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ENTERED
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November 13, 2025
Part of
Public Record



**BEFORE THE SURFACE TRANSPORTATION BOARD
WASHINGTON, DC 20423-0001**

FD NO. 36873

**UNION PACIFIC CORPORATION AND
UNION PACIFIC RAILROAD COMPANY
— CONTROL —
NORFOLK SOUTHERN CORPORATION AND
NORFOLK SOUTHERN RAILWAY COMPANY**

NOTICE OF APPEARANCE

**Sunflower State Industrial Railway (Sunflower) in the above-captioned action,
hereby provides Notice of Sunflower's appearance & requests it be placed on the
service list in the above-captioned proceeding.**

By:

**Steve P. Gorsline, General Manager
Sunflower State Industrial Railway**

Date: September 22nd, 2025

**Before the US Surface Transportation Board
Washington, DC 20423-0001**

Union Pacific Corp & Union Pacific RR Co.,

Control

FD 36873

Norfolk Southern Corp & Norfolk So. RR Co

STATEMENT FILED IN OPPOSITION TO MERGER

Here we go again: thinking Bigger IS Better. What happens this time? A trans continental railway and at What Cost? Oh sure, stockholder smile all the way to the bank. Why is always the stockholders who Benefit??? How about those workers who all lose jobs due to labor duplicity ? In the rush to gain bragging rights to being THE TRUE TRANS CONTINENTAL US RR - how many companies lose service inbetween: because the FOCUS now is to move carloads from east to west? Is this how to reward the Union Pacific with many embargoed routes?

No matter: it's a dumb idea. It offers NO improvements over the present lines. There's a few things amiss here. 1st, NS CEO Mark George says: 'We can only go so far independently. 'We've been losing share to truck & this is one way to reverse that trend'. Hello Mr. George - the Class I RR's have NO ONE to Blame for truck traffic losses as it was the RRs WHO decided to let go of LCL & pass it on to the trucks & that truck traffic is NOT coming back to the Class I railroads! Look at the NUMBER of truck companies: 82,859!!! This merger will do Nothing to change the onslaught of trucks! Trucks move 10.8 BILLION tons of freight or 72% of all US freight!!! Rail moves a puny 27% of all US freight! This merger is a joke. By the time a railroad puts a MILE long train together on the east coast: a truck is halfway across the US! MOST traffic on the East coast or West coast: heads To - CHICAGO. There is very little traffic being loaded on the West coast that's heading to the East coast. MORE likely: ships on the West coast with any freight for the East coast: CHEAPER to bring the ship down & thru the Panama canal as it's CHEAPER than rail across the US! Those are the facts, despite the smoke & mirrors behind this merger (to Benefit the stock holders of UP & NS).

Look at a Bureau of Transportation map: (& changes over a 60 yr period) - 1960 'miles of rails': 200,000+ vs: 2020 'miles of rails': Under 100,000 miles.

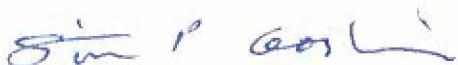
How silly: the NS CEO saying: a merger is one way to Reverse rail losses? NOT! Rail mergers and how many abandonments have changed the AMOUNT of track in the US? ZIP! NADA! Trackage continues to DROP - yet truck traffic GOES UP!

Then we have Jim Vena Union Pacific's CEO saying: 'in the future, those million carloads will immediately see a 24-48 hour improvement in their transit time'. I again have to laugh. He's talking about boxcars fr. the East coast zooming along to the west coast & boxcars zooming by rail from the west coast to the east. Ok, Nice 'cept that EXCLUDES loads from say: Chicago! Yea, the railway would STILL need to STOP in Chicago. Ah so much for a New Transcontinental railway system! The hours it takes to put trailers on railcars & unload them: trucks beat the time! Once trucks enter US Interstate system: 70/75 mph. A Mile long train: Too slow!

The ICC & STB have already Cut OUT rails - in the Midwest w/ abandonment OKs. Track losses from mergers? Not new. See old RR maps of Iowa, Missouri, Illinois & Nebraska. Killing the MKT RR line: (St. Louis-Kansas City = 240 miles) is a fine example of killing a RR in what UP's Vena calls Improved svc in the middle of the US? WHY is serving Customer's in the Middle of the Country NOW, so important? UP's killed so Many MidWest lines it's Hard to say they Care about the Mid West! Wanna 'gain traffic lost to trucks'? Skip the merger mania & Start being BETTER partners 4 your Shortline & Regional RRs. THAT'S How ya get freight OFF trucks & BACK on railcars. As a shortline RR entity: I can TELL you how unhelpful UP is. I can't be the only shortline RR that's gone to the UP & sought their assistance - to get lip service. Talking about How well shortlines do the 1st & last mile sounds great. But shortline railways (MANY are spun off Class 1 lines from mergers!) are looking for substance. When is the last time a merger Preserved trackage, saved jobs and didn't put Stockholders BEFORE the customers the RR claims it serves?

Turns out the definition of Crazy isn't doing something over & over expecting different results. The definition of crazy's allowing merger upon merger expecting the US rail system to Grow. It isn't & that should be something that worries STB. Hopefully the STB takes a look past the hype & does a better job on THIS merger!

Respectfully,



Steve P. Gorsline, General Manager
Sunflower State Industrial Railway

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CERTIFICATE OF SERVICE

I certify that I have on 9/22/2025 served copies of this document upon all parties of record in this proceeding.



Steve P. Gorsline



NEWS

Union Pacific seeks merger with Norfolk Southern

\$85 billion deal would create 52,000-mile, coast-to-coast company

▲ The proposed merger of Union Pacific and Norfolk Southern could bring Big Boy No. 4014 and NS AC44C6M No. 4087, meeting near Livonia, La., in August 2021, into the same family. Steve Smedley

UNION PACIFIC'S HISTORIC \$85 billion deal to acquire Norfolk Southern and create the first U.S. transcontinental railroad likely will set off a final wave of railroad mergers.

The merged company — to be called Union Pacific and based in Omaha, Neb. — will transform the U.S. supply chain and economy, strengthen domestic manufacturing, and preserve all union jobs, the railroads said in their July 29 announcement.

"Railroads have been an integral part of building America since the Industrial Revolution, and this transaction is the next step in advancing the industry," says UP CEO Jim Vena, who will lead the combined system.

If the deal gains regulatory approval, the railroad will stretch 52,215 route miles, with track winding through 43 states from the East Coast to the West Coast and serving around 100 ports. Based on 2024 data, the

combined railroad would generate \$36 billion in revenue, handle 15.3 million carloads and intermodal shipments, have 52,023 employees, and a locomotive roster of 9,301 units.

Executives touted the merger as a way to return to volume growth after losing market share to the highway since rail traffic peaked in 2006.

