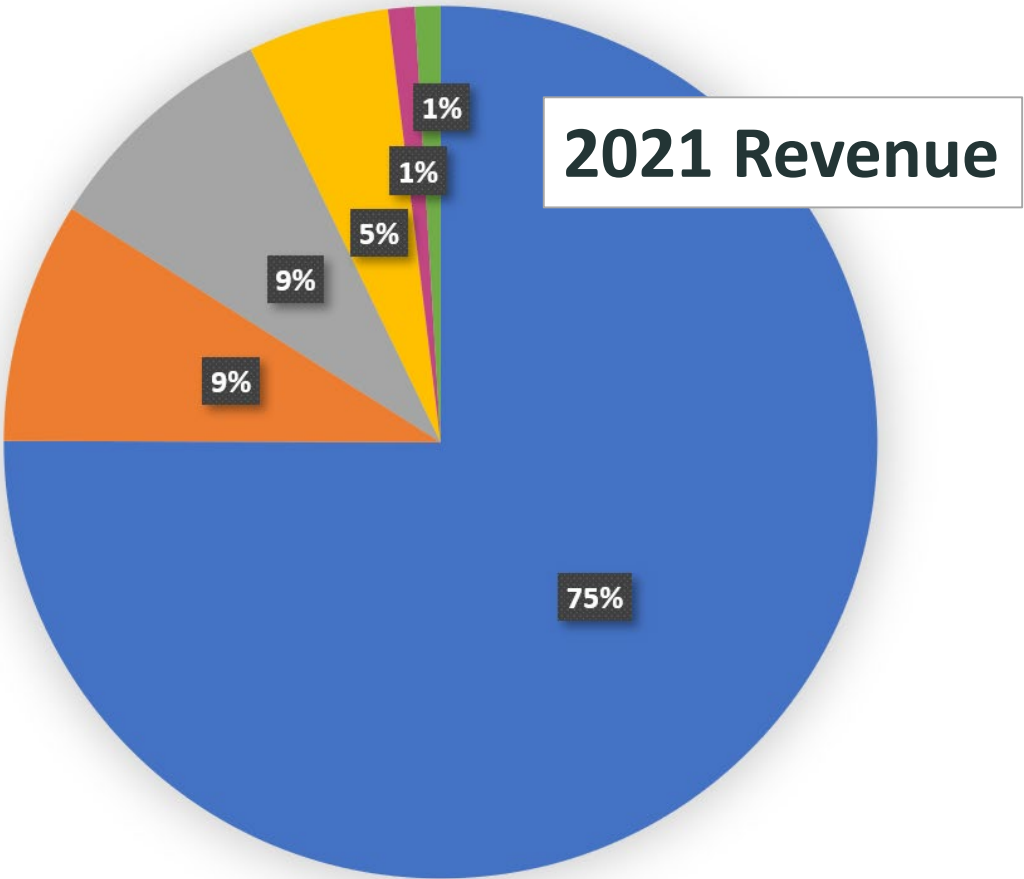


Rail Rates & Revenue 2023/2024 Budget

Daniel McCabe, Rail CIO/CFO

Sources of Revenue

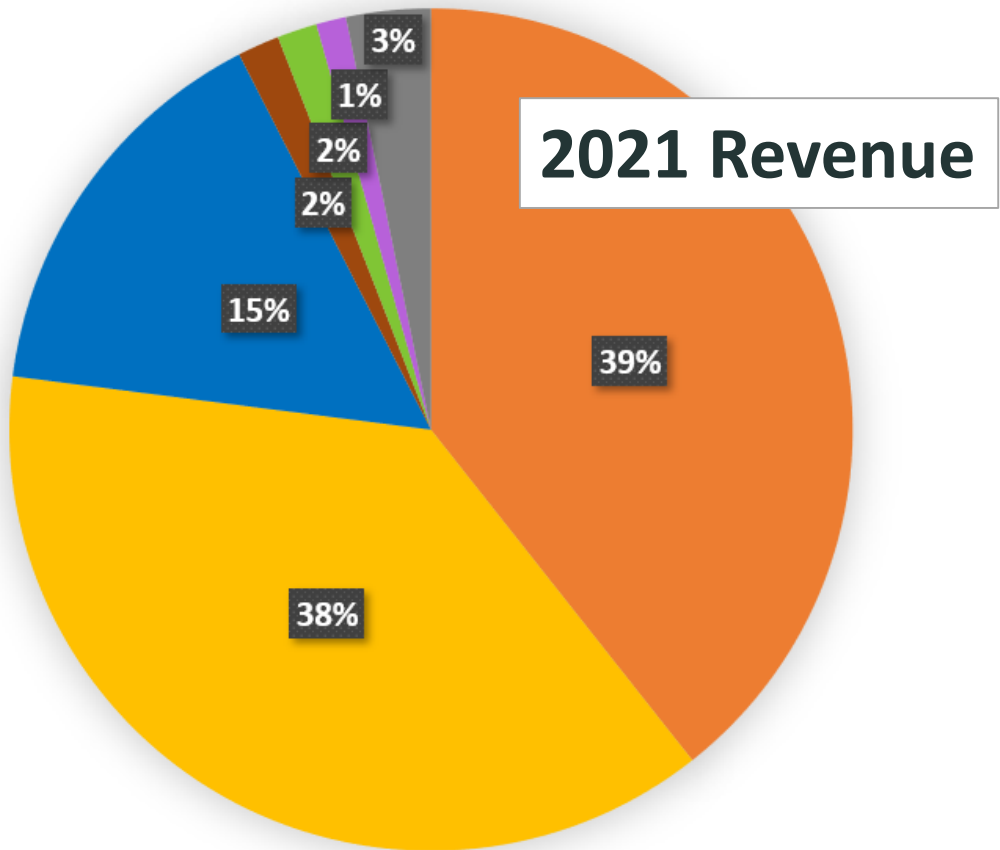
- Tariff based
 - Line haul
 - Local & miscellaneous switching
 - Demurrage
- Agreement based
 - Locomotive servicing
 - Miscellaneous switching & other
 - Rent income
- Interest income
 - Treasury
- Other miscellaneous
 - 45G tax credit



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

Primary Rate Payers

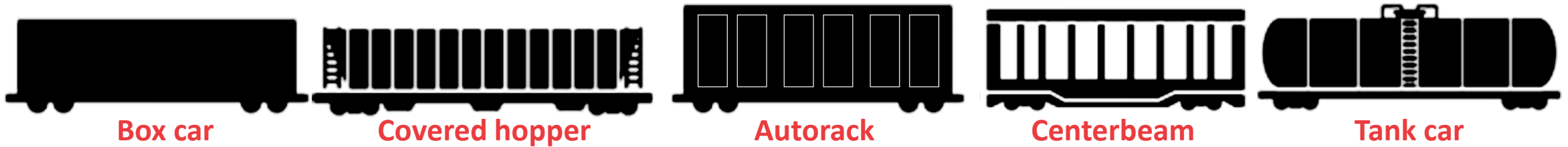
- Line haul traffic
 - BNSF Railway
