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SERVICE DATE - MARCH 13, 2026

SURFACE TRANSPORTATION BOARD

DECISION

Docket No. FD 36500 (Sub-No. 6)

CANADIAN PACIFIC RAILWAY LIMITED; CANADIAN PACIFIC RAILWAY COMPANY; SOO LINE RAILROAD COMPANY; CENTRAL MAINE & QUEBEC RAILWAY US INC.; DAKOTA, MINNESOTA & EASTERN RAILROAD CORPORATION; AND DELAWARE & HUDSON RAILWAY COMPANY, INC.

—CONTROL—

KANSAS CITY SOUTHERN; THE KANSAS CITY SOUTHERN RAILWAY COMPANY; GATEWAY EASTERN RAILWAY COMPANY; AND THE TEXAS MEXICAN RAILWAY COMPANY (GENERAL OVERSIGHT)

Decision No. 3

Digest:¹ The Board denies requests from Norfolk Southern Railway Company and Union Pacific Railroad Company related to alleged service issues on the Meridian Speedway between Meridian, Miss., and Shreveport, La.

Decided: March 13, 2026

By decision served March 15, 2023, the Board approved the acquisition of control by Canadian Pacific Railway (CP) of Kansas City Southern (KCS), resulting in the newly merged entity, Canadian Pacific Kansas City Limited (CPKC). The Board's approval is subject to certain conditions, including a seven-year oversight period, during which the Board is closely monitoring CPKC's compliance with, and the effectiveness of, those conditions. Canadian Pac. Ry.—Control—Kan. City S. (Decision No. 35), FD 36500 et al., slip op. at 11-13 (STB served Mar. 15, 2023). On September 30, 2025, Norfolk Southern Railway Company (NSR) and Union Pacific Railroad Company (UP) filed separate letters with the Board to address specific concerns with respect to service commitments made by CPKC regarding the Meridian Speedway in the CP/KCS merger proceeding. (See NSR Letter 1, Sept. 30, 2025; UP Letter 1, Sept. 30, 2025.)

For reasons discussed below, the Board finds there is no need for it to intervene at this time.

¹ The digest constitutes no part of the decision of the Board but has been prepared for the convenience of the reader. It may not be cited to or relied upon as precedent. See Pol'y Statement on Plain Language Digs. in Decisions, EP 696 (STB served Sept. 2, 2010).

BACKGROUND

The Meridian Speedway is a rail line connecting Meridian, Miss., and Shreveport, La., that is owned by Meridian Speedway, LLC (MSLLC), a joint venture formed in 2006 between KCS, as predecessor to CPKC, and NSR, subject to the regulatory jurisdiction of the Board. See Norfolk S. Ry.—Trackage Rts. Exemption—Meridian Speedway LLC—Between Meridian, Miss. & Shreveport, La., FD 34821 et al. (STB served Feb. 3, 2006).² Prior to the CP/KCS merger, KCS operated the Meridian Speedway and moved NSR intermodal traffic thereover via haulage. Decision No. 35, FD 36500 et al., slip op. at 129. Today, the Meridian Speedway is operated by CPKC on behalf of MSLLC. See Canadian Pac. Kan. City Ltd.—Acq. & Operation—Certain Rail Line of Meridian & Bigbee R.R. in Lauderdale Cnty., Miss., & Choctaw & Marengo Cntys., Ala., FD 36732, slip op. at 5 n.11 (STB served Oct. 17, 2024) (citing Applicants Suppl. 12, Nov. 21, 2023, FD 36732).

In its September 30, 2025 letter, NSR requests that the Board direct CPKC to provide a Service Action Plan to detail its plan for restoring Meridian Speedway haulage service to acceptable levels. (Id. at 4-5.) According to NSR, since CP’s acquisition of KCS,³ there has been a substantial deterioration in intermodal train service provided by CPKC over the Meridian Speedway and at the Shreveport gateway, which has affected multiple intermodal customers, some of whom have diverted their traffic from rail service to trucks. (NSR Letter 1, Sept. 30, 2025.) NSR contends that the service degradation is inconsistent with representations that CP and KCS made to the Board in the merger proceeding, and that it is within the Board’s authority to direct CPKC to take immediate action to restore service to acceptable levels and to provide a Service Action Plan. (Id.) NSR states that CP and KCS specifically represented in the merger docket that “[n]either NS nor the Board has any reason to be concerned that CPKC will be a good steward of service on this route” and that CPKC would take steps “to increase train frequency and improve service, to the benefit of both NS and intermodal shippers” over the Meridian Speedway, (id.), and that service in general would be “as good as or better” than service pre-merger, (id. (citing Applicants Reb., Vol. 2, R.V.S. Brooks at 15, July 13, 2022, Canadian Pac. Ry.—Control—Kan. City S., FD 36500 et al.)).