"We can only go so far independently. ... We've been losing share to truck — and this is one way to reverse that trend," NS CEO Mark George says.

The combination will unleash growth by eliminating problematic interchanges, speeding and simplifying service, and enabling the railroad to tap the so-called watershed markets along the Mississippi River, executives said.

UP and NS envision \$1.75 billion in growth-related revenue by the third year of their merger, along with \$1 billion in cost and productivity savings.

UP and NS currently exchange about 1 million shipments per year and are each other's largest interchange partners. Single-line service will reduce strain on gateways such as Chicago and Memphis, end inefficient crosstown rubber-tire intermodal interchanges, and allow customers to receive rate quotes and bills from one railroad rather than two. It also will enable the railroad to reduce intermediate car handlings.

"In the future, those million carloads will immediately see a 24- to 48-hour improvement in their transit time," Vena says. "That combination of faster service and greater market reach is powerful, making our transcontinental railroad an attractive choice for both current and future customers."

The transcontinental system's traffic opportunities include providing seamless service from coast to coast — and most places in between —

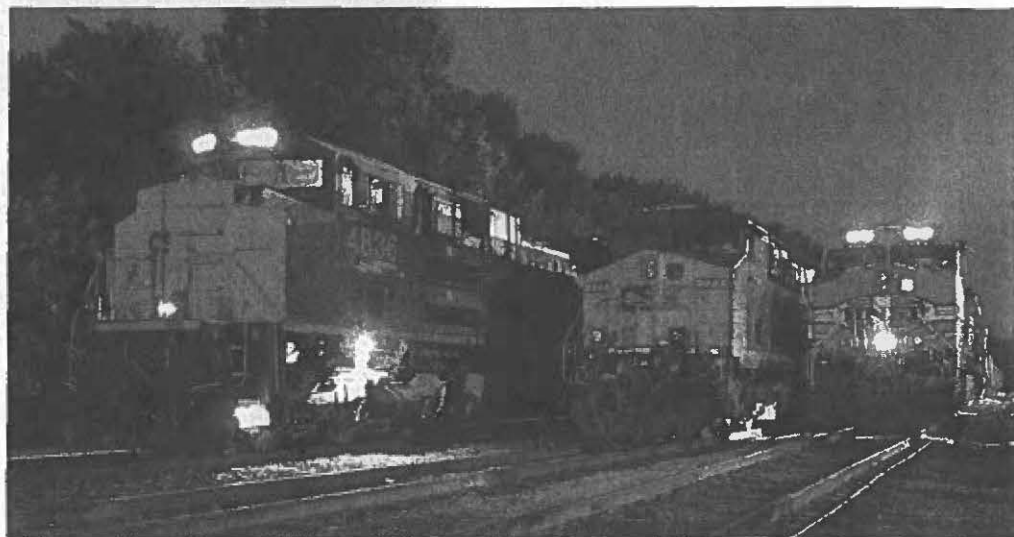
for intermodal, finished vehicles, food and beverage, chemicals, and steel shipments.

The merger also would open up service in the nation's midsection. The watershed area, spanning a few hundred miles east and west of the Mississippi River, is a no-man's land for Class I systems. It's not well-served by rail today due to the short hauls for the eastern or western carrier, or both. "When you're going from west of it to east, or east to west, rail is never even contemplated because it's just too much hassle, too much extended time, and frankly, too much cost," George says. "So these are the areas where we see tremendous growth."

Executives expressed confidence their deal could gain regulatory approval. The UP-NS combination will be the first judged under the Surface Transportation Board's 2001 merger review rules. The rules require a merger of Class I railroads to enhance competition — not merely preserve it — and to be in the public interest.

Most analysts expect that widespread reciprocal switching, which allows sole-served shippers to receive access to a second railroad, will be required for regulatory approval. The railroads also will have to win over shipper groups and some rail labor unions, which initially said they would oppose further rail consolidation. The merger review process could take up to two years.

Railroad mergers in the modern era have had one thing in common: Widespread service problems that occur while meshing operations and information tech-



With UP and NS pursuing merger, will BNSF and CSX follow? CSX SD70ACe No. 4836, ES44AC No. 777 sit next to BNSF C44-9W No. 5242 at Mills Yard in Brunswick, Md., in 2012. Chris Eads

nology systems. Trouble after the mega mergers of the 1990s prompted the STB to impose a merger moratorium while it drew up new review rules.

"A transaction of this size and scope won't be easy to execute. We understand that," Vena says. The railroad will maintain an adequate buffer of locomotives and train crews to be able to better respond to service issues, he says.

"We're very aware of what led to the merger moratorium back in the 2000, 2001 time frame, and it was just a bunch of bad integrations," George says. "And we are committed to make sure that doesn't hap-

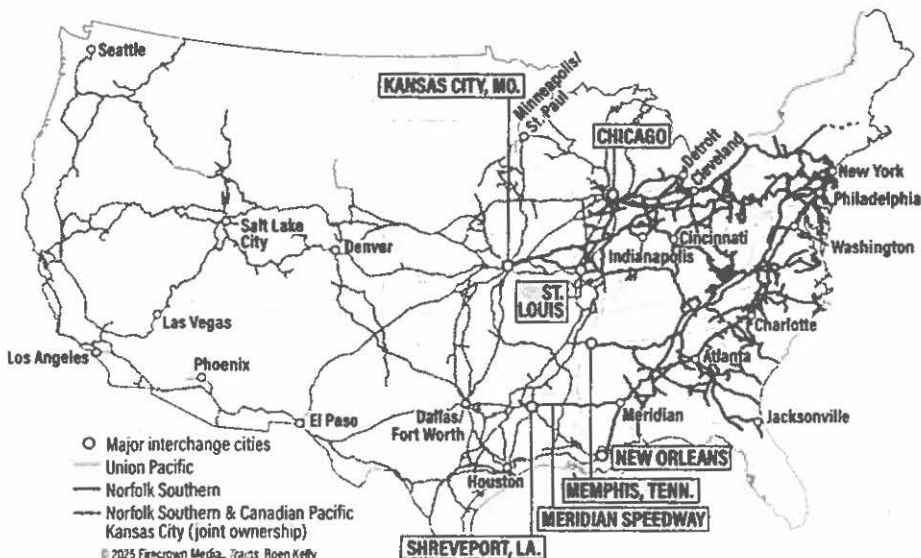
pen in this case."

