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June 6, 2019

Ms. Allison C. Davis
Acting Director, Office of Proceedings
U.S. Surface Transportation Board
395 E Street, SW
Washington, D.C. 20423

ENTERED
Office of Proceedings
June 6, 2019
Part of
Public Record

Re: Docket No. EP 754, *Oversight Hearing on Demurrage and Accessorial Charges*
Canadian Pacific's Supplemental Comments

Dear Ms. Davis:

Pursuant to the Board's May 24, 2019 decision, Canadian Pacific¹ ("CP") submits this letter as a supplement to my testimony in the above referenced proceeding.

In my testimony, I explained CP's US demurrage revenue totals include charges for container storage that CP provides to customers as a value added service. I further explained that if the container storage amounts are excluded, the annual total amounts of CP's US demurrage, as a percentage of total US revenue, have been trending downward since 2016. Pursuant to the Board's request for supporting data, CP submits the attached table separately identifying and breaking out the container storage revenues from other demurrage revenues, 2016-2018, and Q1 2019. It should be noted, that during this same time period CP's US overall revenues, carloads and Gross Ton Miles have increased.

In the Board's questions to me, it was noted that the National Grain and Feed Association (NGFA) asserted that CP has raised some of its accessorial charges significantly in the past year. As I testified, however, CP's demurrage and accessorial program has remained largely unchanged since 2015. Following the hearing, CP reached out to NGFA to discuss its members' concerns and to clarify that our demurrage program has not changed significantly. It is our understanding that NGFA appreciates the clarity and follow-up.

Prior to the Board's initiating this proceeding, CP engaged its customers in dialogue regarding possible improvements to its demurrage program. Based in part on customer feedback, CP is

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.

considering several changes to its demurrage program. In our ongoing process of evaluating and, if appropriate, making these potential changes, CP is taking into consideration the testimony at the Board's May 22 and 23 hearings. Before finalizing any changes to the program we will first reach out and discuss those changes with our customers.

We are proud of the ongoing focus and communication with our customers to understand their needs, and develop solutions that work for us both. As a result, our operations planning, pre-invoice dialogue with customers, and post-invoice engagement opportunities have produced a fair demurrage program, which importantly, is administered in an equitable manner. We are not perfect, and still have work to do. This is why we are committed and will continue our Customer Advisory Council, Customer Surveys, and customer working groups.

We would be happy to follow-up with the Board's staff regarding any of these items should the Board want further information or clarity from CP. Thank you again for the opportunity to share our information with the Board.

Sincerely,

A handwritten signature in black ink, appearing to read "Pam Arpin", with a stylized flourish at the end.

Pam Arpin,
Assistant Vice President

CP Demurrage Charges 2016-2019 with Storage Charges Broken Out

Year	Total R-1 Revenue	Demurrage	Storage	Total	Demurrage (minus Storage) as a % of Annual R-1 Revenue
2016	\$1,314,277,000	\$18,206,798	\$4,219,810	\$22,426,608	1.390%
2017	\$1,439,472,000	\$17,697,326	\$6,110,088	\$23,807,414	1.230%
2018	\$1,594,629,000	\$17,715,669	\$12,423,524	\$30,139,193	1.110%
2019 Q1	\$364,014,000	\$5,953,765	\$5,212,096	\$11,165,861	TBD

Note: As evidenced above the material increase is driven by storage. Quarterly revenues can fluctuate as a result of changes in behavior by a few shippers.