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October 25, 2023

VIA E-FILING

Cynthia T. Brown, Chief
Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, SW
Washington DC 20423-0001

Re: Canadian Pacific Kansas City Limited and the Kansas City Southern Railway Company, D/B/A CPKC – Acquisition and Operation – Certain Rail Line of Meridian & Bigbee Railroad, L.L.C., in Lauderdale County, Mississippi and Choctaw and Marengo Counties, Alabama, FD 36732, Alabama & Gulf Coast Railway LLC – Trackage Rights Exemption – The Kansas City Southern Railway Company D/B/A Canadian Pacific Kansas City, FD 36731, CSX Transportation, Inc. – Acquisition and Operation – Rail Line of Meridian & Bigbee Railroad, L.L.C., FD 36727, CSX Transportation, Inc. – Trackage Rights Exemption – Kansas City Southern Railway Company, FD 36730; Alabama & Gulf Coast Railway LLC – Trackage Rights Exemption – CSX Transportation, Inc., FD 36724, Meridian & Bigbee Railroad, L.L.C. – Discontinuance of Incidental Overhead Trackage Rights – In Lowndes and Montgomery Counties, AL, AB 1335X; CSX Transportation, Inc. – Discontinuance of Trackage Rights Exemption – in Marengo and Choctaw Counties, AL and Lauderdale County, MS, AB 55 (Sub-No. 814X)

Dear Ms. Brown:

On behalf of Norfolk Southern Corporation and Norfolk Southern Railway Company (together, “Norfolk Southern”), the undersigned hereby submits this Combined Norfolk Southern Notice of Intent to Participate and Request to Hold the CPKC/CSXT Transcon Corridor Transaction in Abeyance, which is being filed in each of the above-captioned dockets. Please note, that Norfolk Southern is filing both a public version of this filing and a highly confidential version, subject to the protective order served on October 11, 2023.

If there are any questions about this matter, please contact me directly, either by telephone: at 202-663-7831 or by e-mail: czorbaugh@bakerandmiller.com.

Respectfully submitted,

/s/ Crystal M. Zorbaugh

Crystal M. Zorbaugh
Attorney for Norfolk Southern Corporation and
Norfolk Southern Railway Company

Enclosures

cc:

BEFORE THE
SURFACE TRANSPORTATION BOARD

CANADIAN PACIFIC KANSAS CITY LIMITED AND THE KANSAS CITY SOUTHERN RAILWAY COMPANY, D/B/A CPKC – ACQUISITION AND OPERATION – CERTAIN RAIL LINE OF MERIDIAN & BIGBEE RAILROAD, L.L.C., IN LAUDERDALE COUNTY, MISSISSIPPI AND CHOCTAW AND MARENGO COUNTIES, ALABAMA, FD 36732;
ALABAMA & GULF COAST RAILWAY LLC – TRACKAGE RIGHTS EXEMPTION – THE KANSAS CITY SOUTHERN RAILWAY COMPANY D/B/A CANADIAN PACIFIC KANSAS CITY, FD 36731;
CSX TRANSPORTATION, INC. – ACQUISITION AND OPERATION – RAIL LINE OF MERIDIAN & BIGBEE RAILROAD, L.L.C., FD 36727;
CSX TRANSPORTATION, INC. – TRACKAGE RIGHTS EXEMPTION – KANSAS CITY SOUTHERN RAILWAY COMPANY, FD 36730;
ALABAMA & GULF COAST RAILWAY LLC – TRACKAGE RIGHTS EXEMPTION – CSX TRANSPORTATION, INC., FD 36724;
MERIDIAN & BIGBEE RAILROAD, L.L.C. – DISCONTINUANCE OF INCIDENTAL OVERHEAD TRACKAGE RIGHTS – IN LOWNDES AND MONTGOMERY COUNTIES, AL, AB 1335X;
CSX TRANSPORTATION, INC. – DISCONTINUANCE OF TRACKAGE RIGHTS EXEMPTION – IN MARENGO AND CHOCTAW COUNTIES, AL AND LAUDERDALE COUNTY, MS, AB 55 (SUB-NO. 814X)

COMBINED NORFOLK SOUTHERN NOTICE OF INTENT TO PARTICIPATE AND
REQUEST TO HOLD CPKC/CSXT TRANSCON CORRIDOR TRANSACTION IN
ABEYANCE

