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Chief of Case Administration
Office of Chief Counsel
Surface Transportation Board
395 E Street, SW
Washington, DC 20423-0001

RE: Docket No. AB 290 (Sub-No. 425X) – Norfolk Southern Railway Company, B-Line Abandonment Exemption

Dear Chief of Case Administration:

SMS Rail Service, Inc. ("SMS"), a Class III common carrier railroad operating in New Jersey, Pennsylvania, and New York, respectfully submits this statement in support of the efforts of the Shenandoah Valley Battlefields Foundation ("SVBF") and Manassas Gap Railroad LLC ("MGR") to preserve approximately 48.5 miles of Norfolk Southern Railway Company's former B-Line between Front Royal and Broadway, Virginia (the "Line" or "B-Line"), through the Offer of Financial Assistance ("OFA") process relating to the matter docketed at AB 290 (Sub-No. 425X).

As an established freight railroad with experience in railroad operations, industrial switching, transloading, and transportation logistics, SMS recognizes the commercial potential of restoring freight rail service over the Line. SMS believes the Line's long-term viability should be evaluated not solely on Norfolk Southern's historical traffic, but in consideration of the demonstrated interest in preserving rail service, the broader transportation needs of the region and the commercial opportunities available under a different operating model.

Commercial Viability and the Development of New Freight Traffic

The absence of substantial historical rail traffic or existing customers with direct physical connections to the Line should not necessarily be interpreted as a lack of commercial demand for rail transportation.

Railroads are not limited to serving industries immediately adjacent to their tracks. Modern freight operations, particularly those conducted by independent short-line railroads, frequently incorporate transloading and other logistics services that extend the geographic reach of rail transportation well beyond the physical railroad corridor.

Transloading facilities enable businesses without direct rail access to utilize rail transportation through the transfer of commodities between railcars and trucks. Such facilities can aggregate freight volumes from multiple customers, creating opportunities for economically viable

rail service where individual industries may not generate sufficient traffic to justify their own sidings.

Accordingly, a meaningful assessment of the B-Line's commercial viability should recognize not only its existing customer base, but also the opportunities to develop new traffic through transloading, regional freight aggregation, and access to the national rail network.

Agricultural and Industrial Opportunities in the Shenandoah Valley

The B-Line traverses a region with a substantial agricultural economy, including livestock and poultry production, grain cultivation, feed manufacturing, and related processing and distribution activities.

These industries generate significant transportation requirements, not only for finished agricultural products but also for the inbound movement of grain, feed ingredients, fertilizer, agricultural supplies, packaging materials, and other commodities.

According to the United States Department of Agriculture's *2022 Census of Agriculture*[1], Rockingham County recorded approximately $1.2 billion in agricultural product sales, demonstrating the considerable scale of the region's agricultural industry. The scale of this agricultural production underscores the region’s continuing requirements for agricultural inputs, processing operations, and the receipt and distribution of commodities by rail.

Many of these commodities are particularly well suited to rail transportation, especially when shipped in sufficient quantities over longer distances.

The ability to aggregate agricultural and industrial traffic through strategically located transloading facilities could permit businesses throughout the Shenandoah Valley to benefit from rail transportation without requiring individual rail connections.

Although specific transportation opportunities would require further commercial development, the agricultural character of the region provides an identifiable and established economic foundation from which new freight rail business could be developed.

The Virginia Inland Port and Regional Freight Development

The B-Line's geographical location also places it in proximity to the Virginia Inland Port, an established intermodal facility served by Norfolk Southern and connected to the Port of Virginia's marine terminals in Hampton Roads.

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[1] U.S. Dep't of Agric., Nat'l Agric. Statistics Serv., *2022 Census of Agriculture*, Vol. 1, Ch. 2, Table 1, County Summary Highlights: 2022, at 251 (2024), https://www.nass.usda.gov/sites/default/files/publications/agcensus/2022/Full_Report/Volume_1,_Chapter_2_County_Level/Virginia/st51_2_001_001.pdf.

The Virginia Inland Port demonstrates the role that railroad infrastructure can play in supporting regional commerce, attracting industrial investment, and facilitating international freight movements.

In its 2023 *Inland Port Study: Feasibility Analysis of Locating an Inland Port in the Commonwealth*[2], the Virginia Economic Development Partnership and Virginia Port Authority recognized that inland-port infrastructure can serve as a catalyst for economic growth by attracting businesses dependent upon intermodal transportation. The study further emphasized the importance of developing rail-served industrial sites and pursuing conventional, non-intermodal freight opportunities as complementary elements of regional economic development.

