



National Grain and Feed Association

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March 10, 2018

The Honorable Ann D. Begeman
Acting Chairman
Surface Transportation Board
395 E St., S.W.
Washington DC 20423

The Honorable Deb Miller
Vice Chairman
Surface Transportation Board
395 E St., S.W.
Washington DC 20423

Dear Acting Chairman Begeman and Vice Chairman Miller:

The National Grain and Feed Association (NGFA) wishes to apprise the Surface Transportation Board (Board) of major concerns it has received regarding severe rail service problems and excessive charges involving Class I railroads that are being experienced by shippers and receivers of grains, oilseeds and processed grain products.

Before detailing those, however, there is a fundamental concern among rail customers that the underlying root cause of these service and accessorial charge-related issues is Class I railroads' aggressive effort to reduce their operating ratios to impress Wall Street investors and shareholders. This, in turn, has resulted in the systemic shedding of resources by Class I carriers, including locomotives and crews, that has degraded service to unacceptable levels, and resulted in virtually non-existent surge capacity to meet rail customers' needs. Conditions have failed to improve for several months, resulting in grain and grain product companies shifting their supply chains to just-in-time deliveries and increasing their reliance on costlier truck transportation just to get agricultural products moving. Class I rail carriers' drive to generate income also has manifested itself in the imposition of new and unprecedented fees and charges on their customers. These adverse repercussions do not appear to be abating – and in fact seem to be becoming endemic within the fabric and operating strategy of several Class I carriers. These issues far transcend the routine imperfections in rail service performance to which rail customers unfortunately have become accustomed, and cannot be explained away by the vagaries of weather.

NGFA believes it is prudent to share these observations with the Board for your situational awareness and potential interaction/intervention with Class I carriers. Specifically, NGFA respectfully requests that these issues be examined by the Board and its Office of Public Assistance, Government Affairs and Compliance, and that weekly calls with senior management of the affected railroads be instituted immediately. For several Class I carriers, the NGFA believes it is appropriate for the Board to require submission of Service Recovery Plans with specific deadlines for improvements in service performance.

The rail service-related observations provided herein are the result of several surveys NGFA has conducted of its member companies as of early March. NGFA also has reached out to its sister organization – the North American Millers' Association – and this report includes service-related problems being reported by its grain milling membership, as well.

Further, rail customers continue to be subjected to the disparity in which rail carriers unilaterally impose on their customers costs and penalties for performance-related issues, with no commensurate reciprocal penalties imposed upon carriers when they fail to perform.

Rail Service Degradation Issues

While the observations summarized herein are listed by carrier in alphabetical order, the most numerous, persistent and egregious complaints reported to NGFA over the quality and responsiveness of rail service involve the Norfolk Southern, Union Pacific, Canadian Pacific and Canadian National Railroads, and CSX. We appreciate the Board's continued vigilance in holding rail carriers accountable for their lack of service performance.

BNSF Railway:

- The industry is experiencing significant transit delays and increased dwell time on BNSF trains destined to the Pacific Northwest, leading to significant deterioration in cycle times on shuttles.
- BNSF Railway is experiencing power and crew shortages in the Houston complex, and perhaps other corridors.

Canadian National Railroad:

- CN problems are systemwide in the United States and Canada. There are reports of companies having more than 100 loaded and billed cars sitting at various CN origins that have been waiting to be pulled for four to six weeks.
- CN switching problems have resulted in costly plant shutdowns and production declines in processing plants subject to manifest and local service. It also has resulted in delays of up to a week with interchanges between CN and UP in the Memphis area. CN customers are receiving inconsistent and erroneous communications from CN on when or if switches will occur.
- CN has been struggling with providing first-mile/last-mile service, starting in late fall, for unknown reasons.
- CN is misrouting cars to the wrong locations, which has resulted in cars needing to be cleaned after being loaded with the wrong product, making it difficult to get cars back into regular service.
- CN has indicated it is hiring new crew members, but the soonest they are expected to be in place is early summer (in the Memphis region).
- CN is increasing rates dramatically.

Canadian Pacific Railroad:

- Significant delays (eight to 10 days) in service during the last 45 days of 2017, leading to increased dwell time.

CSX Transportation Co.:

- Most reported service delays are being experienced with manifest trains of grain products and flour.
- Inconsistent pull/place service and missed switches in several areas have caused reductions in operating capacity at oilseed processing plants.
- Increased transit times affecting rail customers east of Memphis, TN; Buffalo, NY; Indianapolis, IN; Beach Grove, IN; and Hudson, NY gateways.
- Concerns remain about the service impacts resulting from slashed resources as CSX continues to implement the “precision scheduled railroad” concept.

Norfolk Southern Railroad:

- NS service began declining precipitously across all types of traffic (including grain unit trains, manifest trains and intermodal) starting in late November and early December. Manifest trains were sitting for multiple days – at times for up to two weeks – in various locations while grain unit trains were stalled waiting for locomotive power for several days. Believed to be attributable primarily to a lack of locomotives.
- Lack of locomotive power on NS has led to increased dwell times for unit train service. Origin dwell for loaded trains has reached up to eight days at some facilities, while transit times exceed normal. NS has acknowledged for several months that it has a “power deficit,” and its Unit Train Desk does not indicate recovery will be forthcoming soon.
- NS experienced major delays in moving blocks of empty single cars to next origins for loading, resulting in significant reductions in velocities in late December.
- NS trains in the Chicago area in early February were sitting idle for three days.
- Increased dwell times have been experienced in Birmingham, AL; Chattanooga, TN; Bellevue, Columbus and Cleveland, OH; Linwood, NC; and Macon GA; among others.