NSR argues that CPKC’s performance has not matched the promises it made in the CP/KCS merger approval proceeding. (NSR Letter 2, Sept. 30, 2025.) According to NSR, over the last six months transit times on Meridian Speedway haulage trains to and from Shreveport have ballooned and the Meridian Speedway has seen a marked decrease in traffic,⁴ which is

² Under the relevant transactional documents related to the formation of MSLLC, NSR acquired a 30% equity interest and certain minority voting and ownership rights in MSLLC, while KCS retained 70% control. In exchange for its equity interest and voting and ownership rights, NSR committed to making significant investments in the Meridian Speedway, including capital improvements to increase capacity on the Speedway. See Decision No. 35, FD 36500 et al., slip op. at 129, 132.

³ In Docket No. FD 36500 et al., CP and KCS are collectively referred to as Applicants.

⁴ (See NSR Letter 3, Sept. 30, 2025) (providing data on transit times and traffic volumes for the Meridian Speedway).

attributable in large part to CPKC's poor service. (*Id.* at 3.) NSR argues that much of the decrease is from customers who have shifted back to truck transportation because of unreliable service on the Meridian Speedway. (*Id.*)

NSR states that it has called for meetings of the MSLLC Joint Operating Committee (MSLLC JOC) to try to resolve these issues,⁵ but that those meetings have failed to result in meaningful progress, as CPKC refuses to acknowledge its service failures. (*Id.*) According to NSR, CPKC has suggested that the degraded service it is providing is acceptable because it does not meet the definition of a "Major Service Standard Failure" under the MSLLC Joint Use Agreement. (*Id.* at 3-4.) NSR argues that even were that true, CPKC committed to the Board that it would keep gateways open on commercially reasonable terms and that Meridian in particular was one of the covered gateways. (*Id.* at 4.) NSR notes that Applicants also made a "Service Promise" in the merger proceeding to institute a Service Action Plan if one of three metrics fell below certain thresholds, (*id.* at 4) (citing Applicants Final Brief 9 & App. A at A9, Oct. 21, 2022, Canadian Pac. Ry.—Control—Kan. City S., FD 36500 et al.), and that one of those metrics has been met for traffic on the Meridian Speedway, (*id.* at 4 (claiming that on-time performance for bulk trains on the Speedway has dropped below the 75% threshold)).

In its letter, UP requests that the Board investigate the deterioration in CPKC's service over the Meridian Speedway and hold CPKC to what UP argues are CPKC's commitments it made in the CP/KCS merger proceeding. (UP Letter 1, Sept. 30, 2025.) UP states that before the CP/KCS merger, it delivered intermodal trains of up to 11,000 feet in length to KCS at Shreveport, for movement to NSR at Meridian via the Meridian Speedway. (*Id.* at 1.) According to UP, shortly after the Board approved the merger, CPKC imposed an 8,500-foot length limit on trains it would accept at Shreveport for movement over the Meridian Speedway. (*Id.*) UP states that it agreed to abide by the restriction with the understanding that CPKC would provide additional resources to move the larger number of trains required as a result of the length restriction. (*Id.*) UP argues, however, that CPKC has failed to provide those additional resources, and, as a result, UP and its customers are experiencing unacceptable delays, and the delays are increasing. (*Id.*)

On November 13, 2025, CPKC filed a reply to the NSR and UP letters, arguing that the issues raised by NSR and UP are not matters that fall within the ambit of the Board's oversight, and, in any event, lack merit as a matter of fact. (CPKC Reply 1, Nov. 13, 2025.) CPKC contends that the gateway condition imposed in the CP/KCS approval decision does not apply because the traffic at issue is not "affected traffic." (*Id.* at 5.)⁶ CPKC states that the NSR haulage traffic at issue was not affected by the merger, as it is intermodal traffic which CP does not serve today and did not serve pre-merger. (*Id.*) CPKC notes that under the MSLLC

⁵ NSR also states that it informed CPKC of its intent to exercise its rights under the MSLLC Joint Use Agreement to audit CPKC's performance. (NSR Letter 3, Sept. 30, 2025.)

