SERVICE.**

IN NORTH DAKOTA, MINNESOTA, MONTANA, AND SOUTH DAKOTA													
RATE CHANGE*	LOADING REQ.*	DATE OF CHANGE	CROOKSTON, MN	JAMESTOWN, ND	BISMARCK, ND	DICKINSON, ND	DEVILS LAKE, ND	MINOT, ND	WILLISTON, ND	GLASCOW, MT	GLENDIVE, MT	ABERDEEN, SD	AVERAGE
RAIL SHORT MILEAGE TO MINNEAPOLIS													
			279	323	425	531	374	465	585	742	636	307	
			(CENTS/CWT.)										
X-368, EFFECTIVE RATE													
	S.C.	10/1/79	68½	75½	94	113	81	105	130	158½	135	73	103.4
X-375 C, GEN. INCR.													
	S.C.	7/12/80	78	85	108½	128½	92	119½	148	180	153½	83	117.6
X-386, GEN. INCR.													
	S.C.	12/31/80	82	90	112	135	97	125	155	189	161	87	123.3
SPRING SHOPPERS SPECIAL													
	S.C.	5/23/80	85	94	113½	141½	102	130½	161	197	168	90	128.3
	S.C.	5/24/80	62	69	97½	122½	86½	107	141	190½	153	66	109.5
	S.C.	7/ 1/12	86	95	118	143	103	132	163	199	170	91	130.0
X001, COST RECOVERY													
	S.C.	6/ 5/81	84	92	115	139	100	128	159	194	165	89	126.5
X002, COST RECOVERY													
	S.C.	7/ 1/81	86	95	118	143	103	132	163	199	170	91	130.0
INTRODUCTION OF MULTIPLE CAR RATES													
	26M	7/13/81	71	79	103	126	86	116	148	184	154	76	114.3
	26S		65	74	98	121	81	111	142	179	149	71	109.1
	52		60	68	91	115	76	106	137	173	143	65	103.4

**TABLE 4. BURLINGTON NORTHERN WHEAT RATES TO MINNEAPOLIS AND ST. PAUL FROM SELECTED ORIGINS
IN NORTH DAKOTA, MINNESOTA, MONTANA, AND SOUTH DAKOTA - RESTRICTED SERVICE.**

RATE CHANGE*	LOADING REQ.*	DATE OF CHANGE	CROOKSTON, MN	JAMESTOWN, ND	BISMARCK, ND	DICKINSON, ND	DEVILS LAKE, ND	MINOT, ND	WILLISTON, ND	GLASGOW, MT	GLENDIVE, MT	ABERDEEN, SD	AVERAGE
RAIL SHORT MILEAGE TO MINNEAPOLIS													
			279	323	425	531	374	465	585	742	636	307	
			(CENTS/CWT.)										
X003, COST RECOVERY													
	S.C.	10/ 1/81	87	96	120	145	104	134	165	202	172	92	131.7
	26M		72	80	104	128	87	118	150	187	156	77	115.9
	26S		66	75	99	123	82	113	144	182	151	72	110.7
	52		61	69	92	117	77	107	139	175	145	66	104.8
REDUCTION													
	S.C.	10/15/81	77	86	109	133	93	124	155	192	162	82	121.3
	26M		66	75	99	122	82	113	144	181	151	72	110.5
	26S		61	69	93	117	77	107	139	176	145	66	105.0
	52		55	64	88	112	72	102	133	170	140	61	99.7
X082, COST RECOVERY													
	S.C.	1/ 1/82	81	90	114	139	97	130	162	201	170	86	127.0
	26M		69	79	104	128	88	115	151	190	158	75	115.8
	26S		64	72	97	122	81	112	146	184	152	69	109.9
	52		58	67	92	117	75	107	139	178	146	64	104.3

TABLE 4. BURLINGTON NORTHERN WHET RATES TO MINNEAPOLIS AND ST. PAUL FROM SELECTED ORIGINS IN NORTH DAKOTA, MINNESOTA, MONTANA, AND SOUTH DAKOTA - RESTRICTED SERVICE.													
RATE CHANGE ^a	LOADING REQ. ^b	DATE OF CHANGE	CROOKSTON, MN	JAMESTOWN, ND	BISMARCK, ND	DICKINSON, ND	DEVILS LAKE, ND	MINOT, ND	WILLISTON, ND	GLASCOW, MT	GLENDIVE, MT	ABERDEEN, SD	AVERAGE
RAIL SHORT MILEAGE TO MINNEAPOLIS													
			279	323	425	531	374	465	585	742	636	307	
			(CENTS/CWT.)										
REDUCTION													
	S.C.	1/18/82	73	83	107	132	90	122	155	194	162	79	119.7
	26M		69	79	194	128	86	118	151	190	158	75	115.8
	26S		61	69	93	117	77	107	139	176	145	66	105.0
	52		55	64	88	112	72	102	133	170	140	61	99.7
3 CAR RATE - REPLACED 26 CAR MULTIPLE ORIGIN RATE													
		2/16/82	69	79	104	128	86	118	151	190	158	75	115.8

^a Several fuel surcharges were also applied up until X001, however, for convenience they are not shown here.

