

**SURFACE TRANSPORTATION BOARD****Docket No. EP 711 (Sub. No. 2)*****Reciprocal Switching for Inadequate Service*****Summary of Ex Parte Meeting Between CN  
and Surface Transportation Board Vice Chairman Karen Hedlund****November 29, 2023**ENTERED  
Office of Proceedings  
December 5, 2023  
Part of  
Public Record

CN Attendees: Greg Hartley, Director, Asset Planning and Quality, Network Operations; Kathryn Gainey, Deputy General Counsel; Allison Davis, Sidley Austin LLP

STB Attendees: Karen Hedlund, Vice Chairman; Charles Vance, Attorney Advisor

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CN thanked Vice Chairman Hedlund for the opportunity to meet to discuss CN's use of metrics. CN also encouraged the Board to hold a technical workshop on the metrics, in which CN would be an active participant.

Mr. Hartley explained that high-level measures are useful for understanding overall fluidity and trends, but do not include enough information to shed light on underlying causes and potential solutions for any developing trends. He explained that as part of CN's efforts to run its network fluidly, CN will do a deep dive into such high-level measures to understand what is going on and why the network is being impacted. As an example, Mr. Hartley explained that while cycle time (the amount of time for cars to move from origin, to destination, and back to origin) is a useful measure to understand supply chain fluidity at a high level, CN breaks that metric down into multiple components, such as loaded v. empty, online v. offline, on train v. in yard, by commodity, by car type, etc., and that these subcomponents help CN understand factors that could be impacting the high-level metric of cycle time for a particular lane in a particular supply chain.

Mr. Hartley also explained that CN's metrics can be impacted by a number of external factors, such as winter conditions, which can vary in severity and location from year to year, but can impact operations and capacity to maintain safety during extreme cold or heat. Mr. Hartley explained that these types of factors are particularly concerning for the transit time metric, which involves a year-over-year comparison.

Vice Chairman Hedlund asked if railroads could raise these types of concerns in a proceeding under the rule as proposed. Vice Chairman Hedlund and CN discussed the language of the current proposal relating to affirmative defenses, and CN

suggested clarification on the standard for other non-specified affirmative defenses. Vice Chairman Hedlund also asked CN about communication with customers in these types of scenarios, and CN emphasized its commitment to pro-actively communicating with customers.

Mr. Hartley discussed grain season as another example in the context of transit time, explaining that in high grain season with larger volumes, CN looks to optimize performance through short-term opportunities, such as by having manifest traffic transported on unit trains, thus resulting in that manifest traffic having a faster transit time. In a subsequent year, if there is a poor grain season, transit time would return to normal, but that would not indicate a service inadequacy.

Mr. Hartley then discussed the ISP metric and explained how CN measures its local service performance. Mr. Hartley explained that there were some significant differences between how CN measures its local performance versus the Board's proposal, such as measuring on a per car basis versus on a service window basis. Mr. Hartley also explained CN's local service metric as it relates to customer notifications.

Mr. Hartley emphasized the benefits of additional engagement on issues relating to the metrics, and discussed his experience having technical workshops in the development of Canadian measures.

Mr. Vance inquired as to whether CN had proposed specific language relating to the affirmative defenses, and CN stated that it would do so on reply.

CN and Vice Chairman Hedlund thanked each other for their time.