Rail Rates & Revenue
2023/2024 Budget

Daniel McCabe, Rail CIO/CFO
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
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

2021 Revenue

- BNSF Railway Company: 39%
- Union Pacific Railroad: 38%
- U.S. Oil & Refining Co.: 15%
- Emerald Services Inc.: 2%
- MacMillan Piper Inc.: 2%
- Northwest Container Service Inc.: 2%
- All Others <$200K Each: 1%
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:
  - Box car
  - Covered hopper
  - Autorack
  - Centerbeam
  - Tank car

• Examples of multiple platform railcars:
  - Intermodal 3 well
  - Intermodal 5 well
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

- 2022 railcar volumes an anomaly
- Intermodal volumes increase due to larger ships & additional South Intermodal Yard traffic
- Commercial volumes increase over 2022
  - Ethanol unit trains, import automobiles
Expected Rate Impact

• Demurrage tariff
  • Last adjusted in 2018
  • Weekly rate hasn’t changed since 1996
  • Add Juneteenth as a holiday
  • Rate change from $60 to $65 per day

• Line haul rates
  • Last adjusted in 2022
  • Rate adjustments per year (see chart)
    • 8% intermodal
    • 5% unit trains and hazardous commodities
    • 4% commercial

• Miscellaneous switching tariff rates
  • Special switch
    • $600 per hour
  • All other
    • Last adjusted in 2021
    • Inter-terminal, intra-terminal, intra-plant
    • Rate adjustment of 3% for 2023

### Proposed Line Haul Rates

<table>
<thead>
<tr>
<th>Service</th>
<th>2022</th>
<th>Proposed Rates</th>
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<td></td>
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Other Tariff Rates

• Northwest Seaport Alliance (NWSA)
  • July 1st, 2022
  • General increase of 6%
  • Specific rate increases of more than 6%
• Other tariff based short lines:

- Tacoma Rail Tidelands (2024): $407
- Port Terminal Railroad Association (Houston, 2022): $1,254
- New Orleans Public Belt Railroad (2022): $600
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