

rail operations expenses resulting from changes in the volume of traffic, after allowing a reasonable period of time for adjustment in view of the traffic to be handled;

(b) there shall be included in the variable costs an allowance for cost of capital based on a rate of return, including an allowance for income tax, that, in the opinion of the Committee, is appropriate for CP Rail (a Division of Canadian Pacific Limited) applied to the variable portion of the net book value of the assets related to the movement of the traffic; and

(c) variable costs shall be shown in the cost submissions separated between "labour" and "material and other" costs, in the categories identified in the costing manuals filed pursuant to any order of the Committee.

Specific Costs

8. Whenever specific costs are known or can be readily determined from company records, such costs shall be used in lieu of averaged or allocated costs.

Costing Manuals to be Filed

9. Cost submissions made pursuant to these Regulations shall be prepared in accordance with such costing manuals as the Committee shall, by order, require.

Information to be Made Available to the Committee

10. Railway companies shall make available to the Committee all unit costs, output units and other statistical and supporting information required by order from time to time by the Committee in determining whether cost submissions are acceptable for purposes of the Act.

Cost Submissions for Other than Class I Railways

11. Cost submissions to the Committee by railways other than Class I railways shall be made as follows:

(a) the submissions shall be based on direct costing to the extent feasible;

(b) where feasible, an empirical adaptation of factors employed by Class I railways shall be made for other than direct assignment of costs;

(c) cost submissions shall be in the same form as those prescribed for Class I railways and shall be supported by a complete description of the methods and procedures used in determining output units and in assigning and allocating cost; and

(d) cost submissions shall include an allowance for cost of capital as follows:

(i) where the railway companies have developed a capital structure satisfactory to the Committee, at an approved cost of capital rate developed in the same manner as prescribed for Class I railways in these Regulations, or