Thomas E. Zoeller Hanna M. Chouest Julianne C. Freeman NORFOLK SOUTHERN CORPORATION 650 West Peachtree St N&W Atlanta, GA 30308 Tel: (470) 571-5208	Rose Michele Nardi John V. Edwards Crystal M. Zorbaugh BAKER & MILLER PLLC 2401 Pennsylvania Ave., NW Suite 300 Washington, DC 20037 Tel: (202) 663-7831 Fax: (202) 663-7849 Attorneys for Norfolk Southern Corporation and Norfolk Southern Railway Company
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October 25, 2023

INTRODUCTION

Pursuant to 49 C.F.R. Section 1117.1, Norfolk Southern Corporation and Norfolk Southern Railway Company (“NSR”) (collectively, “Norfolk Southern”) hereby respectfully requests that the Surface Transportation Board (“STB” or “Board”) consolidate the above-referenced proceedings with FD 36732 as the lead docket. As is more fully set forth below, the Applicants¹ have been very public and very clear for months as to the consolidated and integrated nature of CPKC’s proposed acquisition of the “Western Line” from MNBR and CSXT’s proposal to acquire the “Eastern Line” assets also from MNBR.² These are two parts of the same transaction, one of which is conditioned on the other, and involve the same seller, contiguous sections of the same rail line, as well as common questions of fact and law. Evaluating the proposed transaction in a consolidated proceeding would be a judicious use of the Board’s resources as well as those of interested parties. Moreover, it would ensure that environmental, operational, market and other matters would receive a fulsome regulatory review. Simply put, it would more fully protect the public interest.

To give effect to the consolidation, Norfolk Southern further requests that the Board hold the current proceedings in abeyance until such time as the Applicants submit information that reflects the consolidated nature of the Applicants’ proposed transaction.³ The Board, in its order

¹ References to the “Applicants” are references to one or more of the following: Canadian Pacific Kansas City Limited or its subsidiaries (“CPKC”), CSX Transportation, Inc. (“CSXT”), and Genessee & Wyoming, Inc. (together with its subsidiaries Meridian & Bigbee Railroad, L.L.C. (“MNBR”) and Alabama & Gulf Coast Railway LLC (“AGR”) (collectively “G&W”).

² References to the “Applicants’ proposed transaction” are references to the consolidated transaction covered by the CSXT application concerning the Eastern Line, the CPKC application concerning the Western Line, and related transactions submitted with regard to either or both.

³ Norfolk Southern is not hereby advocating that the STB reject either the CPKC application or the CSXT application as incomplete. See 49 C.F.R. Section 1180.4(c)(7)(ii) (STB rejecting an incomplete application). A decision ordering consolidation and abeyance until a revised but comprehensive application is filed would better serve the regulatory goals in this proceeding. Norfolk Southern

of consolidation and abeyance, should extend the geographic scope of review to include all areas likely to be impacted by the proposed consolidated transaction, including but not limited to the entirety of the Meridian gateway (and impacts on Amtrak service and freight service through that gateway), as well as over the Meridian Speedway.⁴

The Board has significant latitude in deciding whether to grant a request for consolidation. It looks at the overall transaction (the facts, parties, and the issues connecting the same). It also considers whether consolidation would promote administrative efficiency, both for itself and for the parties that might be impacted. Finally, the Board considers whether ordering consolidation would unduly delay the proceedings or prejudice any party. See, e.g., Honey Creek R.R.—Pet. for Declaratory Order, FD 34869, slip op. at 3 (STB served June 4, 2008) (“Honey Creek”). This proceeding is of the very sort which demands consolidation and supports a comprehensive and unified review of an initiative that Applicants themselves present as a consolidated whole. In this motion, Norfolk Southern presents first, in the Applicants’ own

specifically reserves, and does not waive, the right to review and comment on how the Board should treat the CSXT Application and the CPKC Application including, without limitation, whether either or both of those applications are incomplete. Should the Board determine that consolidation and the information requested herein requires rejection of the filing as incomplete, Norfolk Southern would not object to that course of action.

⁴ At this time, Norfolk Southern does not take a position on whether the Board should properly consider the proposed consolidated transaction as a Minor Transaction for purposes of its review. Such a determination cannot be made until the Applicants provide additional information that addresses the consolidated nature of the proposed transaction. That said, Norfolk Southern has identified no instance since the passage of the ICC Termination Act of 1995, in which the Board has bifurcated an interrelated transaction into two complementary minor applications. Norfolk Southern further questions whether doing so here is appropriate, particularly given the conflicting positions of the parties. CPKC clearly states that “CPKC’s Proposed Transaction is *contingent* on CSXT consummating its transaction. Both CSXT and CPKC intend to make substantial investments in their respective lines to upgrade to Class I standards. Those investments, which are essential to support premium CPKC-CSXT train service, would not be possible without CPKC acquiring ownership of the Western Line and CSXT repossessing the Eastern Line.” See Verified Statement of James Clements at 3-4, included as Appendix 2 to the CPKC Minor Application, emphasis supplied. CSXT, on the other hand, minimizes the dependency of the two transactions, while still lauding the benefits of a new direct interchange point between CSXT and CPKC.

