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Before the

SURFACE TRANSPORTATION BOARD

Finance Docket No. FD 36873

UNION PACIFIC CORPORATION AND UNION PACIFIC RAILROAD COMPANY - CONTROL – NORFOLK SOUTHERN CORPORATION AND NORFOLK SOUTHERN RAILWAY COMPANY

RESPONSE FOR CONDITIONS ON BEHALF OF THE MORRISTOWN & ERIE RAILWAY INC.

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November 17, 2026

In accordance with the Board's Decision No. 30 served in this proceeding on August 18, 2026, Morristown & Erie Railway Inc. ("M&E") submits this request for conditions in this matter.

BACKGROUND

Morristown & Erie Railway, Inc. (M&E) is a Class III freight railroad based in Morristown, New Jersey. Its origins date to 1895. In 1903, the Whippany River Railroad and the Whippany & Passaic River Railroad consolidated to form the Morristown & Erie Railroad. Local investors acquired the railroad in 1986 and continued operations as Morristown & Erie Railway, Inc. The M&E's original Whippany Line remains the core of its freight operations in northern New Jersey. M&E's guiding principle, "Service is our Business!", reflects its emphasis on safe, reliable, and efficient rail service connecting customers to national and global markets. M&E has received numerous Jake Awards from the American Short Line and Regional Railroad Association (ASLRRA) for injury rates below the industry average, as well as Jake Awards with Distinction for calendar years with zero FRA-reportable injuries. M&E was the first short line in New Jersey to achieve full Positive Train Control (PTC) compliance for its operations on NJ TRANSIT territory.

The M&E serves as an essential "first and last mile" link for Norfolk Southern in North Jersey. M&E has extensive experience expanding freight service into new markets for new and existing customers, providing industrial and terminal switching at North Jersey ports and refineries, and operating over host railroad trackage.

The M&E holds overhead trackage rights across New Jersey Transit (NJT) lines which include the Morristown Line between West End Interlocking (MP 2.2) in Jersey City, NJ and Bill (MP 56.8) in Hackettstown, NJ; Montclair Line between Roseville Ave. Interlocking (MP 9.0) in Newark and Denville Interlocking (MP 33.9) in Denville, NJ; Main Line between West End Interlocking (MP 2.2) in Jersey City, NJ and WC Interlocking (MP 23.6) in Waldwick, NJ; Bergen County Line between Laurel Interlocking (MP 4.3) in Secaucus, NJ and Ridgewood Jct Interlocking (MP 19.0) in Ridgewood, NJ. However, NS holds exclusive customer access rights over these lines.

M&E's existing operations over these routes provide familiarity with the infrastructure and operating requirements, positioning it to expand from overhead movements to local freight service if the requested rights are granted.

RESPONSIVE APPLICATION

M&E asks the Board to condition any approval of the proposed acquisition of Norfolk Southern Corporation and Norfolk Southern Railway Company (NS) by Union Pacific Corporation and Union Pacific Railroad Company (UP) upon the granting of the freight operating, trackage, and interchange rights described below. The requested rights would allow M&E to provide local freight service and customer development in the specified territories while connecting that traffic to the broader rail network. In all cases outlined below, M&E would be granted exclusive local freight service rights and NS would retain overhead trackage rights across their owned lines in question.

MORRISTOWN DISTRICT

1. M&E seeks to assume operational control of and responsibility for freight operating rights and trackage rights to serve all customers on the following lines currently controlled by NS;
    a. NJT Morristown Line between West End Interlocking (MP 2.2) in Jersey City, NJ and Denville Interlocking (MP 36.3D) in Denville, NJ, including the NS Harrison Industrial Track (MP 5.9) in Harrison, NJ;
    b. NJT Gladstone Line from Summit Interlocking (MP 20.1) in Summit, NJ to Gladstone (MP 42.2).

2. This would allow M&E to reestablish and acquire new customers on the NJT Morristown Line, and Gladstone Line where no service is currently offered nor has been offered for the past 15 years. The NS Harrison Industrial Track lies within the existing M&E operating territory and M&E servicing it would allow new and existing customers more reliable service and enhanced competition by enabling them access to other carriers via the M&E thus providing expansion opportunities to new markets.

THE CROXTON CLUSTER DISTRICT

3. M&E seeks to assume operational control of and responsibility for freight operating rights and trackage rights to serve all customers on the following lines currently controlled by NS;
    a. NJT Main Line between West End Interlocking (MP 2.2) in Jersey City, NJ and Division Post (MNR) (MP 31.3) and NS Hillburn Yard in Hillburn, NY including;
        i. NS Kingsland Yard (MP 7.7),
        ii. NS Newark Industrial Track (MP 13.3),
        iii. NS Paterson Yard (MP15.2),
        iv. NS Suffern Industrial Track (MP 30.9);

b. NJT Bergen County Line between Laurel Interlocking (MP 4.3) in Secaucus, NJ and Ridgewood Jct Interlocking (MP 19.0) in Ridgewood, NJ., including;

i. NS Croxton Yard at HX Interlocking (MP 5.4) in Secaucus, NJ,

ii. NS Fair Lawn Industrial Track (MP 17.1) in Fair Lawn, NJ;

c. NJT Pascack Valley Line between Pascack Jct (MP 7.7) in East Rutherford, NJ and Woodbine Yard (MP 31.3) in Spring Valley, NY, including;

i. the Dubois Industrial Track at Sport Interlocking (MP 8.4) in East Rutherford, NJ,

ii. Seamans Lead at Seamans Interlocking (MP 9.6) in Wood-Ridge, NJ;

d. NJT Sports Line (MP 8.4) in East Rutherford, NJ and Meadowlands Station (MP 2.0) in East Rutherford, NJ including;

i. NS General Foam Industrial Track at Sport Interlocking (MP 8.4) in East Rutherford, NJ.

