

BEFORE THE SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36500 (SUB-NO. 6)

**CANADIAN PACIFIC RAILWAY LIMITED, ET AL. – CONTROL – KANSAS CITY SOUTHERN, ET AL.
(GENERAL OVERSIGHT)**

310198
CPKC-48
ENTERED
Office of Chief Counsel
November 13, 2025
Part of
Public Record

CPKC REPLY TO UP AND NS CORRESPONDENCE REGARDING MERIDIAN SPEEDWAY

Canadian Pacific Kansas City Limited, on behalf of its U.S. rail carrier subsidiaries (collectively “CPKC”),¹ submits this reply to the separate letters filed by Norfolk Southern Railway Company (“NS”) and Union Pacific Railroad Company (“UP”) on September 30, 2025.²

The issues raised by NS and UP in their separate but seemingly-coordinated submissions are not matters that fall within the ambit of Board oversight, and, in any event, their submissions lack merit as a matter of fact. Aware that CPKC is not remotely in breach of its contractual obligations to NS under the agreements governing the Meridian Speedway joint venture, particularly the 2006 Norfolk Southern Railway-Meridian Speedway LLC Joint Use Agreement, NS and UP attempt to convert their dispute into a merger condition enforcement matter that UP’s CEO has suggested (perhaps for collateral purposes) demonstrates that “cooperation agreements”

¹ CPKC’s U.S. rail carrier subsidiaries include Soo Line Railroad Company; Central Maine & Quebec Railway US Inc.; Dakota, Minnesota & Eastern Railroad Corporation; Delaware & Hudson Railway Company, Inc. (collectively “CP” or “CP/Soo”); The Kansas City Southern Railway Company, Gateway Eastern Railway Company, and The Texas Mexican Railway Company (collectively, “KCSR”).

² Replies to these submissions would have been due on October 20, but deadlines for all submissions to the Board were tolled during the federal government shutdown. *See Materials Due to Be Submitted During the Federal Government Shutdown*, Ex Parte No. 751 (STB served Oct. 1, 2025). CPKC is filing this Reply on the earliest practical opportunity following the Board’s notice that it is again accepting filings.

among railroads do not work.³ NS's and UP's desperation to concoct a merger oversight claim out of thin air is all the more obvious in light of the utter lack of notice provided by NS and UP before they submitted their letters to the Board. Indeed, on September 30, just hours before NS and UP filed their letters with the Board, CPKC and NS had participated in a meeting of the MSLLC Joint Operating Committee ("MSLLC JOC") to address concerns about transit time that NS had raised just days earlier. Obviously, NS allowed for no meaningful opportunity for a cooperative dialogue to consider the issues. From CPKC's perspective, these circumstances show that arrangements among independent railroads like MSLLC, a demonstrably successful and cooperative arrangement, *can work effectively*, but that their effectiveness is challenged when—as appears may be the case here with NS, acting in concert with its partner UP—one party no longer desires to pursue the cooperation that previously made the venture successful.

In any event, on the facts NS and UP have no claim. Other than a brief period of service issues associated with CPKC's May 3, 2025 "Day N" IT cut-over, which have been thoroughly rectified,⁴ there has been no "degradation of service" on, nor breach of gateway conditions in relation to, the Meridian Speedway. CPKC is living up to its commitments, and the Board therefore should reject the relief requested by NS and UP. There is no need for a Service Action Plan (as NS seeks) or any Board "investigation" (as UP seeks). Indeed, as NS's Chief Marketing Officer Ed Elkins touted on NS's Q3 2025 earnings call, "[w]hen I think about service from the West Coast into the Southeast, I think about UP and NS utilizing the Meridian Speedway as the fastest, shortest route between those two regions—period."⁵ Mr. Elkins referenced service via

³ See pages 27-28, below.

⁴ Neither NS nor UP mention or take issue with CPKC's Day-N difficulties associated with the transition to a consolidated IT systems following CP control of KCS.

⁵ Norfolk Southern Corp. Q3 Earnings Call Transcript (Oct. 24, 2025) at 11 (excerpts are Exhibit 1 hereto).

the Speedway as among the “key lanes where Norfolk Southern offers exceptional value for customers that really can’t be replicated anywhere.”⁶ There is no service problem to solve here, much less one warranting Board attention.

I. INTRODUCTION

NS’s and UP’s assertions relate entirely to a daily pair of intermodal trains that are interchanged between UP and NS via the haulage service that CPKC provides to NS across the Meridian Speedway between Shreveport, LA, where the Speedway connects to UP, and Meridian, MS, where the Speedway connects to NS. These trains carry intermodal traffic moving between the Western United States and NS-served points in the Southeastern United States that, pursuant to the agreements between NS and KCS that created the MSLLC in 2006 is “exclusive” to NS. Under those agreements, CPKC is not permitted to compete to handle such traffic in linehaul service via the Meridian Speedway. *See CP/KCS*, Decision No. 35 at 130 (NS became “sole provider of rail service for certain transcontinental intermodal traffic over the line”).

Both NS and UP present their assertions as involving some sort of alleged failure of CPKC to “live up to its commitments.” In NS’s case, the ostensible claim is that CP’s acquisition of KCS, which was consummated *more than two years ago* in April 2023, led to a “substantial deterioration in intermodal train service provided by the CPKC over the Meridian Speedway and at the Shreveport gateway.” NS Letter at 2. NS presents data that it says show frequent “transit time failures” for the two UP-NS Shreveport-Meridian haulage trains (westbound train 29S and eastbound train 28J). *Id.* at 3. NS also contends that its haulage

⁶ *Id.* at 10.

service has experienced a “marked decrease in traffic” from 2022 to 2025 that it says is “attributable in large part” to CPKC’s service failures. *Id.*

UP’s claims are different. UP focuses entirely on CPKC’s decision to “impose[] an 8,500-foot length limit on trains it would accept at Shreveport for movement over the Meridian Speedway.” UP Letter at 1. UP does not suggest that CPKC’s enforcement of that limit was inappropriate—indeed, UP says it “agreed to abide” by it. *Id.* Instead, UP is unhappy because it has continued to send 11,000-foot trains to Shreveport and thus has been required to “cut” those trains to “match the new length restriction,” which in turn has led to increased “average car dwell” at UP’s Hollywood Yard in Shreveport while the over-length cars wait for a later train to move them east across the Speedway. UP Letter, Davis V.S. at 2.

There are only two kernels of truth in NS’s and UP’s assertions. One is that CPKC did experience a brief period in the summer of 2025 when service on the Meridian Speedway was affected by CPKC’s Day-N IT cut-over. The Day N service issues have long-since been resolved, with transit times on the Speedway for NS’s haulage trains *now better than* already-good pre-merger levels.

The other kernel is that CPKC did decide to enforce a uniform 8,500-foot length limit for trains on the Speedway corresponding to the design length of the sidings there, as contemplated in the applicable agreements between CPKC and NS. Other than that, UP’s assertions are both insubstantial and already out-of-date. CPKC and NS have agreed that CPKC will operate one eastbound train of up to 11,000 feet until crews are available to support an additional daily train pair (planned to start November 17), and in exchange NS will partially compensate CPKC for delay costs the over-length train inflicts on other traffic on the Speedway.

II. NORFOLK SOUTHERN AND UP MISSTATE THE NATURE OF CPKC'S MERGER COMMITMENTS

As we demonstrate below, there is no merit to the NS and UP claims as a factual matter, so the Board need not reach the question whether any of what NS or UP allege is at all related to conditions imposed on CPKC in the CP/KCS proceeding. For the record, however, the Board should understand that NS and UP have a flawed understanding of the conditions the Board imposed in that case.

Again, NS appears to invoke Applicants' commitment to "keep gateways open on commercially reasonable terms" and its "Service Promise." Neither applies here.

The gateway condition does not apply because the traffic at issue is not "affected traffic." In its decision approving the CP/KCS transaction, the Board made clear that it was not expanding the scope of Applicants' gateway commitments and that the gateway condition would apply only to traffic "for which the Transaction creates a new single-line or extended haul for the combined entity so as to maintain existing interline options that shippers seek to preserve." *CP/KCS*, Decision No. 35 at 69. The UP-NS haulage traffic at issue here was not affected by the transaction. As noted above, it is intermodal traffic moving between the U.S. Southwest and the Southeastern United States, neither of which CP serves today or served pre-merger. In fact, under the MSLLC agreements, that traffic (so called "NS Traffic") is exclusive to NS—the agreements prohibit CPKC from using the Speedway to handle that traffic in its account. Accordingly, CPKC has not closed any gateway, and the gateway condition simply does not apply.

The Service Promise and CPKC's statements in the merger proceeding about its incentives to provide good service on the Speedway for NS haulage and other traffic likewise have no bearing here. CPKC's service action plan commitments were quite clear, and there has

not been any decline in CPKC's bulk train on-time percentage that has come close to triggering them. *See CP/KCS*, Applicants' Final Brief (CP-71/KCS-57) (filed Oct. 21, 2022), Appendix A, p. A9 (defining service action plan metrics to which Applicants were committing). CPKC's bulk on-time performance (which includes intermodal trains) stands well above 90 percent as of September 2025. *See CP/KCS General Oversight*, CPKC'S September 2025 Data Submission (CPKC-47) (filed September 15, 2025) at 5.

The coordinated efforts of UP and NS to link events to specific asserted "representations" in the *CP/KCS* merger proceeding are even more futile. Both railroads suggest that CPKC's behavior somehow fails to live up to CPKC's plan to be a "good steward of service" and "increase train frequency and improve service" on the Speedway. *See* UP Letter at 1; NS Letter at 2. CPKC stands by its statements, but CPKC never promised that no railcar moving in UP-NS haulage service would ever be delayed, much less that UP and NS would never face potential disruptions associated with CPKC's reasonable enforcement of train length limitations for the benefit of all customers whose traffic uses the Speedway. To reiterate, CPKC has lived up to the specific language that both UP and NS cite.⁷ Contrary to the assertions of UP and NS, they are the parties seeking to degrade service by insisting on running over-length trains that largely force all other Speedway trains to clear a path for them, rather than building shorter trains that fit the sidings on the Meridian Speedway.

⁷ Applicants' statement that CPKC would be a "good steward of service" was made in the context of statements that CP would stand in the shoes of KCS, with a strong financial interest to "incentive to support the continued success of the line from Wylie to Meridian" [by] supporting high-quality service." *CP/KCS*, Applicants' Response to Comments (filed July 12, 2022) at 264. CPKC continues to have such incentives. Applicants' statement that CPKC would strive to "increase train frequency and improve service" was made in the specific context of the plan to add manifest traffic to KCS's daily eastbound intermodal train from Wylie to Meridian. *Id.* at 267. CPKC continues to strive to grow traffic and improve service.

III. NORFOLK SOUTHERN’S CONTENTIONS ABOUT DETERIORATING TRANSIT TIMES ARE WRONG

NS contends that transit times on the Speedway have “ballooned” “over the last six months.” NS Letter at 2. NS is wrong. CPKC has provided consistently good service for NS’s haulage trains (albeit with a brief dip in performance in June arising from CPKC’s post-Day N challenges), and neither the CP/KCS transaction nor CPKC’s service levels have caused a downturn in NS’s haulage traffic.

A. NS’s Data Are Not Measuring Transit Times on the Speedway

The data NS presents in its letter *do not reflect* transit times on the Meridian Speedway. See NS Letter at 3. Instead, those data reflect the time between a location on UP’s track near Shreveport that is *beyond the west end* of the Meridian Speedway and a location on NS’s track in Meridian, MS that is *beyond the east end* of the Meridian Speedway. As a result, the transit times that NS is reporting capture its own delays at Meridian and delays that occur on UP trackage in Shreveport over which CPKC has no control.

On the west end (Shreveport), NS is measuring trains using an AEI reader on UP’s Reisor Subdivision, located at the south/west end of UP’s Hollywood Yard (referred to as the Hollywood Junction AEI reader). This location is more than five miles beyond the west end of the Speedway, between UP’s Hollywood Junction AEI reader and the west end of the Speedway lies UP’s Hollywood Yard, where UP-NS haulage trains change crews and perform other work.⁸ CPKC has no control over train performance across those five miles of UP trackage.

⁸ That work includes any refueling, and power swaps that UP chooses to perform. Another activity that must occur at UP’s Hollywood Yard before eastbound UP-NS haulage trains depart is to inspect those trains for open container doors, which are a serious safety hazard. CPKC has observed open container doors on these trains once or twice per week recently. Stopping trains on the Speedway to rectify the problem incurs substantial delays for those trains and others, so for safety and efficiency CPKC has begun to inspect these trains before they enter the Speedway, adding 10-15 minutes to time spent preparing to enter the Speedway.