words, their vision of a consolidated transaction. Norfolk Southern then describes how the agreements the Applicants negotiated effectuate precisely that intended consolidated transaction. Finally, Norfolk Southern addresses the standards to be applied for consolidation and describes why the Applicants' requested authority fit within those standards. In particular, Norfolk Southern identifies the numerous areas in which consolidation would afford the Board the opportunity for more information on the potential impacts the transaction may have on customers, operations, and the environment. The Board should order consolidation, a resubmittal of the various applications, notices, and petitions that address the impacts of the consolidated nature of the transaction, including the impacts of the transaction on the Meridian gateway and on the traffic that relies upon the same infrastructure that would be utilized by traffic that would reach the MNBR by way of the new CPKC-CSXT Transcon Corridor via the Meridian Speedway. The Board should hold the consolidated transaction in abeyance until such resubmittal has been accomplished.

ARGUMENT

The question of consolidation in this matter is straightforward. These proceedings involve a common set of underlying facts, and the overall purpose of the sought-after approvals and the issues that should be considered by the governing regulatory body are the same, especially given that the CPKC transaction is conditioned on the CSXT transaction.⁵ The public interest would be better served with a consolidated application in which the Applicants more fully consider all the potential impacts of the consolidated transaction.

⁵ See, *infra*, FN 8.

A. The Applicants Have Publicly Presented A Consolidated Transaction

On June 20, 2023, CPKC, CSXT, and G&W publicly “announced that they have reached agreements that when completed will create a new direct CPKC-CSX interchange connection in Alabama.”⁶ The press release issued jointly by the Applicants described the exact consolidated transaction pending before the Board today. Importantly, the transaction that the Applicants presented to the investment community and others was presented as a unified whole, where compensation, rights, and privileges were dependent upon the entirety, not just separate pieces, of the overall tapestry:

Under the agreements announced today, CPKC would acquire and operate the segment of the [Meridian & Bigbee Railroad, L.L.C. (“MNBR”)] between Meridian and Myrtlewood, Ala, and CSX would operate the lines currently leased by MNBR east of Myrtlewood. As a result, CPKC and CSX would establish a direct CPKC-CSX interchange at or near Myrtlewood, Ala. In exchange, G&W would acquire certain Canadian properties owned by CPKC and other rights. MNBR would receive rights to continue to provide local service to existing customers on former MNBR-owned lines and connect with other railroads without interchange restrictions.

CPKC/CSXT/G&W Joint Press Release. The joint Applicants’ press release announced that CPKC would acquire the Western Line, CSXT would acquire the Eastern Line, and in exchange for both of those things happening together, G&W would get compensation and certain rights.

Notwithstanding the clear (and public) enunciated intent, CSXT claims that “the CSXT Transaction and the CPKC Transaction are not contingent upon each other, in that the CSXT

⁶ “Railroads Reach Agreement to Create New Direct Connection and Corridor Linking Mexico, Texas and the U.S. Southeast,” Joint Press Release issued June 28, 2023, <https://www.csx.com/index.cfm/about-us/media/press-releases/railroads-reach-agreement-to-create-new-direct-connection-and-corridor-linking-mexico-texas-and-the-u-s-southeast/>, accessed on October 15, 2023 (hereinafter, “CPKC/CSXT/G&W Joint Press Release”). See also, <https://www.cpkcr.com/en/media/Railroads-reach-agreement-to-create-new-direct-connection-and-corridor-linking-Mexico-Texas-and-US-Southeast> and <https://media.gwrr.com/press-releases/news-details/2023/Railroads-reach-agreement-to-create-new-direct-connection-and-corridor-linking-Mexico-Texas-and-the-U.S.-Southeast/default.aspx>, each accessed on October 15, 2023.

Transaction *could* proceed regardless of whether the CPKC Transaction is consummated.”⁷

However, that statement is inconsistent with CSXT’s public statements and CPKC’s representation in its Application⁸ and the contingencies set forth in its Transaction Agreement.⁹ Applicants intended these various rights and obligations to be part of a single, consolidated transaction, and that is how it should be treated by the Board.