Union Pacific Railroad:

- UP service in the Texas Gulf region has deteriorated precipitously. Limited switches, trains backed up, manifest cars bunched and waiting to be switched across the system.
- Locomotive power and crew shortages in the Houston and other corridors have resulted in deteriorating service.
- Reports of empty trains sitting idle and waiting to be pulled for up to a week or longer at some origins and destinations. A case in point is a UP shuttle train billed in Nebraska on March 1 that still was waiting for locomotive power as of March 6. Reflecting these conditions, spot shuttles have traded for more than \$1,500 per car.
- UP also appears to be plagued by locomotive breakdowns – a persistent problem that does not appear to be abating – resulting in trains sitting idle awaiting functioning locomotives.
- UP also has been struggling to provide service to move single car shipments in Minnesota and Iowa, a situation that began in mid-summer and has continued.

- Manifest train delays have been experienced in Iowa and Kansas, and there are continued issues with the interchange between the Cedar Rapids and Iowa City and UP Railroads, with cars sitting idle for up to a week.
- First-mile and last-mile delays, such as missing local switches at various industries, consistently from November through February. NGFA has received reports of only 70 percent of switches being accomplished per week.

Imposition of New and Escalating Accessorial Charges

In addition, NGFA-member companies continue to express concerns over dramatically higher and in some cases new accessorial charges being imposed by Class I carriers. While not limited to these two carriers, and while not all examples are described below, the increase in existing – and implementation of new – accessorial charges are illustrative of what shippers and receivers are confronting across the freight rail landscape:

CSX Transportation Co. Accessorial Charges: Please see the accompanying CSXT 8100 Accessorial Tariff charges imposed effective Jan. 1, 2018, which include, but are not limited to:

- A new \$200 fee may be charged if a customer submits “incomplete or erroneous customs documentation or data.”
- A new \$25 per car charge for customs paperwork and processing.
- An increased charge for overweight railcars to \$1,000 per car (up from \$750).
- A charge of \$275 per railcar, or \$2,750 for blocks of 10 or more railcars, for diversion requests to a location different from the original shipping instruction. Effective Jan. 1, this charge began being applied to diversions of empty cars (except for tank cars, which will be charged for the second and subsequent diversions).
- Elimination of credits for demurrage/private car storage on holidays.

Norfolk Southern Railway Accessorial Charges:

- Use of Privately Owned OT-5 Cars: \$500 per car.
- Diversion requests frequently are denied because of cars blocked on trains.
- \$500 charge for investigating invoice disputes with customers if not done by the fifth of the month on-line.
- \$100 per railcar charge for weighing cars that have been placed at destination.

In addition, Norfolk Southern over the last six months has been “Classing Cars” for both empty and loaded cars almost immediately after billing, which prevents shippers/receivers from diverting cars in transit and requires a costlier rebill. Further, Norfolk Southern’s degraded service performance and resulting increase in cycle times adversely has affected shippers’ positioning of private fleets for future sales and required ever-faster equipment positioning for empty cars.

Canadian Pacific Railway Accessorial Charges (Please see accompanying CPRS Tariff 2 Railcar Supplemental Services effective April 2018 for additional charges):

- \$1,000 per car charged to the shipper if a safety appliance is damaged or missing, or if stenciling is faded.
- \$400 per car charge to make a correction to a bill of lading, even if the car has not been pulled from a customer's facility. The increase is from \$105 per car in January 2018 to \$400 per car effective April 2018.
- \$200 per car supplemental charge for OT-5 non-compliance on private equipment:
 - Shipment to a location not listed as part of the OT-5 approval; or
 - Shipment containing a commodity not listed as part of the OT-5 approval.
- \$110 per car to ask for a specific car to be delivered if it is asked for out of order.
- \$75 per car supplemental charge for all U.S.-bound shipments with broker entry not filed prior to the shipment's departure from origin. The previous tariff had stated that the broker entry filing for U.S.-bound shipments must be received in advance of the shipment arriving at an approved final CP cross-border hub listed in the tariff.

Accessorial Charges – Various Railroads

- \$80 to \$200 per car per day charged if a car is delayed by a shipper/receiver for more than one day (e.g., held in a railyard or not loaded/unloaded in time). Conversely, of course, when delays are attributable to a railroad's poor service performance, there are no commensurate financial penalties imposed on carriers or rebates to shippers or receivers.

We appreciate the opportunity to apprise the Board about these important developments, and thank the Board in advance for its attention to these important matters.

Sincerely,



Randall C. Gordon
President and Chief Executive Officer

cc: Lucille Marvin, Director, STB Office of Public Assistance, Government Affairs and Compliance
Mike Higgins, Deputy Director, STB Office of Public Assistance, Government Affairs and Compliance
Mr. Bruce Blanton, Director, Office of Transportation, Agricultural Marketing Service, U.S. Department of Agriculture

CSXT 8100 Changes- January 1, 2018

1.3.5 – Safe Loading of Railcars

-Change language to read, "CSXT may apply a charge of \$1,000.00 for each unsafe fees may also apply" Currently reads, "CSXT may apply a charge of \$750.00 for each unsafe fees may also apply"

2.1.1 – Calculating Demurrage

-Change language to read, "Debit days start at 00:01 the next day after CSXT not Placement of a railcar, or Actual Placement of a railcar." Currently reads, "Debit days start day after CSXT notifies the Customer of Constructive Placement of a railcar, or Actual Placement without scheduled service days, debit days start at 00:01 the day after CSXT notifies the Customer a railcar or places a railcar."

2.1.2 – Reloading and Demurrage

-Change language to read, "There are times when a Customer may appropriate a railcar happens, the Demurrage cycle stops on the unloading account (2 credit days) and begins on the loading account. This ensures that you will be credited with the proper amount of time to accomplish the task. This happens times when a Customer may appropriate a railcar for reloading. When this happens, the Demurrage cycle stops on the unloading account (1 credit day) and begins on the loading account (1 credit day). This ensures the proper amount of time to accomplish the task."

2.2.1 – Private Car Storage Charges

-Change language to read, "Debit days start at 00:01 the next day after CSXT not Placement of the Private railcar and stops when the customer orders the railcar for Actual Placement. For Customer debit days start at 00:01 the next scheduled service day after CSXT notifies the Customer of Constructive Placement of the railcar and stops when the customer orders the railcar for Actual Placement. For Customer debit days start at 00:01 the day after CSXT notifies the Customer of Constructive Placement of the railcar and stops when the customer orders the railcar for Actual Placement."