This measurement location also is inconsistent with the agreement reached between KCS and NS in 2010 (through the MSLLC JOC) to measure the west end of the Speedway for transit time measurement purposes using UP's AEI reader at Jordan Street (UP Lufkin Subdivision MP 230.8), near the switch connection between UP and KCS trackage west of downtown Shreveport, and more than five miles north/east of the Hollywood Junction AEI reader. The minutes of the June 1, 2010 meeting of the MSLLC JOC reflect this agreement, as shown in Figure 1 below.⁹

FIGURE 1

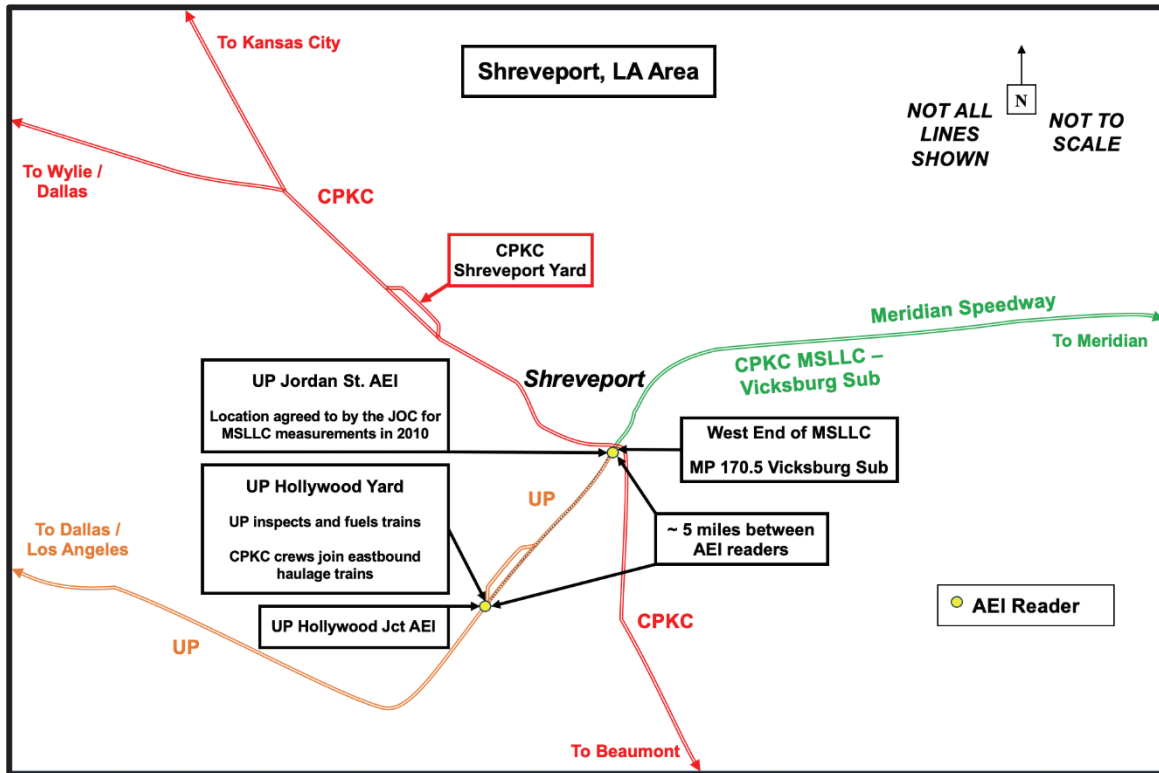
Item 2 – Service Standard Compliance / January 2011

- JOC agreed to start the clock on transits at Shreveport using the UP's Jordan St AEI reader.

Figure 2 below is a map of the Shreveport area showing the locations of the Hollywood Yard AEI reader NS used for its transit time calculations and the Jordan Street AEI reader that the MSLLC JOC agreed to use for that purpose. As the map shows, these two readers are at opposite ends of UP's Hollywood Yard.

⁹ The reference to "January 2011" refers to the date when the Service Standards would become effective.

FIGURE 2



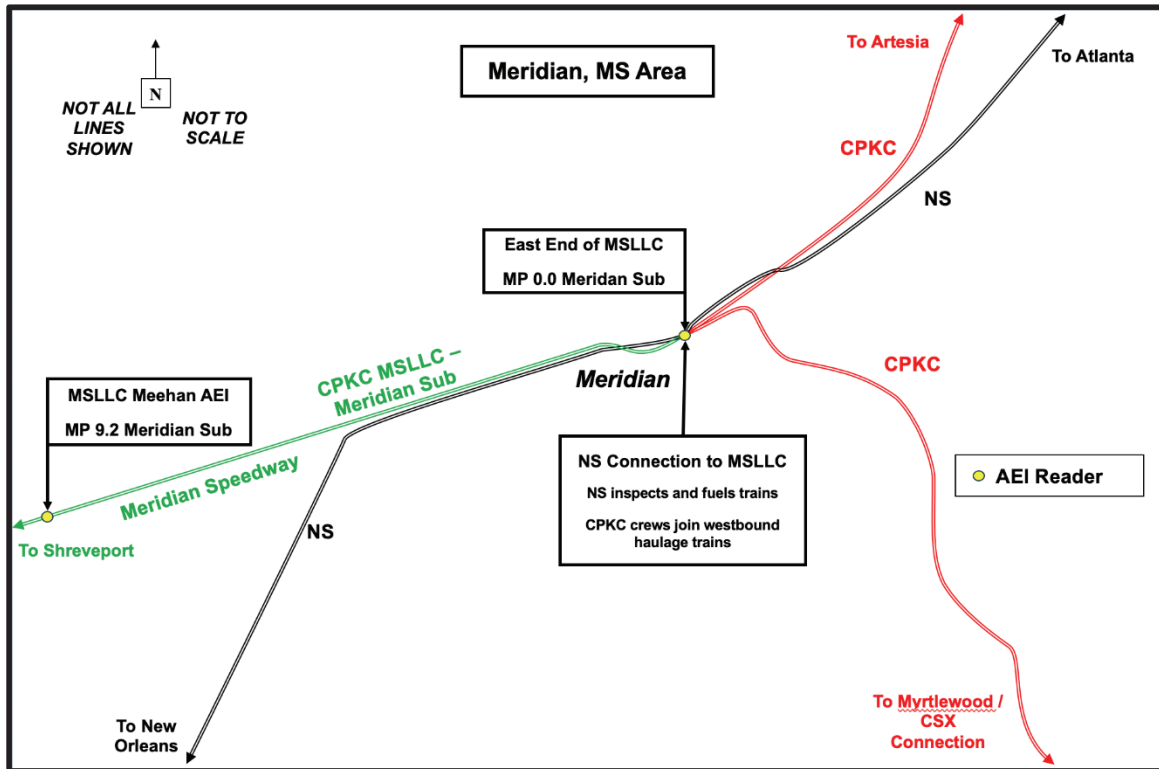
As UP states in its letter, according to its calculations NS eastbound haulage traffic (UP-NS Train 28J) historically dwelled for *almost four hours* between these points (*i.e.*, at Hollywood Yard). UP Letter, Davis V.S. at 2.¹⁰ Subtracting this 3.9 hours from the transit times reported in NS's letter (and without making any further corrections needed at the east/Meridian end of the Speedway) implies actual transit times ranging between 9:03 (in April) and 12:03 (in August), all *well below* the "13 hour transit time" that NS presents as its performance expectation. See NS Letter at 3.

¹⁰ CPKC notes that UP's statistics do not correspond with CPKC's calculations of Hollywood Yard dwell. Using the UP Hollywood Yard AEI reader (which NS's letter used for its "arrival" times and the Jordan Street AEI reader, CPKC calculates an average dwell at Hollywood Yard of only 2.8 hours from April through July 2025, and 4.6 hours from August 25 through 30. In all of these periods, Speedway transit times satisfied CPKC's contractual commitments to NS.

NS's measurement point on the east end of the Speedway is also incorrect. CPKC has not been able to determine precisely how NS is measuring train arrival and departure times at or near Meridian, MS, but the transit time figures NS presents range between 15 minutes and several hours longer than transit times measured in accordance with the agreement reached at the MSLLC JOC in June 2010. That agreement defines the "east end" of the Speedway for transit time measurement purposes as be KCS Milepost 0.00, and specifies that arrivals and departures there will be measured using CPKC's AEI reader at Meehan (MP 9.2), with a 15 minute offset to reflect times at MP 0.00. As with Shreveport, the difference is important, because of the work—especially fueling—that NS performs on trains before they are available for crewing by CPKC and departure westbound onto the Speedway.

Figure 3 below is a map of the Meridian area showing the locations of MP 0.00, the Meehan AEI reader, and the NS trackage beyond the east end of the Speedway where NS fuels westbound haulage trains and performs other work before those trains are ready to be crewed by CPKC for movement west across the Speedway.

FIGURE 3



As NS's data for westbound haulage trains (UP-NS Train 29S) show, however, even though NS is erroneously including excess time in its reported transit times, those trains consistently cross the Speedway considerably *faster than* NS's 13-hour transit time target.

B. Properly Measured, Transit Times for UP-NS Haulage Trains Are Stable and Performance Is Well Above the Standards Agreed to by NS and KCS in the MSLLC Agreements

Once the measurement errors in NS's data are corrected, it is clear that there is no basis for NS's claim that service is deteriorating. NS's letter asks how often CPKC meets a 13-hour transit time, but it is doing so with end points that add many hours to the transit on UP or NS trackage over which CPKC has no control. It is not surprising that a high percentage of trains need more than 13 hours to move from south of UP's Hollywood Yard to NS trackage east of Meridian.

Correctly measured transit time data show that there has been no recent deterioration in performance, apart from the brief (and long-concluded) impacts arising from CPKC's Day N service issues. Figure 4 below shows average transit times for the period 2019 to present for all of the UP-NS haulage trains between Shreveport and Meridian.¹¹ As demonstrated by these data, transit times have been *lower* since the CP/KCS combination in April 2023 and have similarly improved since CPKC's May 2025 IT cut-over that temporarily disrupted service performance here (as it did elsewhere on the legacy-KCS network). The average transit time for all of NS's haulage trains since May 2023 (following CP/KCS common control) was 10.3 hours, compared to 11.1 hours for the pre-transaction period from January 2018 to March 2023.

¹¹ As discussed below, under the KCS-NS MSLLC agreements, the 13-hour goal applies only to trains that are "qualified" for purposes of Service Standard measurement (*e.g.*, those that meet specified horsepower-per-ton standards and are not delayed for causes beyond CPKC's control, like force majeure weather events), and the 13-hour goal is lengthened when NS or UP deliver haulage trains earlier or later than scheduled. Since 2018, more than 40% of all UP-NS haulage trains were disqualified from measurement against the contractual Service Standard, and more than three-quarters of those disqualifications were on account of the train being underpowered. Nonetheless, CPKC is presenting transit time data for 100% of those haulage trains to make clear that the CP/KCS transaction did not cause any transit time deterioration.

