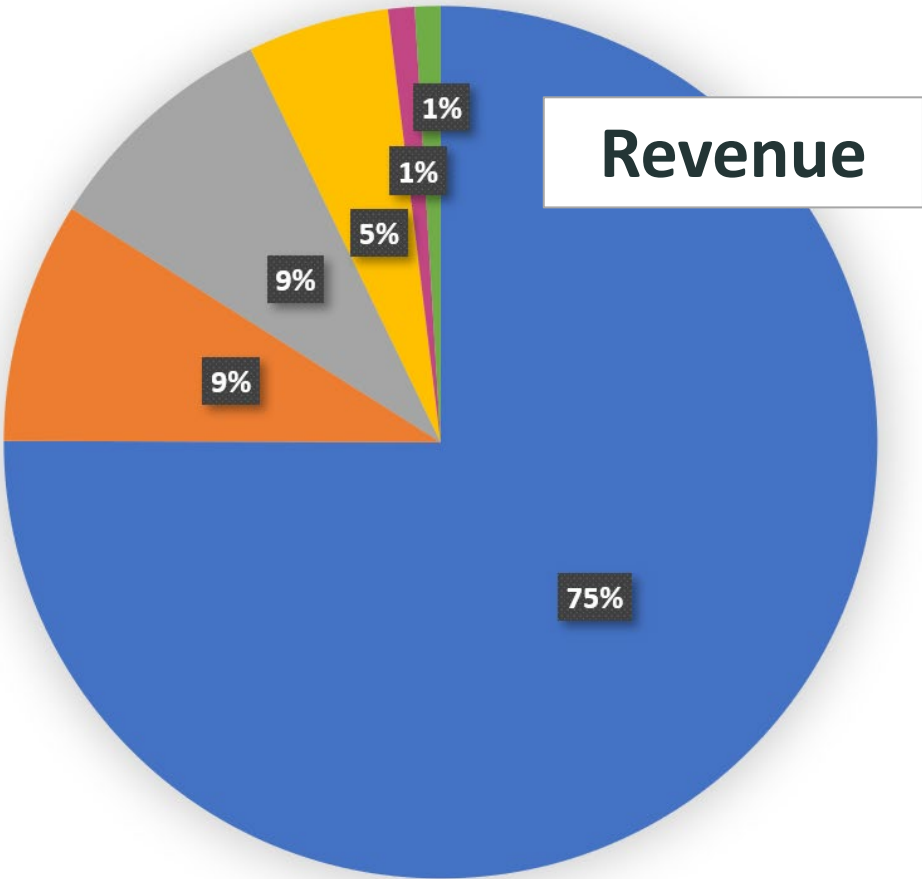


Rail Revenue & Rates 2025/2026 Budget

Daniel McCabe, Rail Division Manager

Sources of Revenue

- Tariff based
 - Line haul
 - Local & miscellaneous switching
 - Demurrage
- Agreement based
 - Locomotive servicing
 - Miscellaneous switching & other
 - Rent income
- Interest income
 - Treasury
- Other miscellaneous
 - 45G tax credit