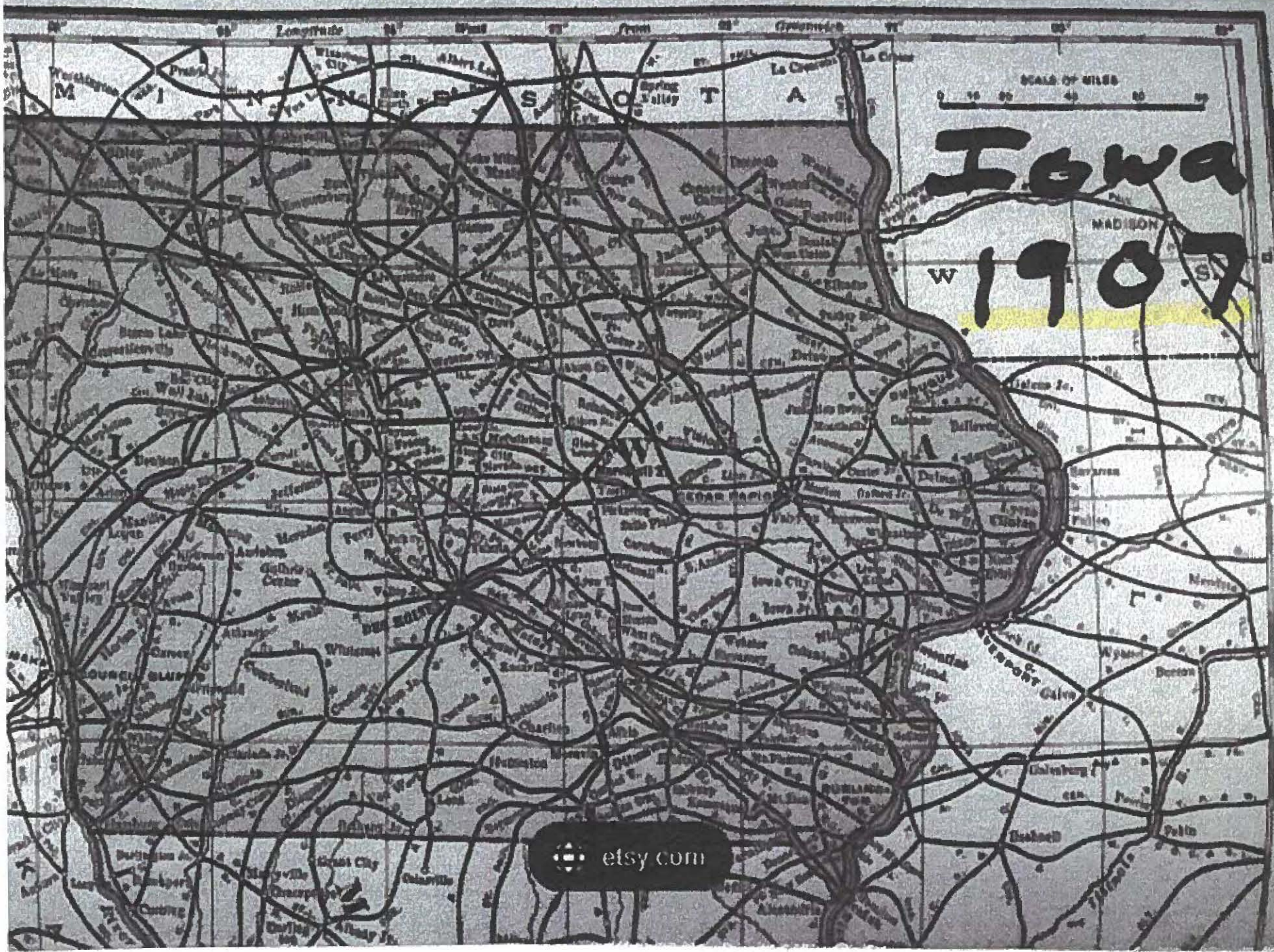
The UP-NS colossus will dwarf the independent BNSF and CSX systems — and put them under tremendous pressure to respond. Neither railroad would comment on the UP-NS deal. But it is widely expected that a first transcon will spark a second.

How the response unfolds is uncertain. BNSF's parent company, Berkshire Hathaway, has a nearly \$350 billion cash stockpile it could tap to fund an acquisition. Will BNSF bid for NS, either seeking it as a merger partner or to merely force UP to pay a higher purchase price? Will BNSF seek a merger with CSX right away? Or will it seek concessions as part of the UP-NS merger, then wait to see if regulators approve UP-NS? If UP-NS gets the green light, BNSF would then be able to make a deal with CSX while knowing regulatory approval would be a slam dunk.

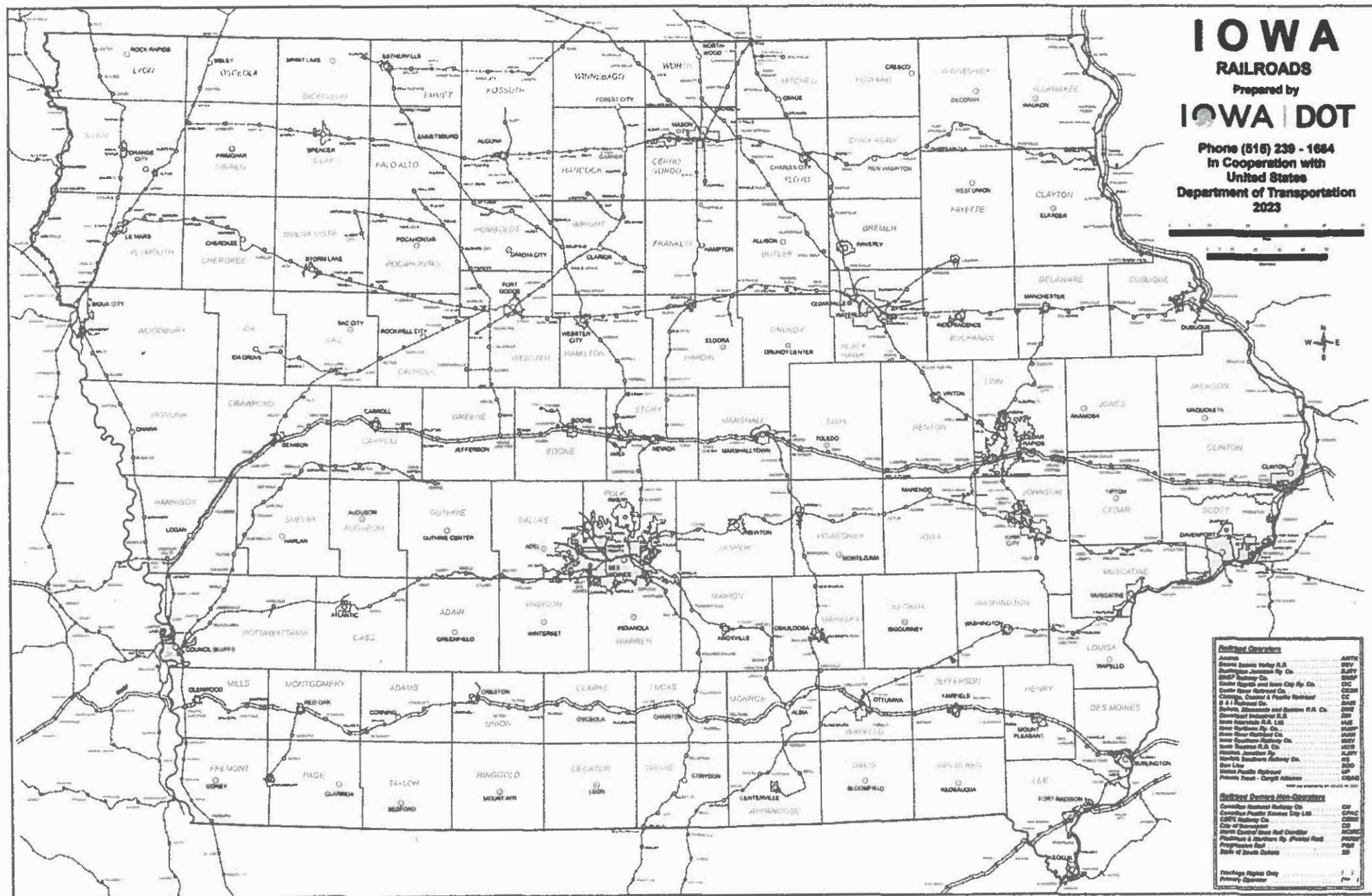
The historic nature of the UP-NS combination was not lost on Vena. He invoked President Abraham Lincoln, who created the Union Pacific in 1862 with the signing of The Pacific Railroad Act. "This combination is transformational ... it's a win for the American economy, it's a win for our customers, and it's a win for our people," he says. "It builds on President Abraham Lincoln's vision of a transcontinental railroad from nearly 165 years ago." —Bill Stephens