FIGURE 4
TRANSIT TIMES ON MERIDIAN SPEEDWAY FOR ALL UP-NS HAULAGE TRAINS

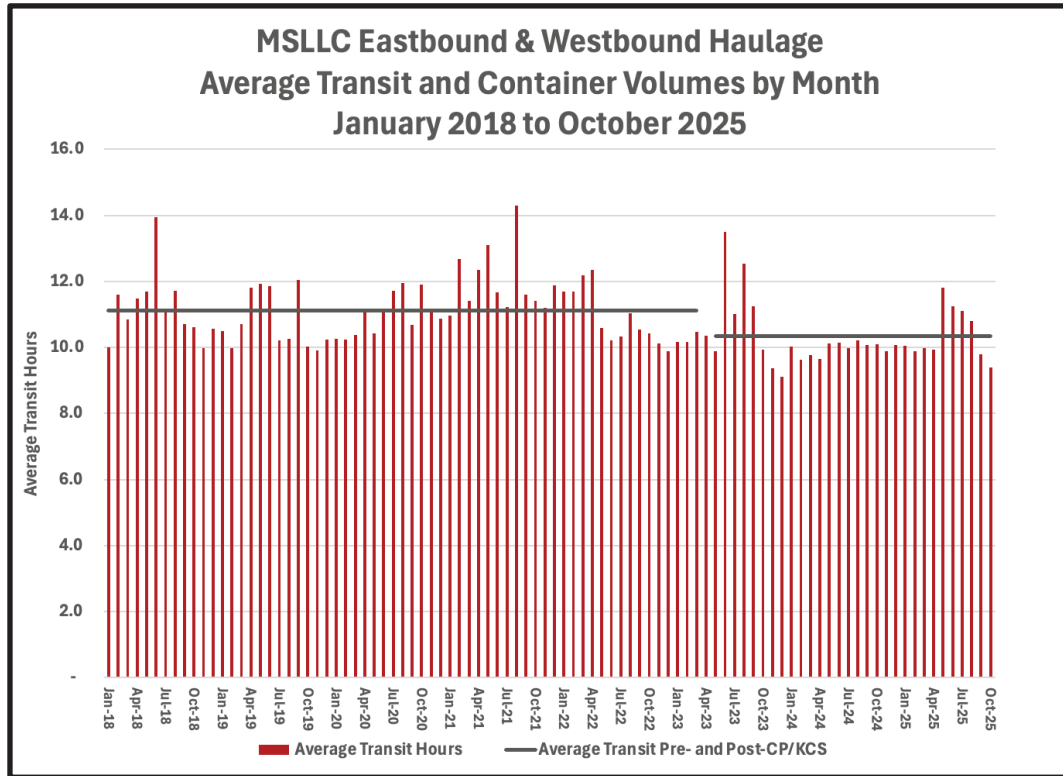


Figure 5 below shows that the same pattern is reflected in the performance data for the subset of UP-NS haulage trains operating eastbound from Shreveport to Meridian.

FIGURE 5
TRANSIT TIMES ON MERIDIAN SPEEDWAY FOR EASTBOUND UP-NS HAULAGE TRAINS

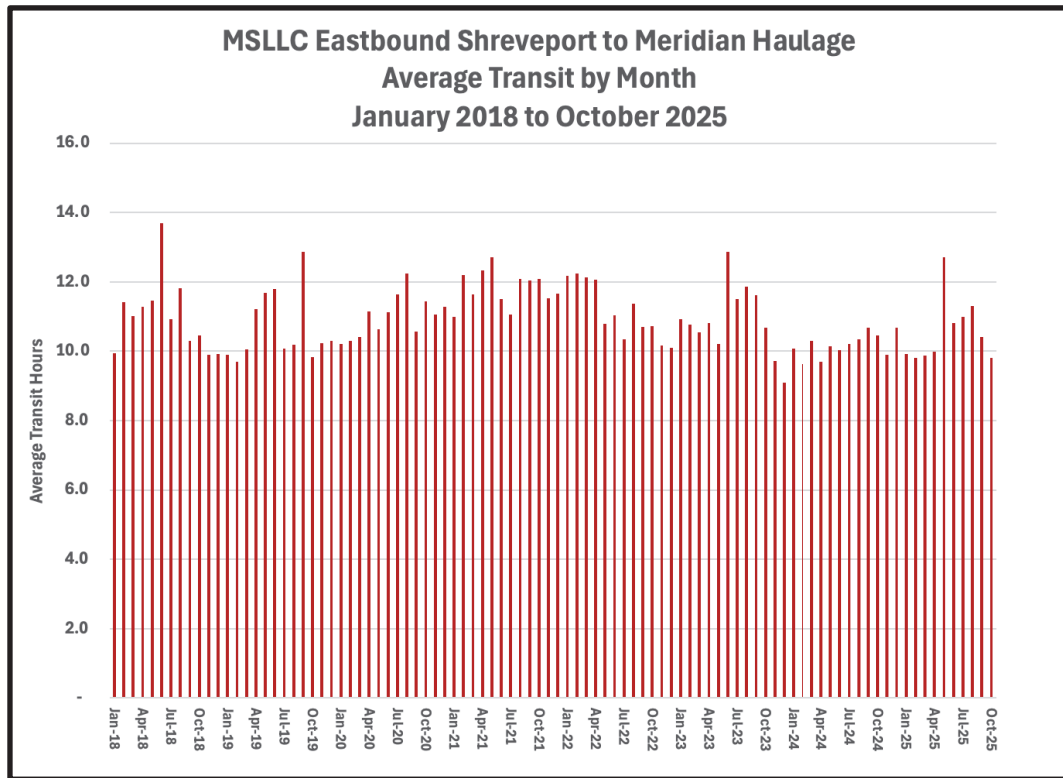
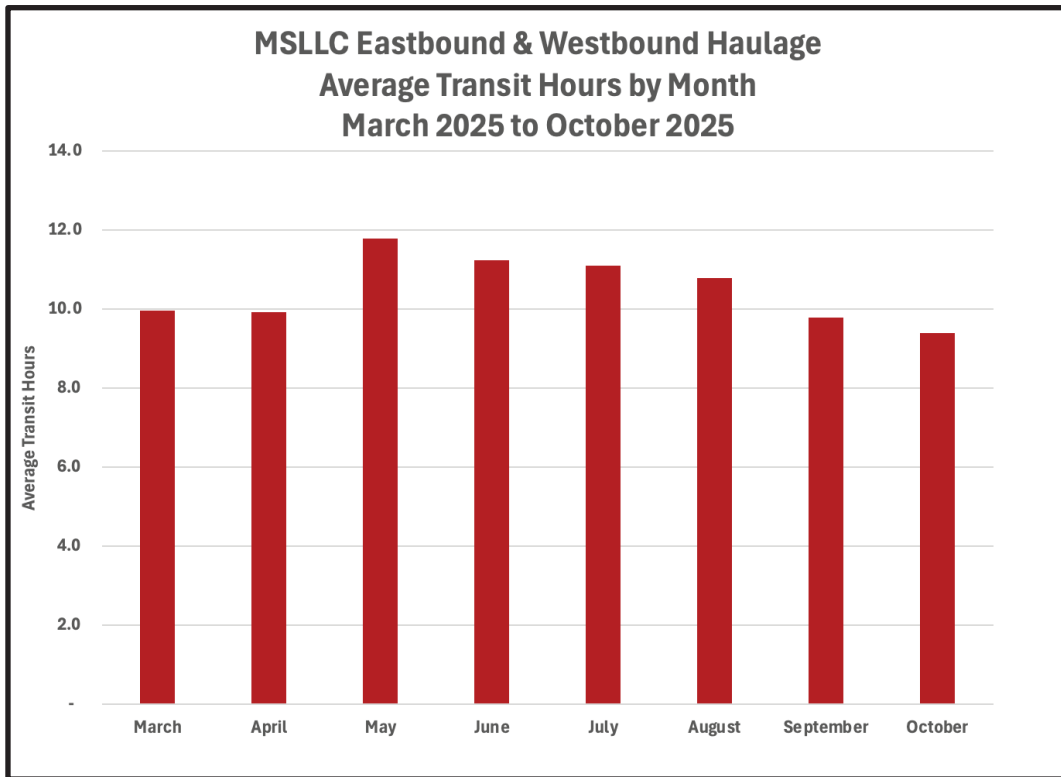


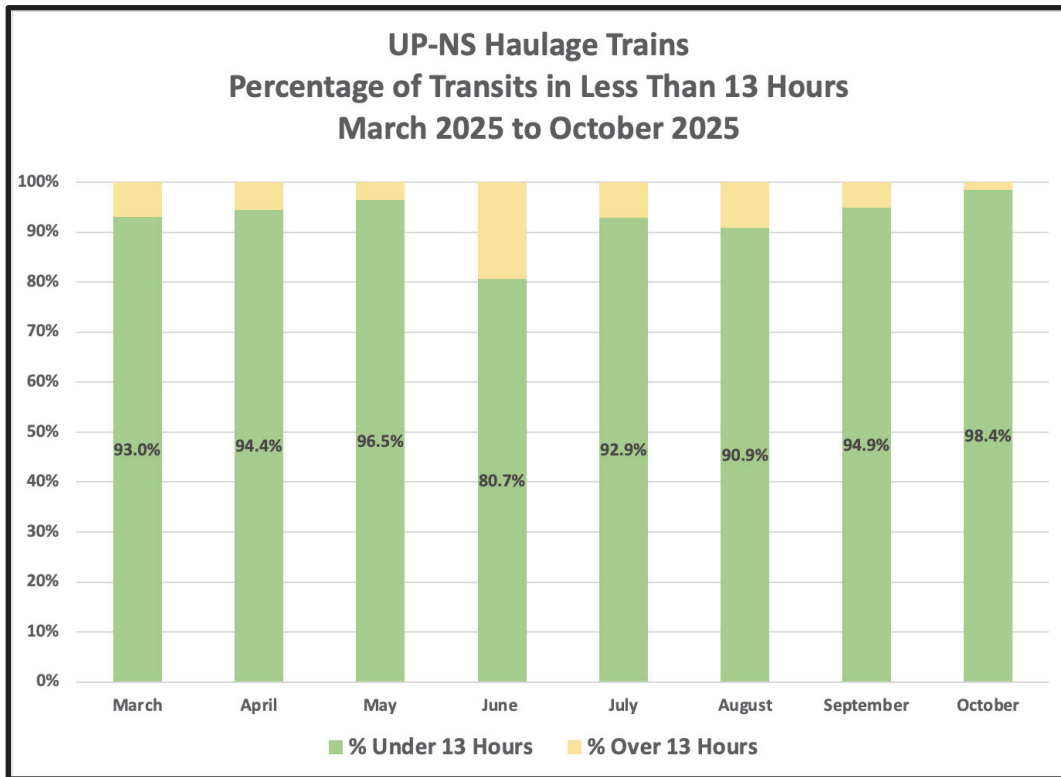
Figure 6 below zooms in on the period since January 2025, and shows the steady trend of improving transit times in recent months.

FIGURE 6
TRANSIT TIMES ON MERIDIAN SPEEDWAY FOR UP-NS HAULAGE TRAINS
SINCE MARCH 2025



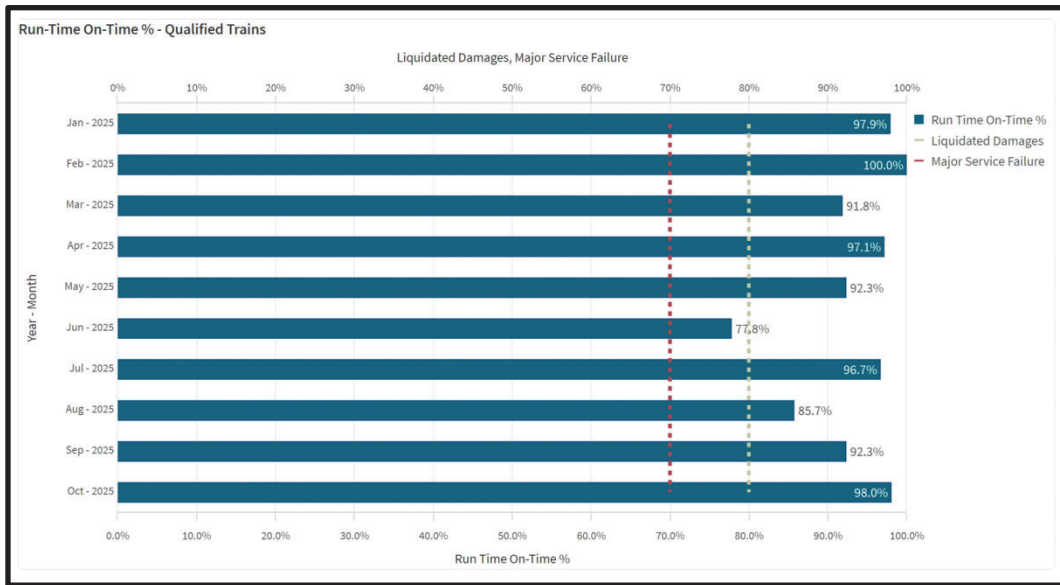
NS also contends that a high *percentage* of haulage trains are “transit time failures.” This assertion is incorrect for the same reason: NS is not measuring transit times correctly. Figure 7 below shows the percentage of UP-NS haulage trains that meet NS’s 13-hour target between March and October 2025 based on correctly calculated transit times. As reflected in that Figure, performance was affected briefly in the aftermath of CPKC’s Day N difficulties, but performance has rebounded with no lingering adverse effects.