First, as detailed above, CPKC, CSXT, and G&W made a joint statement clearly enunciating that they intended for an all-or-nothing transaction: both CPKC and CSXT would gain access to the MNBR line to provide a unified routing structure. The overall intended goal of the transaction was to “create a new direct CPKC-CSX interchange connection in Alabama,”¹⁰ a Class I-to-Class I through-train service over Myrtlewood, that would “provide[] shippers with a compelling transportation option with access to markets in Texas and Mexico as well as into the heart of the thriving and dynamic U.S. Southeast”.¹¹ And “in exchange” for enabling the CPKC and CSXT joint goal, G&W would be compensated by a sufficiently attractive package of rights and dollars.¹²

Second, CPKC, CSXT, and G&W have negotiated a series of interrelated agreements that effectuated exactly the enunciated intended purpose. Some of the agreements making up the proposed consolidated transaction have been submitted to the Board for its review and

⁷ See FD 36727, CSX Transportation, Inc. – Acquisition and Operation – Rail Line of Meridian & Bigbee Railroad, L.L.C., Application, filed October 6, 2023, (“CSXT Application”) at APP-13, emphasis added.

⁸ See, e.g., FD 36732 at 2 (“The [CPKC] Transaction builds, and is contingent, on CSXT retaking possession of its line east of Myrtlewood and resuming operations between Myrtlewood and Burkville, Alabama....”)

⁹ See, e.g., the text accompanying FN 13 below.

¹⁰ CPKC/CSXT/G&W Joint Press Release.

¹¹ CPKC/CSXT/G&W Joint Press Release.

¹² CPKC/CSXT/G&W Joint Press Release.

approval.¹³ The agreements that were produced clearly demonstrate the consolidated nature of the overall consolidated transaction. For example, CPKC and G&W entered into a transaction agreement that specifically set as a prerequisite that “CSXT shall have obtained the CSXT Regulatory Approvals and the CSXT Relevant Transactions and any other relevant transaction shall have been consummated simultaneously with or prior to the transactions contemplated by this Agreement.”¹⁴ The prerequisite CSXT Regulatory Approvals consist of “the STB authority obtained by CSXT as necessary and otherwise accomplishes (i) ... revocation of CSXT’s trackage rights authority (FD 32962) on MNBR between Meridian, MS and Myrtlewood, AL, and (ii) any CSXT Relevant Transactions for which STB authority is required to be obtained by CSXT.”¹⁵ Similarly, the prerequisite CSXT Relevant Transactions consist of “CSXT: (a) entering into the following agreements: (i) with KCS for interchange at or near Myrtlewood, AL; (ii) with KCS granting CSXT operating rights on a portion of the MNBR Transferred Assets for purpose of interchange with MNBR, AGR, and KCS at a mutually agreed upon location; (iii) CSXT granting AGR trackage and operating rights between Linden, AL and Myrtlewood, AL for purposes of [accessing the Rail Line to] interchange[ing][e] AGR traffic with CSXT, CPKC, and MNBR; and (b) closing on the purchase of the track infrastructure assets on the MNBR rail line that operates over real property leased from CSXT, expiration of said lease, and commencement of operations over such rail line.” Id.

As noted above, CPKC is clear in its application that its proposed transaction is contingent on CSXT’s proposed transaction: “KCS is acquiring the Western Line to establish a

¹³ *Id.* (“*Certain portions* of the transactions are subject to regulatory review and approval from, or exemption by, the U.S. Surface Transportation Board.”) (emphasis supplied.).

¹⁴ Section 12.07 on page 104-105 of the transaction agreement included in the CPKC Application.

¹⁵ Section I at page 8 of the Transaction Agreement attached to the CPKC Application.

direct, efficient interchange at Myrtlewood, creating a new east-west Class I freight corridor linking CPKC-served markets in Mexico and the Southwestern United States with CSXT-served markets in the Southeastern United States and beyond.”¹⁶ Although CSXT downplays the integral relationship between its application and CPKC’s application (claiming that “CSXT *understands* that CPKC intends to acquire from MNBR and operate the Western Line,” CSXT Application at APP-12 (emphasis added)), even CSXT acknowledged the interconnectedness of the two applications, stating it “has included in this Application information regarding the overall effects on railroad operations and competition of both sets of transactions, in the event that all of these transactions are implemented.”¹⁷ CSXT Application at APP-15.

The Board should take the parties at their word and consolidate these proceedings which are clearly designed to effectuate a contingent set of agreements.

B. Regulatory Consolidation and Abeyance is Appropriate Here

The regulatory standard for consolidation is clear:

In deciding whether to grant a request for consolidation, the Board considers whether the proceedings involve common facts, issues, and parties; whether consolidation would promote efficiency; and whether consolidation would unduly delay the proceedings or prejudice any party. See, e.g., Honey Creek, FD 34869, (STB served June 4, 2008).

