June 4, 2021

The Honorable Martin J. Oberman, Chairman
United States Surface Transportation Board
395 E Street, S.W.
Washington, D.C.  20423

Dear Chairman Oberman:

I am writing in response to your May 27 letter inquiring about Canadian Pacific’s (CP) ¹ preparedness to meet the increased demand for rail service as the economy recovers from the upheaval caused by the Covid-19 pandemic.

I want to begin by reiterating CP’s commitment and practice of meeting the needs of our customers and the communities we serve. The 12,500 strong team of CP employees has sacrificed day in and day out to ensure that we can continue to safely provide our essential services to our communities without interruption. As North America emerges from the pandemic we remain keenly focused, first, on the health and safety of our employees and their families, and second but just as firmly, on our ability to serve our loyal customers and the Nation’s transportation needs.

As I wrote to the Board last year during the pandemic, managing, redeploying and augmenting our assets and crew availability in step with customer demand is a normal and vital part of how we do business. Our team drills into the operating plan on a weekly basis to right size our resources in response to the evolving demand and needs of our customers. This requires ongoing communication and coordination with our customers as they recover their business and supply chains. And it requires proactive forecasting based on experience and all relevant data inputs from internal sources (both operating, and sales and marketing) and external resources. I’m proud of how effectively CP has been able to perform in these areas, though we are always striving to do better.

Our efforts have borne concrete fruit. CP’s service has been strong in 2021 and continues to improve. As one indicator, our over-the-road train on-time performance in the US for Q2 2021 (a metric that applies to all of our scheduled trains) stands at 94%.² In May 2021, it was 96%.

¹ Canadian Pacific is a trade name under which Canadian Pacific Railway Company and its United States subsidiaries, Soo Line Railroad Company, Dakota, Minnesota and Eastern Railroad Corporation, Delaware and Hudson Railway Company, Inc., and Central Maine & Quebec Railway US, Inc. operate.
² This metric, which CP uses internally to grade its own performance, captures the performance of all of CP’s scheduled trains, including intermodal, but not bulk trains. For purposes of this metric, trains are considered on time if they arrive within two hours of schedule.
our second best month since we began tracking this metric. This is an improvement over Q1 2021’s 91%. All-in train speed, which applies to both scheduled and US bulk trains (potash, grain, oil, coal), is consistent with pre-pandemic speeds.\textsuperscript{3} Industrial switch performance has performed equally well in recent months, as reflected in the execution of Merchandise Trip Plans, which currently sits at 96.4% in Q2 2021 for the US property.

As reflected in our service performance, CP has not been lacking in employee resources. We have recalled the vast majority of CP employees who were furloughed as a result of the pandemic. CP currently has 1034 train and engine (“T&E”) employees on the roster in the United States, 42 of whom are on furlough, a sharp reduction from the 375 T&E employees who were on furlough at the beginning of Q3 2020. Similarly, of CP’s 898 engineering employees in the US, only 14 remain on furlough. In the mechanical ranks, CP has 380 employees in the US, and only 8 remain on furlough. For the remainder of 2021, CP anticipates hiring approximately 110 T&E employees, 60 engineering employees and 20 mechanical employees in the US. 2022 hiring plans are being developed.\textsuperscript{4}

CP also has adequate locomotive power to meet anticipated demand and we plan to bring on additional locomotives to meet our anticipated growth in demand. As of today, our system-wide locomotive fleet (which flows freely across the U.S.-Canada border) consists of approximately 1400 units. Of those, 1030 locomotives are in active service and/or available. We have 46 additional locomotives in storage that are ready for immediate return to service. CP also has adequate car supply to meet anticipated demand growth. Of our current fleet of over 30,000 cars, nearly 26,000 are currently online. Of the approximately 4500 cars currently in storage, we expect over one third will return to return to service by the end of 2021.

In closing, the past year has made our railroad stronger, safer, and more productive. We have increased our capacity, created service solutions, focused on our customers and continued to develop our greatest resource – our people. We have exercised discipline in executing our operating model, which has enabled us to be nimble and responsive to both the economic downturn and the anticipated economic growth. As a result, CP and its 12,500 strong employees are well positioned to support the post-pandemic economic recovery.

Sincerely,

Keith Creel,
President and Chief Executive Officer
Canadian Pacific

\textsuperscript{3} All-in train speed captures all time from origin to destination, including intermediate terminal and crew change time.

\textsuperscript{4} As the Board is aware, CP is pursuing authority to acquire control of Kansas City Southern. CP would plan to implement that transaction during 2022, and the anticipated growth in employment flowing from the transaction – if it is allowed to proceed – will be detailed in CP’s forthcoming control application.