FIGURE 7
PERCENTAGE OF TRANSIT TIMES LESS THAN 13 HOURS
FOR NS-UP HAULAGE TRAINS



As noted above (at page 12, note 11), including *all* of the UP-NS haulage trains in transit time calculations is not how the parties measure CPKC’s performance against contractual Service Standards data. CPKC’s contractual service commitments apply only to “qualifying” trains, as the MSLLC agreements specify. Figure 8 below shows the percentage of “qualified” UP-NS haulage trains that met contractual transit time standards. Excepting a dip in June, that percentage has consistently been well above contractual standards.

FIGURE 8
PERCENTAGE OF QUALIFIED UP-NS HAULAGE TRAINS MEETING SERVICE STANDARD
JANUARY 2025 TO OCTOBER 2025



NS complains that measuring only qualified trains somehow is unfair, since according to NS the Board’s oversight authority extends “beyond narrow contractual interpretations.” NS Letter at 1. CPKC acknowledges the Board’s broad authority, but the service standards agreed to between NS and CPKC are indeed relevant. In light of CPKC’s strong transit time performance regardless of which group of trains is measured, this debate is largely academic. But NS is also wrong to suggest that CPKC should be held accountable for the transit times of trains that are not “qualifying” under the parties’ agreements. To the contrary, the standards for a train being “qualified,” and thus subject to measurement against the contractual service standards, are directly relevant to whether CPKC should be held responsible for delays to those trains. NS expressly agreed, for example, that CPKC should not be responsible for the performance of trains that are delayed as a result of “scheduled maintenance windows,” “crossing accidents,” holidays, and weather incidents and other “force majeure” events. In addition, NS expressly

agreed that trains do not qualify for measurement against service standards if NS or its interline partner fails to provide locomotive horsepower meeting prescribed standards.¹²

In fact, many of NS's haulage trains are not "qualifying" because NS and UP have persistently underpowered them. The data presented in NS's letter to the Board covered NS haulage trains operated between March 1 and August 31, 2025. Of the 185 westbound haulage trains delivered to CPKC at Meridian, 41 (or 22%) were deemed not "qualifying" because they failed to comply with the HPT standards established by the MSLLC JOC. Likewise, of the 153 eastbound haulage trains delivered to CPKC at Shreveport, 14 (nearly 10%) were underpowered and thus not "qualifying."¹³ Lower HPT ratios translate to more sluggish train acceleration, and thus contribute to slower transit times and greater consumption of track capacity, compromising performance of all other trains using the line. It seems that NS and UP are choosing to prioritize locomotive productivity metrics over the fluidity of the Meridian Speedway for the benefit of all of the customers (NS's and CPKC's alike) that expect reliable service there.¹⁴

¹² See MSLLC NS Joint Use Agreement, Commercial Appendix B, § 2(B)(1). NS is contractually responsible for providing locomotives used on its haulage trains. See MSLLC NS Joint Use Agreement, § 2(b)(iii). In June 2010, the MSLLC JOC agreed that the governing HPT standard for UP-NS haulage trains would be 2.15 horsepower-per-ton.

¹³ As noted above (at page 12, note 11), since 2019 fully one-third of all UP-NS haulage trains were disqualified from measurement against the contractual Service Standard, and more than three-quarters of those disqualifications were on account of the train being underpowered. Ironically, NS's Chief Operating Officer touts NS's progress in achieving significant reductions in horse-power-per ton ratio since 2019. See Norfolk Southern Corp. Q3 Earnings Call Transcript (Oct. 24, 2025) (Exh. 1 hereto) at 12 (remarks of John Orr) ("right now, we're running a year-to-date, 23% less horsepower per ton").

¹⁴ CPKC's Chief Operating Officer recently communicated this point to his counterpart at NS. See Letter from Mark Redd to John Orr (Oct. 4, 2025) at 3 (Exhibit 2 hereto).

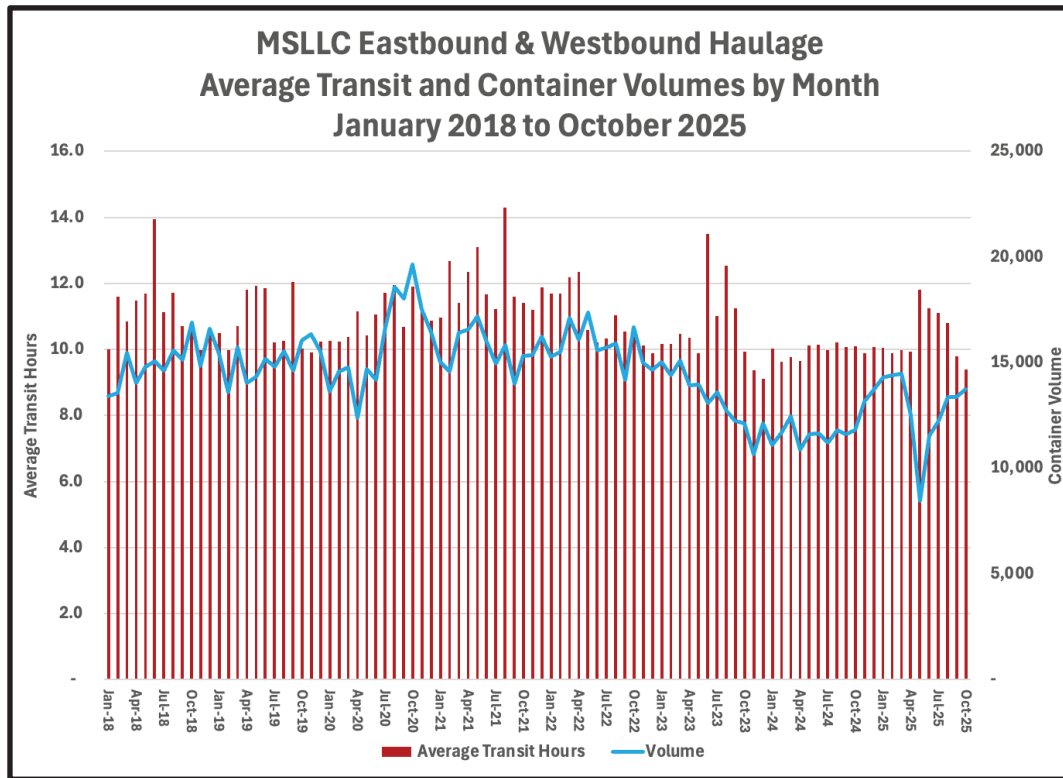
C. Norfolk Southern's Claims About Traffic Loss Are a Red Herring

Norfolk Southern's claim that service performance on the Speedway since CP acquired control of KCS in 2023 has somehow been responsible for declines in the volume of traffic handled in UP-NS haulage service is equally erroneous. Let's examine the facts.

As a threshold matter, it is obvious that service on the Meridian Speedway (as good as it has been) is not the determinant of the how intermodal customers experience the transcontinental rail transportation that UP and NS are offering their customers. The 300 miles of the Meridian Speedway represent a tiny fraction of the 2,000-plus rail miles UP-NS haulage traffic takes between UP west coast intermodal terminals and NS terminals in Atlanta and other Southeast points. Perhaps not surprisingly, that traffic is often already running late when it arrives from UP at Shreveport or from NS at Meridian from the east, as a result of service issues on the UP and NS rail networks. And CPKC imagines that UP-NS haulage shipment also get later after they move from the Speedway onto UP's or NS's networks.

The specious nature of UP's and NS's claims is also revealed by examining the volume of haulage traffic over time and average transit times during the same period. Figure 9 below superimposes the volume of containers handled on the UP-NS haulage trains interchanged onto the Figure 4 chart showing the average transit times of those trains on the Speedway. Three things are apparent.

FIGURE 9
UP-NS HAULAGE CONTAINER VOLUMES



First, the period since 2019 with the highest volume levels was from mid-2020 through early 2022, which coincides with the widely observed surge in intermodal traffic occasioned by COVID-era consumption and import patterns and the related shortage of truck drivers.

Second, volumes began to decline steadily in early 2022, more than a year *before* CP acquired control of KCS in April 2023. That decline began during a period of strong transit time performance, dispelling NS’s myth that deteriorating transit times drove traffic away. Among the macroeconomic factors leading to that trend was the significant decline in trucking rates coming out of the COVID pandemic.¹⁵

¹⁵ See, e.g., “COVID aftershocks still imperil freight companies: There are too many trucks for too little freight,” FreightWaves (Sept. 17, 2024) (“The post-pandemic boom spurred freight companies to overinvest in equipment to capitalize on then-high demand. However, freight hauling rates have

Third, the volume declines of 2022-2023 reversed in the fall of 2023, just months after CP acquired control (and also during a period of strong post-transaction transit time performance on the Speedway). Again, nothing about the CP/KCS transaction had any negative effect on NS haulage volumes. In fact, volumes rose sharply through March 2025 until suffering a brief downward spike in April and May 2025. The slight drop-off in April no doubt resulted from the announcement of increased tariffs on imports from China, which also had led to a bump-up in volumes in the months leading up to April as importers accelerated imports ahead of those tariffs.¹⁶ It is telling that NS's Chief Marketing Officer gave similar advice to securities analysts, contending that NS's intermodal volumes were challenged by "navigating the complexity of ongoing trade and tariff uncertainty" and "persistently abundant highway truck capacity."¹⁷

The sharper decline from April to May and rebound in June was at least in part the result of CPKC's May 3 IT system cut-over. As Figure 9 also shows, volumes recovered sharply in the June-October period. Service reliability may have been an issue in June 2025, but it has not been since then.

The Board should also understand that NS's discussion of haulage volumes on the Speedway is not entirely candid about the other factors that influenced those volumes. In late 2024, a few months before the sharp downturn in NS haulage volumes, UP announced that it was

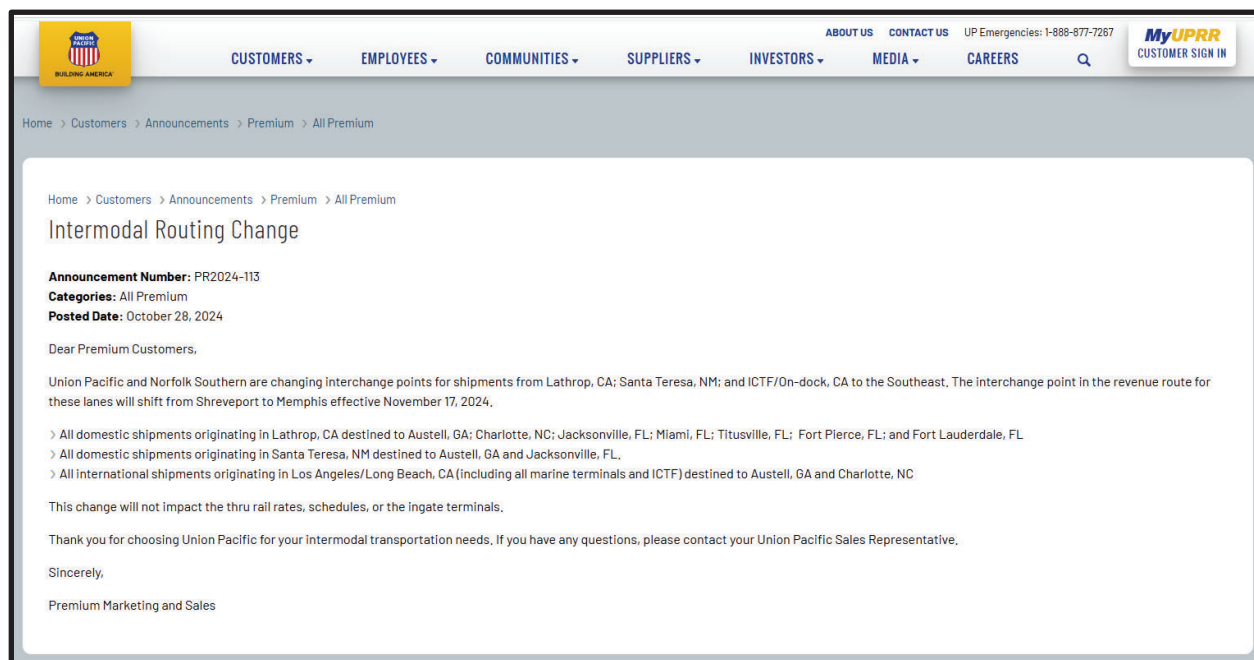
pancaked since 2022, and there are simply too many trucks for too little freight."), *available at* <https://www.freightwaves.com/news/covid-aftershocks-still-imperil-freight-companies#:~:text=The%20FreightWaves%20SONAR%20Outbound%20Tender,trucks%20for%20too%20little%20freight.>

¹⁶ See, e.g., <https://www.weforum.org/stories/2025/06/trumps-us-china-trade-tariffs-timeline/>.