These principles are particularly relevant to the B-Line. The existence of an established international freight gateway in Front Royal, together with the agricultural and industrial activity throughout the Shenandoah Valley, presents opportunities to develop additional conventional carload transportation, transloading activities, and associated logistics services.

Restoration of freight rail service over the B-Line, coupled with the development of strategically located transloading facilities, would position the corridor to capture new freight business from the Shenandoah Valley's agricultural, manufacturing, and distribution sectors. Its proximity to the Virginia Inland Port further enhances opportunities to serve domestic and international commerce, extending the railroad's potential customer base well beyond industries with existing direct rail connections.

Transportation Efficiency and the Interstate 81 Corridor

The Line's general proximity to Interstate 81 presents another important consideration.

I-81 is a significant commercial freight corridor serving the Shenandoah Valley and the broader eastern United States. Much of the region's agricultural and industrial freight necessarily moves by truck, including shipments traveling considerable distances to and from regional production and distribution facilities.

Rail-served transloading facilities could provide an alternative for suitable freight movements, allowing the long-haul portion of a shipment to move by rail while preserving the flexibility of trucks for local pickup and delivery.

Where commercially and operationally practical, such arrangements could reduce long-distance truck movements along I-81, improve freight transportation efficiency, and reduce associated highway congestion, infrastructure wear, and emissions.

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[2] Virginia Economic Development Partnership Authority & Virginia Port Authority*, Inland Port Study: Feasibility Analysis of Locating an Inland Port in the Commonwealth*, H.D. 2, at 2–3 (2023), https://rga.lis.virginia.gov/Published/2023/HD2/PDF.

The potential transportation benefits extend beyond individual shippers and warrant consideration in assessing the broader economic value of preserving the corridor for continued railroad use.

Preservation of Rail Infrastructure and Future Commercial Opportunities

SMS recognizes that the successful restoration of freight rail service would require infrastructure rehabilitation, commercially sustainable operating arrangements, and the active development of new freight business.

Nevertheless, Norfolk Southern's stated intention to leave existing rail, ties, and other track materials in place presents an opportunity to preserve a transportation corridor whose replacement or reconstruction could involve substantially greater cost and difficulty.

Once railroad infrastructure and associated property rights are lost, future opportunities for freight transportation and industrial development may be permanently constrained.

The preservation of the B-Line would retain the opportunity to serve existing and future businesses through direct rail service, transloading, and other freight transportation arrangements as the region's commercial needs develop.

SMS's Willingness to Provide Service

The SVBF has conducted a competitive evaluation of prospective common-carrier operators in anticipation of acquiring the Line. SMS has participated in that process and submitted a proposal to provide freight rail transportation and associated transloading services. Based upon its experience and assessment of the corridor's commercial potential, SMS believes that renewed freight operations are both feasible and capable of supporting the development of new business opportunities throughout the region.

Although a formal operating agreement has not yet been executed, SMS is prepared to assume common-carrier responsibilities for the Line, subject to mutually acceptable terms and any necessary regulatory authorization. SMS's participation in the selection process and its willingness to undertake these responsibilities reflect its confidence in the potential for commercially sustainable freight rail service following acquisition through the OFA process.

Conclusion

Under 49 CFR § 1152.27(c)(1)(iv)(E), the Board's consideration of continued need for rail service includes evidence of commercial demand and operational feasibility.

SMS submits that the B-Line's geographic location, the Shenandoah Valley's established agricultural and industrial economy, its proximity to the Virginia Inland Port, and the potential development of railroad-operated transloading facilities provide a meaningful foundation for renewed freight rail operations.

The Line's commercial potential should not be measured exclusively by historical carload volumes or existing industries with direct rail access. Rather, consideration should be given to the opportunities for developing new freight business through an alternative operating model that serves the broader transportation needs of the region.

As an established common carrier that has evaluated the corridor and submitted a proposal to provide freight rail service, SMS recognizes the potential viability of renewed operations and is prepared to participate in their development, subject to mutually acceptable terms and necessary regulatory authorization.

SMS respectfully supports the preservation of the B-Line through the OFA process and believes that its restoration to service represents a credible opportunity to serve the Shenandoah Valley's existing and future transportation needs.

Respectfully submitted,

/s/ James R. Pfeiffer

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c.c.: All Parties of Record

CERTIFICATE OF SERVICE

I hereby certify that I have caused the foregoing Letter of Support to be served on all Parties of Record via electronic mail, as follows:

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Dated: November 17, 2026

/s/ James R. Pfeiffer
James R. Pfeiffer, Chief Operating Officer
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