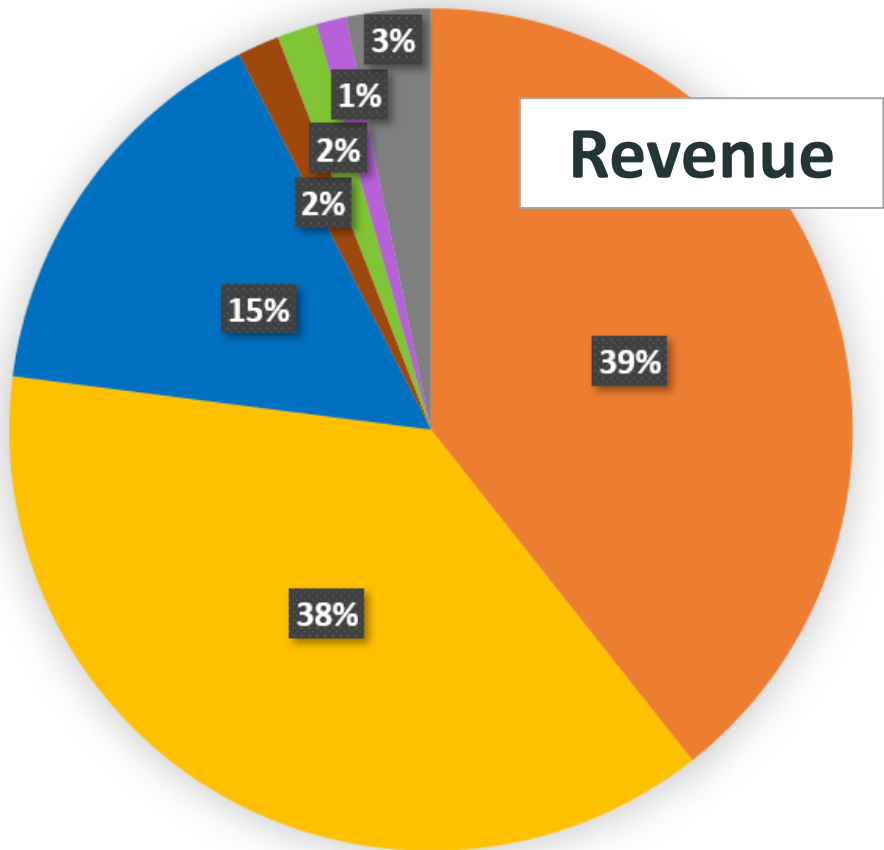


- Line Haul
- Local & Misc Switching
- Locomotive Servicing
- Demurrage
- Interest & Other
- Rent Income



Primary Rate Payers

- Line haul traffic
 - BNSF Railway
 - Union Pacific Railroad
 - U.S. Oil Refining
- Miscellaneous switching
 - Local customers requesting additional service
- Locomotive servicing
 - BNSF Railway
 - Union Pacific Railroad
- Demurrage
 - Undo detention of a railcar
 - Local commercial customers
 - Excludes autorack railcar traffic



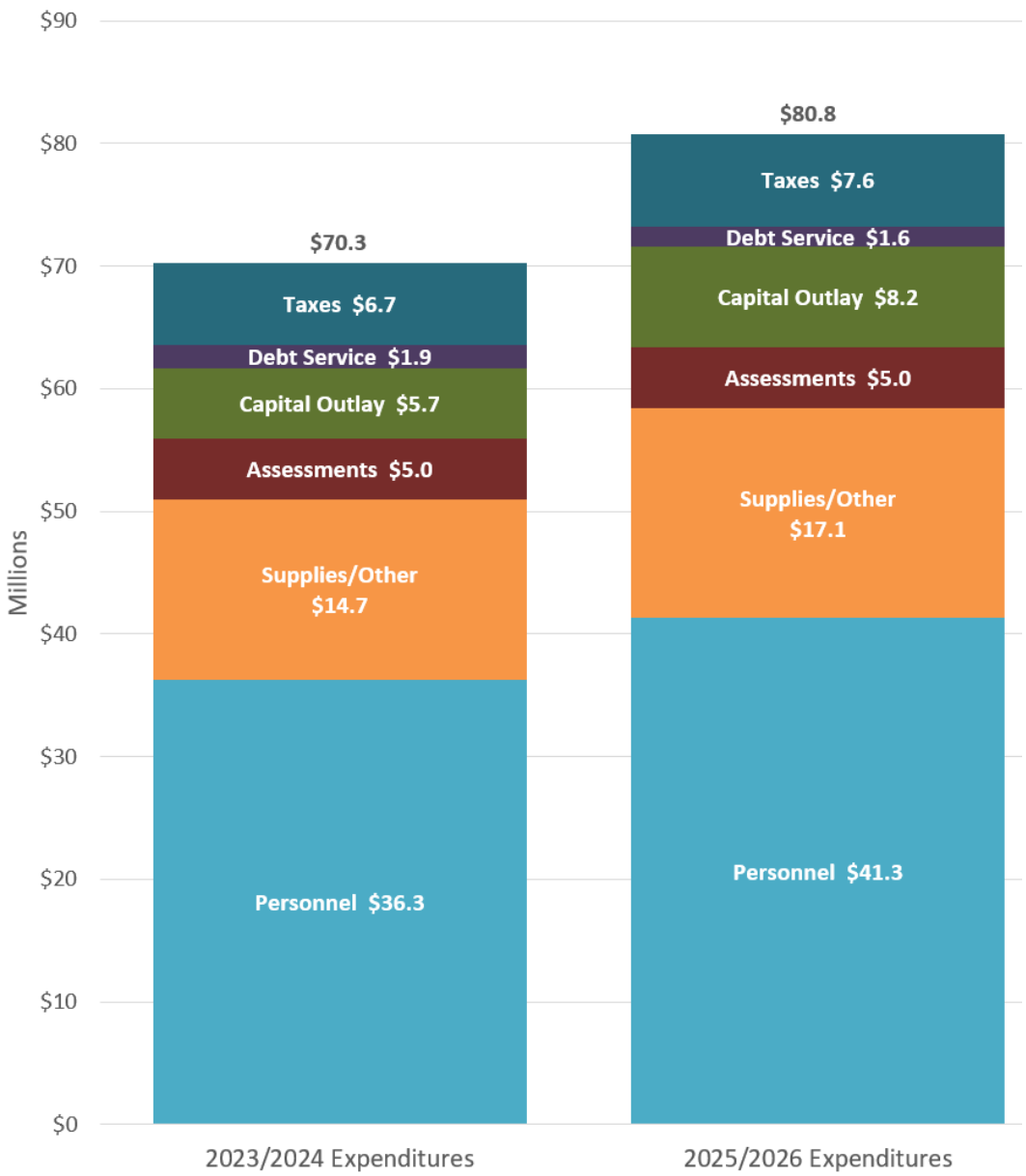
- BNSF Railway Company
- Union Pacific Railroad
- U.S. Oil & Refining Co.
- Emerald Services Inc.
- MacMillan Piper Inc.
- Northwest Container Service Inc.
- All Others <\$200K Each