¹⁷ Norfolk Southern Corp. Q3 Earnings Call Transcript (Oct. 24, 2025) (Exh. 1 hereto) at 4 (remarks of Ed Elkins). Mr. Elkins also noted that in "intermodal markets, we expect softer import demand in the near-term. This reflects the impact of tariff volatility and growing trade pressures. Warehousing capacity remains tight as inventory levels expanded at the beginning of the year ahead of tariffs, and truck capacity remains oversupplied." *Id.*

shifting UP-NS intermodal traffic away from Shreveport to the Memphis gateway. Specifically, UP announced that it was diverting domestic intermodal traffic moving from Northern California (at Lathrop) to key destinations in the Southeast and international intermodal traffic from the Ports of Los Angeles and Long Beach in Southern California to those destinations from Shreveport to Memphis. *See Figure 10 below.*¹⁸ This shift was possible because, under the MSLLC agreements, CP's control of KCS automatically removed NS's contractual volume commitments, allowing NS to divert Speedway haulage traffic to other UP-NS interline routes. It is not surprising that the UP shift from Shreveport to Memphis showed up in NS's haulage volumes.

FIGURE 10
UP ANNOUNCEMENT REGARDING SHIFT FROM SHREVEPORT TO MEMPHIS GATEWAY



¹⁸ See <https://www.up.com/customers/announcements/premium/internationalintermodalpriceandservice/PR2024-113.html>

The bottom line is clear: NS haulage traffic is not suffering from the level of service that CPKC provides, but rather from macroeconomic factors and NS's and UP's own business decisions.

IV. THE REAL ISSUE HERE IS UP'S INSISTENCE ON DELIVERING 11,000-FOOT TRAINS FOR MOVEMENT ON A RAIL LINE BUILT FOR 8,500-FOOT TRAINS

UP's letter and verified statement make abundantly clear that the real issue here is CPKC's decision, effective August 25, 2025, to re-establish a uniform 8,500-foot limit on the length of trains operating on the Speedway. The cause of the dwell UP complains of is UP's desire to continue building over-length 11,000-foot trains and sending them across a single-track route with sidings designed and built to accommodate trains up to 8,500-feet long.

A. CPKC Acted Responsibly When It Limited Train Lengths to Reflect Siding Lengths on the Meridian Speedway

UP's witness is up-front about the fact that he does not know why CPKC would impose an 8,500-foot restriction on train length. The reason is one that NS and UP are very aware of: the operation of UP's over-length eastbound train materially degrades the performance of the other trains on the line. Following its acquisition of control of KCS, CPKC witnessed the impact these trains were having on all of the other trains using the Meridian Speedway and the rail customers those trains support, and CPKC acted as a good steward of service when it chose to require that the length of that train conform to the design of the line's sidings.

When KCS and NS entered into the MSLLC joint venture in 2006, they proceeded to make major investments to upgrade capacity on the Meridian Speedway to support more, faster, and longer trains. Prior to those investments, siding lengths on this single-track line had generally limited operations to trains no longer than 7,500 feet. The new and extended sidings in which MSLLC invested were designed to an 8,500-foot train length standard, and the 2006 Joint Use Agreement entered into among MSLLC, NS and KCSR reflected that fact. Section 6(b)(v)

provides that, upon completion of the planned capital improvement work, the “maximum length of NSR trains” would be “increased to no less than 8,500 feet,” with longer trains permitted only up to the maximum length of “other train[s] regularly operated over” the line.¹⁹

The 8,500-foot limit was chosen because, even with the MSLLC investments, only three sidings out of the 20 in the 300 miles between Shreveport and Meridian can accommodate trains longer than 8,500 feet. The Speedway has a passing siding every 15 miles, but there is a siding that can fit an 11,000-foot train only every 100 miles on average, with gaps between the longer sidings (from west to east) of 48.5 miles, 38 miles, 109 miles, and 95 miles. This configuration means that when UP delivers an eastbound train longer than 8,500 feet at Shreveport, the movement of that train across the Speedway inevitably causes operational disruption by forcing all opposing traffic to take sidings.

The operational impacts of over-length trains on the Speedway have been understood by NS and KCS for some time. In 2020, three years before the CP/KCS combination, KCS discussed with NS representatives the impacts of running over-length trains on the Speedway. KCS presented to the MSLLC Management Committee data showing that the advent of longer trains had driven up run times for all trains on the Speedway. In November 2020, the issue was again discussed, and KCS’s recommendation was to “add[] Capital to extend sidings.” It was understood that without longer sidings longer trains would adversely impact transit times:

- “• If we choose not to spend Capital, and require KCS to make current “Run Time Requirement”, *we will be forced to make all Roads reduce back to an 8500’ restriction.*
- “• If we want to continue to allow UP, NS, and KCS to exceed the 8500’ restriction, we will need to extend the “Run Time Agreement” and adjust the TSP slightly.

¹⁹ The same provision noted that, prior to the completion of the improvements, train length would be “7,500 feet” unless a higher maximum length was permitted for trains regularly operated over the trackage.

- “• If we do decide to spend the Capital to extend sidings, we will still need some flexibility on Runs times and TSP until that Capacity is in service.”²⁰

NS was not prepared to fund longer sidings to support longer trains, but the run-time requirement nonetheless was not adjusted upward. In May 2022, KCS acted unilaterally to reduce the length of the eastbound intermodal train it was originating at the Wylie Terminal near Dallas to a maximum of 8,500 feet. In August 2022, KCS presented the MSLLC Management Committee with data showing that this step alone had led to immediate improvements in transit time performance on the Speedway.

For its part, NS’s comments in the *CP/KCS* proceeding in 2022 expressed grave concern about running trains that were too long for the sidings on the Meridian Speedway. NS argued that new trains proposed in Applicants’ Amended Operating Plan “would not fit in the existing sidings” on the Speedway and as a result would cause “all other traffic (including all other trains carrying NS’s interline and haulage intermodal traffic) on the line ... to hold in sidings while the new trains passed.”²¹

Experience since August 25, 2025 validates CPKC’s decision to limit train length to available siding capacity. CPKC has found that transit times for all trains on the Speedway—not just NS’s haulage trains—improved markedly as soon as the over-length UP-NS train was shortened to fit within available sidings. In the aggregate, removing the one over-length train from the Speedway reduced the aggregate delays incurred by other trains on the Speedway by

²⁰ Email from Steve Simmons to Jeffrey Songer (Nov. 6, 2020) (reporting on teleconference between KCS and NS) (Exhibit 3 hereto) (emphasis added).

²¹ *CP/KCS*, Amended Comments of Norfolk Southern Ry. & Request for Conditions (NS-12) (filed June 9, 2022) at 24. CPKC disagreed with the degree of concern NS had expressed (*see CP/KCS*, Decision No, 35 at 132), but CPKC’s experience since April 2023 with long trains on the Speedway has convinced it that NS’s concerns were valid.

more than ten hours a day. CPKC expected this result, since the shortening of these trains meant that dispatchers now can arrange train meets more efficiently, minimizing the time the first train to the siding must wait for an opposing train to arrive. Although the most direct benefit was to allow westbound trains to proceed more expeditiously from Meridian to Shreveport without needing to swim against the tide of the mammoth UP-NS eastbound train, those improvements also benefitted transit times for eastbound trains by moving the previously-delayed westbound trains off the line faster and freeing up siding capacity.

B. There Is No Basis for Board Action to Address the Hollywood Yard “Dwell” UP Says It Is Experiencing

UP’s letter does not take issue directly with CPKC’s decision to re-establish an 8,500-foot train length limitation. Instead, the “service” issue that UP addresses is increased dwell for railcars at UP’s Hollywood Yard in Shreveport since August 25, 2025, when CPKC implemented the 8,500-foot limitation. The increase in dwell at Hollywood Yard, however, is the natural consequence of UP’s decision—notwithstanding UP’s awareness of the 8,500-foot limit—to continue to push over-length trains towards the Speedway from origins on UP’s Western U.S. network, despite knowing that UP would have to shorten those trains at Hollywood Yard. The time that the over-length railcars spend waiting for another train to move them east, plus the time required to perform the shortening, naturally shows up in Hollywood Yard dwell statistics. UP apparently sees advantages in continuing to originate long trains for movement across its own network rather than building length-compliant trains that could move seamlessly onto the Speedway, as UP’s trains historically did. But the consequences of UP’s train design choices for dwell at Shreveport are not CPKC’s responsibility.

In any event, the “investigation” UP requests is not necessary for another reason. CPKC and NS have been working together to address the transition to a uniform 8,500-foot train length

limitation on the Speedway. Between August 25 and October 1, CPKC operated seven additional eastbound haulage trains to accommodate the traffic removed from trains when UP down-sized them at Hollywood Yard.

CPKC is working with NS in other ways as well. On September 16, 2025, NS formally requested that CPKC support a pair of additional daily haulage trains (one eastbound and one westbound), and CPKC is accommodating that request by training the crews needed to support that service. CPKC informed NS that it expected the new daily train pair to commence operating on November 17. In the meantime, at a September 30, 2025 meeting of the MSLLC JOC CPKC offered to allow a continued exception from the train length limitation for one daily eastbound departure from Shreveport, provided that NS compensated CPKC for a portion of the added costs associated with the impact of running that train on the other trains operating on the Speedway. On October 1, NS agreed to the terms offered by CPKC,²² and the first over-length eastbound train ran on October 3. UP's concerns accordingly are now moot—the single daily eastbound overlength train that had operated prior to August 25 will continue to operate until the additional train pair requested by NS begins operating, which will happen within a matter of days from now.

C. UP's Insistence on Delivering 11,000-Foot Trains at Shreveport Disregards the Needs of Others

Notwithstanding the ample justification for CPKC's decision to limit train length to 8,500 feet, recent public comments of UP's CEO Jim Vena suggest that UP is not willing to tolerate having neutral operating rules limit its freedom of action, and may retaliate against CPKC using

²² See Exhibit 4 hereto.

its control of the UP trackage over which CPKC must operate to reach Mexico. Speaking at a conference in Chicago on September 30, Mr. Vena reportedly said the following:

“I think we’d have a different outcome with CPKC because we operate a lot of their trains and we allowed them to run on our railroad to get to Mexico. We need to have a coming to Jesus moment. All of a sudden you wake up and then you tell me that you’re short of crews. Well, you’re short of crews because you decided not to run this 11,000 foot train that you always used to be able to run. There it is. I’m not happy with it. Hopefully, they wake up and change their mind and go back to operating the trains the way they were supposed to. That’s why cooperation agreements don’t work.”²³

Mr. Vena, of course, is wrong in suggesting that trains were “supposed to” operate in the over-length configuration that Mr. Vena desires. That configuration may benefit UP, but as shown above it inflicts pain on all of the other rail customers using the Meridian Speedway.

More troubling still is Mr. Vena’s apparent desire to force the outcome UP desires through coercive retaliation. CPKC is not sure what Mr. Vena means by a “coming to Jesus moment,” but CPKC does understand Mr. Vena’s remarks to be threatening to use UP’s control over CPKC’s trackage rights route to Mexico to coerce an outcome UP prefers on the Meridian Speedway. Mr. Vena has done that before, in October 2023. Mr. Vena’s view of “cooperation agreements” appears to be that other railroads give UP whatever UP wants or UP won’t cooperate. If that is what UP expects, it is no surprise that Mr. Vena feels compelled to acquire other railroads as a means of bending them and the customers they serve to UP’s will.

²³ These remarks were reported in a Journal of Commerce article published on October 2, 2025. *See* Journal of Commerce, Michael Angell, “CPKC pushes back on NS complaint over Meridian track access” (Oct. 12, 2025). That article quotes Mr. Vena’s remarks in part and reports on them more fully. CPKC understands the quotation in text to accurately reflect Mr. Vena’s oral remarks on October 1 at the Journal of Commerce Inland Distribution Conference in Chicago.