2.4 – Open Gate Yard Demurrage and Private Car Storage (**New Charge)

Demurrage or Private Car Storage charges will also apply to railcars that cannot be delivered to the Customer's facility being full, Customer having more railcars arrive than the Customer's facility can handle, or other Customer reason.

2.5 – Demurrage and Private Car Storage Rates

		<i>Chart for all Rates/Credits</i>
Demurrage - Non-Hazmat	\$150 per day	(currently \$105 per day)
Refrigerated Cars	\$250 per day	(currently \$200 per day)
Heavy Duty Flat Cars	\$250 per day	(currently \$200 per day)
Private Car Storage –Non-Hazmat	\$75 per day	(currently \$60 per day)
Private Car Storage –Non-Hazmat	1 credit	(currently 2 credits)
Hazmat – RR & PVT Cars	\$250 per day	(currently \$175 per day)
Open Gate Yard Demurrage/Private Car Storage		\$75 per day

3.1 – Sidetracks

-Change language to read, "Industrial Development." Currently reads, "Regional Development"

5.2.4 – Fees for U.S. Customs and Border Protection (**New Charge)

-Add a new 2nd Bullet, "CSXT may charge a fee of \$200.00 (U.S.) per railcar when a Customer provides erroneous Customs documentation or data."

5.2.5 – Border Fees (**New Charge)

-Add language at end of item, "CSXT charges a fee of \$25.00 (U.S.) per railcar for custom processing fees."

5.4.3 – Weight Overloads

-Change rate to \$1,000.00 for each overloaded railcar. Currently reads, "\$750.00 for each over

6.1.6 – Finance Charges

-Change language to read, "May be billed monthly for all line-haul, supplemental, and miscella past due during the previous month." Currently reads, "Will be billed monthly for all line-haul, suppleme miscellaneous bills that were past due during the previous month."

6.2 – Procedures for Disputing Invoices

-Change language to read, "CSXT is committed to resolving disputed invoices fairly and efficien wishes to dispute a charge must submit their dispute electronically via ShipCSX." Currently reads, "CSXT resolving disputed invoices fairly and efficiently. A Customer who wishes to dispute a charge should subr electronically via ShipCSX."

8.1 – Intermediate Switching Services

-Remove Evansville, IN

9.1 – Customers Eligible for Reciprocal Switching

- Columbia SC – Change Consolidated Systems, Inc. to Precoat Metals
- Decatur AL – Remove Conagra Foods, Inc.
- Decatur AL – General Electric - Add * before name; change page 32 to page 35
- Greenville NC – Remove Ready Mix Concrete Company
- Jacksonville FL – Remove Renaissance, LLC
- Savannah GA – Change Arizona Chemical to Kraton Chemical LLC

9.3 – Interchange Error Movements

- Change BPRR (Line-haul) to \$500 (formerly \$450)
- Remove EARY \$83 (duplicate entry)

9.4 – Glossary

-Add "Closed Gate" – A Station is considered 'Closed Gate' with regards to railcars that will rer yard until the Customer provided specific placement instruction to CSXT via ShipCSX. A Station may be C commodities or railcars and Closed Gate for other commodities or railcars.

-Add "Open Gate" - A Station is considered 'Open Gate' with regards to railcars that CSXT will determining that the Station has space to receive the railcar. No specific placement instruction will be a railcars. A Station may be Open Gate for some commodities or railcars and Closed Gate for other comm

Q3 – Where do I find my Yard Cut-off Time?

A3 - Yard Cut-off time and Capacity can be found on ShipCSX Plant Switch tool in the Inventory/Switch Request tab.

Plant Characteristics			
Days of Service: Mon, Tue, Wed, Thu, Fri	Next Scheduled Train: A775 - Mon, Nov 13th	Yard Cut-off Time: 1:59 PM - Mon, Nov 13th Industry Cut-off Time: 3:00 PM - Mon, Nov 13th	
Closed Gate Req: No Closed Gate Criteria - Open Gate Facility			
Plant Summary			
Plant Capacity	Railcar Inventory	Open Switch Requests	Work Order Summary
Total Plant Capacity: 7	Industry: 5	Place: 0	Place: 0
Available Plant Capacity: 7	Yard: 11	Pull: 0	Pull: 0
	In Route: 5	Off Spot: 0	Off Spot: 0
		Intra Plant: 0	Intra Plant: 0

Existing Policy Clarifications Effective January 1, 2018

Other Changes to Shipping Instructions

ailcar, or \$2,750.00 for blocks of 10 or more railcars

vided by a Freight Payer or its Agent instructing that a railcar be
ther than the one indicated on the original Shipping Instruction.

8, CSXT will begin charging for empty diversions. Empty tank cars will
nd diversion and subsequent diversions only.

Switching Charges: Intra-Plant Switch

ailcar

ovement from one location to another location within the confines of a

CSXT does not charge for all intra-plant switching that occurs within a
ective January 1, 2018, CSXT will begin charging for intra-plant switching
mples below but not limited to these examples only.

on a storage track within a Customer's facility and then switched to an
g spot.

ed to be switched in order to pull a car that is mixed in with cars that do
ulled

ed to be switched in order to accommodate a spot specific placement

today within the CSXT 8100 Publication. In practice, CSXT has
edit day to cars on demurrage/storage on some holidays.

2018, CSXT will no longer apply additional credits on these holidays.



RAILCAR SUPPLEMENTAL SERVICES

Tariff 2

www.cpr.ca



Revision 2018.3
Issued February 27, 2018
by Specialist - Tariff Policy
Canadian Pacific
7550 Ogden Dale Road SE
Calgary, AB T2C 4X9

Effective April 1, 2018
Expires December 31, 2018

This document is updated from time to time. For the most recent version and to subscribe to notifications of updates to this and other tariffs, please visit www.cpr.ca

Changes can be identified by these icons

 ✓	
TEXT	Wording change
 -\$	Price decrease
 +\$	Price increase
NEW ITEM	New item added

Tariff 2 – Railcar Supplemental Services

Canadian Pacific (CP) is constantly working to improve the performance, consistency and safety of its rail service. CP’s customers have a significant role to play in that success.

