



TACOMA PUBLIC UTILITIES
3628 South 35th Street
Tacoma, Washington 98409-3192

November 6, 2015

To: Chair Flint and Members of the Public Utility Board; and
Mayor Strickland and Members of City Council:

SUBJECT: Northwest Container Services Switch Rate Agreement

Request:

Tacoma Rail requests approval to enter into a railroad switching fee agreement with Northwest Container Services, Inc. to establish a cost of service rate of \$20.00 per container interchanged to a Class I railroad, with an escalation rate of \$1.00 per year starting January 1, 2016. The agreement will be for 3 years unless mutually cancelled or extended in writing.

Background:

Northwest Container Services is a Portland, OR, based customer of Tacoma Rail that specializes in containerized logistics transportation services. Tacoma Rail handles their container traffic on intermodal railcars to and from the Union Pacific railroad and between one of several designated container terminals in the Port of Tacoma area.

Tacoma Rail's freight tariff doesn't encapsulate the cost of service associated with Northwest Container Services traffic base. Northwest Container Services traffic is unique in that it is intermodal traffic, but it is handled as non-intermodal traffic by the Union Pacific. It is a separate service that parallels Tacoma Rail's intermodal traffic referenced in the freight tariff. The Northwest Container Services Switch Rate Agreement would supersede the freight tariff line haul charges.

APPROVED:

William A. Gaines
Director of Utilities/CEO