⁶ According to CPKC, in approving the CP/KCS Transaction, the Board made clear that the gateway condition would only apply 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." (CPKC Reply 5, Nov. 13, 2025 (citing Decision No. 35, FD 36500 et al., slip op. at 69).)

agreements, this intermodal traffic is exclusive to NSR, as the agreements prohibit CPKC from using the Meridian Speedway to handle that traffic in its account. (Id.) Accordingly, CPKC contends that it has not closed any gateway, and the gateway condition does not apply. (Id.)

Addressing NSR's assertion that transit times on the Meridian Speedway have ballooned, CPKC argues that the data NSR provides do not correctly measure transit times on the Speedway. (Id. at 7.) CPKC states that NSR's data reflect the time between a location on UP's track near Shreveport that is beyond the west end of the Meridian Speedway⁷ and a location on NSR's track that is beyond the east end of the Speedway. (Id.) As a result, CPKC argues the NSR's transit times include NSR's own delays at Meridian and delays that occur on UP trackage in Shreveport over which CPKC has no control. (Id.) CPKC states that there has not been any measured decline in CPKC's bulk on-time performance that comes close to triggering any of its service commitments from the merger proceeding. (Id. at 5-6.)⁸ CPKC also takes issue with NSR's claims about traffic loss on the Meridian Speedway. (Id. at 19-23.)

CPKC also defends the 8,500-foot train length restriction, noting that this limit was chosen because only three sidings out of the 20 in the 300 miles between Shreveport and Meridian can accommodate trains longer than 8,500 feet. (Id. at 24.) Furthermore, CPKC argues that since instituting the train length restriction, transit times for all trains on the Meridian Speedway improved markedly as soon as over-length NSR haulage trains were shortened to fit within available sidings. (Id. at 25.) According to CPKC, the increased dwell time in UP's Hollywood Yard at Shreveport is a consequence of UP's decision to continue to push overlength trains towards the Speedway despite knowing that those trains will have to be shortened at Hollywood Yard before moving onto the Speedway. (Id. at 26.)

CPKC represents that, in any event, it has been working with NSR to address the transition to the 8,500-foot train length limit. (Id. at 26-27.) CPKC states that at a September 30, 2025, meeting of the MSLLC JOC, it offered to allow a continued exception from the train length limitation for one daily eastbound departure from Shreveport, provided NSR compensated CPKC for a portion of the added costs. (Id.) CPKC states that NSR agreed to the terms offered by CPKC on October 1, 2025, and the first overlength eastbound train ran on October 3, 2025. (Id.)

By letter filed December 11, 2025, NSR updated the Board on the current status of the Meridian Speedway service issues. NSR states that while it disagrees with several assertions in

⁷ According to CPKC, NSR's data includes five miles of trackage beyond the west end of the Meridian Speedway, which includes UP's Hollywood Yard, where crews change and other work takes place. (CPKC Reply 7, Nov. 13, 2025.)

⁸ CPKC acknowledges there was a brief period in the summer of 2025 when service on the Meridian Speedway was affected by CPKC's Day-N IT cut-over. (CPKC Reply 2, Nov. 13, 2025.) CPKC argues, however, that those service issues have long-since been resolved, with transit times on the Speedway for NSR haulage trains now better than pre-merger levels. (Id. at 4.) CPKC reported that the four-week rolling average bulk on-time performance for the week ending December 26, 2025, was in fact 95.65%. (See CPKC Jan. 2026 Data Submission 4, Table 2, Jan. 15, 2026.)

CPKC's reply, NSR has made some progress with CPKC on MSLLC performance issues. (NSR Letter 1, Dec. 11, 2025.) Specifically, NSR states that CPKC agreed to temporarily reverse its decision to impose a train length restriction on the Meridian Speedway, and that the parties have worked constructively to implement a compromise and ensure sufficient crews are available to staff trains transporting NSR traffic. (*Id.*) NSR states that it has also been pursuing several avenues for private sector resolution of this dispute, including multiple MSLLC JOC meetings, a potential third party audit of operational performance, and other mechanisms. (*Id.*) According to NSR, it is optimistic that it and CPKC will be able to reach a satisfactory resolution without the need for further Board action (though NSR states that it reserves the right to renew its request for a Board order to enforce CPKC merger conditions if Board action is necessary). (*Id.* at 2.)

On February 6, 2026, UP filed a letter reiterating its concerns about the 8,500-foot train length limit and claiming that CPKC is not adhering to its commitment in its merger application to continue to maintain efficient operations at existing gateways wherever traffic levels warrant. (UP Letter 1, Feb. 6, 2026.) Specifically, UP argues that CPKC has not provided the additional resources necessary to move the larger number of trains required because of the length restriction. (*Id.*) According to UP, when CPKC has imposed the length restriction, dwell times have increased, but when the restriction was removed for a period from September 27, 2025, to November 17, 2025, dwell times returned to normal. (*Id.*) UP argues that the increased train dwell indicates that service over the Speedway has deteriorated substantially and that only a Board investigation can establish the full extent and cause of the CPKC service deterioration. (*Id.* at 2.)