The Board has broad discretion to determine whether to take such a procedural action, and its decision to do so in any particular situation is highly dependent on the facts and circumstances of the case. See, e.g., Pet. of Nat’l R.R. Passenger Corp. for Relief Pursuant to 49 U.S.C. § 24905, FD 36048, slip op. at 4 (STB served Oct. 3, 2016); North American Freight Car Association; American Fuel & Petrochemicals Manufacturers; the Chlorine Institute; the Fertilizer Institute; American Chemistry Council; Ethanol Products, LLC d/b/a Poet Ethanol

¹⁶ FD 36732, Canadian Pacific Kansas City Limited and the Kansas City Southern Railway Company, d/b/a CPKC – Acquisition and Operation – Certain Rail Line of Meridian & Bigbee Railroad, L.L.C., in Lauderdale County, Mississippi and Choctaw and Marengo Counties, Alabama, Application for a Minor Transaction, filed October 6, 2023 (“CPKC Application”), at 2.

¹⁷ As explained below, though, the information provided by CSXT still fails to take into consideration significant operational and environmental effects of the consolidated transaction.

Products; Poet Nutrition, Inc.; and Cargill Incorporated v. Union Pacific Railroad Company, NOR 42153, served October 5, 2017, slip op. at 2.

As evidenced by the two applications, the CSXT and CPKC proposed transactions include common facts, issues, parties, and legal standards. The consolidation of these applications would provide efficiency by avoiding duplication of resources. Requiring separate action for each of the individual pieces of the consolidated transaction would unduly burden interested parties and the Board's limited resources. In addition, requiring separate action for each of the individual pieces of the consolidated transaction risks missing important environmental, operational, and market analysis that becomes evident when the Applicants' proposals are viewed as a single consolidated transaction.¹⁸

Although the Applicants have proposed parallel regulatory procedural schedules for review of the two applications, actions and decisions taken in one application proceeding (including through potential appellate review) will not necessarily be applied, or applied consistently, with actions and decisions taken in the other application proceeding. Consolidation ensures that this risk is avoided.

Now is the appropriate time for consolidation. The Board has not acted to set a procedural schedule for any of the proceedings.¹⁹ The Board also has not yet determined whether

¹⁸ See, e.g. Exhibit [●]

Notwithstanding the foregoing, CSXT is not a signatory to any agreement as yet submitted to the Board that would give effect to the foregoing, as CSXT is not a signatory to the CPKC – G&W transaction agreement.

¹⁹ The Applicants have asked the Board to set procedural schedules that would run in parallel for all captioned proceedings. See, Union Pacific Railroad Company – Petition for Declaratory Order, STB FD 34090, slip op. at 2 (denying a request for consolidation in part based upon the fact that the proceedings sought to be consolidated were procedurally incompatible).

the individual Western Line and Eastern Line applications should be treated as minor transactions or not. But it cannot do so without fully understanding the effects of the proposed consolidated transaction on the broader markets and operating segments alluded to throughout the Applicants' pleadings.²⁰

In addition, holding the proceedings in abeyance would not materially harm any party.²¹ Doing so would also give the Applicants the time to correct other apparent deficiencies in Applicants' collective filings.²² CSXT and MNBR have already agreed to extend their lease agreement beyond the previous lease term, and operations over the affected line segments will not need to be changed. Moreover, CSXT and CPKC undoubtedly have already evaluated the

²⁰ See, e.g., the Verified Statement of James Clements, Appendix 2 to the application submitted in FD 36732, defining the relevant markets as far exceeding the narrow definition analyzed in other parts of the application, including at page 8 (“the Proposed Transaction would allow CPKC to route traffic more efficiently directly from Shreveport due east [over the Meridian Speedway] to interchange with CSXT at Myrtlewood”) and at 9 (“Traffic moving between Mexico and the Louisville, Kentucky area, for example, moves north from Shreveport to Kansas City and then east to East St. Louis for interchange with CSXT. Under the Proposed Transaction, that traffic could be rerouted from Shreveport east to Montgomery and then north to Louisville – a 256-mile shorter route.”). Under a consolidated approach to a review of the overall transaction, the operating and environmental effects to be reported on by the Applicants would provide the Board and the shipping public a clearer view of whether the transaction is, in fact, a minor transaction and whether the proposed transaction would have environmental effects that would have to be mitigated.

²¹ See, e.g., Petition of the National Railroad Passenger Corporation for Relief pursuant to 49 U.S.C. Section 24905, FD 36048, served October 3, 2016, slip op. at 4.

