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November 18, 2026

VIA E-FILING

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

Re: *Union Pacific Corporation And Union Pacific Railroad Company—Control—Norfolk Southern Corporation And Norfolk Southern Railway Company, STB FD No. 36873*

Dear Sir or Madam:

Attached for e-filing is a Comment and Request for Conditions for the Philadelphia Belt Line Railroad Company ("PBL") in the above-referenced proceeding.

If you have any questions, please feel free to contact me.

Sincerely,

Charles A. Spitulnik

Enclosure

cc: All parties of record

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BEFORE THE SURFACE TRANSPORTATION BOARD

FINANCE DOCKET No. 36873

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

COMMENTS AND REQUEST FOR CONDITIONS BY PHILADELPHIA BELT LINE RAILROAD COMPANY

Respectfully Submitted,

PHILADELPHIA BELT LINE RAILROAD COMPANY
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I. INTRODUCTION

Pursuant to Surface Transportation Board's ("STB" or "Board") Decision No. 30 in this docket and rules governing merger and control applications at 49 C.F.R. Part 1180, the Philadelphia Belt Line Railroad Company ("PBL") respectfully submits the following comment and request for conditions. While PBL does not oppose the Transaction, PBL requests that if the Board approves the control Transaction, it impose conditions that enhance competition by (1) ensuring that the Board's approval of the Transaction does not preempt or otherwise limit the continuing viability of the Belt Line Principle; (2) requiring direct Class I service and unrestricted reciprocal switching in the Philadelphia terminal; and (3) directing Applicants to negotiate overhead trackage rights for PBL to allow it to serve shippers beyond its current service area, thus further enhancing competition in the Philadelphia area.[1]

II. BACKGROUND

[1] Unless otherwise indicated, capitalized terms in this comment and request for conditions have the meaning as defined in the Board's Decision No. 30 in this proceeding, Docket No. FD 36873, served August 18, 2026.

PBL is a Class III terminal switching carrier incorporated in Pennsylvania and headquartered in Philadelphia, Pennsylvania. PBL was incorporated on May 10, 1889, and has operated in Philadelphia ever since. The PBL right-of-way dates to an 1890 ordinance, which established PBL's franchise in the city of Philadelphia and granted it the right to build and operate tracks from Allegheny Avenue north along the Delaware River. *Richmond Waterfront Indus. Park, LLC v. Phila. Belt Line R.R. Co.*, No. 02872, 2023 Phila. Ct. Com. Pl. LEXIS 11, at *2. PBL also has rights under the 1914 South Philadelphia Agreement, as amended, to build tracks in South Philadelphia. Today, PBL directly owns or has an interest in 6.5 miles of railroad infrastructure, holds trackage rights over an additional ten miles of a joint railroad, and owns other fee simple property and right-of-way within the Port of Philadelphia. *See* Philadelphia Belt Line Railroad, *About Us*, https://www.philadelphiabeltline.com/about-us/. PBL's lines connect with the Consolidated Rail Corporation ("Conrail") Philadelphia Joint Service Area, lines and facilities of CSX Transportation, Inc. ("CSX"), and the lines of Norfolk Southern Corporation. Attachment A, *Verified Statement of George C. Woodward* ("Woodward VS") at 1.

PBL was chartered to guarantee equal access on equal terms to the Port of Philadelphia for any railroad company, whether already in the City of Philadelphia or arriving at any time in the future. This guarantee is known as the "Belt Line Principle."[2] The ordinance granting PBL's franchise required it to operate in accordance with the Belt Line Principle, ensuring equal, nondiscriminatory access over the PBL line to all rail carriers. The Principle was extended in 1914,

[2] PBL has used the following definition for the principle in at least one operating lease: "The 'Belt Line Principle' is defined as the requirement that Belt Line be operated (i) to benefit the trade and commerce of the City of Philadelphia, (ii) to provide full and equal facilities upon equal terms for all railroads which now or may hereafter enter the City to use the Belt Line's railroad, without discrimination or favoritism between them, and (iii) to assure that the Belt Line and its railroad are free from the exclusive control of any of the railroad companies that use it and will be controlled in the interest of trade and commerce of the City of Philadelphia."

when the Reading Railroad, the Pennsylvania Railroad, and the Baltimore & Ohio Railroad Company, which were then operating in the southern part of the Port, entered into the South Philadelphia Agreement with PBL. That agreement established a joint railroad governed by the Belt Line Principle, so that any railroad reaching the geographic area of the joint railroad could use it on equal terms, and at the same cost, as any other railroad. The Board has affirmed and acknowledged the Belt Line Principle through the years. *See e.g., CSX Corp.—Control & Operating Leases/Agreements—Conrail Inc.*,, 3 S.T.B. 196, 216 (1998) ("[W]e are affirming that our approval of the CSX/NS/CR transaction will not preempt the Belt Line Principle advocated by PBL"); *see also PBL v. Consolidated Rail Corp.*, FD 32802 (STB served Jun. 12, 1996).

Today, PBL retains Consolidated Rail Corporation ("Conrail") as its operating carrier to provide rail transportation service under the Belt Line Principle's terms of open access pursuant to a 2014 operating lease. Conrail's rights under the agreement flow up to its parent companies, Norfolk Southern Railway Company and CSX.