^b S.C. - single car; 26M - 26 car multiple origin; 26S - 26 car single origin; 52 - 52 car single origin.

TABLE 5. SOO LINE WHEAT RATES TO MINNEAPOLIS AND ST. PAUL FROM SELECTED ORIGINS IN NORTH DAKOTA, MINNESOTA, MONTANA, AND SOUTH DAKOTA - RESTRICTED SERVICE.							
RATE CHANGE *	LOADING REQUIREMENTS *	DATE OF CHANGE	CARRINGTON, ND	ENDERLIN, ND	FOREST RIVER, ND	MINOT, ND	AVERAGE
RAIL SHORT LINE MILEAGE TO MINNEAPOLIS							
			356	261	375	473	
			(CENTS/CWT.)				
X - 368, EFFECTIVE RATE							
	S.C.	10/ 1/79	83	67	68½	105	80.9
X - 375, GEN. INC.							
	S.C.	7/12/80	94½	76½	78	119½	92.1
X - 386, GEN. INC.							
	S.C.	12//31/80	99	80	82	125	96.5
X 001, COST RECOVERY							
	S.C.	6/ 5/81	103	83	84	128	99.5
X001, COST RECOVERY							
	S.C.	7/ 1/81	105	85	86	132	102.
INTRODUCTION OF MULTIPLE CAR RATES							
	3	7/27/81	94	74	76	122	91.5
	26S		N.A.	N.A.	N.A.	111	
	52		N.A.	N.A.	N.A.	106	
24 CAR RATE REPLACED 26 CAR RATE							
	24S	8/28/81	83	63	N.A.	111	

**TABLE 5. SOO LINE WHEAT RATES TO MINNEAPOLIS AND ST. PAUL FROM SELECTED ORIGINS IN NORTH DAKOTA,
MINNESOTA, MONTANA, AND SOUTH DAKOTA - RESTRICTED SERVICE.**

RATE CHANGE *	LOADING REQUIREMENTS *	DATE OF CHANGE	CARRINGTON, ND	ENDERLIN, ND	FOREST RIVER, ND	MINOT, ND	AVERAGE
RAIL SHORT LINE MILEAGE TO MINNEAPOLIS							
			356	261	375	473	
			(CENTS/CWT.)				
X 003, COST RECOVERY							
	S.C	10/ 1/81	106	86	87	134	103.2
	3		95	75	77	124	92.8
	24S		85	64	N.A.	113	
	52		N.A.	N.A.	N.A.	107	
REDUCTION							
	3	10/23/81	90	69	72	118	87.2
	24		79	59	N.A.	107	
	52		N.A.	N.A.	N.A.	102	
X 082, COST RECOVERY							
	1	1/ 1/82	111	90	91	140	108.0
	3		94	72	75	124	91.2
	24		83	62	N.A.	112	
	52		N.A.	N.A.	N.A.	107	

TABLE 5. SOO LINE WHEAT RATES TO MINNEAPOLIS AND ST. PAUL FROM SELECTED ORIGINS IN NORTH DAKOTA, MINNESOTA, MONTANA, AND SOUTH DAKOTA - RESTRICTED SERVICE.							
RATE CHANGE *	LOADING REQUIREMENTS *	DATE OF CHANGE	CARRINGTON, ND	ENDERLIN, ND	FOREST RIVER, ND	MINOT, ND	AVERAGE
RAIL SHORT LINE MILEAGE TO MINNEAPOLIS							
			356	261	375	473	
			(CENTS/CWT.)				
REDUCTION							
	1	2/ 1/82	92	71	73	122	89.5
	3		90	67	73	118	86.0
	24		90	67	69	107	
	52		N.A.	N.A.	N.A.	102	

^a Several fuel surcharges were also applied up until X001, however, for convenience they are not shown here.

^b S.C. - single car; 26M - 26 car multiple origin; 26S - 26 car single origin; 52 - 52 car single origin.

SUMMARY

The introduction of multiple car rates in North Dakota by the Burlington Northern in December of 1980 signaled a significant change in the North Dakota traditional grain transportation and merchandising system. These possible reasons exist for the introduction of multiple car wheat rates westbound:

- (1) truck competition direct to the PNW and truck-barge competition on the Columbia-Snake River,
- (2) the introduction of multiple car wheat rates to the PNW in Nebraska, Kansas which widened the differential between the Upper and Central Great Plains producing regions,
- (3) an increase in the differential between the eastbound and westbound wheat rates as a result of percentage rate increases.

Once the multiple car rates were introduced the Burlington Northern systematically increased the spreads between 26-car and 52-car service from five cents to 23 cents.

When the spread reached a maximum of 23 cents the Soo Line countered with a lower spread of seven cents which eventually resulted in equalized rates between the Soo and BN with a spread of 15 cents.

The Soo Line has also been effective in providing price competition to the Burlington in the eastbound wheat movements to Minneapolis-St. Paul and Duluth-Superior. The BN originally introduced 26-car single and multiple origin service, and 52-car service eastbound on July of 1981. The Soo Line countered with a 26-car and 52-car rate of its own as well as a 3-car rate to compete pricewise with the BN 26-car multiple origin rate. After a series of price reductions by both railroads the rates have been equalized around four levels of service: single car, 3-car, 26-car, and 52-car.