 - Union Pacific Railroad
 - U.S. Oil Refining
- Miscellaneous switching
 - Local customers requesting additional service
- Locomotive servicing
 - BNSF Railway
 - Union Pacific Railroad
- Demurrage
 - Undo detention of a railcar
 - Local commercial customers
 - Excludes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

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

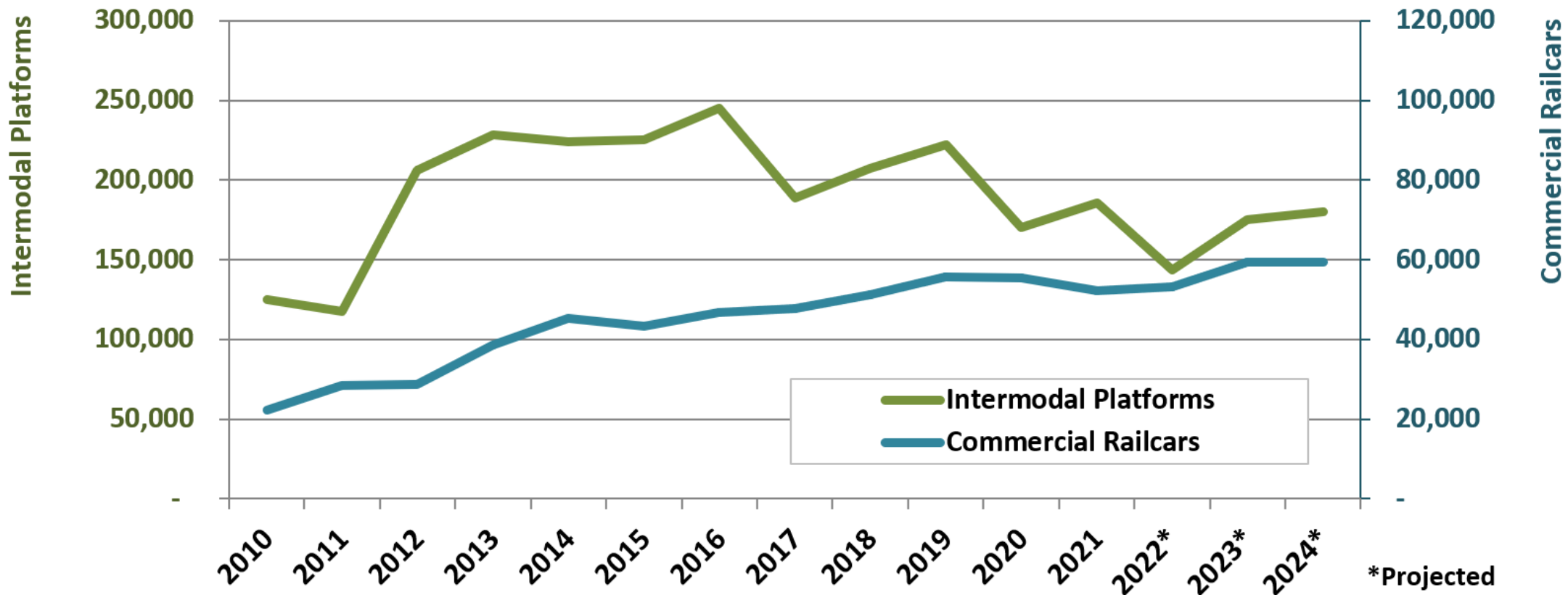
- Labor intensive
- Lower volume
- Less track utilization
- Lower track wear
- Daily service
- More destinations
- Subject to demurrage
- Loaded rate