Now, one of Conrail's parent companies, Norfolk Southern Railway Company, seeks approval of a transaction from the Board. In the above-captioned proceeding, Union Pacific Corporation, Union Pacific Railroad Company (collectively, "UP") and Norfolk Southern Corporation and Norfolk Southern Railway Company (collectively, "NS") (together, "Applicants") seek approval of their merger Transaction.[3] PBL has a direct and substantial interest in the Transaction: PBL relies on Conrail to provide service to carry out PBL's mandate to ensure equal, nondiscriminatory access over the PBL line to all rail carriers pursuant to the Belt Line

[3] As used herein, the "Transaction" is the proposed merger between UP and NS as proposed in the Revised Application accepted in the Board's Decision No. 30 in Docket No. FD 36873, served August 18, 2026. Unless otherwise indicated, capitalized terms in these comments have the meaning as defined in Board Decision No. 30.

Principle, and the Transaction would place one of Conrail's two parent companies under UP's control.

III. BENEFITS OF SERVICE AREA DIVISION AND RECIPROCAL SWITCHING IN THE PHILADELPHIA AREA

Rail freight service is unique in that it operates largely on infrastructure privately owned and maintained by railroad companies. *Grand Trunk Corp. v. Surface Transp. Bd.*, 143 F.4th 741, 744 (7th Cir. 2025). This means that, in contrast to trucking companies which cannot exclude others from public roads, a rail carrier can refuse to allow another carrier to access its tracks. *Id.* This creates issues where shippers and receivers are located so that the tracks of only one rail carrier reach their facilities. *Id.* Where a shipper or receiver has access to only one railroad, they are captive to that single carrier (the "incumbent" carrier). *Id.* at 744–45. Because the incumbent carrier is the only one that can move freight to or from the customer's facility, it holds a monopoly over those shipments. *Id.* at 745. Reciprocal switching can solve the problem of these monopolies by providing a captive customer with access to an alternate railroad pursuant to an agreement between the incumbent carrier and another carrier. *Id.*

A condition on the Transaction requiring reciprocal switching in Philadelphia would enhance competition. The current competitive issues in Philadelphia are the legacy of the 1997 joint acquisition of Conrail by NS and CSX. *CSX Corp.—Control & Operating Leases/Agreements—Conrail Inc.*, 3 S.T.B. 196 (1998). Because NS and CSX could not agree on how to divide Conrail's Philadelphia terminal assets (as well as those in Detroit and northern New Jersey), they created, as a "temporary" expedient, Conrail Shared Assets, a jointly owned terminal switching carrier to serve the area. *Woodward VS* at 3. The carrier was designed with limited commercial capability that has since harmed rail competition in the Philadelphia area. Today, shippers and receivers negotiate line-haul rates only with NS or CSX and the cost of local

switching is embedded in those rates in a way that is not visible to the shipper. *Id.* Functionally, NS and CSX, not the shippers, are Conrail's only "customers." *Id.* As a result, the shipper or receiver is precluded from having a direct commercial relationship with Conrail, the carrier that physically connects it to the national rail network. *Id.* at 3–4.

This structure creates several problems. First, Conrail has no incentive to ensure that service is available at competitive rates and with competitive service offerings. Its parent companies pay it an average per-car allowance, which risks delay for any movement that involves more difficulty than average. *Woodward VS* at 6. Second, governance by two competing parents produces inertia and slows progress. Major changes and investments require both NS and CSX to agree, and Conrail has made no significant change to its Philadelphia operating plan since it was created in 1997. *Id.* Third, Conrail's resources are strained. It has chronic crew shortages, which have led it to limit switching service to weekdays, and its ability to respond to customer needs is affected by personnel and financial pressure from its parent companies. *Id.* at 4. Finally, Conrail's opaque ownership and governance, together with the absence of any pricing or commercial relationship with its actual users, make it difficult for shippers to lodge complaints or to get long-standing operational problems solved. *Id.* at 5.

The Transaction would aggravate these concerns. If UP steps into NS's ownership and governance position at Conrail, a single line-haul carrier with approximately eighty percent of the rail market in north Philadelphia, together with CSX, would control the physical and commercial means by which Philadelphia shippers reach the rail network. *Woodward VS* at 8.

Direct Class I service paired with reciprocal switching would address these problems and enhance competition in several ways. It would give shippers a direct operating and commercial relationship with the carrier that serves them, replacing a switching carrier that answers only to

NS and CSX with carriers that must respond to the shipper's needs. *Woodward VS* at 8–9. It would also make switching access transparent and economically independent, so that shippers can obtain competitive access to both remaining line-haul carriers rather than relying on a Conrail arrangement they cannot influence. *Id.* Additionally, it would allow shippers to preserve and use competitive line-haul options. *Id.* It would also have the benefit of eliminating the joint-governance deadlock. With each Class I responsible for its own territory and holding rights over the necessary infrastructure, each carrier could rationalize interchange locations and operating practices without needing the agreement of its competitor. *Id.* Finally, it would reduce the ability of the post-Transaction merged entity to control the means of customer access to the rail market, helping ensure that competitive forces continue to constrain rates and service in Philadelphia after the Transaction (if approved). *Id.*