²² In a decision earlier this year, the Board held that the discontinuance class exemption at 49 C.F.R. § 1152.50 may not be invoked for lines that within the past two years have been utilized to provide local service to shippers. See Austin Area Terminal Railroad, Inc. -- Discontinuance of Service Exemption – In Bastrop, Burnet Lee, Llano, Travis, and Williamson Counties, TX, AB-578 (STB served Dec. 30, 2022) (holding although AATR certifies that *it* has not provided service over the Lines for at least two years, AATR notes that the Lines are “presently operated” by AWR. (Verified Notice 1.) Because AATR does not certify that there has been *no* local traffic on the Lines during the two years prior to the filing of AATR’s notice, the Lines do not meet the two-year out-of-service requirement and the proposed discontinuance does not qualify for the class exemption at 49 C.F.R. § 1152.50. See CSX Transp. in Jefferson & Ind. Cntys., Pa., AB 55 (Sub-No. 453X), slip op. at 1 (ICC served Nov. 27, 1992) (rejecting a verified notice of exemption in AB 578X exemption where local service had been provided within the two-year period by a railroad other than the applicant)).

costs and benefits of the intended combined transaction to negotiate the provided agreements and evaluate the shareholder value in the proposed transaction.

C. Consolidation Would Provide the Board with Much-Needed Information Regarding Potential Competitive Impacts of the Proposed Transaction

The applications as filed fail to address certain key impacts on freight rail customers and passenger traffic that rely upon the same rail assets that the Applicants' traffic will utilize. In particular, the applications as filed do not identify in any meaningful way how the traffic reaches the CPKC-CSXT Transcon Corridor, and therefore ignore any potential impacts to traffic that currently utilizes the Meridian Speedway and the Meridian Gateway. Consolidation would ensure that the Applicants are required to provide the Board and the public with a full and clear picture of the potential impacts of their proposed transaction so that a fair analysis may be conducted by the Board. Indeed, the Board should order that a consolidated review evaluate:

- Whether there are other agreements among the parties that are relevant to the consolidated transaction that has not been presented to the Board because the Applicants filed two separate applications. For example, no comprehensive agreement between CPKC and CSXT has been presented for review,²³ and taking the joint pronouncement of the Applicants in their press release, there potentially are additional agreements that have not yet been disclosed.

²³ One agreement between CPKC and CSXT is submitted for Board review, but that agreement is extremely limited in scope. In FD 36730, CSX Transportation, Inc. – Trackage Rights Exemption – Kansas City Southern Railway Company, filed October 6, 2023, CSXT submits a notice of exemption for the acquisition of approximately 2 mile of trackage rights over the route that CPKC seeks to acquire.

- Whether the relevant economic analysis of a consolidated transaction may implicate broader impacts beyond local shippers on the two line segments themselves.²⁴ The Applicants admit the purpose of the consolidated transaction involves the diversion of traffic between Mexico and the Southwest U.S., on the one hand, and the Southeast U.S., on the other hand. These diversions will consolidate traffic from other routes (such as over the New Orleans gateway) and move that traffic in consolidated through trains over the Shreveport LA – Meridian MS – Myrtlewood AL route. But while touting the benefits that might be derived, the Applicants fail to address whether any negative operational impacts would result from such diversions because the proposals are presented to the Board as separate transactions.²⁵

²⁴ See, e.g., “CPKC caps train length on Meridian Speedway, clipping eastbound UP-NS intermodal service,” published in *Trains Magazine*, October 4, 2023 (noting that, by action of CPKC, the Meridian Speedway LLC (“MSLLC”) has imposed a train length restriction on the Meridian Speedway that affects just one train – the eastbound intermodal service that MSLLC moves for Norfolk Southern and is bridged between Union Pacific (Shreveport LA) and over the Meridian Speedway to Norfolk Southern at Meridian MS and causing the train to be diverted to a significantly longer route over Memphis). That the CPKC/CSXT Transcon Corridor Transaction would divert a significant amount of new traffic over the Meridian Speedway between Meridian and Shreveport is evident, and actions are being taken by CPKC to open up additional capacity on the Meridian Speedway to handle that traffic, but the operational effects on shippers currently routed over the CPKC trackage rights and NSR trackage rights over the Meridian Speedway and through the Meridian gateway are not evaluated.