While customers may choose to use the supplemental services outlined in this document, information provided in [Tariff 1 – CP’s Guide to Products and Services](#) will assist in avoiding extra costs.

All charges in this tariff refer to carload traffic and will be assessed to the Shipper unless otherwise specified. Supplemental services specific to unit train traffic are provided in [Tariff 5](#).

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4	<u>Shipping documentation</u> Changes and corrections Manual transactions OT-5	13	<u>Special requests</u> Diversions Special train Weighing a car
5	<u>Customs</u> Canadian bound shipments US bound shipments	14	<u>Government imposed fees</u> Miscellaneous invoices Customs user fee APHIS
6	<u>Asset use</u> Demurrage events and terms Railway supplied cars Private cars on CP track Unauthorized use of railway asset	15	<u>Payment and non-payment</u> Timely dispute response Interest charge
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11	<u>Handling</u> Unable to place or pick up Shipment cannot continue		
12	<u>Safety</u> Improperly loaded Adjustments		

Other important tariffs
[CP's Guide to Products & Services - Tariff 1](#)
[Private Equipment - Tariff 6](#)
[Between Railways - Tariff 7](#)
[Hazardous Commodities - Tariff 8](#)
[Environmental Surcharges - Tariff 9800](#)



Shipping documentation

The bill of lading authorizes CP to lift railcars for transportation. Submitting accurate and complete billing through CP's Customer Station or via EDI facilitates timely delivery and seamless cross-border moves, while ensuring that shipments meet safety and legal requirements.

\$400 per bill of lading

Changes and corrections *Item 1*

When CP has to correct missing, changing or inaccurate information on the bill of lading, this fee will be assessed to the party requesting the change or requiring the service. Some examples include:

- Cancellation of shipment documentation
- Changes to shipment documentation that impacts invoicing
- Correction or notification of invalid shipping instructions

Notes

1. Requests to alter shipping documentation will only be accepted from the Shipper in writing.
2. Once it has been picked up, any request that changes how the car is physically handled is considered a Diversion [Item 41].
3. When individual invoicing 'per car' is requested on a bill of lading, Item 1 rate will be applied on a per car basis.

vs \$105
Increase 280%

\$110 per transaction

Manual transactions *Item 5*



When CP is asked to perform services manually that could have been performed online, this fee will be assessed to the party requesting the service. Some examples include:

- Submitting shipping instructions via fax, email or non-electronic format
- Requesting placement or release of railcars via fax, email or non-electronic format
- Requesting local switching services via fax, email or non-electronic format
- Remitting payment details in a format other than through Customer Station or via EDI
- Requesting delivery of invoicing in a non-electronic format
- Requesting refund of a validated payment credit
- Requesting invoicing re-issued

vs \$105
Increase 4.8%

\$200 per car

OT-5 non-compliance *Item 8*

Private railcars require approval to travel on CP's network. This approval, per the American Association of Railroads (AAR) Operating-Transportation Circular 5 (OT-5), ensures that private railcars can safely operate, and that car owners or lessees have sufficient storage space for the cars, while on CP's network. This fee will be assessed* on private railcars that are:

- Shipped on CP without prior OT-5 approval
- Shipped to a location not listed as part of the OT-5 approval
- Shipped containing a commodity not listed as part of the OT-5 approval

* The fee in this item will be assessed to the Shipper as the party responsible to confirm that OT-5 approval is in place prior to tendering a shipment. CP will only invoice an alternate party upon written acceptance of the charges by that party.

vs \$500
decrease 60%



Customs

To ensure the efficient movement of cross-border shipments without regulatory interruption, CP requires the timely submission of accurate Customs information. Fees for Customs documentation deficiencies will be assessed to the payer of freight, and apply in addition to applicable set-off, switching and asset use charges.

\$75 per car

vs \$60
Increase 25%

Canadian bound shipments not cleared *Item 6*

For all shipments imported to Canada, a Pre-Arrival Review System (PARS) or Inland Pre-Arrival Review System (INPARS) filing must be received prior to shipment arrival at the Canadian border. When the applicable PARS / INPARS filing is not in place prior to border arrival, this fee will apply.

\$75 per car

vs \$60
Increase 25%

US bound shipments broker entry not filed *Item 7*

For all shipments imported to the United States, the commercial filing must be received prior to shipment departure from origin or this fee will apply.

\$2,000 per car

Held for Customs documentation or refused entry *Item 9*

If CP is required to hold or set off a railcar, crossing the Canadian or US borders, due to incomplete or inaccurate customs documentation, this fee will apply.

Shipments set off for inspections not caused by documentation deficiencies will be charged for the set-off [item 46] and applicable asset use [items 10-13], but will not accrue penalties under item 9.

Asset use

Demurrage events and terms Item 10

Efficient use of CP’s assets, including tracks, yards and railcars, helps ensure network fluidity and availability of equipment. Despite this, extended use of CP railcars or storing privately-owned railcars on CP lines is sometimes unavoidable. In such instances, railcars or network assets may be used for a fee called demurrage [details in items 10 to 13]. Key program events, terms and asset use trigger events are explained below:

Terms

Credits – Days allocated to customers to load or unload railcars.

Debits – Demurrage days used in credit/debit demurrage calculation.

Demurrage Day – Demurrage liability starts at the first 00:01 after the applicable start event and ends at 23:59 the day of the applicable asset use end event. A portion of a day is counted as one day.

Credit/Debit Demurrage – Debits incurred on equipment in a calendar month are offset against credits earned in the same period. Demurrage is charged on the difference if debits exceed credits for a specific location, for a specific activity [loading or unloading] on a specific car ownership [railroad or private] and a specific commodity type [non-hazardous, hazardous or TIH/PIH]. Credits for one location, activity, car ownership or commodity type cannot be used to offset debits incurred for another location, activity, car ownership or commodity type. Credits have no monetary value and are not transferable beyond each calendar month.