IV. PUBLIC INTEREST AND ENHANCED COMPETITION

The Board's consideration of the merger or control of at least two Class I railroads is governed by the public interest criteria prescribed in 49 U.S.C. § 11324 and the rail transportation policy set forth in 49 U.S.C. § 10101. 49 CFR § 1180.1(b) (2018). In determining the public interest, the Board must consider, among other goals, effective competition. *Id.* The Board must ensure that any approved transaction would promote a competitive, efficient, and reliable national rail system. *Id.*

a. Conditions related to enhanced competition need not be limited to those correcting the harms of the proposed merger and can include measures such as reciprocal switching or trackage rights.

While the Board's regulations focus on the requirement that Applicants provide adequate information regarding how their proposed transaction would enhance competition, the Board can also use its conditioning authority to achieve the same goal. *Id.* § 1180.1(c). The Board has broad authority under 49 U.S.C. § 11324(c) to impose conditions on consolidations, including requiring

divestiture of parallel tracks or the granting of trackage rights and access to other facilities. 49 CFR § 1180.1(d) (2018). The Board also "seeks to enhance competition in ways that strengthen and sustain the rail network as a whole (including that portion of the network operated by Class II and III carriers)." *Id.* § 1180.1(d). Courts have held that the Board has "extraordinarily broad discretion in deciding whether to impose protective conditions in the context of railroad consolidations." *Commuter Rail Div. of the Reg'l Transp. Auth. v. STB*, 608 F.3d 24, 31 (D.C. Cir. 2010) (citation modified); *see also Village of Barrington v. STB*, 892 F.3d 252, 269 (7th Cir. 2018). Its selection of conditions is afforded "great deference" by reviewing courts, which will deny a petition for review of the Board's decision as long as that decision is supported by substantial evidence in the record and was reached by reasoned decision-making. *Village of Barrington*, 892 F.3d at 269 (citation modified).

The preamble to the Board's 2001 updates to the major rail consolidation procedure regulations at 49 CFR Part 1180 makes clear that the public interest requirement for "enhanced competition" is not limited to remedying merger-related competitive harms. Specifically, the STB stated that consolidation applicants' plans for enhancing competition "need not be limited to remedying specific competitive or other harms that are threatened by the merger." *Major Rail Consolidation Procs.*, EP 582, slip op. at 17 (STB served Jun. 11, 2001).[4] Instead, the enhanced competition analysis requires a more holistic examination of the impacts of the merger overall; the enhanced competition measures can offset the overall competitive harm caused by the Transaction rather than mitigating specific areas of risk. The preamble to the current rules also states that competitive enhancements can include reciprocal switching arrangements and trackage rights. *Id.*

[4] The preamble also states "Our new rules reflect an intention on our part to offset, through conditions for competitive enhancements, those merger-related harms that cannot be directly or effectively mitigated." *Id.*

at 10 ("Such competitive enhancements could include, but would not be limited to, reciprocal switching arrangements, trackage rights, or elimination of 'paper barriers' on interchange by shortline carriers.").

Accordingly, the Board can impose reciprocal switching or trackage rights conditions to enhance competition without those conditions being directly targeted at remedying specific competitive harms caused by the proposed transaction.

V. REQUEST FOR CONDITIONS

If the Board approves the Transaction, PBL respectfully requests that approval be made subject to the conditions set forth below. The following conditions are designed to ensure that the Transaction enhances rail competition in Philadelphia and preserves PBL's ability to fulfill the Belt Line Principle.[5]

1. **Preserve the Belt Line Principle and PBL's Existing Rights**. PBL respectfully requests that the Board expressly provide that its approval of the Transaction does not preempt or otherwise alter the Belt Line Principle or any valid rights or obligations through which the Principle is given effect. The Board imposed a materially similar protection in Decision No. 89 in the Conrail control proceeding, stating that the Belt Line Principle would retain whatever effect it then had and that nothing in the Board's decision should be taken to preempt it. *CSX Corp.*, FD 33388, 3 S.T.B. at 216. The need for that protection is at least as strong in this proceeding, where the Transaction would place one of Conrail's two parent companies under UP's control and could alter the incentives affecting service, access, investment, and interchange within the Philadelphia Shared Assets Area.

[5] Note, the conditions would not require PBL to use any particular carrier and would not give the Applicants, CSX, or any other carrier an automatic right to enter or operate over PBL's property.