A combined Union Pacific-Norfolk Southern system would span more than 52,000 miles and offer multiple ways to avoid bottlenecks in Chicago and elsewhere.





Iowa Now



Carload fate hinges on local service

Class I railroads leave a million carloads and profitable revenue on the table



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Analysis: Trains.com

Let's set aside the railroad industry's current bout of temporary service problems and discuss something more important: Class I railroads' local service, which ranges from OK to downright embarrassing.

Shippers divert rail shipments to trucks when a local regularly fails to show up, doesn't deliver the right empties, or can't pull loads on schedule. Ultimately, frustrated shippers decide to give rail a smaller share of outbound volume. The problem is not rail, *per se*, but Class I local service that's often infrequent and generally unreliable.

In a seven-day stretch spanning February and March, for example, CSX Transportation completely missed or only partially switched 1,260 customers. Shippers can complain, but the squeaky wheel doesn't always get oil — even when a railroad is in hot water. Sanimax, a shipper in the Twin Cities, has hauled Union Pacific before federal regulators because it reduced service to three days a week from five. Yet service has only gotten worse, with Sanimax saying UP has skipped half of its scheduled switches.

Now consider this: Shortline operator Genesee & Wyoming did an analysis of companies that have facilities located on its short lines and Class I railroads. Plants located on G&W shipped 12% more volume by rail than the plants located on Class I railroads. Why the difference? Short lines earn this business by offering reliable and frequent service.

G&W's figures suggest that the big systems are leaving a lot of

potential carloads and revenue on the table. Some back-of-the-envelope math says that last year the U.S. Class I railroads would have handled a million more carloads and pocketed more than \$3 billion in additional revenue simply by showing up.

Those numbers may underestimate the potential business railroads could drum up from existing customers. Two Watco short-line startups showed stellar growth by offering daily local service, up from five days per week under their previous Class I operators. Watco's Dutchtown Southern, launched in January 2021, is pulling 47% more loads out of a Louisiana petrochemical complex, which it then hands to partner Canadian National. In the Midwest, volume on Watco's Decatur & Eastern Illinois is up 28% since taking over for CSX in 2018.

There's no magic in what short lines do. And Class I roads could provide better local service if they wanted to.

But the big railroads have long viewed local service as a cost to cut, rather than a place to gain traffic and revenue. Every year, headquarters orders division superintendents to boost productivity, which means tighter budgets. Once yards have been consolidated, trainmaster territories extended, and carmen positions reduced, the only thing left to cut is — you guessed it — local service.

The thinking goes like this: If a local goes out and comes back with less than 40 cars, let's cut it to five days a week from seven. Then later from five days to three. Some shippers might see a local once a week. Now the local train is huge, but crews don't have time to complete all of their work. Service suffers, and the combination of missed switches and infrequent service can add days or even a week to transit time. And eventually customers reduce their reliance on rail or give up entirely.

Why would railroads do this when carload business typically offers fat profit margins? The relentless quest for earnings growth has backed them into a corner. You've got three ways to boost earnings and satisfy investors: cut operating expenses, raise rates, and grow profitable volume. The first two are easy. Adding volume requires a commitment to service and the resources necessary to make it happen.

Granted, the Class I railroads face some obstacles that short lines do not, like having to dodge road freights in order to work a customer facility on a busy main line.

But clearly more traffic wants to move via rail and is available with little effort by Class I railroads, if only they'd take it. The obvious solution: Make local service a priority. Run more locals, increase local service frequency, and show up as promised. And if the big systems can't do that, then they should partner with short lines who can. It would be a win for Class I railroads, short lines, and the railroad industry. **I**



A CSX Transportation local train works the Louisville Riverport area in Louisville, Ky., on April 8, 2021. A crew member observes from the rear of a caboose, which is serving as a shoving platform. Charles Bogart

The volume conundrum

Why short lines, Class I railroads diverge on their approach to carload traffic

Go to rail-industry conferences, and you'll notice a split between shortline and Class I railroads. Short lines say they chase every carload. The publicly traded Class I railroads say they don't chase volume. These different approaches are enough to make you wonder if short-line and Class I leaders are from different planets.

The big question is why? After all, the more cars you can hitch behind your locomotives the better off you are — no matter how long your railroad may be. If you're scheduled to run a train, your costs per car go down and your revenue goes up with each car you add to the end of the consist. Only when you realize that short lines and Class I railroads look at the world so differently — and are under such different sets of pressures — does the volume conundrum begin to make sense.

Short lines, by and large, are low-density operations stuck with fixed costs related to providing local service. They have far lower track maintenance costs than their Class I cousins, with many relying on government grants for repair and capital projects. But they often don't have traffic to support more than a single road train each way per day. So, gaining more volume is not a choice; it's a matter of survival. Short lines have more labor flexibility, too, which means they can more readily make local service and equipment tweaks that allow them to go after every carload.

