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PhilaPort
THE PORT OF PHILADELPHIA

November 18,2026

The Honorable Patrick J. Fuchs
Chairman
Surface Transportation Board
395 E Street, SW
Washington, D.C. 20423

The Honorable Michelle A. Schultz
Vice Chairman
Surface Transportation Board
395 E Street, SW
Washington, D.C. 20423

The Honorable Karen J. Hedlund
Member
Surface Transportation Board
395 E Street, SW
Washington, D.C. 20423

The Honorable Richard J. Kloster
Member
Surface Transportation Board
395 E Street, SW
Washington, D.C. 20423

Re: PhilaPort Comments on Surface Transportation Board Proceedings Regarding Proposed Union Pacific Corporation—Control—Norfolk Southern Corporation, Docket No. FD 36873

Dear Chairman Fuchs, Vice Chairman Schultz, Member Hedlund, and Member Kloster:

I am writing on behalf of PhilaPort (the Port of Philadelphia) to submit public comments regarding the proposed acquisition of control of Norfolk Southern Corporation and Norfolk Southern Railway Company (NS) by Union Pacific Corporation and Union Pacific Railroad Company (UP). While we recognize the potential efficiencies of single-line transcontinental service, we urge the Surface Transportation Board (STB) to approve this transaction only if it includes binding, enforceable conditions that protect competition, address structural terminal governance barriers, and expand intermodal rail capacity at the Port of Philadelphia.

PhilaPort's Historic Infrastructure Expansion and Rail Dependence

Managed by the Philadelphia Regional Port Authority, an independent state agency established in 1989, PhilaPort operates in Southeastern Pennsylvania and has aggressively modernized to capture East Coast market share following the Panama Canal expansion and the deepening of the Delaware River channel to 45-feet. Since 2016, PhilaPort has invested $600 million in port and transportation-related infrastructure. We are now undertaking the largest infrastructure expansion in our history, anchored by an $837 million public-private capital initiative announced in October 2026 and our 15-year, $2+ billion strategic master plan, Destination 2040.

In October 2025, PhilaPort acquired a 152-acre site (Mustin Yard) from Norfolk Southern that includes an active intermodal terminal for domestic automobiles. In exchange for this acquisition, PhilaPort granted NS exclusivity in rail service to the facility. Consequently, NS serves as the primary rail linchpin connecting the Port of Philadelphia to Pennsylvania's inland freight corridors. Because Pennsylvania sits at the center of NS's Northeast network—spanning major east-west and north-south lines from Philadelphia through Reading, Harrisburg, Allentown, and Pittsburgh—maintaining active rail investment

and seamless terminal connectivity is critical to unlocking the return on our public and private capital investments. To date, there is no regular NS intermodal rail service between Philadelphia and major western U.S destinations for international container cargo. Accordingly, PhilaPort urges the Board to ensure that the merger does not undermine existing Northeast-to-Midwest gateways and to require the merged railroad to provide the infrastructure, service, and competitive access necessary for Philadelphia to realize its full potential as a major East Coast international intermodal gateway.

Structural Barriers at Conrail Shared Assets Operations (CSAO)

Conrail Shared Assets Operations (CSAO)—legally still operating as Consolidated Rail Corporation—serves as the neutral, non-commercial terminal switching agent that physically links PhilaPort's marine terminals to the national Class I rail networks of Norfolk Southern (58% owner) and CSX (42% owner). Headquartered in Mount Laurel, New Jersey, CSAO operates approximately 372 miles of track across the South Jersey/Philadelphia Shared Assets Area, consolidating local switching under one unified dispatcher.

When the Board approved the 1998 Conrail split, the "non-commercial switching agent" structure was designed to prevent NS and CSX from colluding on freight rates through a joint subsidiary and provide neutral access to all port facilities. In practice, however, this architecture creates a severe principal–agent disconnect that directly threatens PhilaPort's expansion and Pennsylvania's freight competitiveness—a vulnerability that will intensify if Class I consolidation compresses the industry into a transcontinental duopoly.

PhilaPort and its terminal operator, Delaware River Stevedores, have already experienced operational delays and service failures on forest product shipments that forced cargo to divert to competing ports due to insufficient rail service. Because CSAO has no direct commercial standing with end users, it lacked the commercial mandate or operational agility to resolve the service breakdown for the customer.

Specifically, the financial and commercial isolation of CSAO creates three acute friction points for PhilaPort tenants and regional shippers:

- **No Commercial Accountability to End Users:** Legally, NS and CSX are CSAO's only "customers." A marine terminal operator or beneficial cargo owner cannot enter into a binding commercial contract or direct Service Level Agreement (SLA) with CSAO. If CSAO misses a switch window at a port facility, the shipper has no direct contractual remedy against the entity physically moving the cars.

- **Boardroom Deadlock and Underinvestment:** CSAO's board is composed exclusively of NS and CSX executives, and its financial statements are consolidated privately without public reporting. Major capital upgrades in the Philadelphia/South Jersey Shared Assets Area require dual approval and proportional funding. When NS seeks to invest in PhilaPort connectivity through Conrail mainlines, while CSX prioritizes competing ports (such as Baltimore or Newark), CSAO capital projects risk becoming stalled by governance gridlock.

- **Asymmetric Information:** Because CSAO is blinded to line-haul pricing and revenue margins, CSAO management cannot allocate locomotives, crews, or yard capacity based on the true economic value of the freight to the port or shipper; it can only respond to internal directives from its two parent railroads.