2. <u>Require Direct Class I Service and Unrestricted Reciprocal Switching in the Philadelphia Terminal</u>. PBL requests that the Board impose a condition on its approval of the Transaction requiring Applicants, in coordination with CSX and Conrail, to implement a Philadelphia terminal service plan that would divide the service areas of the greater Philadelphia market currently served by Conrail into geographic areas served directly by the merged UP-NS entity and CSX, with both areas within unrestricted reciprocal switching for the other carrier. *Woodward VS* at 8. The geographic division could be accomplished by having the post-Transaction merged entity directly serve north Philadelphia.[6] *Id.*; Attachment B, *Verified Statement of Carl Belke* ("Belke VS") at 3. The merged UP-NS entity would assume trackage rights over all Conrail infrastructure in Philadelphia as necessary to serve customers, interchange cars, and originate/terminate trains. *Woodward VS* at 9; *Belke VS* at 3. CSX would continue to serve its intermodal terminal in South Philadelphia and other customers in close proximity.[7] *Woodward VS* at 9; *Belke VS* at 2. PBL would retain its options for an independent direct operation or an operating lease in the North, and its currently held trackage rights in the South would be maintained with the ability to serve customers directly and trackage rights extended to

[6] North Philadelphia refers to all rail freight service north of Market Street, including: (1) Richmond Industrial Branch/Speedway Yard service territory, including interchanging with the PBL North customers and Tioga Marine Terminal; (2) Park Junction to Pavonia Yard connecting, including Frankford Junction Yard, Pavonia Yard, and their local freight service territories; (3) all of South Jersey, including the South Jersey Port Corporation terminal and all other Gloucester City customers plus all branches heading south and southeast; and (4) service to customers along Amtrak's Northeast Corridor north of Park Junction towards Bristol. *Belke VS* at 3.

[7] South Philadelphia refers to all freight service in: (1) the Navy Yard/Mustin Field areas; (2) CSX's own intermodal and auto distribution terminals; (3) the Packer Avenue Marine Terminal; (4) all active customers south of Snyder Avenue; (5) the Eddystone and Marcus Hook industrial areas; and (6) service to customers along Amtrak's Northeast Corridor south of Arsenal Interlocking (30th Street). *Belke VS* at 2.

reach interchanges at West Falls and Park Junction. *Woodward VS* at 8–9. Customers in each territory would be eligible for reciprocal switching to the other Class I carrier on commercially reasonable and nondiscriminatory terms. The Board should also require Applicants and CSX to retain or receive the rights over Conrail Shared Assets infrastructure needed to serve customers in their assigned territories, interchange traffic, conduct direct transfer movements, and originate or terminate trains. To the extent Conrail continues to perform switching, maintenance-of-way, or facility-support functions, those functions must be structured and funded so that they do not impede reciprocal switching or discriminate among PBL, Applicants, CSX, their customers, or connecting traffic.

3. **Require Negotiation of Overhead Trackage Rights for PBL**.[8] PBL respectfully requests that the Board direct Applicants to negotiate in good faith with PBL for overhead trackage rights that would allow PBL or its designated operator to deliver PBL traffic directly to the Class I interchange yards on both sides of Philadelphia, and to submit the resulting agreement to the Board for approval. *See Belke VS* at 4. PBL asks that the Board require Applicants to report the status of the negotiations to the Board within sixty days after the effective date of its approval of the Transaction. No trackage rights should take effect until the Board has approved the agreement. Nothing in this condition would require

[8] The requested condition is within the Board's broad authority under 49 U.S.C. § 11324(c) to impose conditions on a consolidation, including the granting of trackage rights and access to other facilities. 49 C.F.R. § 1180.1(d) (2018). The Board has identified trackage rights as a means of enhancing rail-to-rail competition. *Major Rail Consolidation Procs.*, EP 582, slip op. at 10. The Board has directed merging carriers to negotiate trackage rights with a third party and to return to the Board for approval of the resulting agreement in the past. *CSX Corp.*, FD 33388, 3 S.T.B. at 283.

PBL to begin service over any route or to accept terms that are inconsistent with the Belt Line Principle.[9]

VI. CONCLUSION

For the reasons outlined above, PBL respectfully asks that the Board approve the Transaction only if it imposes the requested conditions.

Respectfully Submitted,



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Date: November 18, 2026

[9] This condition is also intended to confirm PBL's operating independence. Applicants' assumption of direct service in the North Philadelphia territory would not, by itself, give Applicants or any other carrier a right to enter, serve, switch, or operate over PBL's lines.

CERTIFICATE OF SERVICE

I hereby certify that on the 18th day of November 2026, I caused the foregoing Comment and Request for Conditions by PBL to be served on all parties of record in this proceeding by electronic service or by first-class mail as indicated in the service list in this proceeding.

Dated: November 18, 2026 By: 

Charles Spitulnik

ATTACHMENT A

VERIFIED STATEMENT OF GEORGE C. WOODWARD

BEFORE THE SURFACE TRANSPORTATION BOARD

FINANCE DOCKET No. 36873

UNION PACIFIC CORPORATION AND
UNION PACIFIC RAILROAD COMPANY
– CONTROL –
NORFOLK SOUTHERN CORPORATION AND
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VERIFIED STATEMENT OF GEORGE C. WOODWARD

My name is George C. Woodward. I am a member of the Board of Directors and former Chair-Audit Committee of the Philadelphia Belt Line Railroad Company ("PBL"). I have served on PBL's Board of Directors since 1992.