Closed Gate – Facility where CP delivers only cars specifically ordered by the customer.

Open Gate – Facility where CP delivers cars as they become available, up to the facility’s loading/unloading capacity.

Order by Quantity – Facility where cars are ordered either by *volume* [# of cars] or *commodity* [# of cars of a given commodity], as opposed to by specific car IDs. Requests for specific car IDs to be delivered to this type of facility are subject to item 24 in this tariff.

Events

DELTA Ordered for Date (ORDF) – Empty car demand date as entered into CP’s empty car ordering system DELTA. Asset use starts with the earlier of PCON or PACT, unless ORDF is later – in which case asset use will start with ORDF.

RMS Load Date – Empty car demand date as entered into CP’s Request Management System (RMS).

Constructive Placement (PCON) – Date car arrives at destination serving area and is made available.

Ordered for Placement Date (ORPL) – Date a closed gate customer wants cars to be actually placed for loading or unloading. The demurrage system will add incremental credits from ORPL to PACT.

Actual Placement (PACT) – Date car is physically placed on a customer’s private track or CP team track. For railroad cars, PACT will start asset use if not already started by PCON. With the exception of CP team tracks, PACT will end asset use on private cars.

Released Empty (RMTY) – Date notification received that car is empty and available for pick-up. RMTY ends asset use.

Released Rejected (REJS) – Date notification received that empty car is rejected as unfit for loading. REJS ends asset use.

Pulled from Patron Siding (PFPS) – Date car is physically pulled from customer siding. For private cars in NOBL status, PFPS will start asset use.

Released Loaded (RLOD) – Date loaded billing is received. RLOD ends asset use.

Released Without Billing (NOBL) – Date car released without valid billing. Asset use accrues on cars in NOBL status.

Asset use trigger events

Car Ownership	Load or Empty	Asset use starts 00:01 day after	Asset use ends 23:59 day of
Railroad	Load	earlier of PCON or PACT	RMTY
	Empty	earlier of PCON or PACT unless ORDF / RMS Load Date is later	RLOD, REJS
Private	Both	PCON	PACT*

*With the exception of CP team tracks, PACT will end asset use on private cars. For private cars on CP team tracks, asset use ends upon RLOD, RMTY or REJS.

Demurrage for railway supplied cars Item 11

The calculation of asset use on railway supplied cars is done through **credit/debit demurrage**. Rates per car per day for net debits are listed below, along with current fleet demand status levels and applicable credit days.

Rate	Detail
\$80	When Fleet Demand Status = Low
\$110	When Fleet Demand Status = Balanced
\$200	When Fleet Demand Status = High
\$160	Loads of Hazardous Materials
\$2,000	Loads or Residue Empties of TIH/PIH

Equipment Fleet	Demand Status
Open Top Hopper	Balanced
Covered Hopper	Balanced
Mill Gondola	Balanced
Open Coil	Balanced
50' Plate C Boxcar	Balanced
General Purpose Boxcar	Balanced
Standard / Bulkhead Flatcar <89'	Balanced
Centrebeam Flatcar	Balanced
89' Flatcar	Balanced

Applicable credit days for railway supplied cars

1 initial credit	+ additional credits ¹	+ other applicable credits
Railcars placed for loading or unloading receive 1 initial credit	<p>Open Gate or Order by Quantity facilities that receive loaded cars placed for unloading receive 1 additional credit</p> <p>Facilities that perform all on-site switching, sorting, classification, and blocking of equipment receive 1 additional credit ²</p>	<p>CP will automatically add credits to cars ORPL at a Closed Gate facility until they are PACT</p> <p>If CP misses placing cars on the scheduled local service switch, and cars are PCON, CP will automatically add incremental credits from the date the cars were intended to be placed until PACT.</p> <p>Open Gate or Order by Quantity facilities receiving empty cars from an assigned fleet receive 1 additional credit ³</p> <p>If there is no ORDF or RMS Load Date, 1 additional credit per car will be provided for loading ⁴</p>

✓
TEXT

This tariff item will not apply to railcars ordered for loading and legitimately rejected as unsuitable for loading (e.g. bad order, incorrect car type) within 24 hours of the first 00:01 following PACT. If a car is rejected as unsuitable, substantiating evidence must be supplied to CP per Tariff 1 Item 88. If a car is rejected without evidence, Tariff 2 Item 23 will apply in addition to demurrage under this item. Additionally, if a rejected car is found to be suitable for loading, Tariff 2 Item 18 will apply.

1. Additional credits are not applicable to loaded or residue cars containing TIH/PIH.
2. Facilities performing all on-site switching must apply in writing through their CP account manager for this credit prior to activation.
3. Assigned fleets of railway equipment are supplied at CP's sole discretion. With no ORDF for cars in an assigned fleet, this incremental credit is applied to ensure adequate relief is applied from PCON to PACT. Shippers must provide CP with 30 days' notice for adjustments to the assigned fleets.
4. This refers to empty railcars that were not specifically ordered in by a Shipper but used for loading. This incremental credit is applied to ensure adequate relief is applied from PCON to PACT.



Demurrage for Private Railcars on CP Track Item 13

The calculation of asset use on private cars is done through **credit/debit demurrage** while on CP track. Demurrage is not assessed on private cars while they are held on private tracks or sidings [e.g. industry-owned tracks or tracks leased from CP for the exclusive use of the loader or unloader]. Rates per car per day for net debits are listed below, along with applicable credit days.