Rate Risks & Mitigation

- Risks
 - Line haul volumes
 - Hard vs soft landing economy
 - Assessments
 - Fuel expense
 - Inflation
 - New & existing mandates
- Mitigation
 - Rail Volume Investment Fund
 - Grants & Loans
 - Defer projects and/or seek additional grant funding or financing
 - Fuel surcharge
 - Ongoing experience with existing mandates
 - Positive Train Control
 - Oil spill response plan & drills
 - Transportation Security Administration

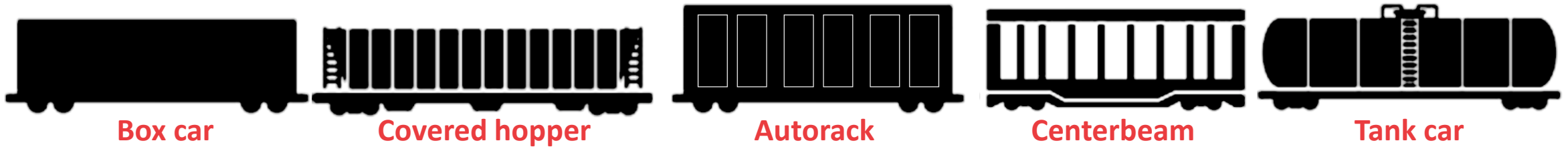
2025/2026 Preliminary Budget



- Preliminary budget is \$10.5M higher in 2025/2026 than in 2023/2024
- Debt Service reducing in 2025/2026
- Capital Outlay increases \$2.5M
 - \$29.1M total capital outlay
 - \$20.9M in grants, loans and CIAC
- Supplies, Services & Other Charges increase about \$2.4M due to multiple factors
- Assessments still in process
- Tax increases are a function of revenues, approximately 10.6% of total budget
- Personnel costs are higher by \$5.0M or 14% with 6 additional FTEs

Line Haul Railcars vs Platforms

- Railcars can have multiple platforms
- A platform is a location within a railcar that is separated by articulations
 - Mostly limited to intermodal railcars
- Examples of single platform railcars:



- Examples of multiple platform railcars:



Line Haul Rate Analysis

• Intermodal

- Less labor intensive
- More volume
- Yard management
- Higher track wear
- Service windows
- Fewer destinations
- Do not incur demurrage
- Loaded & empty rate

• Commercial

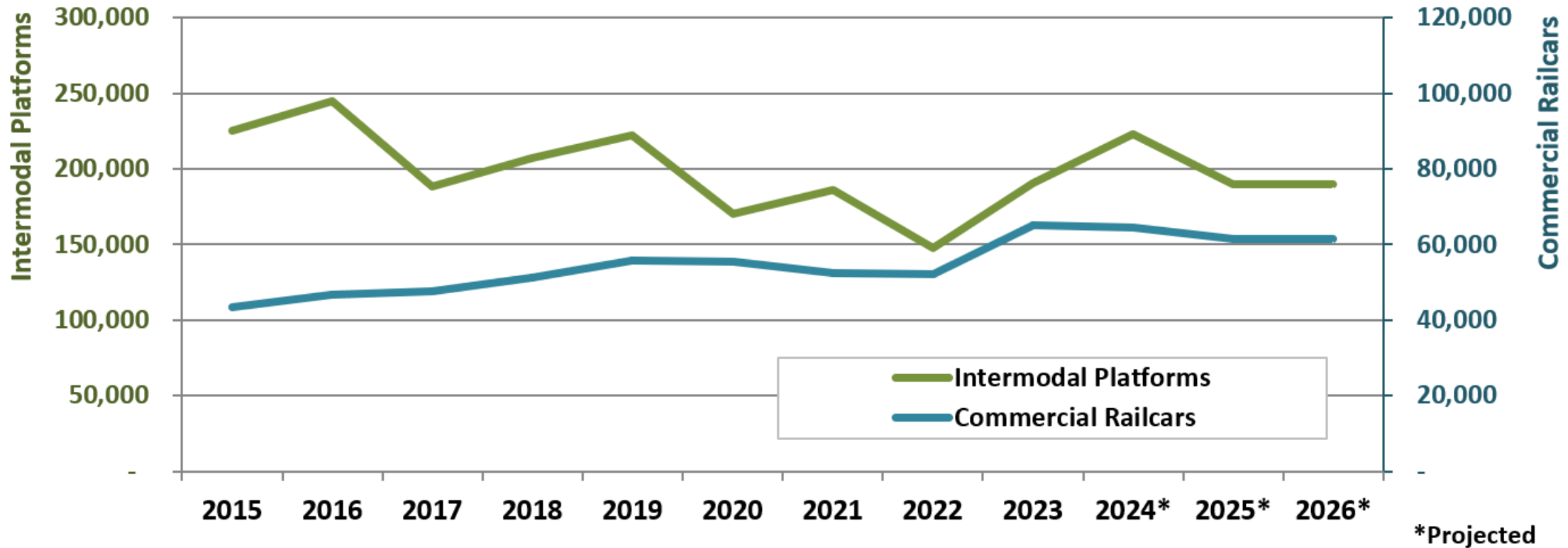
- Labor intensive
- Lower volume
- Less track utilization
- Lower track wear
- Daily service
- More destinations
- Subject to demurrage
- Loaded rate

• Unit Trains

- Hybrid of intermodal & commercial
- Oil spill response plan & drills
- Loaded rate

Line Haul Volumes

- Intermodal volume increases
- Commercial volume increases
 - Import automobiles