PBL is a Class III terminal switching carrier that owns and manages significant rail infrastructure in north Philadelphia, including serving PhilaPort's Tioga Terminal (bulk & general cargo) and Kinder Morgan's Intermediate Liquid Storage Terminal (ethanol fuel and other chemicals). PBL also has extensive trackage rights over existing rail infrastructure in south Philadelphia and the option to provide direct rail service to customers at all those locations. PBL's lines connect with the lines of Conrail's Philadelphia Joint Service Area at Allegheny Avenue, with lines and facilities of CSX Transportation, Inc. ("CSXT") at Packer Avenue and 11th Street in south Philadelphia, and with the lines of one of the applicants in this proceeding, Norfolk Southern Corporation ("NS") at Allegheny Avenue for the operation of unit trains.

Prior to joining the Board of PBL I was the Chief Commercial Officer & Executive Vice President with Southern Pacific Transportation Company, San Francisco, CA (1972-1978 & 1987-1992) and Chief Marketing Officer-Vice President with Consolidated Rail Corporation,

Philadelphia, PA (1978-1987). I have held various engineering, operating and commercial positions in the rail industry since 1972 at Southern Pacific Railroad and Conrail.

Beginning in 1992 I was the Senior Vice President-Strategic Planning with ALK Technologies, Princeton, NJ (now part of the Trimble family of companies). For over twenty-five years ALK Technologies ("ALK") was the data repository for the STB's (ICC) Confidential Waybill Sample used to evaluate the public policy implications and competitive impact of rail mergers and restructurings.

ALK developed proprietary systems that could be used to quantify the traffic shifts of proposed rail industry mergers and restructurings to allow STB regulators as well as financial and legal support teams to assess the revenue shifts and the need for protective conditions to ensure future (post-transaction) competition. In my work at ALK, I was involved with providing strategic support for major rail industry transactions including the Burlington Northern-Santa Fe merger, Canadian National-Illinois Central-Wisconsin Central merger, Southern Pacific-Union Pacific merger, Norfolk Southern and CSX joint acquisition of Conrail and the privatization and segmentation of the Mexican National Railroad system and subsequent acquisition of TFM by Kansas City Southern.

I am familiar with the competitive nature of the rail industry and aware of the importance of proactive, economically independent local switching access to reach line haul carriers. This is particularly crucial as the proposed UP-NS merger moves the rail industry in the United States closer to a functional duopoly with limited line haul options for shippers. As this scenario unfolds, it becomes increasingly important to ensure that shippers have fair and competitive access to both of the line haul carriers that ultimately will comprise that duopoly, especially at major rail car shipping and receiving concentrations.

Philadelphia: An Opportunity for Enhanced Rail Competition

This merger presents a unique and timely opportunity for this Board to exercise the creative, pro-competitive muscle it built into the regulations governing major merger transactions. Those new regulations charge the Board with the responsibility to look at the full context – the entire operating scenario of railroads proposing to merge and the environments in which they operate – to enhance competition in markets served by the Class I applicants. The current rail switching service scenario in Philadelphia is a good place to start.

The current operating environment in Philadelphia was created as a result of the Norfolk Southern (NS)-CSX joint acquisition of Conrail in 1997. NS and CSX asserted at the time that they were unable to agree upon a plan to fairly divide Conrail's assets in the Philadelphia terminal switching area (also Detroit and northern New Jersey). To address the situation, the "temporary" expedient (as described at the time) was the creation of an NS-CSX jointly owned Conrail Shared Assets ("CRSA") to provide terminal switching services in Philadelphia, Detroit and northern New Jersey.

CRSA is wholly owned by NS and CSX. It was designed as a terminal switching carrier with limited commercial capabilities; customers negotiate line haul rates only with NS or CSX while local switching services are the responsibility of CRSA. Shippers and receivers do not pay for CRSA switching services directly. Those switching expenses are included in the NS and CSX rates and charges in a way that is not visible to the shipper. Similarly, CRSA does not know the NS or CSX price of line haul shipments. NS and CSX jointly pay for CRSA services and as a result NS and CSX are CRSA's "customers."

The shipper or receiver is not a "commercial customer" of CRSA. By CSX and NS design, the shipper is precluded from having a commercial relationship with the local switching carrier

that connects that shipper to the national network, which by virtue of this proposed transaction (if it is approved) will diminish competition for rail services to an effective rail duopoly.

A few recent examples illustrate the competitive difficulties presented by having an NS-CSX owned switching carrier that has no incentive to ensure service is available at competitive rates and with competitive service offerings in a major metropolitan market.

Kinder Morgan's (KM) Intermediate Liquid Storage Terminal in Richmond, PA is located on PBL in north Philadelphia. PBL, with support from NS, the ethanol shipper Archer Daniels Midland (ADM) and Kinder Morgan in 2014-15, helped develop operating plans and invested in infrastructure to allow ADM to ship and Kinder Morgan to receive 81-car unit trains of ethanol. This was a significant improvement in ADM's private freight car utilization and KM's terminal throughput and was a major contribution to the continued economic ethanol operation as a fuel additive in the mid-Atlantic region.