• Unit Trains

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

Line Haul Volumes

- 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

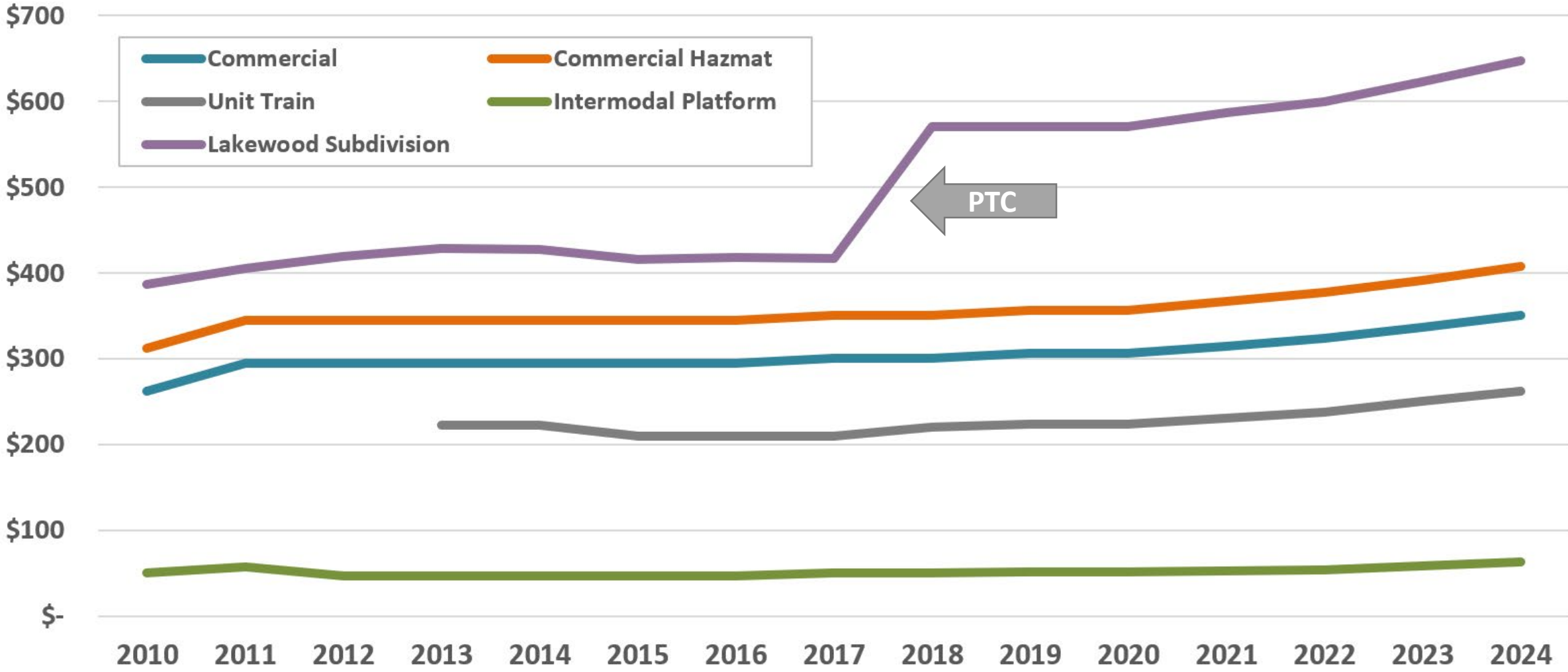
	2022	Proposed Rates	
		2023	2024
Intermodal	\$ 54.00	\$ 58.50	\$ 63.00
Commercial			
Tidelands Division	324.00	330.00	343.00
Tidelands Division Hazardous	377.00	384.00	400.00
Capital Division	600.00	623.00	647.00
Unit Train			
Single Spot	238.00	250.00	262.00
Multiple Spot	318.00	334.00	350.00