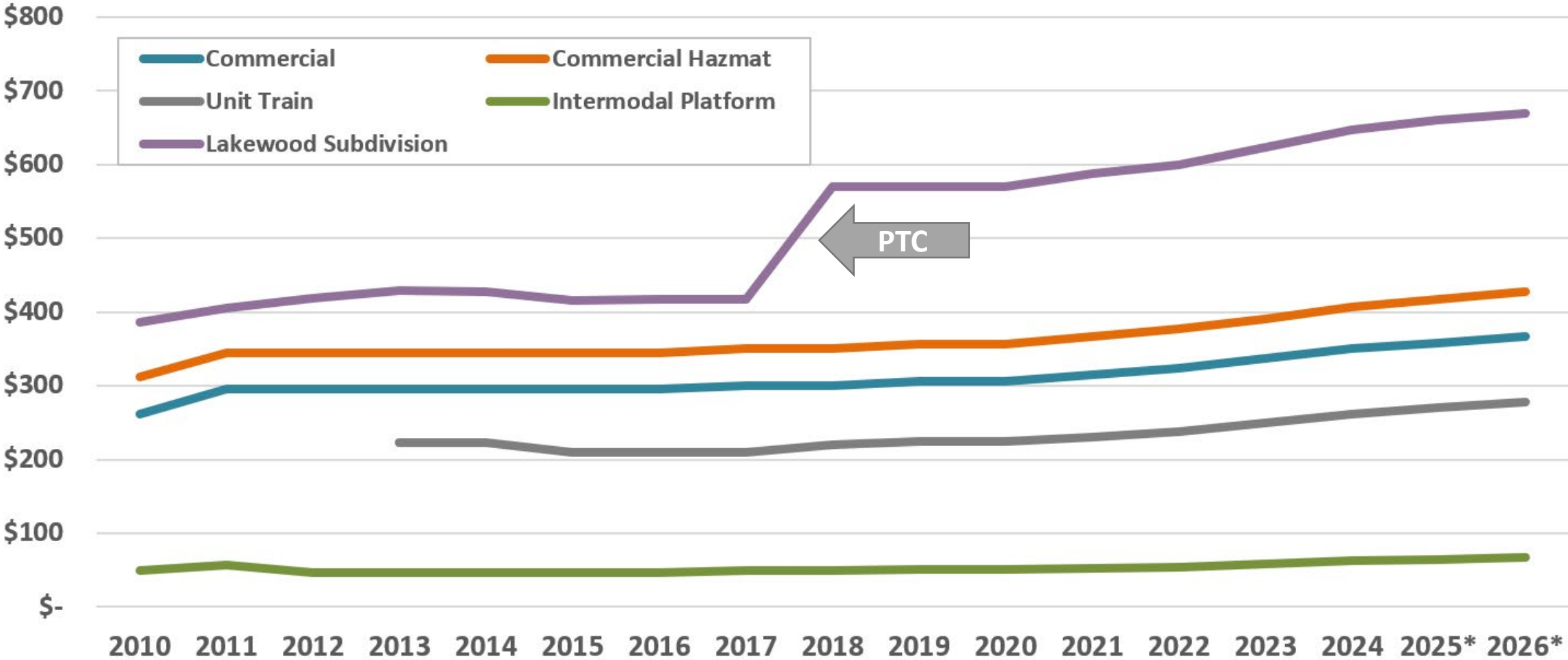
Preliminary Rate Impact

- Demurrage tariff
 - Last adjusted in 2023
 - Rate change from \$65 to \$70 per day
- Line haul rates
 - Last adjusted in 2024
 - Rate adjustments per year (see chart)
 - 3% intermodal
 - 3% single spot unit trains
 - 2.5%
 - Tidelands commercial
 - Multiple spot unit trains
 - 2% capital division
- Miscellaneous switching tariff rates
 - Last adjusted in 2023
 - Inter-terminal, intra-terminal, intra-plant
 - Rate adjustment of 3% for 2025

Proposed Line Haul Rates

	2024	Proposed Rates	
		2025	2026
Intermodal	\$ 63.00	\$ 65.00	\$ 67.00
Commercial			
Tidelands Division	350.00	358.00	367.00
Tidelands Division Hazardous	407.00	417.00	428.00
Capital Division	647.00	660.00	669.00
Unit Train			
Single Spot	262.00	270.00	278.00
Multiple Spot	350.00	358.00	367.00