²⁵ One of the many examples of the Applicants seeking to gain the value of this diversion without having the underlying factors considered appears in the Verified Statement of Raymond A. Elphick, attached as Exhibit 15, Operating Plan – Minor, to the CPKC Application, wherein CPKC explains: “The Proposed Transaction will establish a shorter, more direct route for a significant amount of existing traffic, reducing operating costs and fuel consumption. Currently CPKC-CSXT non-automotive interline traffic between CPKC-served markets in Mexico and the Southwestern United States moves over Shreveport and is interchanged with CSXT at New Orleans, Brookwood, or East St. Louis. The route over Myrtlewood between Shreveport and Atlanta, for example, is 158 miles shorter than over New Orleans and 104 miles shorter than over Brookwood. For traffic moving between Shreveport and Louisville, for example, the route is 255 miles shorter than over East St. Louis.”

While claiming the diversions over the Shreveport TX – Meridian MS – Myrtlewood AL route as a benefit of the proposed transaction, the Applicants fail to analyze the same. The Applicants consolidate consideration of the combined Eastern Line and Western Line transaction when beneficial, but not when it is not. See text accompanying Footnotes 28 and 29 below.

- Whether the operational analysis of a consolidated transaction demonstrates impacts to freight shippers and Amtrak passengers, including impacts experienced on rail segments outside of the immediate geography of the contemplated transaction. Norfolk Southern operates approximately 17 trains per day through Meridian. Norfolk Southern hosts two daily Amtrak long-distance passenger trains on its lines through Meridian. The new CPKC-CSXT trains may have an operating impact on these current Norfolk Southern and Amtrak customers. Applicants should provide such data.
- Whether the environmental analysis of the consolidated transaction would trigger a more intensive review than as indicated when the two pieces of the transaction are evaluated separately. Although CSXT includes in its application “information regarding the overall effects on railroad operations and competition of both sets of transactions, in the event that all of these transactions are implemented,” CSXT Application at 8, that statement is misleading and contradicted by other elements in both transactions. For example, although CPKC claims that the combined transaction anticipated by the two applications “will enable CPKC and CSXT to establish a premium train service linking their respective markets,”²⁶ it seeks to avoid the regulatory review and potential consequences of considering the two applications as combined when it comes to the discovery that the transaction would result in the GTM increase threshold being exceeded. In a bifurcated transaction, the GTM increase on the Western Line can be linked to the increase in “interchange activity result[ing] from CSXT’s transaction and not from the Proposed Transaction,”²⁷ thereby allowing CPKC to avoid triggering the review that would be

²⁶ CPKC Application, Exhibit 4, Environmental Information, at 36.

²⁷ Id. at 42.

required were the GTM increase to be triggered by its transaction. Furthermore, while championing the benefits of reduced yard operations in just three of the minor rail yards in Meridian, the Applicants fail to report on the very real potential that the new train operations envisioned by the operating plan will impose burdens on the traveling public through the potential for increased blocked crossings and additional rail congestion for traffic seeking to enter, cross, or leave the immediate geographic area delineated by the Eastern Line and the Western Line. Those new train operations involve additional and longer trains operating more often, not only on the immediate Eastern Line and the Western Line but also in and through Meridian and over the Meridian Speedway.²⁸ See, e.g., CSXT Application at 181 (noting that the same number of trains operating over the Eastern Line are projected to carry additional traffic (increased GTMs) and would require additional yard activity).

- Whether the separate applications fully address the impact of the proposed transaction on passenger service, as well as freight service, through the Meridian gateway and over the

²⁸ There are only a handful of direct mentions of MSLLC and the Meridian Speedway in the hundreds of pages submitted by the Applicants, and within those mentions, no evaluation of the potential impacts of the transaction upon the customers who currently rely upon the Meridian Speedway and the Meridian Gateway today. See, the Verified Statement of Rayment A. Elphick, Exhibit 15 to the application filed in STB FD 36732, at page 12 (noting traffic to be diverted to the Meridian Speedway, but otherwise not analyzed by the Application) and the Verified Statement of James Clements, Appendix 2, page 6 (acknowledging that MNBR “interchanges with NS and CPKC at Meridian, where it connects to NS’s north-south line and to the CPKC-NS jointly owned Meridian Speedway.”); see also, the Verified Statement of Jonathan Wahba, Appendix 3, page 3 (“Further, our forecasts take into account CPKC’s obligations to Norfolk Southern under the Meridian Speedway LLC agreements.”). There is no discussion, for example, whether the additional premium run-through train anticipated by CPKC to move off the Meridian Speedway and onto the Western Line would fit into the constrained sidings of the Meridian gateway and be in compliance with the same type of length limitation that it recently imposed on operations over the Meridian Speedway. See FN 24, *supra*.