Rate	Detail
\$60	Excluding the greater Vancouver, Edmonton, Calgary, Medicine Hat, Regina/Moose Jaw, Sutherland, Nahant, Harvey, Winnipeg, Minneapolis/St Paul, and Toronto areas
\$95	In the greater Vancouver, Edmonton, Calgary, Medicine Hat, Regina/Moose Jaw, Sutherland, Nahant, Harvey, Winnipeg, Minneapolis/St Paul, and Toronto areas
\$160	For Loads of Hazardous Materials
\$2,000	For Loads or Residue Empties of TIH/PIH

Applicable credit days for private railcars on CP track		
0 initial credits	+ additional credits ¹	+ other applicable credits
Railcars placed for loading or unloading receive zero initial credits	<p>Open Gate or Order by Quantity facilities that receive private railcars receive 1 additional credit</p> <p>Facilities that perform all on-site switching, sorting, classification, and blocking of equipment receive 1 additional credit ²</p>	<p>CP will automatically add credits to cars ORPL at a Closed Gate facility until they are PACT</p> <p>If CP misses placing cars on the scheduled local service switch, and cars are PCON, CP will automatically add incremental credits from the date the cars were intended to be placed until PACT.</p>

1. Additional credits are not applicable to loaded or residue cars containing TIH/PIH.
2. Facilities performing all on-site switching must apply for this credit prior to activation.



The CP Canada 150 train during the celebration of Canada's sesquicentennial

CP public delivery tracks Item 14

Customers who do not have their own facility for loading or unloading may, with CP permission and upon signing a written agreement, use a CP-owned 'team track'. This shared usage track is available for the loading and unloading of non-hazardous commodities only and cannot be used for storage.

Railcars held, staged, or unable to continue Item 15

Railcars held or staged will be allocated no free time or credit and are subject to the applicable asset use fees as indicated in items 11 and 13 immediately upon being held or staged. Some examples of reasons why cars are held or staged include:

- Customer request to have cars held or staged
- Because the cars cannot continue moving
- CP's sole discretion

If a car is removed from a train at an unplanned location, item 46 will also apply.

Asset use responsibility Item 16

Party responsible for asset use fees	
Canada	United States
The origin loader*	The party receiving railcars from CP for loading or unloading
The destination unloader*	
A 3 rd party as mutually agreed in writing	

*The Shipper and Consignee are ultimately responsible for asset use fees in Canada

\$2,500 per car
+ applicable fees

Unauthorized or improper use of a railway asset item 18

When equipment or a railroad asset is used improperly or without authorization, this charge will be applied. Charges will be assessed to the Shipper or the party that used the asset without authorization. Some examples include:

- Loading or reloading a car without authorization
- Rejecting a car deemed fit for loading by CP
- Sending a railway car to another railroad without authorization
- Using CP track for loading or unloading without authorization
- Releasing or interchanging a railway or private railcar to CP as an empty where it has been moved from the facility and is still partially or completely loaded
- Releasing or interchanging a railway railcar to CP where it has been moved and found unsuitable for loading as a result of improper / incomplete unloading

Switching

The pick-up and delivery of railcars at a customer's facility for loading or unloading are included in the freight rate of the linehaul shipment. For additional switching services, such as turning railcars or moving them within a facility, customers have the option to hire a third party contractor or acquire the equipment necessary to perform this work themselves. When CP's local crews and locomotives are used to perform these switching services, the below fees will be assessed to the party requesting or requiring the service.

\$210 per car
up to **\$3,150** per block

Intra-plant switch *Item 21*

When the customer requests cars to be moved from one track to another or to a different point on the same track within the customer facility or industry, this fee will apply.

\$210 per car
up to **\$3,150** per service

Incidental switch *Item 22*

When cars within the customer facility or industry which were not requested to be switched must be

forcing customer facilities to become interchange tracks.

vs \$90
Increase 22%

ed to carry out the customer's car movement instructions, this fee will apply.

~~\$210~~ per car
up to **\$8,025** per block

Intra-terminal / inter-terminal switch *Item 23*

When a car must be moved within a CP yard or moved one way between a CP yard and a local CP-served facility. Some examples include:

- A car that could not be placed at a customer facility and had to be brought back to the yard
- An empty car suitable for loading that is released without being loaded
- A car that must be switched onto a train after being set-off at an unplanned location
- A car on CP tracks that requires additional switching to address a customer issue
- A car moved into a short term holding area because it has been dwelling beyond 96hrs for reasons attributable to the customer, and the subsequent movement out of the holding area. An alternate car for the same customer may be moved to alleviate or prevent congestion.

\$110 per car

Special Order Requests *Item 24*

When a specific car ID is requested to be placed at an **Open Gate** or **Order by Quantity** facility [see item 10 for definition], this fee will apply.

\$1,085 per car
up to **\$16,275** per block

Turning railcars *Item 25*

When a customer requests a railcar to be turned for loading or unloading, this fee will apply for each car that is turned.

\$570 per hour
or part thereof

Special switch *Item 36*

When a customer requires an additional service outside the regular service schedule or an additional delivery on a scheduled service day, this fee applies. This service is subject to the availability of resources and capacity and does not include additional switching within the facility. If a new crew is required, a minimum of 8 hours will apply. Charges are assessed to the party requesting or requiring the service.

Cancellation fees:
\$600 on ≥ 24 hrs notice, or
\$3,000 on < 24 hrs notice



Handling

Issues sometimes arise that prevent CP from handling railcars as planned or requested and require corrective actions to be taken. Charges for these corrective actions are assessed to the party requesting or requiring the service.

\$110 per car

vs \$100
Increase 10%

Last minute changes *Item 30*

There are times when customers need to shut-down their facility or have some other situation occur that prevents CP from picking-up and/or dropping off cars as planned. If CP is required to cancel a request for cars, reverse the incorrect release of a railcar, or make any other last minute changes to a requested local service, this charge will apply.

\$110 per car

+ switching per item 23
+ applicable asset use

Unable to place cars *Item 31*

When CP attempts to deliver cars to an **Open Gate** facility [see item 10 for definition] or has been requested to deliver cars to a **Closed Gate** or **Order by Quantity** facility and is unable to do so for reasons such as the facility being full or unable to be accessed, this charge will apply.

\$110 per car

up to **\$1,100** per service
+ switching per item 23
+ applicable asset use

Unable to pick-up cars *Item 32*

When CP has been asked to perform a specific service at a customer facility, such as picking-up or scaling a railcar, and the car is not ready or CP is unable to access a specific car, this charge will apply.