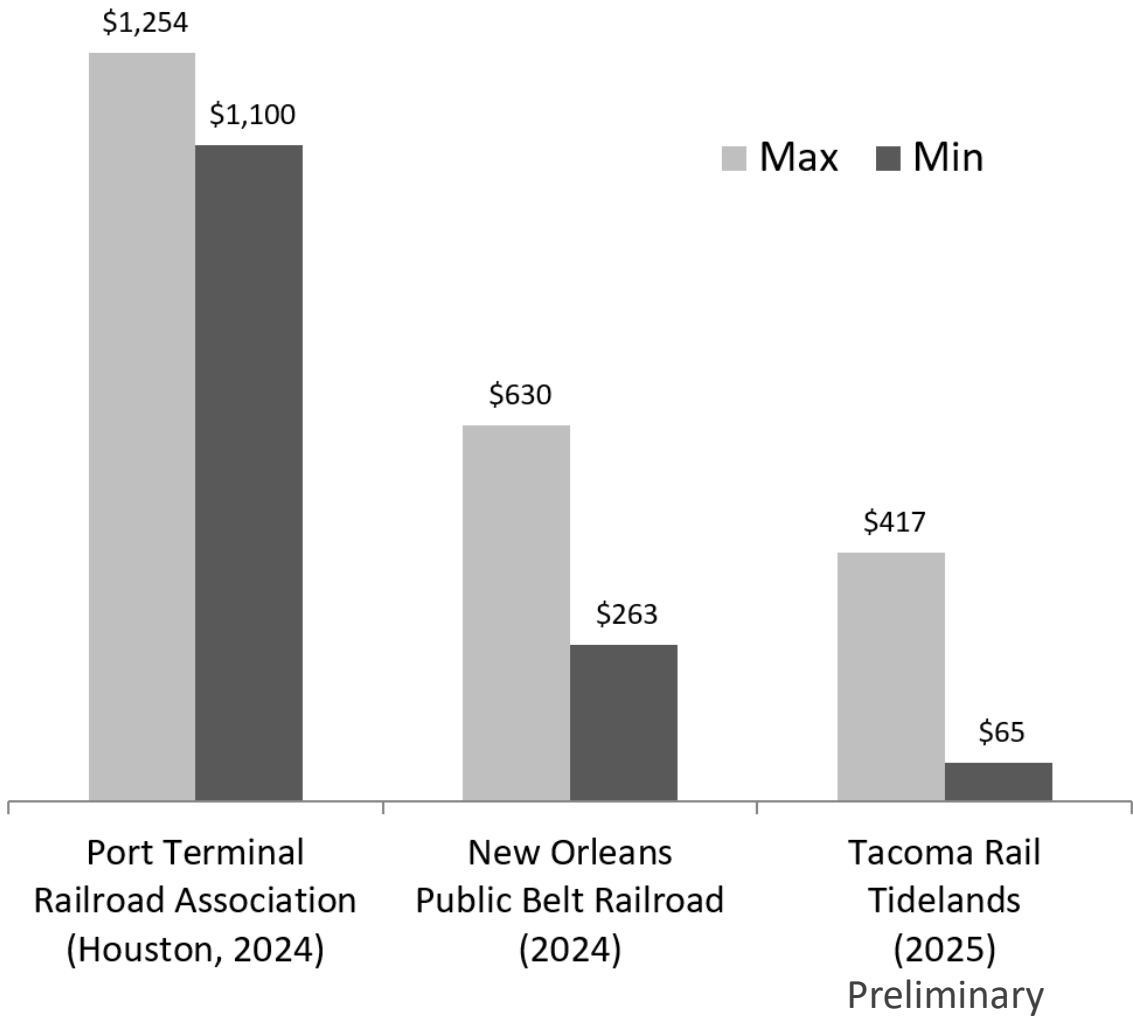
Rates Over Time



*Preliminary

Other Tariff Rates

- Northwest Seaport Alliance (NWSA)
 - July 10th, 2024
 - Rate increases of 5% - 12%
- Other tariff based short lines:



Rates Outreach & Communications

- Primary Rate Payers
 - BNSF Railway
 - Union Pacific Railroad
 - U.S. Oil Refining
- August & September
 - BNSF, Union Pacific, U.S. Oil & Port of Tacoma
- October & November
 - All other customers
- December
 - Tariff published on the website
- January
 - Tariff effective