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The Honorable Ann Begeman, Chairman
United States Surface Transportation Board
395 E Street, S.W.
Washington, D.C. 20423

Dear Chairman Begeman:

Thank you for the opportunity to share our experience and perspective regarding demurrage and accessorial charges. As I explain below, we believe our tariffs set forth balanced and appropriate incentives for both Canadian Pacific¹ and our shippers which help maintain a fluid rail network—benefits that inure to all shippers and carriers.

Effective management of railcars is important to maintain fluid operation of the national rail network, as well as the sidings and facilities of rail customers, logistics providers, ports, and customs stations. Shippers and receivers are in a unique position to coordinate rail shipments to make efficient use of railcars and other rail assets, including track and yards. Cars that are not timely loaded, unloaded, or released congest track and yards and impact the network's ability to handle the customer's next shipment and the ability to serve other traffic.

The rail industry, and the United States Congress, have long recognized demurrage as a necessary mechanism to ensure a fluid rail network. Demurrage is a charge for extended use or detention of rail cars or containers on our lines beyond a specified amount of time generally referred to as "free time." Demurrage applies to both railroad supplied and privately owned cars. Demurrage compensates rail carriers for the use of railroad equipment and assets, and incentivizes the prompt return of rail cars into the transportation network.

Accessorial charges are for incidental services, often requested by the shipper, such as intra-plant, intra-terminal switching, re-consignments, weighing, diversions, etc. Like demurrage, these charges are in addition to and separate from linehaul transportation. Accessorial charges are also incurred for services rendered to facilitate safety and/or the continued movement of cars; for example, improperly loaded, leaking or unsafe to continue, cross-border holds, OT-5 non-compliance², improper or incomplete shipping documentation, etc.

¹ Canadian Pacific is a trade name under which Canadian Pacific Railway Company and its United States subsidiaries, Soo Line Railroad Company, Dakota, Minnesota and Eastern Railroad Corporation, and Delaware and Hudson Railway Company, Inc. operate.

² Owners and lessors of private rail cars are responsible for submitting an application to the originating linehaul rail carrier per the Association of American Railroad's OT-5 Circular for Rules Governing Assignment of Reporting Marks, Mechanical Designations and Use of Private Equipment before they can place a private car on the rail network for potential loading. The OT-5 process is administered by Railinc.

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As the foregoing description indicates, CP's demurrage and accessorial related rules are reasonably designed to facilitate transportation and an adequate car supply. They also contain balanced protections for shippers and receivers. For example, if CP misses a scheduled switch when the car is available at the destination serving area, CP will add incremental credit(s) until the car is physically placed. CP also adds a credit to open gate facilities (facilities that allow delivery of cars as they become available) as well as facilities that perform all on-site switching and classification.

CP recognizes the need to resolve customer concerns promptly regarding supplemental invoicing for demurrage and accessorial services. We provide an on-line procedure where customers can raise and resolve concerns or disputes, and on each invoice provide the name and telephone number of a person whom the customer can contact regarding concerns and adjustments.

Enclosed is a report of our 2018 demurrage and accessorial revenues in the United States together with a list of our accessorial and demurrage items and a reference to the associated supplemental tariff. CP's supplemental tariffs may be accessed on our website here. <https://www.cpr.ca/en/customer-resources/pricing-and-tariffs>

We encourage the Board to take a close look at our demurrage and accessorial data. These revenues do not drive our financial performance. In fact together they represent less than 3% of CP's total operating revenues in the United States. Rather, these charges represent legitimate and reasonable charges for supplemental services and encouragement of the safe and efficient use of rail assets. It should be noted too that because of the relatively small amounts of these revenues, changes in behavior by a few shippers can have a substantial impact. In 2018 some of our customers, in particular intermodal customers, chose to increase use of our container storage program notwithstanding the expense because it worked for their business. This decision by several shippers to utilize CP for their storage needs accounts for a large portion of the growth in our demurrage revenues in 2018.

Sincerely,

A handwritten signature in black ink that reads "Keith Creel". The signature is written in a cursive, flowing style.

Keith Creel,
President and Chief Executive Officer

CP 2018 US Quarterly Accessorial and Demurrage Revenues

Type	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Grand Total
Accessorial	\$ 2,234,260.79	\$ 2,978,407.62	\$ 4,234,841.89	\$ 4,184,957.22	\$ 13,632,467.52
Demurrage	\$ 4,161,559.91	\$ 7,331,309.91	\$ 9,152,063.23	\$ 9,494,259.42	\$ 30,139,192.47

CP Accessorial and Demurrage Items for 2018 Reported Revenues¹

	Associated Tariffs
Accessorial (below)	
Car adjustments inc. load adjustments & car turning - 40178	Tariff 2 Item 53
Container Gate Charges - 40103	Tariff 3 Item 61
Container Inspection - 40102	Tariff 3 Items 21, 62, 81
Container Terminal Service - 40100	Tariff 3 Item 62
Cross Border Hold - Intermodal - 40109	Tariff 3 Items 80, 81, 82
Dangerous goods surcharge - 40190	Tariff 8 Items 12, 13
Diversion - Carload - 40128	Tariff 2 Item 41
Diversion - Intermodal - 40112	Tariff 3 Items 3, 40, 91
Grain Penalty Revenues - 40125	Grain Car Auction Related Charges
Handling - Intermodal - 40111	Tariff 3 Items 21, 36, 62, 71
International Equipment in Domestic Repositioning - 40108	Contractual Charges - Domestic Repositioning
Manual BOL Service Fees - 40165	Tariff 3 Item 3
Misc Carload Handling - 40168	Tariff 2 Items 5, 15, 23, 46, 51, 53, 73, Contractual Switching Charges
Miscellaneous - 40180	Tariff 3 Items 37, 63, 72, 83, 85
No Bills - 40169	Tariff 2 Item 46
Origin or destination delays - 40174	Tariff 2 Items 15, 30, 31, 32
Other cannot continue transit - 40176	Tariff 2 Item 18, 46, Tariff 7 Item 3
Payment administration charges - 40179	Tariff 2 Item 5
Pick-up and Delivery - 40110	Tariff 3 Items 25, 36, Tariff 7551

¹ CP's supplemental tariffs are accessible on our website here. <https://www.cpr.ca/en/customer-resources/pricing-and-tariffs>

Cross Border Hold - Carload - 40129	Tariff 2 Items 6, 7, 9, 15, 46, Tariff 3 Item 81
Shipping Documentation Charges - 40173	Tariff 2 Item 1, 5, Tariff 5 Items 1, 3
Special Switch Train - 40126	Tariff 2 Items 36, 38
Switching - 40171	Tariff 2 Items 21, 22, 23, 24, 25, 32, Tariff 5 Item 19
Unsafe / improperly loaded car - 40177	Tariff 2 Item 8, 18, 51, 54, 55
Weighing - 40135	Tariff 2 Items 55, 61
Demurrage (below)	
Container Storage - 40101	Tariff 3 Items 51, 52, 53, 54
Intermodal Container Detention - 40131	Tariff 3 Items 30, 38, 51, 54
Short-Term Railcar Asset-Use (Demurrage) - 40132	Tariff 2 item 11, 13, 15
Short-Term Train Asset-Use (Train Staging/Detention) - 40133	Tariff 5 Item 4, 6, 7, 8, 10
Long-Term Asset-Use (Car/Train Storage) - 40134	Contractual Charges - Storage