CPKC replied to UP's most recent letter on February 10, 2026, arguing that UP is trying to use Board processes to coerce a change in CPKC's operating rules governing train length on the Meridian Speedway. (CPKC Reply 1, Feb. 10, 2026.) According to CPKC, UP's grievances about dwell reflect nothing more than UP's desire to continue running very long trains all the way to Shreveport for its own operating convenience, which UP must then shorten before they can be moved across the Speedway. (*Id.*) CPKC again argues that the open gateway condition does not apply to the NSR haulage traffic at issue. (*See id.* at 2.) As to UP's contention that service on the Speedway has deteriorated, CPKC argues that one of the activities captured in UP's dwell statistics is the work UP is choosing to perform to comply with the train-length rules, which says nothing about the level of service CPKC is providing at Shreveport or on the Speedway. (*Id.*) In addition, CPKC contends that the dwell experienced by UP's "second train" (the train created when UP's overlength train is reduced in length) does not reflect service deterioration on the Speedway but is explained by the fact that NSR agreed with CPKC that the second eastbound NSR haulage train would be scheduled to depart four hours and forty minutes after the first. (*Id.* at 3.)

DISCUSSION AND CONCLUSIONS

NSR and UP have not demonstrated a need for Board intervention at this time. Although NSR initially sought an order directing CPKC to provide a Service Action Plan for improving Meridian Speedway haulage service, it appears NSR and CPKC are resolving, or have already resolved, issues related to service on the Meridian Speedway through "avenues for private sector resolution," (*see* NSR Letter 1, Dec. 11, 2025), and NSR now states that it believes it can resolve

its concerns without Board action, (*id.* at 2). The Board has long encouraged the private resolution of disputes through voluntary negotiations whenever possible. *See, e.g., CF Indus. Inc. v. Kaneb Pipe Line Partners, L.P.*, NOR 42084, slip op. at 2 (STB served Nov. 21, 2006). The Board commends NSR and CPKC for their efforts to resolve their dispute.

UP's request that the Board investigate the alleged deteriorated service on the Meridian Speedway and enforce commitments that CPKC made in the CP/KCS merger approval proceeding will be denied. First, the gateway condition the Board imposed in the CP/KCS merger approval does not apply to the intermodal traffic UP delivers to CPKC at Shreveport for movement via haulage for NSR over the Meridian Speedway. As the Board stated in Decision No. 35, the open gateway condition would "apply to traffic interchanged through any gateway 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." Decision No. 35, FD 36500 et al., slip op. at 69. Although Shreveport is a covered gateway, the CP/KCS merger did not create a new single-line or extended haul for CPKC for the NSR haulage traffic because, as CPKC states, CP did not serve this traffic pre-merger and does not serve such traffic today. (*See* CPKC Reply 5, Nov. 13, 2025.) Indeed, as CPKC notes, under the MSLLC agreements, this intermodal traffic is exclusive to NSR—CPKC is prohibited from using the Meridian Speedway to transport this traffic in its own account. (*Id.*)

Second, it is not clear from the record that the increased dwell time at Hollywood Yard, which is not part of the Meridian Speedway, is indicative of deteriorated service on the Speedway. UP acknowledges that part of this increased dwell is because UP is cutting 11,000-foot intermodal trains to comply with the 8,500-foot restriction on the Meridian Speedway. (*See* UP Letter, V.S. Davis 1-2, Feb. 6, 2026.) In addition, as CPKC notes, the increased dwell of UP's "second train" could also be attributable to an agreement between CPKC and NSR that the second train would be scheduled to depart four hours and forty minutes after the first. (CPKC Reply 3, Feb. 10, 2026.) Given these facts, there are not sufficient indicia that the conditions the Board imposed in the CP/KCS merger approval are implicated by the increased dwell at UP's Hollywood Yard.

For the foregoing reasons, NSR's and UP's requests for Board intervention will be denied. The Board remains committed to addressing service-related issues flowing from the CP/KCS merger when warranted.

It is ordered:

1. NSR's and UP's requests for Board intervention are denied.
2. This decision is effective on its service date.

By the Board, Board Members Fuchs, Hedlund, and Schultz.