Class I railroads, on the other hand, have more variable operating costs that rise and fall with volume. Road trains, for example, can run as scheduled or be combined. The big systems also operate like assembly lines, efficiently moving high volumes between major points on high-speed main lines that are meticulously maintained on the railroad's own dime. Plus, their complex costing systems put more weight on profit margins. If a car covers its costs plus earns a targeted profit, it will move. If not, it won't.

This state of affairs on the Class I railroads frustrates shortline leaders who can work with customers on potential new business, only to see their connecting railroad turn it down or provide a rate that's not competitive. "Our battle is to show them it's incremental, good business and to look at it long term," says Stefan Loeb, chief commercial officer at Watco, which operates 43 shortline railroads.

Short lines blame the Cult of the Operating Ratio, independent analyst Anthony B. Hatch's term for Wall Street's obsession with the efficiency metric, for the selective approach the Class I railroads take to volume growth. "The O.R. is a metric tailor-made for intellectually lazy analysts," says rail consultant Andrew Fox. "Absent having to march to that drummer, most railroads would be interested in going after, if not every incremental car, then most cars. They're in an impossible situation right now."

Some 15 years ago, Norfolk Southern created an internal short line called the Eastern Carolina Business Unit. The branches were



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run like a short line. Officials sent six-axle locomotives away and brought in four-axle power at a quarter of the price. They also sought to drum up more traffic. They proposed using cheaper, leased hoppers, rather than the NS fleet, to gain more business from a major agricultural shipper, for example. The rate for this move made sense from the short line's perspective because it would have brought in more cash. But the plan never got off the ground because it would have blown up the shipper's rate structure across the entire NS system. "That was an eye-opener," says Wick Moorman, the retired NS chief executive who at the time was vice president of strategic planning, responsible for the Carolina lines. "It gave us this very different lens to look at the world. When you look through that lens, you have a clearer understanding of what it takes to be a successful short line."

Not all short lines are created equal. Interline settlement short lines — legacy railroads and regionals with more than one Class I connection — can get business by pricing competitively. The so-called handling lines are at the mercy of their connecting Class I, which maintains control of pricing of a car's entire move. "If you've got Class I pricing people who are under orders to extract every dollar they can, they tend to look at the fee a short line gets as added cost rather than payment for costs the Class I avoids," Fox explains. "To me the system is rigged to produce non-growth." Sooner or later that will become a problem for the entire industry, as Class I railroads make more and more on less and less carload freight. 1



Norfolk Southern local E-25 interchanges with Aberdeen & Rockfish as two Geeps work the yard at Fayetteville, N.C., on May 22, 2015. Thomas Milk

NEBRASKA

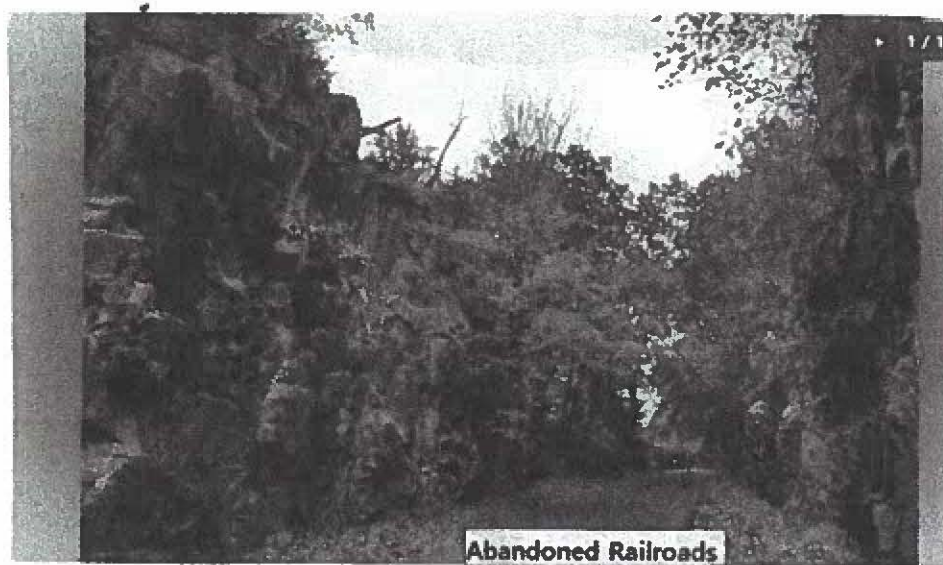
IOWA



The Missouri-Kansas-Texas System

The railroads are **LARGELY** to blame for the loss of rail customers.

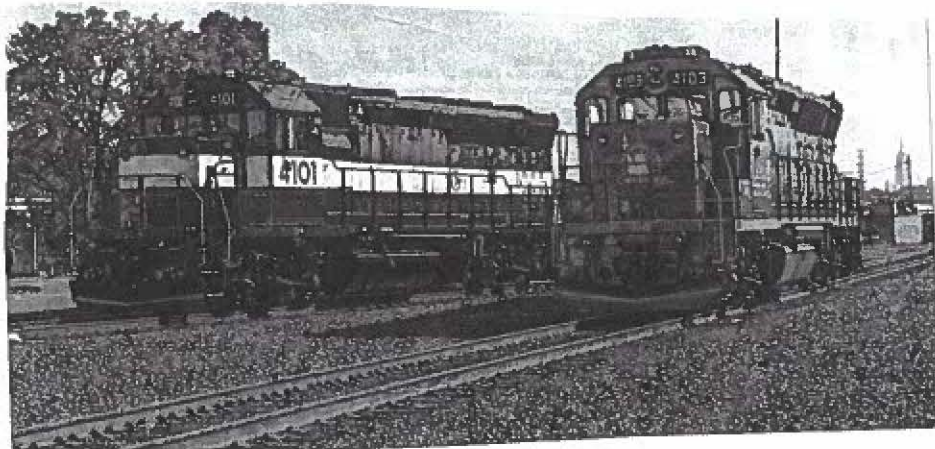
But let's also let the ICC/STB have some of the blame because it allowed a lot of these short sighted abandonments & mergers to even happen. And now: railbanked right of ways - that are dang near Impossible to reactivate for new rail service! (Bad rulings).