e. Southern Tier Line from Division Post (MNR) (MP 31.3JS) in Hillburn, NY and CP Sparrow (MP 89.9SR) in Sparrow Bush, NY including;

i. Harriman Industrial Track in Harriman NY (MP 45.0JS),

ii. Interchange rights with Middletown and New Jersey Railroad (MNJ) in Campbell Hall, NY (MP 65.5JS),

iii. Interchange rights with New York Susquehanna & Western Railway (NYSW) at Campbell Hall (MP 65.5JS).

4. The Southern Tier Line is leased by NS to Metro-North Railroad (MNR).

5. The customers located on these lines are exclusively served by NS. Given the reduction in NS service over the years, M&E would actively develop new freight business and seek to restore traffic from former rail customers. Existing customers would benefit from local service tailored to their switching and shipment needs. Independent local service, together with the requested interchange rights, would also provide opportunities for additional line-haul routing options through UP-NS and other connecting carriers.

ALLENTOWN DISTRICT

6. M&E seeks overhead trackage rights on the following lines currently controlled by NS;

a. NS Washington Secondary between Washington, NJ (MP66.5) to Phillipsburg, NJ (MP 80.2),

b. NS Lehigh Line from Phillipsburg to Allentown Yard, with rights into Allentown yard to interchange traffic.

    i. Interchange rights with Lehigh Valley Rail Management (LVRM) in Bethlehem, Pa at Riverside Yard, NS Lehigh Line, CP 87, MP LE 87.2.

7. M&E seeks to assume operational control of and responsibility for freight operating rights and trackage rights to serve all customers on the following lines currently controlled by NS;

    a. NS Portland Secondary Track between CP Easton (MP LE77.0/PO 0.0) in Easton, PA and Portland (MP PO 22.0) in Portland, PA including;

        i. Interchange rights with the Belvidere & Delaware River Railroad (BDRV) at Phillips (MP PO 0.6) in Phillipsburg, NJ;

    b. NS Roxburg Secondary Track (MP PO 7.1/RJ 78.6) between Brainards (MP PO 7.1/RJ 78.6) in Brainards, NJ and Roxburg (MP 75.1) in Roxburg, NJ;

        i. NS Roxburg Industrial Track;

        ii. NS Belvidere Industrial Track;

c. NS Stroudsburg Secondary Track between Jake (MP PO 21.9/DG 0.0) in Portland, PA and Slate (MP DG 2.0) in Bangor, PA including;

   i. Interchange rights with the Delaware-Lackawanna Railroad (DLRR) at Slate (MP DG 0.0).

d. NS Cement Secondary between CP JU (MP LB 84.5/SE 0.0) in Bethlehem, PA and Uhlers (MP SE 22.6) in Easton, PA including;

   i. NS Freemansburg Industrial track at CP JU (MP LB 84.5/SE 0.0);

   ii. NS E&N Industrial Track at Stockertown (MP SE 19.6).

8. The requested operating and trackage rights would allow M&E to improve service for existing customers, pursue shorter transit times, address longstanding electronic data interchange (EDI) problems, reach shippers that NS does not currently serve, and seek to return former customers to rail.

CONCLUSIONS

Based in Morristown, New Jersey, M&E knows the industries that drive the North Jersey, Eastern Pennsylvania, and Southern Tier of New York economy and understands their transportation needs firsthand. Its local operating managers can

work directly with shippers to set switching schedules around their production and loading needs, provide dependable car placements and pickups, and resolve service issues quickly.

Since Norfolk Southern acquired portions of Conrail in the 1999 split its lack of interest in the market has caused the number of local freight trains operating on NJ Transit's Main, Bergen County, Pascack Valley, Morristown, and Montclair-Boonton Lines to have decreased by more than half with a resulting decline of carloads over the past two decades. This includes zero freight customers east of Denville on NJ Transit's Morristown Line and zero freight customers on the NJ Transit Gladstone Line. NS previously operated two local trains a day in Dover, NJ to serve these lines and today has none.

Due to Norfolk Southern's declining interest in local freight service, M&E believes the proposed acquisition by Union Pacific would risk accelerating the reduction in local service. As part of a substantially larger system, these local operations would represent a smaller share of the combined railroad's business, potentially reducing the priority given to local switching and customer development. The requested M&E operating and trackage rights would help preserve service for current customers and create opportunities to attract new and returning rail traffic. UP-NS would remain a connecting carrier able to compete for

the resulting long-haul traffic, while the requested interchange rights would allow other connecting carriers to compete for that traffic as well.

Under this arrangement, M&E would provide a single point of contact for local freight service while connecting shippers with the national rail network. Restoring dormant traffic and developing new rail business would benefit local industries and could generate additional line-haul traffic for UP-NS and other connecting carriers, rather than simply shifting existing shipments between operators.

Respectively Submitted

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CERTIFICATION

I hereby certify that on November 18 2026 **the foregoing document was served by first class mail or email upon all parties of record on the service list and the administrative law judge assigned to this proceeding.**

/s/John K. Fiorilla