CPKC initially established the 8,500-foot train length limit for trains on the Meridian Speedway in May 2023, and that limit became effective in June 2023.²⁴ Not coincidentally, Mr. Vena returned to UP as CEO in August 2023, and by October he had decided to retaliate for the Meridian Speedway limitation by imposing an arbitrary 8,000-foot limit on trains using UP's Brownsville Subdivision, a key link in CPKC's route to and from Mexico, despite knowing that CPKC's trains were readily accommodated by the frequent long sidings in that corridor.²⁵ There was no justification for this, particularly since KCS had recently spent tens of millions of dollars to add or lengthen the sidings there to support train lengths of 12,000 feet (as shown on UP's train length diagram map, which is Exhibit 6 hereto). An excerpt of that map showing the "12k" train length limit on the portion of the Brownsville Sub used by CPKC trains (*i.e.*, between

²⁴ Writing to UP in October 2023, CPKC explained why it had limited train lengths to 8,500 on the Meridian Speedway:

"Our experience – backed up by observations during the period when exceptions were allowed – shows that running even one overlength eastbound train causes extensive delays to other trains by forcing all opposing trains to take sidings to let that train pass, which in turn impacts the performance of other eastbound trains as well. Those service impacts are not consistent with our obligations to meet service assurances to our customers and otherwise run a railroad efficiently. Indeed, the re-imposition of an 8,500-foot limit in late May led to improvement in the reliability of train operations on the Meridian Speedway. Accordingly, it would not be reasonable or responsible for us to remove the 8,500-foot limit at this time."

Email from Raymond Elphick (CPKC) to Rick Lichtas (UP) (Oct. 24, 2023) (Exhibit 5 hereto).

²⁵ CPKC uses UP's Brownsville Subdivision between Bloomington, TX and Robstown, TX as part of its route between Houston and the Laredo gateway.

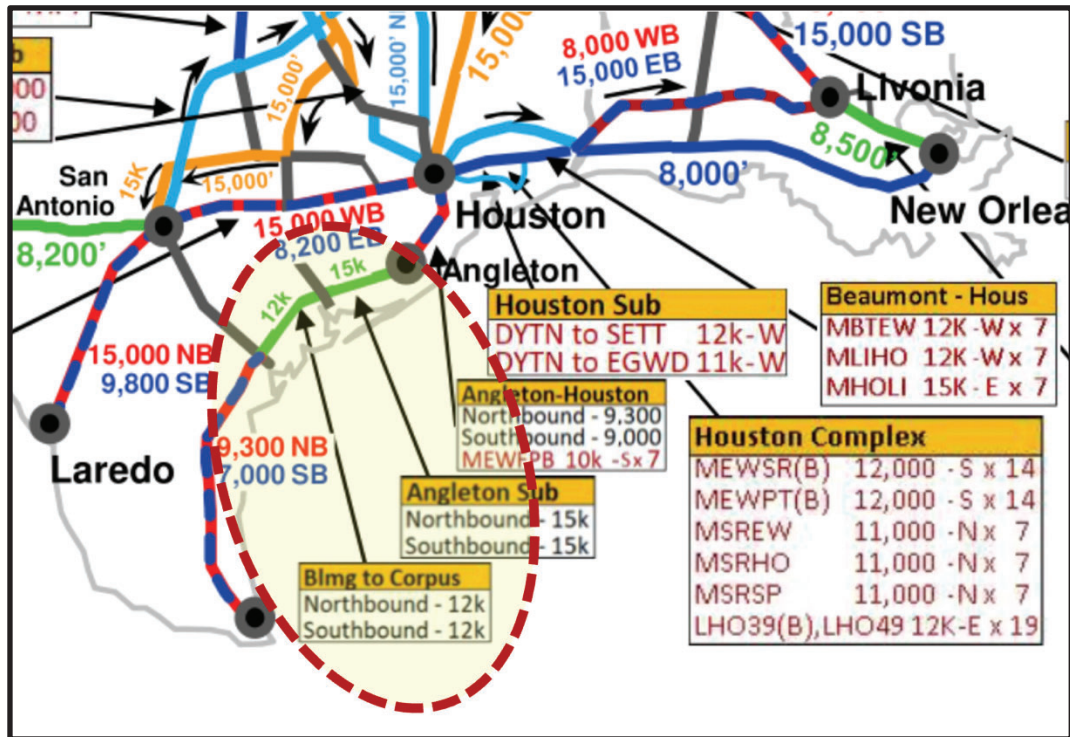
Bloomington and Corpus Christi) is Figure 11 below.²⁶ NS, by contrast, has not been willing to spend the money necessary to lengthen sidings on the Meridian Speedway.²⁷

²⁶ Between 2011 and 2019, KCS helped fund four new long sidings or siding extensions on or adjacent to the portion of the Brownsville Subdivision between Bloomington and Robstown to support the movement of long trains, as shown in the Table below. UP's trains on that line tend to be shorter because they also traverse UP lines north or south of the Bloomington-Robstown segment where UP has not made investments in longer sidings.

SIDING BUILT OR LENGTHENED WITH KCS FUNDS	STATE IN 2011	CURRENT STATE
Benavides Siding (at Placedo, TX)	Did Not Exist	10,400 ft. siding
Inari Siding	7,667 ft. siding	10,000 ft. siding
Greta Siding	7,270 ft. siding	14,000 ft. siding
Cranell Siding	Did Not Exist	10,500 ft. siding

²⁷ Mr. Elphick's October 2023 email to Mr. Lichtas at UP explained that "CPKC would like to be able to support the operation of longer trains, and we would be willing to enter into tri-party discussions (among CPKC, UP and NS) to identify the infrastructure needs associated with such trains and how costs could be allocated in a manner that is fair to all parties. (As you may be aware, KCSR and NS have had extensive discussion about the investments needed to support longer trains, and NS has elected not to fund those investments.) Until infrastructure is added to support long trains on this line, it would be irresponsible for CPKC to allow those operations to proceed." *See* Exhibit 5 hereto.

FIGURE 11
EXCERPT FROM UP TRAIN LENGTH MAP



When CPKC's CEO Keith Creel asked Mr. Vena why he had imposed an 8,000-foot length limit on the Brownsville Sub, Mr. Vena answered unabashedly: "because you restricted my trains." It apparently did not matter to UP that the Meridian Speedway was designed for 8,500-foot trains, whereas the portion of the Brownsville Subdivision used by CPKC was designed for 12,000 foot trains. Mr. Vena retaliated using whatever leverage was at hand.

The UP train length limit immediately and severely affected CPKC's operations between the United States and Mexico, forcing unwarranted delays to more than a dozen trains during the first days of UP's edict. This leverage compelled CPKC to agree to an arrangement permitting the continued operation on the Meridian Speedway of a single eastbound UP-NS haulage train of up to 11,000 feet in length from Shreveport to Meridian in exchange for UP's lifting the Brownsville Subdivision limit and cooperating on other commercial matters. One of those matters involved the sale of a sliver of real property that CPKC needed to support double-

tracking its mainline in Blue Valley, Missouri, near Kansas City (one of the projects for which CPKC sought Board approval in the *CP/KCS* proceeding).²⁸

In the intervening period after CPKC agreed to accommodate UP's insistence on delivering an overlength train for movement across the Meridian Speedway, UP's real estate department was processing the Blue Valley land sale agreement without issue, but Mr. Vena intervened to block that deal, apparently for no reason other than to obtain still more leverage over CPKC. Mr. Vena's repudiation of his promised cooperation at Blue Valley removed a key underpinning of CPKC's October 2023 acquiescence in the continued operation of the UP-NS 11,000-foot train. UP was well aware that CPKC would not continue to accede to that operation despite its consequences for the rail customers served by all of the other operations on the Speedway.

CONCLUSION

For the reasons discussed above, the concerns raised in the UP and NS letters lack merit and warrant no further action by the Board.

²⁸ See *CP/KCS*, Decision No. 35 at 153; Final EIS at 2-15.

Respectfully submitted,



CANADIAN PACIFIC KANSAS CITY LIMITED

Cassandra P. Quach
7550 Ogden Dale Road S.E.
Calgary, AB T2C 4X9 Canada
Email: Cassandra.Quach@cpkcr.com

Nizam Hasham
1290 Central Parkway West, Suite 800
Mississauga, ON L5C 4R3 Canada
Email: Nizam.Hasham@cpkcr.com

Telephone: (888) 333-6370

**THE KANSAS CITY SOUTHERN RAILWAY
COMPANY**

David C. Reeves
427 West 12th Street
Kansas City, MO 64105-1403
Email: David.Reeves@cpkcr.com
Telephone: (816) 983-1387

David L. Meyer
LAW OFFICE OF DAVID L. MEYER
1105 S Street N.W.
Washington, D.C. 20009
Email: David@MeyerLawDC.com
Telephone: (202) 294-1399

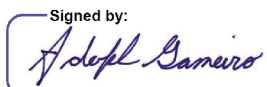
Attorneys for CPKC

November 13, 2025

VERIFICATION

I, Adolph Gameiro, declare under penalty of perjury under the laws of the United States of America that the factual content of the foregoing document is true and correct. Further, I certify that I am qualified and authorized to execute this Verification.

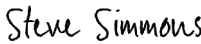
Executed this 11/13/2025 day of November, 2025

Signed by:

1ADB0EB90B89482...
Adolph Gameiro
Managing Director, Interline & Network
Strategy

VERIFICATION

I, Stephen Simmons, declare under penalty of perjury under the laws of the United States of America that the factual content of the foregoing document is true and correct. Further, I certify that I am qualified and authorized to execute this Verification.

Executed this 11/13/2025 day of November, 2025

Signed by:

B33FB0F8931F421...
Stephen Simmons
Director of Border and Interline Operations]

CERTIFICATE OF SERVICE

I hereby certify that I have caused the foregoing CPKC's Reply to UP and NS Correspondence Regarding Meridian Speedway to be served electronically or by first class mail, postage pre-paid, on all parties of record in this proceeding.

/s/ David L. Meyer
David L. Meyer

November 13, 2025

BEFORE THE SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36500 (SUB-NO. 6)

**CANADIAN PACIFIC RAILWAY LIMITED, ET AL. – CONTROL – KANSAS CITY SOUTHERN, ET AL.
(GENERAL OVERSIGHT)**

CPKC REPLY TO UP AND NS CORRESPONDENCE REGARDING MERIDIAN SPEEDWAY

EXHIBIT 1

**NORFOLK SOUTHERN CORP. 3Q 2025 EARNINGS CALL TRANSCRIPT (EXCERPTS)
(OCT. 24, 2025)**

Q3 2025 Earnings Call

Company Participants

- Ed Elkins, Executive Vice President and Chief Commercial Officer
- Jason A. Zampi, Executive Vice President and Chief Financial Officer
- John Orr, Executive Vice President and Chief Operating Officer
- Luke Nichols, Senior Director, Investor Relations
- Mark R. George, President and Chief Executive Officer

Other Participants

- Bascome Majors, Susquehanna Financial Group, LLP
- Brandon Oglenski, Barclays Capital Inc.
- Brian Ossenbeck, J.P. Morgan Securities, LLC
- Chris Wetherbee, Wells Fargo Securities
- David Vernon, Sanford C. Bernstein & Co., LLC
- Jonathan Chappell, Evercore ISI
- Jordan Alliger, Goldman Sachs & Company, Inc.
- Richa Harnain, Deutsche Bank
- Scott Group, Wolfe Research, LLC
- Stephanie Moore, Jefferies LLC
- Thomas Wadewitz, UBS Securities, LLC

Presentation

Operator

Good afternoon, ladies and gentlemen, and welcome to Norfolk Southern Third Quarter 2025 Earnings Conference Call. At this time, all participant lines are in the listen-only mode. Following the presentation, we will conduct a question-and-answer session. (Operator Instructions).

And I would like to turn the conference over to Luke Nichols, Senior Director, Investor Relations. Please go ahead.

Luke Nichols {[BIO 21926619 <GO>](#)}

Good afternoon, everyone. Please note that during today's call, we will make certain forward-looking statements within the meaning of the Safe Harbor Provision of the Private Securities Litigation Reform Act of 1995. These statements relate to future events or future performance of Norfolk Southern Corporation, which are subject to risks and uncertainties and may differ materially from actual results. Please refer to our annual and quarterly reports filed with the SEC for a full discussion of those risks and uncertainties we view as most important.

Our presentation slides are available at norfolksouthern.com in the Investors section, along with a reconciliation of any non-GAAP measures used today to the comparable GAAP measures, including adjusted or non-GAAP operating ratio. Please note that all references to our prospective operating ratio during today's call are being provided on an adjusted basis.

Turning to Slide 3, I'll now turn the call over to Norfolk Southern's President and Chief Executive Officer, Mark George.

Mark R. George {[BIO 19193508 <GO>](#)}

With that, I'll turn it to you, Ed.

Ed Elkins {BIO 20556043 <GO>}

Thanks much, John.

