



October 27, 2020

Scott Streiner, Chair and CEO
Canadian Transportation Agency
15 Eddy Street
GATINEAU QC K1A 0N9

Dear Scott Streiner:

Thank you for the opportunity to provide comments and input into the Canadian Transportation Agency's (the Agency) consultation on the approach to setting regulated interswitching rates. We have reviewed the discussion paper provided as part of the consultation. We appreciate the thorough and reasoned explanation for the four proposed changes that have been suggested.

As previously noted in past submissions, the Government of Saskatchewan (GOS) supports the Agency's goals to ensure that any regulatory changes and changes to the methodology of rate calculation work to ensure that rates are compensatory, consider the long-term investment needs of railway companies, and are fair and reasonable to all parties. Interswitching is an important option and tool available to shippers to help encourage competitive rail freight service and ensure reasonable and fair access to multiple rail service providers.

Upon reviewing the discussion paper, the proposed suggestion to have a single zone and rate within the 30 kilometre (km) interswitching limit, appears to be a reasonable suggestion if the intent is to simplify the regulated interswitching rates. We agree this change will simplify the rules. In the discussion paper, the Agency has provided assurance that this change will make interswitching more consistent and transparent and will also result in rates that will stay largely the same.

However, this proposed amendment may result in interswitching rates that are less reflective of the railway's actual costs for some movements within the 30 km zone. It is difficult to fully support this amendment without knowing what the exact rate will be for the single zone.

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In addition to these proposed amendments, we suggest the Agency consider whether it would be helpful to require the railways to clearly define exactly where the designated interswitching points are located. In some cases, shippers may be on the verge of the 30 km limit and if the exact interswitching point is not clearly and precisely defined and publicly identified, it could introduce uncertainty over whether a shipper falls within the 30 km zone.

We believe it is important that the calculated interswitching rates reflect the actual railway costs as closely as possible. The proposal to establish a new block category of 100+ cars would help ensure that interswitching rates are better reflective of the actual costs the railways incur for long train interswitching movements. Even though it adds complexity, we believe this amendment could result in overall improvements to regulated interswitching. However, as with the first proposed amendment, without knowing what the exact rates for the different car blocks will be, it is difficult to predict what impact it may have on the railway's behavior.

We support the proposed amendment to clearly define a car to include platforms used for intermodal traffic. In addition to this, we encourage the Agency to consider whether additional regulatory amendments are warranted to ensure all railway equipment and rolling stock moved for any purpose between two railways are included under the definition of a car for the application of regulated interswitching.

The GOS supports the fourth proposed amendment to require railway companies to show the regulated interswitching rate that they charge on the waybill. We support any amendment that will help improve transparency and provide shippers with additional information and detail regarding the billing of the services they receive from the railways.

In discussing the practical application of interswitching with shippers and stakeholders, we have often heard concerns that service provided by the railways in carrying out interswitching movements has been poor. In some cases, the delay and service provided in the interchange between the two railways was so poor that it made it an impractical option even if the freight rates were favourable. Although this concern may be outside of the scope of the proposed amendments and consultation at hand, we ask the Agency continually monitor the performance of the railways in providing interchange and interswitching services. If the Agency is aware of similar concerns, we encourage the Agency to consider investigating the issue further.

We realize individual shippers may not support some of the proposed amendments if they believe their specific interswitching rate could increase as a result or, if they believe it will introduce additional complexity to regulated interswitching. If the majority of the feedback from shippers indicates that there is concern or opposition to any of the proposed amendments, the GOS would recommend the Agency consider further investigation before implementing any amendments.

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Finally, GOS is concerned around the usage and effectiveness of the long-haul interswitching (LHI) provisions of the Canadian Transportation Act introduced in Bill C-49. The lack of shippers exercising this competitive provision widely, raises concerns of shipper's ability to access expanded market opportunities and shipper's cost of using this provision. We acknowledge this is outside of the scope of the consultation at hand, however, we strongly encourage the Agency to consider undertaking a review of the LHI provision's performance after two years of availability to shippers since implementation.

We appreciate the opportunity to provide input into this important review process and we look forward to working with the Agency on these important issues.

Sincerely,

Fernando (Fred) Antunes, P. Eng.
Deputy Minister

cc: Honourable Greg Ottenbreit, Minister of Highways and Infrastructure
Wayne Gienow, A/Assistant Deputy Minister, Policy, Planning and Regulation