August 25, 2020

The Honorable Ronald Batory, Administrator
Federal Railroad Administration
United States Department of Transportation
1200 New Jersey Ave., SE
Washington, D.C. 20590

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

The Honorable Martin Oberman, Vice Chairman
United States Surface Transportation Board
395 E Street, S.W.
Washington, D.C. 20423

The Honorable Patrick Fuchs, Board Member
United States Surface Transportation Board
395 E Street, S.W.
Washington, D.C. 20423

Dear Administrator Batory, Chairman Begeman, Vice Chairman Oberman, and Board Member Fuchs:

I am writing in response to the August 24 letter and to share Canadian Pacific’s (CP)¹ commitment and practice of meeting the needs our customers and the communities we serve. I am also writing to express our appreciation of the FRA and the Board’s recognition of the response the rail industry and CP have made to the COVID reality we have faced these last months. The 12,000 strong employees of CP have sacrificed day in and day out to ensure that the essential services we provide continue for our communities, safely and without interruption. Our US regulators’ notice of that effort is appreciated.

As I wrote to the Board in May, adjusting, controlling and tempering our assets and crew availability in step with customer demand is normal, ongoing, business practice for us. Our team drills into the operating plan on a weekly basis to right size our resources in response to the current sizing and needs of our customers. This requires communication and working with our customers, which we

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, Delaware and Hudson Railway Company, Inc., and Central Maine & Quebec Railway US, Inc. operate.
do, as they recover their business and supply chains. Yes, this requires judgment and forecasting based on experience, both on the operating and the sales and marketing side. And while we recognize we still have work to do, we believe we do this better than most.

Our service has been strong. As an indicator, our over the road train on-time performance to date for Q3 2020 is 96% in the United States. That performance is actually an improvement, during a pandemic, over last year’s 92% for the same period.\(^2\) All-in train speed, which includes CP’s US bulk trains (potash, grain, oil, coal), has improved 8% over the same period last year.\(^3\) Similarly, CP’s industrial switch performance has been solid in recent months as well.

We have long understood railroading is a people business. As a result we have worked with our unions to make adjustments to their benefits during this pandemic and in exchange received commitment from our train and engine employees to return sooner than the standard 15 day call back. We have reached agreement in many cases to shorten that to 72 hours. Currently we have 1162 train and engine employees on the roster in the United States, 375 of whom were on furlough at the beginning of this quarter, Q3 2020. Consistent with our operating discipline, we called back 80 train crew personnel so far this quarter, nearly all of whom have accepted and returned to the railroad on a timely basis. We expect to call back another approximately 121 train and engine employees by year’s end, or more if necessary.

Also as I indicated in May, CP has adequate locomotive power to meet anticipated demand and we are continuing with the plan to bring on additional locomotives. As of this writing, our locomotive fleet consists of approximately 1300 units. Of those, 991 locomotives are in active service and/or available. We have 19 additional locomotives in storage that are ready for immediate return to service. Our SD90 re-build program continues, the pandemic notwithstanding.

At CP we could not do what we do without our sales professionals working closely with our customers to understand their current needs, changes in demand, and how we can help them succeed. That means working to understand how to right size our assets and plan to their needs and resources.

I am proud of the work this Company and its 12,000 plus employees have accomplished in the face of an unprecedented situation. We will continue to deliver essential freight transportation service to the communities where we live and work, and as always take the necessary measures to do so in safety for our employees and customers.

Sincerely,

\(^2\) Over the road on-time train performance measures to on-time plus 2 hours. It captures performance of all CP’s scheduled trains, including intermodal, but not bulk trains.

\(^3\) All-in train speed captures all time from origin to destination, including intermediate terminal and crew change time.
Keith Creel,
President and Chief Executive Officer