ANNUAL REPORT OF CLASS II AND III RAILROADS
NORTH DAKOTA PUBLIC SERVICE COMMISSION
SFN 14356 (03-03)

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NORTH DAKOTA
PUBLIC SERVICE COMMISSION

File No

Business Name: Yellowstone Valley Railroad	Year Ending: Dec. 31, 2012
Business Address: 909 E. Main St. Sidney, MT 59270	Business Telephone Number: (406) 433-8561

Instructions: Complete this form in duplicate and return the original to the ND Public Service Commission, 600 E Boulevard Ave., Dept. 408, Bismarck ND 58505-0480. Return it no later than the 15th day of the fourth month following the close of the year for which this report is filed.

General Information

1. Provide the names and addresses of owners, partners, or top five corporate officers.

Name	Address
Watco Companies, LLC (Lessee)	315 W. 3rd Pittsburg, KS 66762
BNSF (Lessor)	2650 Lou Menk Dr. Fort Worth, TX 76131

2. Provide the names and addresses of owners, partners, or stockholders with 20% or more ownership of the company.

Name	Address
Refer to #1 Above	

I certify that to the best of my knowledge and believe that this is a true and correct report.

Name: Grant Pate	Signature: Grant C Pate
Title: Senior Accountant	Date: 4/22/2013

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Company Statements

3. Condensed Balance Sheet (system)

Asset Side	Balance at End of Year	Liability and Equity Side	Balance at End of Year
Current Assets	44,501,975	Current Liabilities	35,853,091
Other Assets/Deferred Charges	3,000	Non-Current Liabilities	—
Transportation Property – Net	7,795,880	Stockholders' Equity	16,447,764
Total Assets	52,300,855	**Total Liabilities and Equity**	52,300,855

4. Condensed Operating Statement (system)

	Balance at End of Year
Railway Operating Revenues (from revenue schedule below)	9,234,131
Less: Railway Operating Expenses (from schedule A – attached)	6,313,653
Net Income from Railway Operations	2,920,478
Less: Net Rentals	32,492
Railway Income Tax Accruals	—
Net Railway Operating Income	2,887,986

Additional Data and Statistics

5. Railway Operating Revenues

	North Dakota Intrastate	System Wide
Freight	29,521	4,966,542
Switching	320	53,877
Demurrage	21,597	3,633,491
Incidental	3,449	580,221
Total	54,888	9,234,131

	North Dakota Intrastate	System Wide
6. Miles of road owned and operated at year end	—	—
7. Miles of road operated under trackage rights	8.7	148
8. Miles of road discontinued during the year	—	—
9. Expenditures for maintenance of way during the year	3,262	$548,796

10. Operating Statistics

	System Wide
Gross Ton Miles	*
Train Miles	
Car Miles	
Car Days	
Road Locomotive Hours	
Yard Locomotive Switching Hours	
Trailer/Container Days	

* - See page 4 for further details.

11. Equipment Inventory

	Owned	Leased
Road Locomotive Units	7	1
Yard Locomotive Units	—	—
Freight Cars		
Covered Hopper	—	—
Open Hopper	—	—
Other	—	—
Trailers/Containers	—	—

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Schedule A
Railway System Operating Expenses

Maintenance of Way & Structures			548,796
Maintenance of Equipment:			
Locomotives	209,495		
Freight Cars	529,432		
Trailers & Containers	–		
Other	(76)		
Total Maintenance of Equipment			738,851
Transportation:			
Train & Engine Crews	1,949,433		
Yard Crews	–		
Locomotive Fuel:			
Train Operations		(9,564)	Net Fuel Surcharges
Yard Operations		–	
Total Locomotive Fuel	(9,564)		
Other Transportation:			
Train Operations		1,247,668	
Yard Operations		–	
Total Other Transportation	1,247,668		
Total Transportation			3,187,537
General Administration & Overhead:			
Central Office Personnel	100,950		
Property Taxes	319,484		
Fringe Benefits	–		
Other	1,418,035		
Total Other General Administration & Overhead			1,838,469
Total System Expenses			6,313,653

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Schedule B
System Revenue Freight Handled During the Year

Description	Originating		Terminating		Bridge and Overhead Traffic	
	Carloads	Tons	Carloads	Tons	Carloads	Tons
Wheat (except durum)	*					
Durum						
Barley						
Sunflowers						
Corn						
Flax						
Oats						
Rye						
Soybeans						
Other Grain and Oilseeds						
Wheat Flour						
Malt						
Dairy Products						
Fertilizer						
Cement						
Coal						
Petroleum & Petroleum Products						
Chemicals						
Lumber						
Machinery						
Livestock						
Miscellaneous*						
Totals						

*List below any commodity that accounts for more than 1% of total carloads or tons:

* The YSVR is no longer on Watco's system as the lease was planned to revert back to BNSF in Nov '12. However, this has been delayed until June '13. As such, we only receive reports from BNSF over financial data.

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Schedule C
ND Revenue Freight Handled During the Year

Description	Originating		Terminating		Bridge and Overhead Traffic	
	Carloads	Tons	Carloads	Tons	Carloads	Tons
Wheat (except durum)	*					
Durum						
Barley						
Sunflowers						
Corn						
Flax						
Oats						
Rye						
Soybeans						
Other Grain and Oilseeds						
Wheat Flour						
Malt						
Dairy Products						
Fertilizer						
Cement						
Coal						
Petroleum & Petroleum Products						
Chemicals						
Lumber						
Machinery						
Livestock						
Miscellaneous*						
Totals						

*List below any commodity that accounts for more than 1% of total carloads or tons:

* Refer to page 4 for further details.