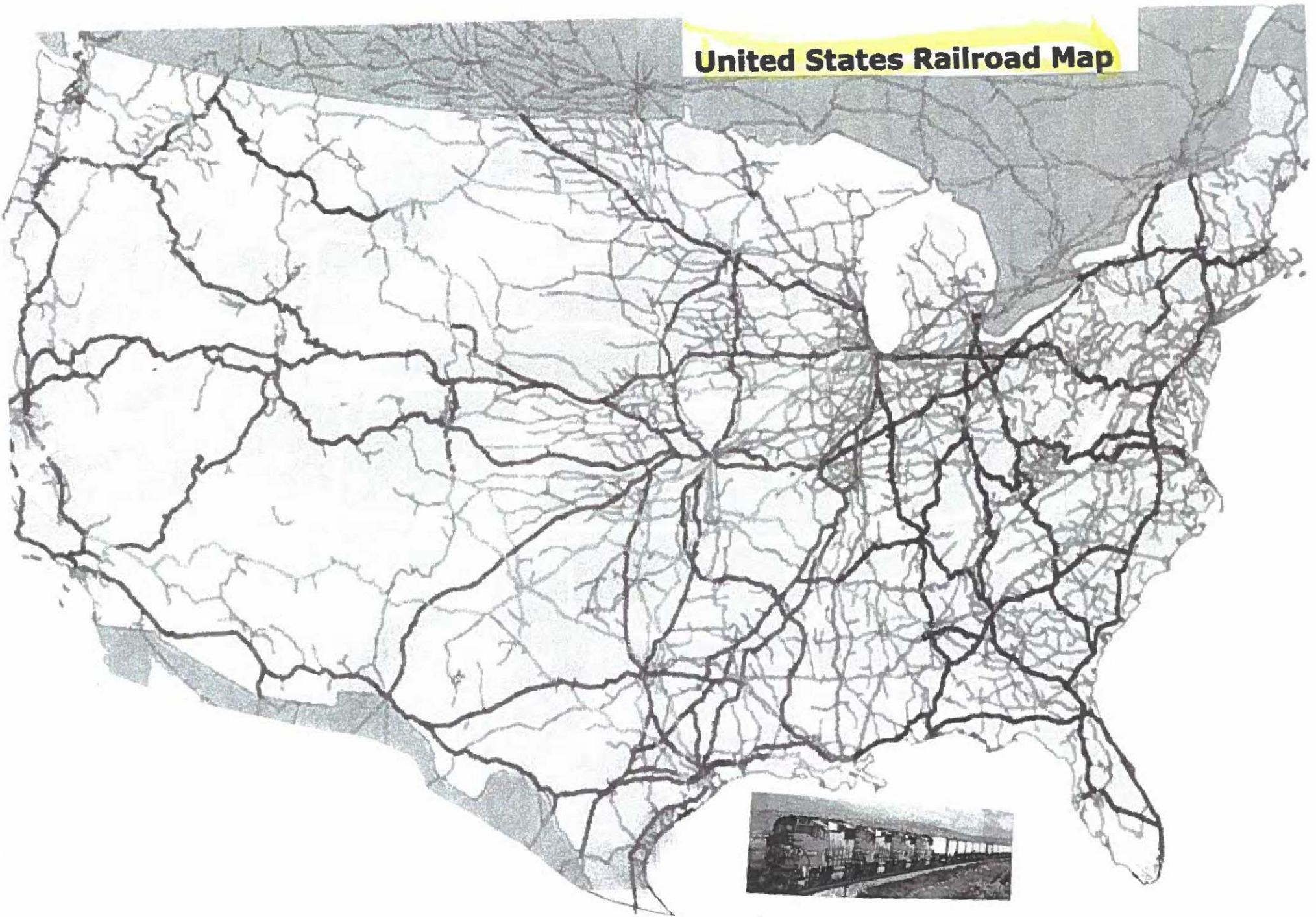
**By the time you put a 1 mile train together:
a semi truck's already halfway across the US!**



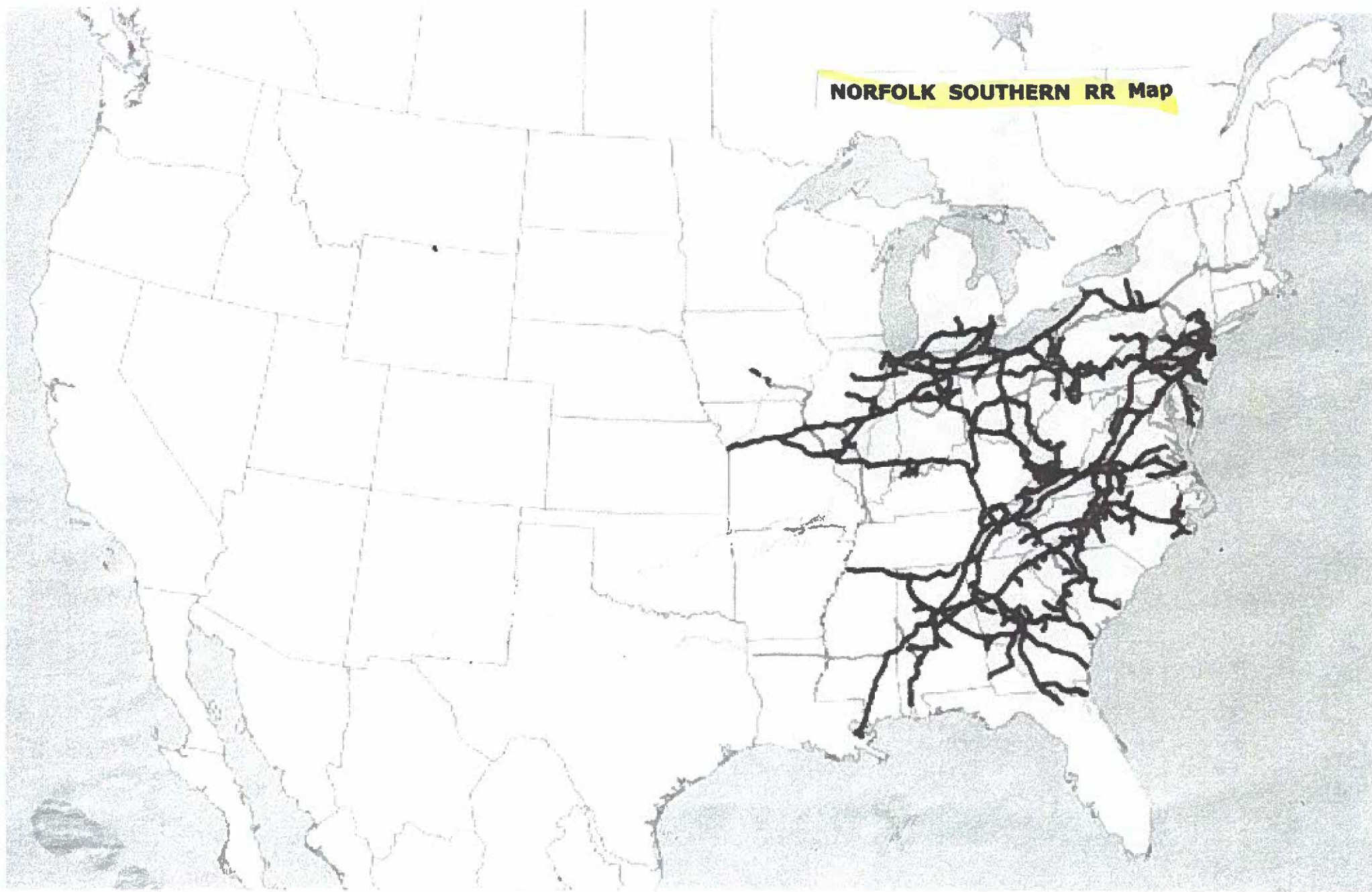
In the United States, there are **6 Class I freight railroad companies** and **21 Class II railroads**. Class I railroads are those with annual operating revenues exceeding a certain threshold, while Class II railroads have revenues under a specified limit. [↻ Wikipedia](#) [+1](#)