\$535 per car

up to **\$8,025** per block
+ asset use per item 15
+ applicable switching

Shipment cannot continue in transit *Item 46*

When CP cannot continue to move a car for reasons beyond its control and must take additional steps to ensure that car is switched out of the way of other traffic, this charge will apply.

Some examples include:

- A car without full shipping instructions provided prior to or at the time of car release
- A car that must be removed from a train
- A car set-off at an unplanned location
- A car set-off or held for any Customs-related reason
- **A car rejected by another railroad at interchange**

forcing shipper to
pay for RR issues

In addition to this charge, asset use as described in item 15 will apply.

Safety

Ensuring shipment safety *Item 50*

CP's customers are critical partners in CP's commitment to be the safest railroad in North America. While the Shipper and Consignee are ultimately responsible for the safe loading and unloading of equipment, all parties involved in this process should review *Tariff 1 [item 114]* and *Tariff 8 [Hazardous Commodities]* before shipping. In addition, [CP's damage prevention team](#) is available to assist customers in safe loading practices.

\$500 per car

+ applicable inspection
+ applicable switching

Improperly loaded – allowed to continue *Item 55*

When an overloaded or improperly loaded car is identified on CP's network, and the car is deemed permissible to be allowed to continue in transit, this fee will apply. Additional switching [item 23] or inspection/adjustment [item 53] charges may also apply.

\$3,000 per car

up to **\$45,000** per block

Unsafe to continue *Item 51*

This fee is for the management and coordination of an existing or emergent problem that prevents a car from continuing in transit. Such unsafe conditions include:

- A car that has not been properly secured (e.g. fittings, valves, hatches and openings)
- A car spilling, leaking, or dusting.
- A car containing hazardous commodities or residue with non-compliant shipping instructions
- An overloaded or imbalanced car that is unsafe to continue

\$10,000 per car

for hazardous and residue cars
up to **\$150,000** per block

For cars identified as having a safety issue which does not compromise the integrity of the railcar, a lower fee will apply. Such issues include:

- A slightly torn placard that is still completely legible
- Railcar stenciling that is faded
- A damaged or missing safety appliance not relevant to product containment

\$1,000 per car

new

Cost + 25%

minimum **\$1,000**
per shipment

minimum **\$2,000** for
hazardous commodities
or residue

Major adjustment *Item 52*

This charge is for the management and coordination of an adjustment to equipment or lading and applies in addition to other applicable charges. Below are some examples where this would apply:

- Readjusting, reducing, loading or unloading a shipment
- Repairing or cleaning equipment, or clean-up of leaked/spilled materials
- Applying sprays or suppressants to the shipment or contents
- Repairing doors, floors or walls as a result of loading or unloading damage

In addition, the following fees will be applied if CP Emergency Response equipment is mobilized:

Rate per day	Equipment
\$2500	CP ER Fire Trailer
\$5000	CP ER Transfer Trailer

\$302 per car

Minor adjustment or inspection *Item 53*

When an unsafe condition exists that necessitates CP intervention by way of an inspection or a minor adjustment such as closing gates/doors/hatches or applying a seal, this fee will apply.

\$3,000 1st occurrence

Unsafe condition / practice at customer facility *Item 54*

Where, at CP's sole discretion, safe railway operations are being impeded because of improper facility practices, this charge will apply. Some examples include:

\$10,000 per recurrence

+ suspension of rail service

- Railcars moved with handbrakes applied
- Railcars moved utilizing improper equipment

Note: Should a condition or practice likely to cause serious injury or damage to equipment be identified, rail service will be immediately suspended and the \$10,000 charge applied. Service will be restored when the condition or practice is rectified.

1 New examples. Note when RR moves private cars with handbrakes applied and damage the wheels, they charge the private car owner for the wheel changeout



CP's Holiday Train program launched in 1999, raising money and food for food banks in communities along CP's routes in Canada and the United States.

Special requests

\$500 per car
up to **\$7,500** per block

Diversions *Item 41*

Changes that are requested after billing has been provided to CP and that impact the physical handling of the railcar will be assessed this fee. CP will only accept diversion requests submitted by the Shipper or payer of freight via Customer Station. The diversion charge does not include incremental freight charges or any other charges that may accrue as a result of the diversion. CP reserves the right to decline any diversion request.

\$125 per mile
minimum of 200 miles

Cancellation fees:
\$2,500 on ≥ 24 hrs notice, or
\$25,000 on < 24 hrs notice

Special train *Item 38*

When a customer requests an unplanned train to have shipments moved directly to destination, CP may offer a direct train service subject to the availability of resources and capacity. This service is in addition to freight and other applicable fees. Charges will be assessed to the party requesting or requiring the service.

\$440 per car
at a CP flat scale

\$115 per car
at a private scale

Weighing a car *Item 61*

When a car is weighed or re-weighed by CP at the request of the customer, these fees will apply each time the car is weighed. In addition to scaling charges, the party requesting this service will be responsible for freight to and from the scale plus applicable switching, asset use, and stop-off charges. If a car is shipped with an estimated weight from a point beyond CP, information from the connecting carrier may be used to determine the actual weight.

Special services *Item 80*

CP may be able to assist with special services beyond those which are normally provided. Before providing a special service, specifics of the service and the applicable fee will be discussed and agreed to in writing.



Government imposed fees

Cost + 25%

Minimum \$250 charge

Miscellaneous invoices *Item 73*

There are various government imposed charges that may be incurred in the course of transporting customer shipments. Charges not listed in this tariff, including fines or penalties will be passed through to the party responsible with a 25% surcharge for administration and handling. Environmental surcharges apply as listed in [Tariff 9800](#).

\$10.58 CAD per car

\$8.47 USD per car

vs \$9.75
Increase 8.5%

Customs user fee *Item 71*

On all cross-border traffic entering the United States on Canadian Pacific, a Customs User Fee is imposed by the US Government. This fee does not apply to a shipment bonded through the US for return to the country of entry.