Meridian Speedway.²⁹ CPKC claims that “No commuter or passenger service moves on the Western Line,” Id. at 12, but does not address the fact that the through train service accesses the Meridian – Myrtlewood route through the Meridian gateway and that Amtrak operates through that very gateway, together with CPKC and Norfolk Southern. Further, CPKC omits the fact that, as a condition of STB approval for the acquisition of Kansas City Southern, the Board ordered CPKC to “honor CP’s commitments made under the settlement agreement with Amtrak, including CP’s agreement to support certain planned expansions of Amtrak passenger service.”³⁰ One portion of that settlement sets a goal of “introducing Amtrak service between Dallas, Texas and Meridian, Mississippi...”³¹ The new operations anticipated by the current CPKC/CSXT/G&W transaction implicate the feasibility of that new Amtrak service, operations over the Meridian Speedway, and the fluidity of traffic through all portions of the Meridian gateway (including that of Norfolk Southern). However, the Applicants’ current bifurcated Western Line and Eastern Line approach does not address any such operational impacts.

²⁹ That consolidated transaction would divert a significant amount of new traffic over the Meridian Speedway between Meridian and Shreveport is evident, but the Applicants fail to report on the operational effects on shippers currently routed over the CPKC trackage rights and NSR trackage rights over the MSLLC. Compare CPKC Application at 42 (claiming that “CPKC expects that yard activity in Meridian will actually decrease,” presumably referring to activity in the three MNBR yards that it will acquire (see CPKC Application, Exhibit 15, Operating Plan – Minor, at page 3)) with CPKC Application, Appendix 3, Page 3, Verified Statement of Jonathan Wahba, where Wahba claims that CPKC’s traffic forecasts take into account CPKC’s obligations to Norfolk Southern under the Meridian Speedway LLC agreements. Until that operational and environmental analysis is performed with regard to the Meridian gateway and access to, and operations over, the Meridian Speedway, it is impossible to determine whether shippers currently benefitting from Meridian Speedway infrastructure should be concerned.

³⁰ FD 36500, Canadian Pacific Railway Limited, et al. – Control – Kansas City Southern, et al., Decision No. 35, served March 15, 2023 (“CP-KC Acquisition Decision”), slip op. at 12.

³¹ Id., slip op. 139.

The Board should order Applicants to address these operational and environmental impacts in the revised, consolidated filing. It is incumbent upon the Applicants to provide the Board and the public with the data and analysis necessary to fully evaluate the potential impacts of the transaction. Without answers to these many questions, the full potential impact of the proposed transaction, particularly as to its effect on traffic that already utilizes the infrastructure necessary to reach the MNBR via the proposed CPKC-CSXT Transcon Corridor, is not evident.

CONCLUSION

The Board should order consolidation of these proceedings and a resubmittal of an application that covers what is patently a unified Transaction. The Board's order for consolidation should set the current proceedings in abeyance until such time as a revised, unified, application is submitted by the Applicants. Finally, the Board should clarify that the revised, unified, application to be submitted by the Applicants includes regulatorily-required data and analysis that covers the entirety of the impacted rail network, specifically including the Meridian Speedway and the Meridian gateway.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that I have served a copy of this “Combined Norfolk Southern Notice of Intent to Participate and Request to Hold the CPKC/CSXT Transcon Corridor Transaction in Abeyance” (Norfolk Southern-1) on counsel in the following proceedings:

Canadian Pacific Kansas City Limited and the Kansas City Southern Railway Company, D/B/A CPKC – Acquisition and Operation – Certain Rail Line of Meridian & Bigbee Railroad, L.L.C., in Lauderdale County, Mississippi and Choctaw and Marengo Counties, Alabama, FD 36732, Alabama & Gulf Coast Railway LLC – Trackage Rights Exemption – The Kansas City Southern Railway Company D/B/A Canadian Pacific Kansas City, FD 36731, CSX Transportation, Inc. – Acquisition and Operation – Rail Line of Meridian & Bigbee Railroad, L.L.C., FD 36727, CSX Transportation, Inc. – Trackage Rights Exemption – Kansas City Southern Railway Company, FD 36730; Alabama & Gulf Coast Railway LLC – Trackage Rights Exemption – CSX Transportation, Inc., FD 36724, Meridian & Bigbee Railroad, L.L.C. – Discontinuance of Incidental Overhead Trackage Rights – In Lowndes and Montgomery Counties, AL, AB 1335X; CSX Transportation, Inc. – Discontinuance of Trackage Rights Exemption – in Marengo and Choctaw Counties, AL and Lauderdale County, MS, AB 55 (Sub-No. 814X)

by first class mail, properly addressed with postage prepaid, or via more expeditious means of delivery, and on all parties of record.

/s/ Crystal M. Zorbaugh

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Norfolk Southern Corporation

October 25, 2023