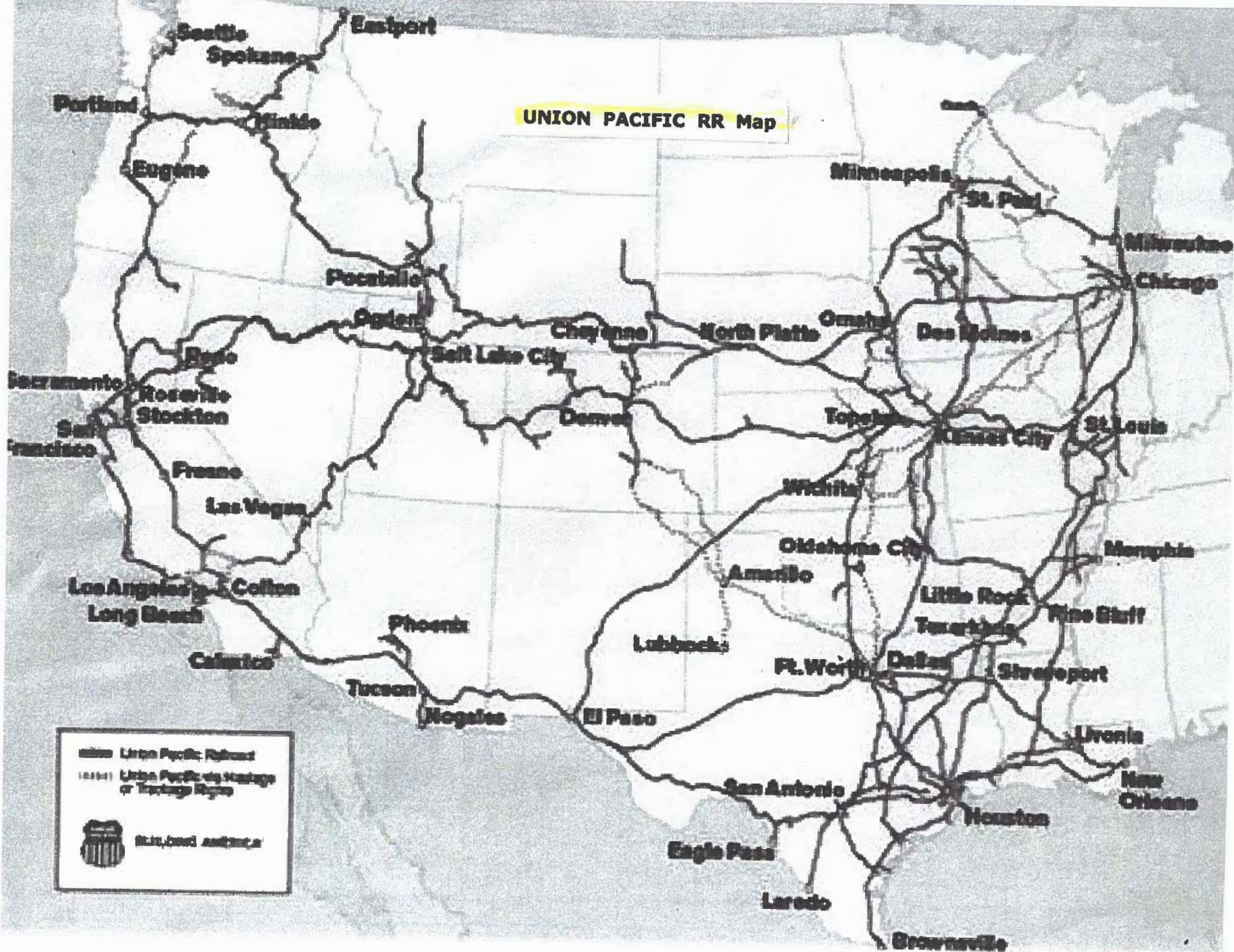
United States Railroad Map



NORFOLK SOUTHERN RR Map



UNION PACIFIC RR Map



Missouri-Kansas-Texas Railroad

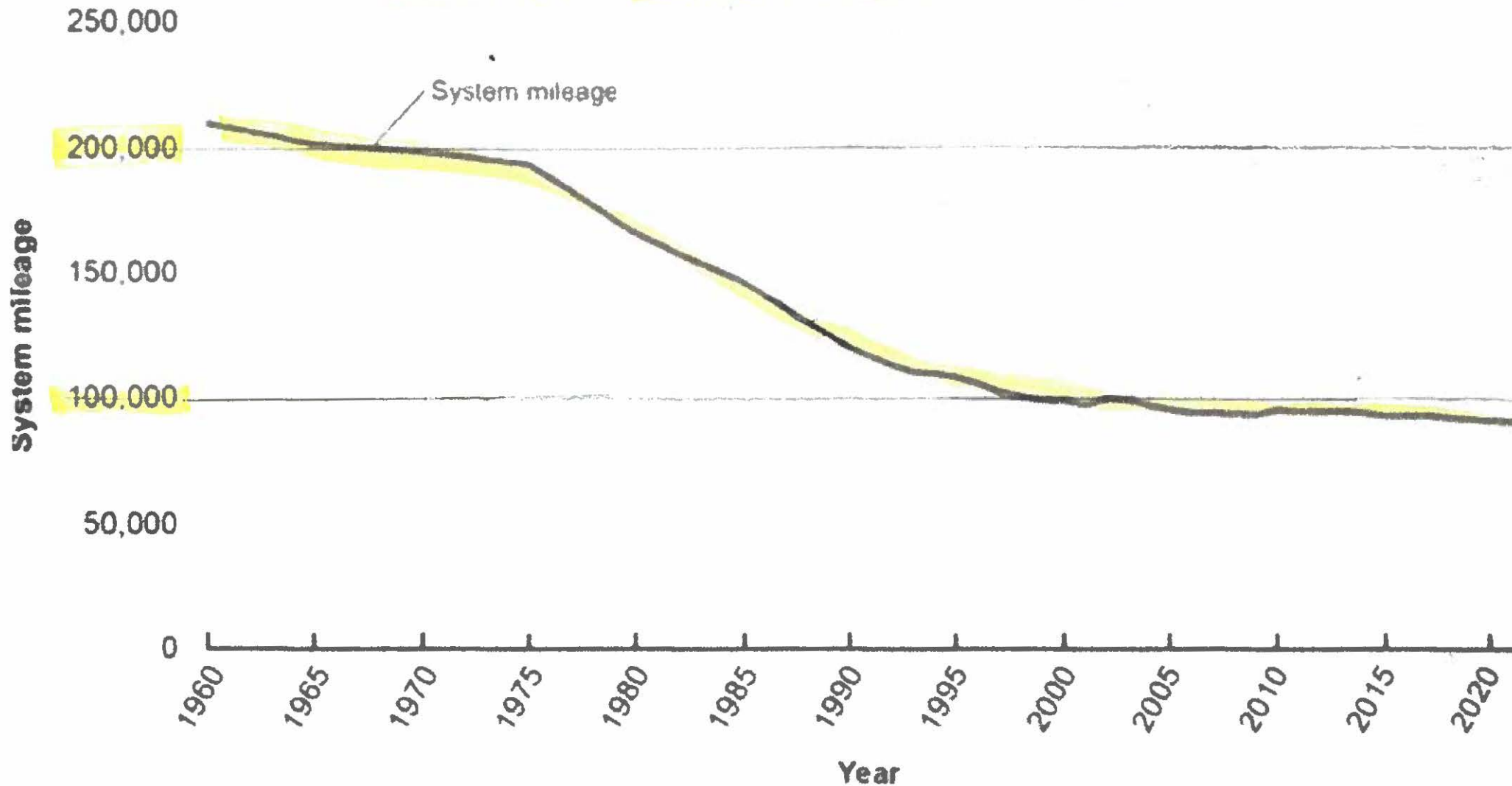
The **Missouri-Kansas-Texas Railroad (MKT)**, commonly known as **The Katy**, was established in **1865** and played a significant role in connecting Missouri and Kansas with Texas. It was the first railroad to enter Texas from the north, linking key cities like **Dallas, Fort Worth, and Houston**. The MKT operated a vast network, covering over **3,377 miles** of track across six midwestern states. In **1988**, it was acquired by **Union Pacific**, continuing its legacy as a vital transportation link in the region. [↻ Wikipedia](#) +3



Bureau of Transportation Statistics

60 years later: after a LOT of abandonments & mergers - the US US Rail System dropped from 200,000+ miles to under 100,000!

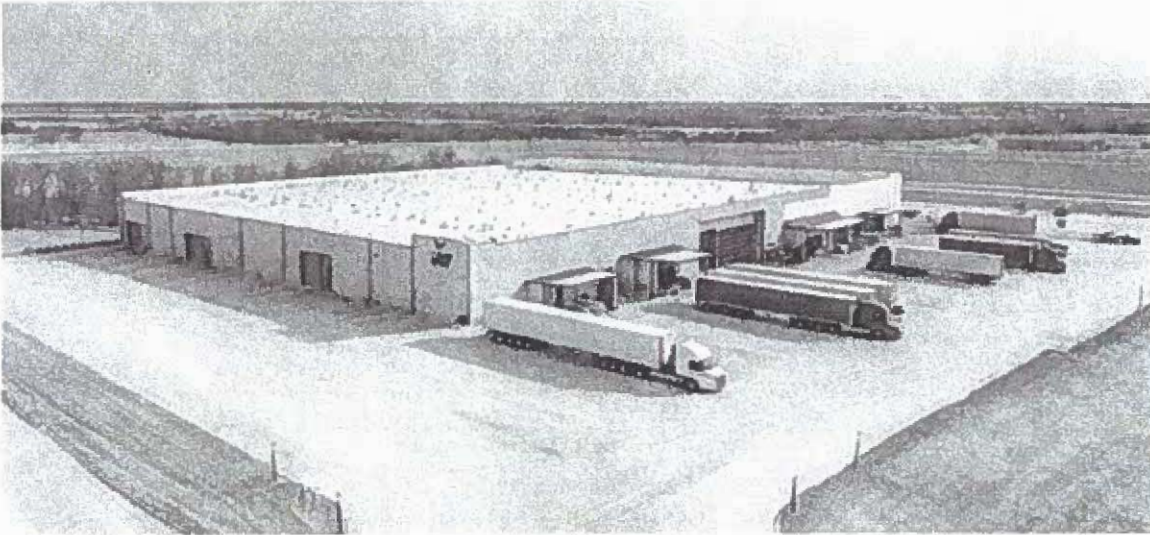