\$2 USD per car

Animal Plant & Health Inspection Service (APHIS) *Item 72*

On all cross-border traffic entering the United States on Canadian Pacific, an Animal Plant and Health Inspection Service (APHIS) fee imposed by the US Government is applicable.



Payment and non-payment

New Feb 2018

Timely dispute response *Item 90*

When a concern regarding supplemental invoicing arises, CP recognizes the need to resolve it promptly. As part of this commitment, CP guarantees a written response to a dispute within 15 business days*. Should no response be provided, CP will accept the dispute as written. To qualify for this guarantee:

- The dispute must be logged within CP's Customer Station Manage Invoice tool
- The dispute must be logged within terms indicated on the invoice
- The dispute must include details as outlined in Tariff 1
- The undisputed portion of the invoice must be paid within terms
- The overall account must be current, with the exception of items in bona-fide dispute

*Monday to Friday, excluding legal holidays in Canada

12% per annum
added to the invoice amount

Interest charge for non-payment *Item 94*

Interest applies to all overdue amounts.

\$100 per unit
processing surcharge for each
shipment paid by credit card

Suspension of credit privileges *Item 95*

Failure to ensure payment is consistently made for all services within the terms designated in applicable tariffs or contracts will result in suspension of credit. CP reserves the right to suspend credit across specific services [e.g. Diversions] or on all services associated with the account, requiring payment or deposit in advance of subsequent service.

Rules and regulations

Item 100

For notifications of updates to this tariff, subscribe at <http://www.cpr.ca/en/subscriptions>.

This tariff applies in addition to CP's Guide to Products and Services Tariff 1. Please review Tariff 1 for details on services included in your quote, liability, rules and regulations.

In addition to any other applicable tariff, the prices, charges and rules of this Tariff, as amended from time to time, apply to railcars on Canadian Pacific ("CP"), and will apply in the currency of the country where the event occurs. On shipments moving to or from other railways, all applicable tariffs of the other railways apply on the respective other railways. CP reserves the right to refuse any services in this tariff.

List of tariffs replaced in whole or in part by Tariff 2: 6666, 8888.

(A) Either Shipper, or Consignee, or CP shall be excused from its or their obligations, with the exclusion of obligations related to ensuring safety, under the Contract or applicable tariffs provided that Customer or CP is prevented or delayed in such performance by any event which is unavoidable or beyond its reasonable control, including, without limitation, act of God, act of the Queen's or public enemies, flood, rockslides, landslides, snowslides, washouts, avalanches, storm earthquake, expropriation, fire or explosion, strikes, lockouts, walkouts or other industrial dispute, war, sabotage, riot, insurrection, derailment, labor shortages, power or fuel shortages, the act or failure to act of any government or regulatory body. Lack of funds shall not be considered an event of force majeure.

(B) All time periods provided for in the applicable tariffs shall be extended for a period equal to the period in which the event of force majeure is continuing and so far as reasonably possible, the party affected will take all reasonable steps to remedy the event of force majeure; provided, however, that nothing contained in this paragraph shall require any party to settle any industrial dispute or to test the constitutionality of any provincial, federal, state or local law or regulation. In the event of force majeure, the party affected shall give prompt written notice to the other party describing the event in question in reasonable detail, and such party shall also furnish prompt notice when the condition of force majeure has ended. Failure to provide notice shall not preclude a party from relying on the existence of a condition of force majeure.

(C) Specific terms applicable to Asset-Use fees: When it is impossible to load or unload or receive cars from, or make cars available to CP because of strike interference at the point where the loading or unloading is to be accomplished, Asset-use fees under a per-day rate will be charged at fifty percent (50%) of the applicable rate provided that (1) The disruption exceeds 7 consecutive days in duration during one calendar month. (2) CP is notified of such strike interference within 48 hours after such strike action begins. (3) The provisions of this item will not apply to: (a) Inbound cars when the waybills are dated four days after the beginning of the strike interference. (b) Cars for loading when ordered after the beginning and prior to the ending of strike interference. (4) In the event it is impossible for a loader or unloader to get to a car to load or unload due to an earthquake, tornado, hurricane or flood, the Asset-Use fees directly chargeable thereto will be eliminated, provided the disruption exceed forty-eight (48) hours in duration, and a claim is presented in writing to CP within the terms of the applicable invoice.

This document and the associated documents outlining supplemental services will be updated from time to time with 30 days notice of any price increase. The provisions of this tariff shall supersede those published in other CP tariffs, all of which are incorporated and applicable by reference, unless specifically noted otherwise in the other tariff, and shall not supersede those published in contracts which are specific to either customers or locations on CP. When reference is made a tariff, to items, notes, rules, other tariff(s), etc., such references are continuous and include supplements to and successive reissues of such.

Definitions

CP cars or railway cars shall extend to cars owned by CP and, or operated similarly by other railways, unless stated otherwise.

Local facility or 'local CP served facility' shall apply to a maximum distance (as the track lies) of 40 miles. The Shipper and Consignee will be held ultimately responsible should payment not be forthcoming from another party.

Party requesting the service shall apply to the party who asks CP to perform a particular service. The Shipper and Consignee will be held ultimately responsible should payment not be forthcoming from another party.

Party requiring the service shall apply to the Shipper until the car moves past the first main rail terminal, to the party paying the freight for shipments up to the point of availability for placement at destination, at which point it shall apply to the consignee, unless stated otherwise. The Shipper and Consignee will be held ultimately responsible should payment not be forthcoming from another party.

Payer of freight in situations where a railcar is now empty and not moving as a revenue shipment shall apply to the previous payer of freight for the last loaded movement, unless otherwise stated. The Shipper and Consignee will be held ultimately responsible should payment not be forthcoming from another party.

Per block is applicable to 15-150 consecutive and coupled cars with the same destination at the time the service is provided.

Per service represents service provided by one crew during a single visit to a customer facility.

TIH, PIH, Hazardous Commodity are as defined in CP Tariff 8