Now let's go to Slide 10, where you'll see that we achieved 2% year-over-year growth in both revenue and RPU in the quarter. We see several dynamics at play in the business portfolio. We have strength within our merchandise markets, partially offset by meaningful declines in export coal markets. We see reduced fuel surcharge revenue and softer than expected intermodal volumes. Overall, our volume for the third quarter finished flat, despite gross ton miles growth of 4%.

Let's look inside of merchandise. Volume grew 6% from a year ago, driven by our auto, chemical, and metals in construction markets. Revenue less fuel grew 7%, which underscores our pricing discipline and our volume performance. However, we had mixed headwinds from growth in commodities such as natural gas liquids, sand, and scrap metal, which diluted our overall RPU performance.

In intermodal, we're navigating the complexity of ongoing trade and tariff uncertainty, persistently abundant highway truck capacity, and outside factors, including competitor responses to our merger announcement, which caused volumes to decrease 2%. Intermodal revenue less fuel and RPU less fuel both grew, reflecting the overall stable pricing environment right now. Now here, I have to note that year-over-year RPU comparisons benefited from an abnormally high volume of empty shipments ahead of the East Coast port disruptions last year.

Let's turn to coal, where weakening seaborne coal prices drove RPU less fuel lower by 7%, and this was the most significant revenue headwind for the quarter. We enjoyed stronger demand in our Utility segment, but it didn't offset the sustained weakness in export. This interaction has been playing out throughout the year, and we expect it to persist.

Let's go to Slide 11, and talk about the market outlook. Like the third quarter, we continue to navigate a dynamic economic environment, along with competitive cross currents. For our merchandise markets, we forecast vehicle production will be challenged, in part due to recent disruptions at a key material supplier to our customers.

We expect this will have a meaningful impact to production at several NS-served automotive plants in the fourth quarter. At the same time, overall manufacturing activity remains mixed, with output expected to grow despite the backdrop of trade and tariff uncertainty. Strong fracking activity in the Marcellus/Utica basin is supporting demand, and NGLs in sand in our merchandise markets.

Looking into our intermodal markets, we expect softer import demand in the near-term. This reflects the impact of tariff volatility and growing trade pressures. Warehousing capacity remains tight as inventory levels expanded at the beginning of the year ahead of tariffs, and truck capacity remains oversupplied. Coal prices have remained pressured with significant uncertainty surrounding export trade. And at the same time, we're expecting utility demand to see continued support from growing electricity demand and lower existing coal stockpiles.

Now, these dynamics should be considered against the backdrop of our recently announced merger, which has intensified competitor activity across the industry. And as a result, we anticipate volume pressure, particularly in our intermodal segment. And so we're maintaining a cautious outlook for the remainder of 2025.

Operator

Thank you. Next question will be from Tom Wadewitz at UBS. Please go ahead, Tom.

Q - Thomas Wadewitz {BIO 4432227 <GO>}

Yes, good afternoon. Wanted to ask a little more on the topic of the competitive responses. I guess the kind of name that comes out and seems most prominent in Intermodal would be J.B. Hunt. And I just want to get a sense if you could help us think about to the extent that BN's going to exert some control here and push more business over to CSX. How much of the business do you think should be sticky to Norfolk?

I recall back quite a long time ago, you had some corridor initiatives that I think are differentiated, like the Crescent Corridor, lines that maybe CSX isn't going to serve markets as well. So I just want to see if you have some high-level thoughts on what can make business with J.B. Or Intermodal in general sticky in terms of network differences and how much, kind of risk is there of kind of BN forcing some business over CSX? Thank you.

A - Mark R. George {BIO 19193508 <GO>}

So I think we talked about it before that more than half of our business with J.B. Hunt originates and terminates here in the East, and we continue to provide a really excellent service product to them, and we feel comfortable and confident with that, retaining that business. I think for the balance, particularly in certain geographies, perhaps in the Southeast that's really what's at risk right now that Ed can go in and talk about.

But I just want to reemphasize that one thing. About two decades ago, we started investing hundreds of millions of dollars to build out our Intermodal franchise. We built out that Premier Corridor and the Crescent Corridor. We've built terminals, and we have an unrivaled Intermodal franchise in the East. And it's a franchise that people want to be on because it provides the fastest route to the major markets and with a terminal footprint where customers want it to be.

So with time, cargo owners are going to want that business back on the NS, and we are going to work aggressively to help them get that cargo back on the NS. So, Ed, please chime in.

A - Ed Elkins {BIO 20556043 <GO>}

Well, gosh, I think you pretty much summarized it, but let me say this. There are a number of key lanes where Norfolk Southern offers exceptional value for customers that really can't be replicated anywhere. There's -- I would say this, from experience, there's a reason why we have the second largest Intermodal franchise in North America, and it's because of the superior route structure that we've built out that Mark just referenced, and also a terminal network that gets you with your freight landed closer to the consumer than any other network out there.

So there's lots of things that can happen in terms of pushing freight around that what I would call, be unnatural. But over time, we're very confident, John and I are, that we put our heads together, make sure our service is exceptional the way it is now, we continue to partner with the right folks, we're going to be in good shape.

Q - Thomas Wadewitz {BIO 4432227 <GO>}

I guess one component of that as well is just that CSX has had this major construction project in debottlenecking with their Howard Street Tunnel, and so that makes them a lot more efficient

north-south along the east. Is that -- like is that a significant competitive impact, or do you think that's kind of an impact on a modest portion of your domestic?

A - Ed Elkins {[BIO 20556043 <GO>](#)}

I can't really comment on that project for them. I hope it makes them a lot more competitive with trucks.

Q - Thomas Wadewitz {[BIO 4432227 <GO>](#)}

Right. Okay. Thanks for the time.

A - Mark R. George {[BIO 19193508 <GO>](#)}

Thank you, Tom.

Operator

Next question will be from Brian Ossenbeck at J.P. Morgan. Please go ahead, Brian.

Q - Brian Ossenbeck {[BIO 16686560 <GO>](#)}

Hey, good afternoon. Thanks for taking the question. First, just a quick follow-up maybe for Ed. I think you mentioned that business that we're talking about here, it would come back to the network even without a merger. So maybe you can just elaborate exactly what would have to change if it's better service or competing more on price.

And then this may be for, on the upside, for John. When you think about fuel efficiency, I mean, we've always heard it was going to be a challenge at Norfolk because of length of haul and mix and a bunch of other things, weight. It looks like you've clearly broken through. Is that something you feel like you can get to sort of best-in-class levels with your peers? More thoughts on that would be helpful. Thanks.

A - Ed Elkins {[BIO 20556043 <GO>](#)}

All right. I'll go first before I forget the question. When I think about service from the West Coast into the Southeast, I think about UP and NS utilizing the Meridian Speedway as the fastest, shortest route between those two regions -- period. There's not a better ride out there when it comes to that kind of freight for intermodal. So that's one thing.

The second thing is the exceptional amount of terminal capacity that we have and expertise to back it up, both in the Carolinas, Florida, as well as in Georgia. That's just going to be a force multiplier and has been. So we're confident that over time, cargo owners are going to make the right decision about where their freight's routed.

I'll hand it off to you, John.

A - John Orr {[BIO 22234800 <GO>](#)}

Well, I'm glad you're noting the hard work the team has done on fuel. And I won't comment on what the art of the possible may have been thought through back then, but I'll tell you right now. And as we go forward, it's a big part of a strategy that includes all of our strategic sourcing and logistics approach, including the assessment of distribution, the use and consumption of the product, like fuel.

And the current efficiency represents a significant dollar value. And if you look at the mosaic of measures that we present to you all, we're balancing speed, a locomotive productivity, the fuel burn. And we're looking at it, not how fast can we go just to get faster and to get to point A to point B quicker. We will, if that means we can use a crew at the end of that trip to use them within a yard and save money somewhere else.

But as we work through fuel consumption, we want to make sure that how we manage our fuel resources is aligned to what our train service plan is. And we're always looking at that service plan. We're taking more detailed approach on each element of it. What resources we need, how much fuel we need to move the tonnage, how soon we need to get to a customer so on a product level view, we're satisfying the contractual obligations and elevating our service metrics and how they face the customer.

And we're taking that, the nice thing is we're taking that approach in mechanical, how we service our locomotives, how we maintain our parts inventory, how we're putting stress on our engineering team through Ed Boyle and his great leadership and managing ties, plates, rail, ballast, all of those things. So across all of those things, whether it's fuel and operational resources, we're taking a really hard line approach on it.

So I think we've got room to grow on fuel. I don't have any end in sight to the value we can create managing all of those components, but I can tell you it's the tip of the iceberg as we move forward against all our enterprise resources.

A - Mark R. George {[BIO 19193508](#) <GO>}

And I would just add one other thing, Brian, is when I look back six years ago, when I came in, we had roughly high-teens percent of our locomotive fleet that was AC. And through those investments that we've been making every year systematically to upgrade our locomotive fleet from DC to AC, we're now approaching 80% AC. So that is definitely helping provide more runway for the future that John is extracting using the method that he's talking about. So that definitely is a driver as well, right?

A - John Orr {[BIO 22234800](#) <GO>}

Yes, and that gives us the runway. Let's look at 2019, which was one of the bellwether years from a financial and service perspective. And right now, we're running a year-to-date, 23% less horsepower per ton. When you have that discipline in managing locomotives, the utilization of your power, your crews, you're reducing your stops, you're creating more fluidity, it shows up in fuel and shows up in so many other P&L items. So you're right, Mark, those investments, those wise investments are paying dividends.

A - Mark R. George {[BIO 19193508](#) <GO>}

But the discipline you're bringing now for the things you're just talking about is really what's accelerating the benefits and providing more runway into the future. So congratulations on that.

A - John Orr {[BIO 22234800](#) <GO>}

Team effort, for sure.

A - Mark R. George {[BIO 19193508](#) <GO>}

Thanks, Brian.

BEFORE THE SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36500 (SUB-NO. 6)

**CANADIAN PACIFIC RAILWAY LIMITED, ET AL. – CONTROL – KANSAS CITY SOUTHERN, ET AL.
(GENERAL OVERSIGHT)**

CPKC REPLY TO UP AND NS CORRESPONDENCE REGARDING MERIDIAN SPEEDWAY

EXHIBIT 2

LETTER FROM MARK REDD (CPKC) TO JOHN ORR (NS) (OCT. 4, 2025)



Mark Redd
EVP & Chief Operating Officer

427 W 12th Street
Kansas City, MO 64105

T 816-705-4080
C 204-793-2374
Mark.redd@cpkcr.com

October 4, 2025

John.Orr@nscorp.com

Mr. John Orr
EVP and Chief Operating Officer
Norfolk Southern Corporation
650 West Peachtree St., NW
Atlanta, GA 30308

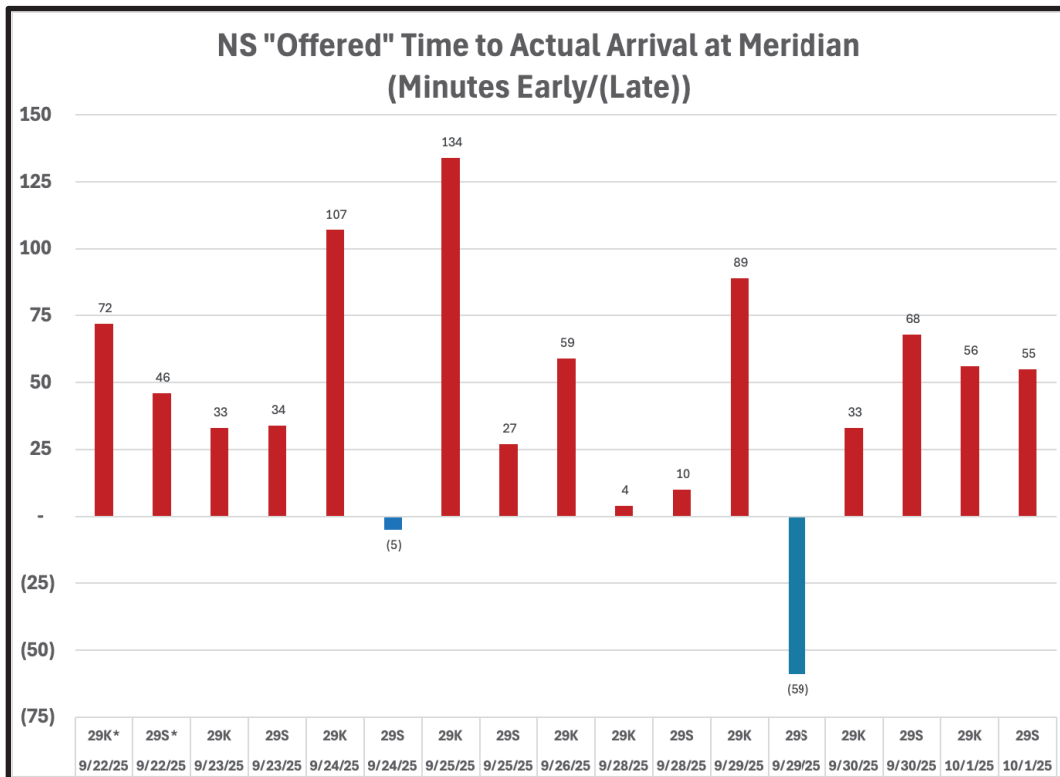
Dear John:

RE: Forecasting Train Availability and Qualifying Trains

I am writing about two issues concerning the operation of NSR haulage trains on the Meridian Speedway.