In 2025 CRSA (as I understand the situation, due to personnel and financial pressures from their NS/CSX parents) informed Kinder Morgan that they no longer wanted KM to receive unit trains of ethanol and instead, wanted their shipper (Archer Daniels Midland) to ship 20-car blocks in multiple manifest trains. Further complicating this situation was CRSA's decision to provide switching services only Monday-Friday since CRSA has habitual crew shortages including unavailability of crews available. This presented a major problem for Kinder Morgan since its terminal operated 24-hours a day and 7-days a week.

There is a solution to the situation that ADM, and other similarly situated shippers in the Philadelphia market have faced. By providing ADM and other shippers in the market with the ability to deal competitively on an open commercial basis with a switching carrier (either a commercially independent switching carrier or the line haul carrier that was providing direct

switching services or via reciprocal switching), this operational impasse might have been quickly resolved. Instead, it took several months of congestion and reduced KM Terminal throughput (4-unit trains a month, down from 6-unit trains a month) to finally resolve.

In a recent market-shaping maneuver that foreshadows the increased market power that UP will have if the proposed merger is approved, we have learned that UP recently encouraged ADM to move the ethanol origin from Cedar Rapids, Iowa (where competitive line haul options involving CSX to Philadelphia were becoming available following the Howard Street tunnel and line clearance improvements to Philadelphia) to an ethanol origin locally served only by UP.

To address maneuvers like this that demonstrate the reduction in ability to make choices between potential rail transportation alternatives, Philadelphia shippers and receivers would benefit from proactive, financially transparent and economically independent switching access to both line haul carriers of the proposed future rail duopoly.

CRSA's opaque ownership and governance make customer complaints and problem solving difficult. The absence of a commercial (pricing) relationship between the shippers/receivers and the duopoly owned CRSA (particularly in Philadelphia) is fundamentally incompatible with a deregulated rail transportation system that may be evolving to a functional national rail network duopoly.

Another example of recent market moves made, presumably in anticipation of the shift in market power that will follow implementation of the proposed merger, involves PhilaPort-Tioga Marine Terminal's operator Delaware River Stevedores (DRS). PhilaPort owns and contracts with DRS to operate the port facility and the adjacent warehouse distribution complex where Suzano ships and imports pulpboard from Brazil. The pulpboard is then shipped by rail and motor carriers to various paper mills in the eastern U.S. to produce sanitary paper products. It is one of the largest

paper product import operations on the East Coast. The Tioga Marine Terminal facility is located on PBL North with switching services provided by PBL through an operating contract with CRSA.

Approximately 75% of the DRS pulpboard rail traffic is shipped via NS. The growth opportunities for Suzano, however, are located on CSX destinations in upstate New York, New England and Canada. Due to the difficulties CRSA has in interchanging these cars to CSX in south Philadelphia many of these shipments are diverted to motor carrier. To PBL, it is clear that this operating scenario results from CRSA having made no significant change to its Philadelphia operating plan since the company was created in 1997.

CRSA's current collusive governance structure that requires both NS and CSX to agree to major changes and investments is a good example of an issue that this Board can use its authority to change in a way that will increase competition and improve customer responsive service for shippers and receivers in the Philadelphia market. Currently, rather than moving the interchanges to less congested locations outside of Philadelphia (Abrams-Norristown-NS) or CSX in north Philadelphia, CRSA is forced by the governance inertia of NS and CSX to interchange increased volumes within the geographic limits of CRSA's currently congested physical plant.

CRSA is provided an average per car allowance for switching cars (by its parents, NS and CSX) making any interchange operation that involves more difficulty a candidate to suffer delays. CRSA has shown no interest in "field blocking" at Tioga Terminal and separate NS and CSX cars in north Philadelphia to help expedite to the interchanges. The Suzano shipments are taken to the joint NS-CSX interchange in West Falls and cars that may be destined to route via CSX to the north (upstate New York, New England, Canada) still have to go to the CSX south Philadelphia yard for placement in outbound trains. Multiple handlings and significant delays are experienced with transfers from Tioga Terminal to CSX interchanges. Empty cars from CSX experience similar

delays. Given the difficulty of convincing the parents of CRSA to make a change, and in view of the lack of a direct commercial relationship with the switching carrier that serves them, shippers are frustrated that long-standing operational problems are not solved.

Yet another competitive access example:

A potential Kinder Morgan customer, Sasol (a chemical manufacturer in Lake Charles, LA, served by Union Pacific), was exploring whether they could ship by water via inland barge from Lake Charles to Philadelphia. The liquid chemical cargo would then be transferred at PhilaPort-Tioga Terminal via pipeline to Kinder Morgan's intermediate liquid storage terminal (located on PBL North). Individual rail tank cars would then be loaded by Kinder Morgan to final rail destinations in the eastern U.S. on CSX and NS. To make this arrangement work logistically Sasol needed a leased track where they could store approximately 25 to 50 private rail tank cars which would then be ordered into Kinder Morgan for loading as demand develops.

CRSA initially told Sasol they had no tracks that could be used (leased) for private car storage even though it meant additional revenue for CRSA as car storage leasing and intra-terminal switching (both revenue categories that NS and CSX allowed CRSA to retain). Only when PBL became involved and proposed several locations on PBL North did CRSA re-evaluate and find a storage location for Sasol. Sasol staff indicated that dealing with CRSA was so difficult that it is unclear if this commercial opportunity will be realized.