Regulators must be doing something WRONG. The US Rail System in just 60 yrs has been cut in Half. New mergers will Reverse that?



Approximately 10.8 billion tons

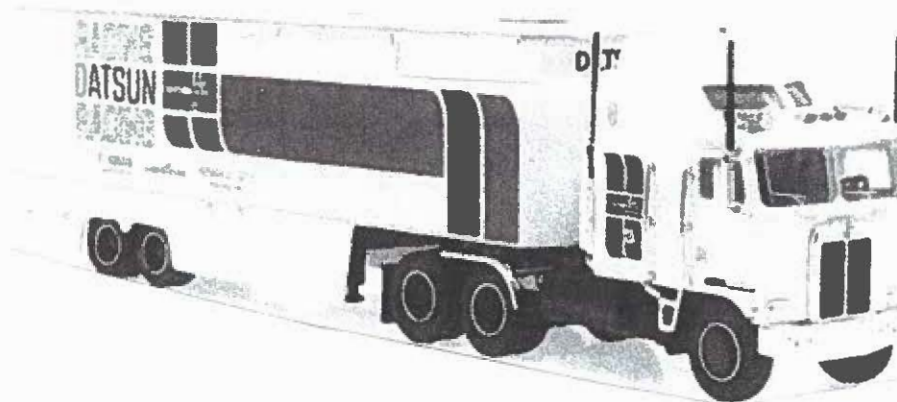
In the United States, trucks carry approximately 10.8 billion tons of freight each year. They account for about 72.6% of the nation's freight by weight. Additionally, trucks transported 11.46 billion tons of freight in 2022. This highlights the significant role of trucks in the overall freight movement in the country.

⇒ Bureau of Transportation Statistics +2



82,859 Trucking companies

How many Trucking companies are in United States? There are **82,859 Trucking companies** in United States as of August, 2025. The highest number of Trucking companies of United States are in California and Texas with 6,062 businesses and 4,432 businesses, respectively.



A typical truck terminal



A typical rail yard



US Interstate Map

United States