SD2
Financial
Stability

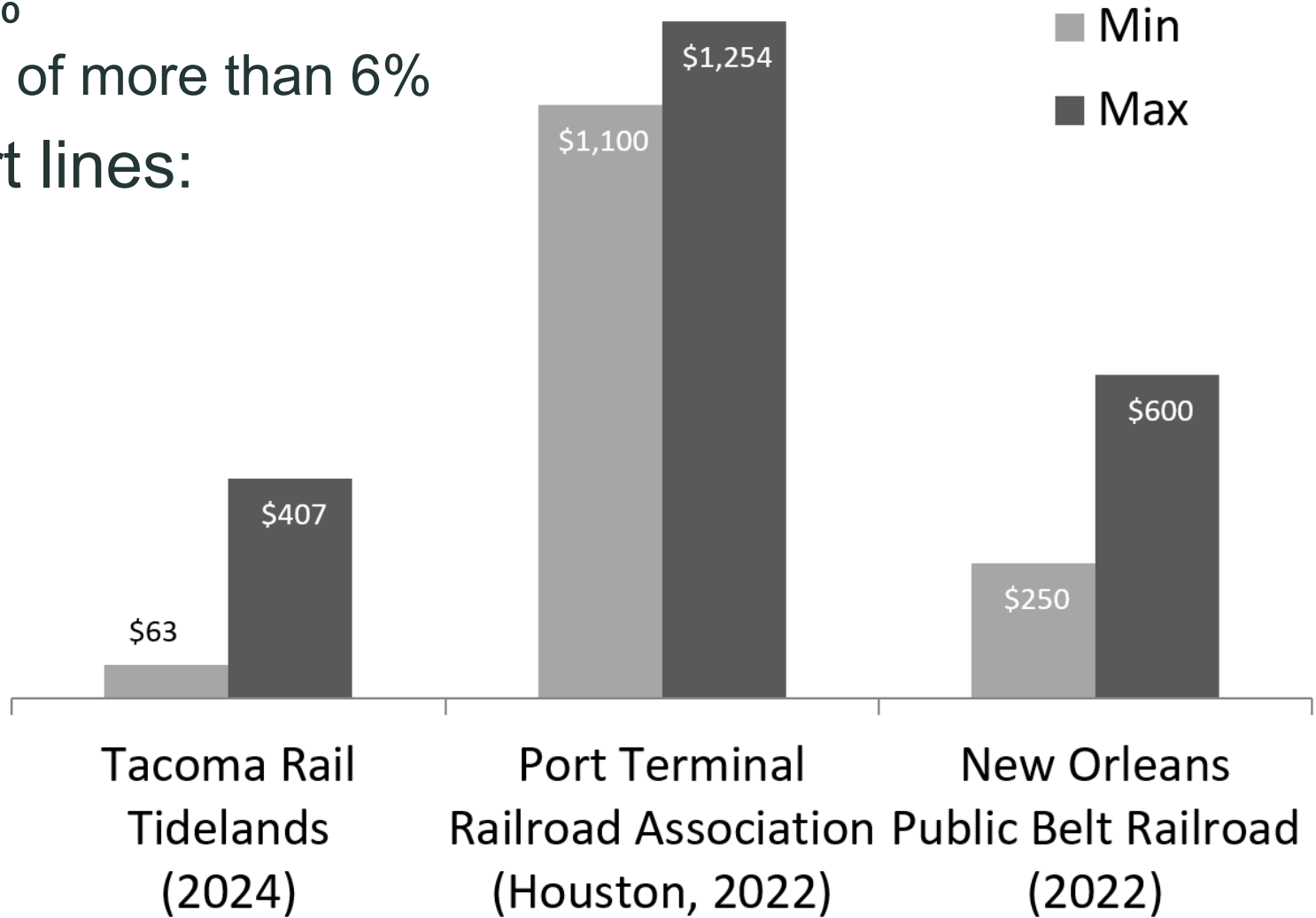


Rates Over Time



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:



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