Note in this example UP will lose its previous portion of Sasol rail line haul revenue from Lake Charles to interchange with NS or CSX. This revenue would be diverted to the inter-coastal barge operation. (I'm not suggesting CRSA was anticipating that UP, having proposed a merger with NS that would make it a future corporate parent of CRSA, was unwilling to find storage capacity for Sasol.) However, if UP is allowed to step into NS's ownership and governance position

with CRSA, the outcome for this shipper might have been far different. This illustrates how the proposed combined UP-NS should not be allowed to have duopoly control over east coast terminal switching carriers, particularly in north Philadelphia where NS currently has an approximate 80% rail market share.

Philadelphia: An Enhanced Rail Competitive Solution

The UP-NS merger application is foreshadowing a functional duopoly of the national rail system and it is crucial that the STB anticipate and ensure that shippers and receivers in Philadelphia have economically independent, operationally proactive and commercially transparent access to both of the remaining line haul carriers.

To enhance competitive alternatives for shippers/receivers in the Philadelphia market, as a condition of the proposed UP-NS merger filing, the STB could consider a number of conditions. These could include dividing the service areas of the greater Philadelphia market currently served by CRSA into geographic areas served directly by NS (UP) and CSX with both areas within unrestricted reciprocal switching for the other carrier.

Based on current traffic flows, a geographic division could be accomplished with NS (UP) directly serving north Philadelphia (Richmond Industrial Branch-Speedway serving yard, Contanda, Jacquins, aggregates), plus other customers in close proximity including AdvanSix and Gloucester, NJ. All these carload customers would be within reciprocal switching for CSX.

PBL North (Kinder Morgan, Tioga Marine Terminal, plus potential customers including PGW, Philadelphia Water, AdvanSix, others) would retain its options for an independent direct operation or an operating lease (as currently exists). PBL North trackage rights could be extended from Allegheny Avenue to Speedway Yard and to South Philadelphia (CSX-interchange) and West Falls (NS-interchange) and would maintain (per the Belt Line Principle) its customer’s options for

line haul routing via both Class I carriers. This would facilitate PBL interchange traffic to both NS and CSX.

CSX's intermodal terminal in South Philadelphia would continue to be served by CSX and could directly serve any carload shippers in close proximity.

Private intermodal terminals (CSX-South Philadelphia) and vehicle transloading (NS) would be switched by their respective carriers (either directly or by contract) and originate and terminate line haul trains as currently exists.

NS(UP) and CSX would both assume current trackage rights over all CRSA infrastructure in Philadelphia necessary to serve customers, interchange cars and originate and terminate outbound trains. NS and CSX are currently allowed to originate or terminate unit trains anywhere on the Philadelphia-CRSA terminal facility. This operational option would be jointly maintained by both NS(UP) and CSX and expanded to also include direct interchange transfers (over previous CRSA infrastructure) to help expedite traffic flows and encourage rationalization and modification of interchange locations by the direct serving Class I carriers.

PBL South's currently held trackage rights would be maintained and its ability to serve customers directly and trackage rights would be extended to reach interchanges at West Falls (NS/CSX) and Park Junction (CSX).

This phased enhancement of rail competition in the Philadelphia area would result in rail carload customers being operationally served by a carrier, NS(UP), CSX, or PBL, with which they have a direct operational and commercial relationship, preserving and enhancing interchange options to reach both proposed duopoly line haul carriers.

CSX and NS(UP) may choose to retain CRSA as a joint maintenance-of-way and facility support organization or they may prefer to assume those direct responsibilities.

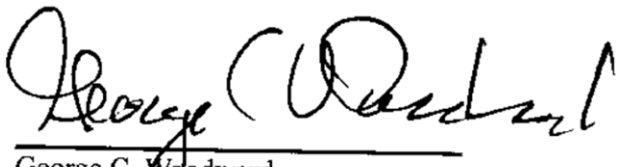
SUMMARY

To preserve a competitive rail transportation market it is critical that the STB ensure independent, pro-active, commercial and operating local access (at origin and destination) to both carriers of the proposed duopoly. This is the critical element to ensure that competitive forces continue to shape and constrain the rail industry.

Following the example of regulation in the wireless communications and airline industries, the STB must play a lead role in shaping the effective future competitive environment and not allow the duopoly carriers to suggest competitive solutions or be in control of the physical and commercial means of customer access to the functional duopoly rail transportation market. This should also preclude allowing such duopoly owned "neutral access" constructs as Conrail Shared Assets.

Fortunately the U.S. has spent the last forty years developing successful shortline and regional rail carriers which, with modest STB approved expansions of their market reach, can provide the rail industry with the important customer commercial and operating relationships that can provide the basis for growth and competitive economic constraints.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this statement. Executed on November 18, 2026.