First, CPKC (as designated operator of MSLLC) requests that NSR improve its forecasts of westbound train availability at Meridian. As you know, NSR typically communicates a forecasted time when westbound haulage trains will be available for crewing by CPKC and departure onto the Speedway some hours before those trains actually arrive in Meridian.

Unfortunately, our recent experience shows that NSR's forecasts have been poor. NSR trains often arrive at Meridian long after the forecasted availability time, and they often are not ready to be crewed and departed by CPKC for considerable time after arrival on account of fueling and other work that NSR performs on its own lines in Meridian. Since September 22, of 17 westbound haulage trains, 15 arrived in Meridian later than the forecasted availability time that NSR communicated to CPKC (or the crew availability time that CPKC communicated to NSR), eight of those 15 arrived more than 50 minutes later than NSR's forecast, and two arrived more than an hour and a half later. This pattern is depicted in the chart below (with "*" denoting that the lag was from crew availability to train arrival). The number of minutes shown below that trains arrived later-than-forecast are in addition to the 30 minutes or more that many of NSR's westbound trains dwell on NSR tracks in Meridian while refueling before they can be crewed and departed by CPKC.



NSR's misestimates of train availability at Meridian jeopardize service quality for all customers using the Meridian Speedway. They impact the crew resources that CPKC is responsible for providing to move both NSR's haulage trains and all of the other trains operating on the Speedway. CPKC has based its crew calling on NSR's train availability forecasts, yet frequently the called crews spend hours waiting for NSR's westbound trains to arrive and be ready for movement onto the Speedway west of Meridian. This wasted time squanders crews' available hours of service and has required recreding of trains before they reach Shreveport, which in turn unnecessarily consumes more crew resources and also makes track capacity unavailable to support fluid and efficient operations.

To remedy this problem, CPKC requests that NSR promptly improve the accuracy of its forecasts. We will monitor and evaluate progress over the coming weeks until Saturday, October 18, 2025, and if the pattern of inaccurate forecasts continues (whether those forecasts are earlier or later than trains are actually available to be crewed), we will have no choice but to revise our approach



to crew calling to reflect more reliable estimates of train availability, such as actual arrival in Meridian.

Second, I understand that NSR has recently expressed concern about the percentage of NSR haulage trains that are deemed “Qualifying” trains for purposes of assessing CPKC’s compliance with the Service Standards in the MSLLC agreements. This is an issue largely within the control of NSR and its interline partners. As the data NSR recently presented to CPKC shows, between March 1 and August 31, 2025, of the 185 westbound haulage trains delivered to CPKC at Meridian, 41 (or 22%) were deemed not Qualifying because they failed to comply with the horsepower-per-ton (HPT) standards established by the MSLLC Joint Operating Committee (JOC). Likewise, of the 153 eastbound haulage trains delivered to CPKC at Shreveport, 14 (nearly 10%) were underpowered and thus not Qualifying.

As you know, lower HPT ratios translate to more sluggish train acceleration, and thus contribute to slower transit times and greater consumption of track capacity, compromising performance of all other trains using the line. It seems that NSR and its partners are choosing to prioritize locomotive productivity metrics over the fluidity of the Meridian Speedway for the benefit of all of the customers (NSR’s and CPKC’s alike) that expect reliable service there. If NSR desires that more of its haulage trains be included in calculations of Service Standard performance, I encourage you and your interline partners to power your trains in accordance with JOC standards.

Sincerely,

Mark Redd

BEFORE THE SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36500 (SUB-NO. 6)

**CANADIAN PACIFIC RAILWAY LIMITED, ET AL. – CONTROL – KANSAS CITY SOUTHERN, ET AL.
(GENERAL OVERSIGHT)**

CPKC REPLY TO UP AND NS CORRESPONDENCE REGARDING MERIDIAN SPEEDWAY

EXHIBIT 3

EMAIL FROM STEVE SIMMONS (KCS) TO JEFFREY SONGER (KCS) (NOV. 6, 2020)

From: Steve D Simmons <SSimmons@KCSouthern.com>
Sent: Friday, November 6, 2020 10:39 AM
To: Jeffrey Songer <JSonger@KCSouthern.com>
Cc: Steven E. Truitt <STruitt@KCSouthern.com>; Mike Walczak <MWalczak@KCSouthern.com>
Subject: MSLLC JOC Meeting Update

Jeff,

Steve, Mike, and I had a call with Chip yesterday. The other NS JOC members were not able to join.

Steve reiterated the following from our last meeting;

- All Railroads, UP, NS, and KCS are running longer trains to reduce the number of trains, crews, and locomotives needed to run the same volume.
- Recommend adding Capital to extend sidings on the Meridian Speedway
- KCS Engineering has estimates on every siding on the route
- We have a list of the top 5 that we would recommend extending
- If we choose not to spend Capital, and require KCS to make current "Run Time Requirement", we will be forced to make all Roads reduce back to an 8500' restriction.
- If we want to continue to allow UP, NS, and KCS to exceed the 8500' restriction, we will need to extend the "Run Time Agreement" and adjust the TSP slightly.
- If we do decide to spend the Capital to extend sidings, we will still need some flexibility on Run times and TSP until that Capacity is in service.

Chip stated the NS would like to do some modeling before they could agree to adding capacity. We are providing our TSP of the IM trains and plan to circle back later this month. Chip also stated that NS and UP have been in discussions about train size that they would like to run. This could impact the MSLLC even more.

Chip also mentioned that Mike McClellan will be meeting with Pat next week. He did not give any details, but mentioned train length could be a topic.

Steve/Mike – please add to or correct any of the above.

Thanks,

Steve Simmons
Director of Interline Operations
The Kansas City Southern Railway Company
427 West 12th Street | Kansas City, MO 64105
Office: 816.983.1589 | Cell: 816.718.0891
Email: ssimmons@kcsouthern.com

BEFORE THE SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36500 (SUB-NO. 6)

**CANADIAN PACIFIC RAILWAY LIMITED, ET AL. – CONTROL – KANSAS CITY SOUTHERN, ET AL.
(GENERAL OVERSIGHT)**

CPKC REPLY TO UP AND NS CORRESPONDENCE REGARDING MERIDIAN SPEEDWAY

EXHIBIT 4

**LETTER AGREEMENT RE:
TEMPORARY ACCOMMODATION OF HAULAGE TRAINS OF NS TRAFFIC
EXCEEDING 8500 FEET IN LENGTH
(SEPT. 30, 2025)**

From: "Orr, John" <John.Orr@nscorp.com>
Date: September 30, 2025 at 8:40:28 PM CDT
To: Mark Redd <mark.redd@cpkcr.com>
Cc: "Morris, Jason M." <Jason.Morris2@nscorp.com>
Subject: Re: JOC discussion

Mark

Thank you for the constructive discussion today, I have reviewed and accept the terms.

I will sign and send to you first thing when I am in office tomorrow.

I have conveyed the news to Yannik and Dewayne.

Have a good evening,

John

Get [Outlook for iOS](#)

From: Mark Redd <Mark.Redd@cpkcr.com>
Sent: Tuesday, September 30, 2025 9:28:19 PM
To: Orr, John <John.Orr@nscorp.com>
Subject: [EXTERNAL] JOC discussion

John, as discussed in the JOC today. I have attached a letter to cover temporary train length with a sum payable. Please review and sign for the ability to run over length.

Being tomorrow is Wednesday, I believe the first train received at Shreveport would be Thursday that can run through at 11k.

Thank you

Mark Redd
Executive VP and COO
204-793-2374



Mark Redd

Executive Vice-President and Chief Operating Officer

7550 Ogden Dale Road SE
Calgary, AB
Canada T2C 4X9

T (816)705-4080
C (204)793-2374

Mark.Redd@cpkc.com

September 30, 2025

VIA E-MAIL: john.orr@nscorp.com

Mr. John Orr
EVP & Chief Operating Officer
Norfolk Southern Corporation
650 W. Peachtree Street NW
Atlanta, Georgia 30308

RE: Temporary Accommodation of Haulage Trains of NS Traffic Exceeding 8500 Feet
in Length

Dear John,

I am writing to follow up on CPKC's offer at today's MSLLC Joint Operating Committee (JOC) meeting for MSLLC to suspend our train length limitation of 8500 feet and temporarily allow eastbound NS Haulage trains exceeding 8500 feet in length to move over MSLLC until approximately November 17, 2025, when the MSLLC expects to be able to implement the requested NS schedule changes as was previously discussed.

As discussed at today's JOC meeting and in repeatedly the past, there are currently only 3 sidings on MSLLC exceeding 10,000 feet in length. This creates significant operational issues when trains are received for NS Haulage service exceeding 8500 feet in length. Accordingly, consistent with the Norfolk Southern Railway Company - Meridian Speedway LLC Joint Use Agreement, in late August, CPKC as Designated Operator for MSLLC removed the temporary exception allowing NS to receive haulage trains of NS Traffic from Union Pacific at Shreveport up to 11,000 feet long. UP has not adopted operating practices in line with the current 8500-foot limitation.

Having said that, as a good faith exception in the interim and without establishing any precedence, CPKC, as Designated Operator, agrees to move 1 eastbound train per day of NS Traffic up to 11,000 feet in length received from UP at Shreveport and moving across MSLLC in haulage for NS until such time as the MSLLC is able to implement the requested NS schedule changes. CPKC shall give NS 3 days' notice when said schedule change is in place to return to the 8500-foot train

length limit on the number of trains of NS Traffic currently requested by NS. It shall be NS's responsibility to communicate restoration of the 8500-foot limit to NS's interline connections.

In exchange for this accommodation, NS shall pay CPKC a nominal surcharge of \$2,500 USD (Two Thousand, Five Hundred and no/100 US Dollars) per train start for each train of NS Traffic exceeding 8500 feet in length moving under this temporary accommodation until CPKC restores the 8500-foot limit pursuant to this temporary accommodation. This nominal surcharge does not represent the full direct and indirect costs associated with the loss of capacity and inefficiency, but is a partial incentive for NS to be judicious when overburdening the infrastructure.

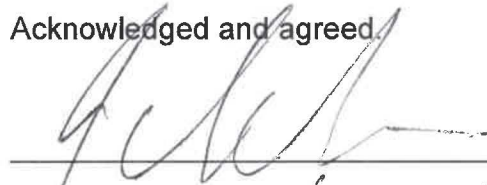
If the foregoing accommodation is acceptable to NS, please countersign in the blank indicated below. CPKC will institute the temporary exception for trains exceeding 8500 feet within 72 hours of receipt of NS's countersigned copy of this letter.

Sincerely,



Mark Redd

Acknowledged and agreed.



Printed name: _____

John F. Onda

Date: _____

10/11/25

BEFORE THE SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36500 (SUB-NO. 6)

**CANADIAN PACIFIC RAILWAY LIMITED, ET AL. – CONTROL – KANSAS CITY SOUTHERN, ET AL.
(GENERAL OVERSIGHT)**

CPKC REPLY TO UP AND NS CORRESPONDENCE REGARDING MERIDIAN SPEEDWAY

EXHIBIT 5

EMAIL FROM RAY ELPHICK (CPKC) TO RICK LICHTAS (UP) (OCT. 24, 2023)

BEFORE THE SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36500 (SUB-NO. 6)

**CANADIAN PACIFIC RAILWAY LIMITED, ET AL. – CONTROL – KANSAS CITY SOUTHERN, ET AL.
(GENERAL OVERSIGHT)**

CPKC REPLY TO UP AND NS CORRESPONDENCE REGARDING MERIDIAN SPEEDWAY

EXHIBIT 6

UP SYSTEM TRAIN LENGTH DIAGRAM MAP

8/15/2023

As Approved by Corridor Asset Team

