



**Farm West Holdings Inc.
William [Bill] Cooper**

2515 Irvine Ave Saskatoon, SK S7J 2A9
Phone / Fax: 306-477-2050
Cell: 306-370-9107
Email: bgcooper@sasktel.net

The CTA said in its ruling that CN's revenue of \$672,110,852 for the 2013-14 crop year was \$4,981,915 above its revenue cap entitlement of \$667,128,937.

Hallman said CN has repaid the amount by which its western Canadian grain revenues exceeded the cap, along with a five per cent penalty of \$249,096, pending the outcome of the appeal.

Canadian Pacific Railway is also setting up for a legal challenge involving Transport Canada.

CP is appealing a CTA ruling that claims the railway failed to meet minimum weekly grain movement targets put in place by the federal government.

CP was fined \$50,000 for missing mandated grain volumes during the second week of September 2014.

The railway is disputing the fine on the basis that reduced deliveries were the result of broader supply chain issues, specifically a holiday shutdown at the Port of Vancouver the previous week.

brian.cross@producer.com

William(Bill)Cooper, Pres.

LEGISLATED INTERSWITCHING [160k's]

The interswitching policy should be laid to rest due to the inefficiencies & costs associated with the actual transactions. These additional costs are not accounted for with enhanced competition and cannot be justified when added to the total costs of marketing \$5:00/bus. wheat. [183.\$/mt]

DISPUTE WITH CTA

CN appeals revenue cap fine over interswitching

BY BRIAN CROSS

SASKATOON NEWSROOM

Canadian National Railway is disputing Ottawa's claim that it exceeded the revenue cap for hauling western grain by nearly \$5 million in 2013-14.

The company confirmed April 9 that it plans to appeal a December decision by the Canadian Transportation Agency that suggested CN exceeded the caps by \$4.98 million.

Railways are normally required to reimburse all revenues that exceed the cap, also known as the maximum revenue entitlement.

A successful appeal could significantly reduce the amount that CN is required to repay.

CN spokesperson Mark Hallman said the company's appeal stems from CTA's treatment of revenues associated with interswitching.

Hallman said in an email that the CTA treated revenues associated with switching activities under the revenue cap. The switching activities were principally for moving Canadian Pacific Railway originated grain to North Shore grain elevators at Port Metro Vancouver.

"The CTA has ruled that CN must claim about \$4 million in net switching revenues against the legislated revenue cap for regulated grain," Hallman wrote.

"The revenue entitlement for these switching movements is essentially zero. As a consequence of this ruling, CN suffered a net loss of roughly \$4 million on these movements for the 2013-2014 crop year."

Hallman said CN's appeal was given greater urgency when Ottawa decided to extend interswitching limits in Western Canada to 160 kilometres from 30.

The situation also emphasizes the continuing need for investment in rail infrastructure on the Port of Vancouver's north shore to expand Canada's exports of grain and other products, he said.