George C. Woodward
Member
Philadelphia Belt Line Board of Directors

ATTACHMENT B

VERIFIED STATEMENT OF CARL BELKE

BEFORE THE SURFACE TRANSPORTATION BOARD

FINANCE DOCKET No. 36873

UNION PACIFIC CORPORATION AND

UNION PACIFIC RAILROAD COMPANY

– CONTROL –

NORFOLK SOUTHERN CORPORATION AND

NORFOLK SOUTHERN RAILWAY COMPANY

VERIFIED STATEMENT OF CARL BELKE

I, Carl Belke, currently serve as the a board member of the Philadelphia Belt Line Railroad Company (PBL). I have worked in the rail industry for 53 years, since 1973, and have served in the following capacities on the railroads listed here:

1. Division Supt./Division Engineer, Chicago, Rock Island & Pacific Railroad
2. President & CEO, Delaware & Hudson Railway
3. Director of Strategic Planning, Canadian Pacific / Delaware & Hudson Railway
4. President and COO, Western New York & Pennsylvania Railroad
5. Chairman, Morristown & Erie Railway

I assumed my current position at PBL in 2015 and am very familiar with the operating environment in the Philadelphia area. I am also well aware of the benefits of enhanced competition in the region that could flow from the imposition of the requirement that Norfolk Southern Corporation (NS) (with Union Pacific Corporation, following the merger if this Board approves it) described by George Woodward in his Verified Statement that is also submitted in this

proceeding. I support Mr. Woodward's suggested conditions. While PBL will be a key player in the implementation of these conditions, the real beneficiaries will be shippers moving products to and from the Philadelphia market. In this statement, I will provide an explanation of the operating practicalities of the enhanced competitive arrangement.

As a condition of the proposed merger that is the subject of this proceeding, the STB can use its authority to require the implementation of pro-competitive conditions that would have the dual benefits of enhancing rail competition in Philadelphia while improving the quality of service to shippers.

These could include the following:

A. Direct Class I service to geographic territories and implementation of reciprocal switching.

There could be many variations on this theme. One suggested operating scenario could be that CSX would continue to serve all of South Philadelphia from its East Side and Greenwich Yards. This would include:

- the Navy Yard/Mustin Field areas;
- its own intermodal and auto distribution terminals;
- the Packer Avenue Marine Terminal;
- all active customers south of Snyder Avenue;
- the Eddystone and Marcus Hook industrial areas; and
- service to customers along Amtrak's Northeast Corridor south of Arsenal Interlocking (30th Street).

Simply put, this would encompass all rail freight service south of Market Street, Philadelphia.

Consequently, Norfolk Southern (merged with Union Pacific) would serve all rail freight north of Market Street to include:

- Richmond Industrial Branch/Speedway Yard service territory, including interchanging with the PBL North customers and Tioga Marine Terminal;
- Park Junction to Pavonia Yard connecting, including Frankford Junction Yard, Pavonia Yard, and their local freight service territories;
- All of South Jersey, including the South Jersey Port Corporation terminal and all other Gloucester City customers plus all branches heading south and southeast; and
- Service to customers along Amtrak's Northeast Corridor north of Park Junction towards Bristol.

B. Direct Class I unit train service to end point terminals and/or customer facilities would continue as it occurs today.

Under the plan, Class I carriers would retain the right to operate their respective unit trains (double-stack, automotive, ethanol, steel, etc.) directly to the former Conrail Shared Assets terminals or directly served customers at their termination points. Private intermodal terminals (CSX-South Philadelphia) and auto distribution terminals would be operated by their respective carriers (either directly or by contract) and would originate and terminate line haul trains as currently occurs.

C. Reciprocal overhead trackage rights to be implemented for the Class Is to reach each other's classification yards.

In a scenario without Conrail Shared Assets Operations' presence, the Class Is would be granted the necessary trackage rights to allow each to reach the other's classification yards for

interchange purposes. Class Is know how to work these transfer arrangements out as they occur daily in metropolitan areas across the country.

Examples would be to connect:

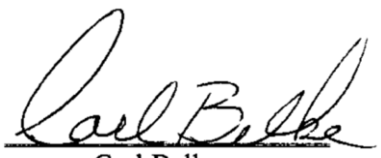
- Pavonia Yard, Camden with Greenwich Yard, South Philadelphia; and
- Greenwich Yard with Abrams Yard, Norristown

D. Extension of PBL North trackage rights to reach NS (UP) and CSX directly.

Under the proposal, PBL or its designated above-rail operator would be granted overhead trackage rights of approximately 18 miles from Allegheny Avenue to South Philadelphia (CSX-interchange) and approximately 21 miles to Abrams Yard, Norristown PA (NS (UP) interchange and to include interchanges at West Falls). This would maintain (per the Belt Line Principle) customers' options for line haul routing via both Class I carriers. This would greatly expedite PBL interchange traffic to both NS and CSX by placing PBL traffic directly into the Class I classification yards as opposed to the current Philadelphia operating practice of dropping PBL's cars in sidings along mainline trackage or in lesser-used low density yards in the oft mistaken hope that a passing through freight train will stop to advance the traffic on to a classification yard.

This phased enhancement of rail competition in the Philadelphia area would result in rail carload customers being operationally served by a carrier, NS (UP), CSX, or PBL, with which they have a direct operational and commercial relationship, preserving and enhancing interchange options to reach both proposed duopoly line haul carriers.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this statement. Executed on November 18, 2026.



Carl Belke