Protection of Mustin Yard Investment and Existing Commercial Agreements

The Board should expressly require the merged entity to honor all existing contractual, operational, and service obligations associated with PhilaPort's acquisition and development of Mustin Yard. PhilaPort's acquisition of this facility and its agreement to provide NS exclusive rail service were undertaken in reliance on the existing relationship with Norfolk Southern and the expectation of continued investment in the Port's rail connectivity. The Transaction should not diminish the value of this public investment or permit the merged entity to use its control of the facility's rail access to restrict competitive opportunities, reduce service, or disadvantage Philadelphia-area shippers. The merged entity should be required to maintain the existing service commitments and work with PhilaPort to develop additional capacity and intermodal services consistent with the Port's long-term development plans.

Requested Conditions for Approval

As a major port authority and logistics stakeholder, our terminals and tenants rely on reliable, competitive intermodal rail service to move goods efficiently and keep heavy truck traffic off regional highways. Under the STB's major rail consolidation rules (49 C.F.R. § 1180.1), a proposed merger must go beyond merely preserving existing service; it must actively enhance competition and serve the public interest. Without targeted safeguards, a merger of this scale risks concentrating capital and service onto primary transcontinental corridors while leaving East Coast gateways like PhilaPort and regional inland terminals underfunded or vulnerable to service reductions.

In recent months, PhilaPort has held constructive meetings with NS and CSAO regarding specific initiatives to improve local rail service. To ensure those commitments are durable and that the benefits of consolidation reach the Port of Philadelphia, we respectfully request that the Board impose the following four binding conditions on any approval of Docket No. FD 36873:

1. **Binding Capital Commitments and Intermodal Service Parity:** Require the merged carrier to commit dedicated capital investments toward expanding service offerings and partnering with PhilaPort to increase terminal capacity at the Mustin Yard terminal to accommodate projected freight growth. Specifically, PhilaPort requests parity in direct intermodal destinations (Chicago, St. Louis, Columbus, and Kansas City) and service features comparable to competing gateways at the Ports of New York/New Jersey, Baltimore, and Virginia (Norfolk). Additionally, the Board should require commitments supporting inland shuttle and short-haul rail corridors that mutually benefit the merged carrier and PhilaPort:

    - *Harrisburg & Rutherford Intermodal Terminals:* Maintaining and expanding capacity at Harrisburg as Pennsylvania's central classification and transload hub, linking port traffic via the Harrisburg Line to NS's premier East-West mainline (the Pittsburgh Line) toward Chicago and the Midwest.

- *Lehigh Valley (Allentown / Bethlehem):* Establishing direct, reliable rail shuttles between Philadelphia and the Lehigh Valley—one of the fastest-growing warehouse and e-commerce distribution corridors in the Northeast—to divert heavy container trucks off I-476 and I-76.

- *Western Pennsylvania (Altoona & Pittsburgh):* Sustaining track maintenance, vertical clearance, and derailment prevention along the Pittsburgh Line and Horseshoe Curve to ensure uninterrupted double-stack freight flow between Philadelphia and western industrial centers.

2. **Open Gateway and Competitive Interchange Protections:** Mandate open gateway policies, rate protections, and commercially reasonable reciprocal switching or interchange rules so PhilaPort shippers retain competitive routing options with other Class I carriers (including BNSF, CSX, and CPKC) and do not suffer from foreclosure of pre-merger interline routes.

3. **Enforceable Oversight and Service Metrics:** Incorporate binding intermodal transit times, terminal dwell times, switch-window reliability, and ramp investment milestones into the Board's post-merger oversight period, backed by clear, self-executing commercial remedies if the merged carrier fails to meet performance benchmarks.

4. **Operational and Commercial Review of CSAO Governance:** Direct a formal post-merger operational and governance review of Conrail Shared Assets Operations in the South Jersey/Philadelphia Shared Assets Area to ensure that the UP–NS combination does not exacerbate organizational deadlock or asymmetric resource allocation, and establish mechanisms enabling marine terminal operators and port authorities to enforce direct service accountability and pursue unilateral capital improvements when one parent carrier declines to co-fund local infrastructure.

PhilaPort stands ready to work constructively with the Board, Union Pacific, Norfolk Southern, and CSAO to ensure the Port of Philadelphia remains a competitive, high-growth East Coast gateway. Thank you for the opportunity to submit these comments and for your consideration of these vital public-interest conditions.

Respectfully submitted,

Rich Lazer
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RE: CERTIFICATE OF SERVICE

I hereby certify that by November 18, 2026, I served a copy of the foregoing Comments of PhilaPort upon all Parties of Record in Docket No. FD 36873, by email where email service is acceptable and by first-class mail where email service is not acceptable, in accordance with the Surface Transportation Board's applicable service requirements.

The following contacts were notified:

1. Sean P. Duffy, Secretary of Transportation (First Class Mail)
U.S. Department of Transportation
1200 New Jersey Avenue SE
Washington, DC 20590

2. Attorney General of the United States (First Class Mail)
c/o Assistant Attorney General, Antitrust Division
U.S. Department of Justice
Room 3109
Washington, DC 20530

3. Michael L. Rosenthal — representing Union Pacific
Covington & Burling LLP
Email: mrosenthal@cov.com

4. Raymond A. Atkins — representing Norfolk Southern

Sidley Austin LLP
Email: ratkins@sidley.com

5. Hon. Jenifer S. Soulikias — Administrative Law Judge
Email: alj.soulikias.inbox@stb.gov

Respectfully submitted,



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