

Canadian Transportation Agency  
Attention: Mr. Ryan Dallaway

**Re: Uniform Classification of Accounts Consultation**

I am pleased to report that Teck Resources Limited, on its own behalf and on behalf of its affiliates (collectively, “Teck”) intends to participate in the Agency’s Consultation on Amendments to the Uniform Classification of Accounts.

As you are aware, many shippers in Canada rely on the Agency’s capabilities to issue unbiased, objective and timely railway cost determinations, for the purposes set out in the Canada Transportation Act, including final offer arbitration, regulated interswitching, CLRs, among others. While it is unfortunate that Canada’s two dominant carriers regularly oppose and even contest the accuracy of these determinations, their usefulness ranks very high among shipper concerns over the exercise by railway carriers of their market power. Hence, Teck favours a process that allows the Agency to more accurately capture railway cost information, ensure accounts are representative of current operations, improve its processes, and maintain modern accounting standards. Further, Teck supports improvements relating to transparency in the gathering and processing of cost information, the elimination of barriers to the disclosure of railway costs, for individual shipments in particular, and mechanisms to allow shippers in Canada access to the same quantity and quality of information available to shippers using CN and CP’s services in the United States. Since the Consultation is related to those sought-after improvements, we are confident that the Agency will seek to provide the best information available in the costing determination process.

We are especially cognizant of the need for shipper participation in the Consultation, particularly in light of the fact that rail carrier reporting requirements are managed on a day-to-day basis between the Agency’s staff and staff at each railway company and the lack of publicly available information in regard thereto. Because rail carriers do not disclose publicly the costing information they provide to the Agency, shippers are not in a position to provide submissions by the Agency’s January 31, 2013 deadline. To that end, we confirm our conversation of Friday, November 16, 2012, that shippers will not be required to make such submissions by January 31, 2013, that, without limitation, they will be permitted to

1. fully participate in the Consultation thereafter despite not making such submissions,
2. receive timely notice of all Consultation information provided by the Agency to carriers to ensure such participation, and
3. comment on the Agency’s accounting rules and structure of accounts, the proposed drafts and final UCA chart of accounts, and revisions thereto.

As you will appreciate, shipper concerns over the exercise of railway market power in the form of upward pressure on rates and inadequate levels of service are of paramount consideration in carrier-shipper interactions. The solicitation by the Agency of input for revising the UCA leading to the publishing by the Agency of a new UCA may be critical to the continued success and viability of many Canadian shipping enterprises. To the extent the UCA is amended or revised in such a manner as to permit rates set in an environment that lacks effective competition for rail services, we believe shippers, and the broader Canadian economy, will suffer. Hence, shipper (and likely other stakeholder) participation is critical in testing the effects of any proposed changes or revisions to the UCA.

We very much look forward to participating in the Consultation and thank you in advance for your favourable consideration of the subject of this letter.

**François Tougas\***

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\*Law Corporation