

BEFORE THE
SURFACE TRANSPORTATION BOARD

Docket No. FD 36849

KANSAS & OKLAHOMA RAILROAD, INC.—
LEASE AND OPERATION EXEMPTION WITH INTERCHANGE
COMMITMENT—UNION PACIFIC RAILROAD COMPANY

ENTERED
Office of Chief Counsel
December 4, 2025
Part of
Public Record

**UNION PACIFIC'S COMMENT ADDRESSING INFORMATION DESCRIBED
IN THE BOARD'S JUNE 2025 ORDER**

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The Board issued a decision on June 25, 2025, and later modified it with scheduling orders served August 8, 2025, and November 14, 2025. In these orders, the Board encouraged Union Pacific Railroad Company (“Union Pacific”) to file comments on whether the proposed transaction, which includes an interchange commitment, meets the requirements of 49 U.S.C. § 10502(a). *See* June 25 Order, slip op. at 3. Union Pacific asserts that the transaction meets those requirements and urges the Board to grant the requested exemption.

When Weskan Grain LLC (“Weskan”) initially claimed the interchange commitment in Union Pacific’s lease agreement with Kansas & Oklahoma Railroad, LLC (“K&O”) prevented K&O from interchanging Weskan’s traffic with a carrier other than Union Pacific, Union Pacific clarified that the interchange commitment does not prohibit such interchange and that the dispute between Weskan and K&O centers on rates.¹

¹ *See* Union Pacific’s Reply to Weskan Grain’s Supplement to Petition to Reopen and Partially Revoke Exemption, *Kansas & Oklahoma R.R., Inc.—Acquisition Exemption—Central Kansas Ry., LLC*, FD 34030 (filed Feb. 6, 2025).

Developments throughout this proceeding confirm that the interchange commitment does not drive Weskan's dispute with K&O.

The parties have focused their discussion on the asset use fee in the interchange commitment. Under the lease, Union Pacific is entitled to compensation when K&O uses Union Pacific's line to interchange traffic with a carrier other than Union Pacific. K&O alone decides whether and how to account for the asset use fee when setting rates.

To resolve this case, Union Pacific informed Weskan that it would waive its right to the asset use fee when K&O interchanges Weskan's traffic with another carrier for the duration of the current lease. In short, Union Pacific removed the interchange commitment from consideration.

Weskan's continues to pursue this case despite Union Pacific's waiver, which demonstrates that the interchange commitment is not the issue separating K&O and Weskan. For these reasons, Union Pacific respectfully requests that the Board grant K&O's petition for exemption, as the interchange commitment does not impede competition and the dispute concerns only rates. If Weskan disagrees with the rates offered by K&O, the appropriate remedy is to pursue a rate case.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that on this 4th day of December, 2025, I caused a copy of the foregoing document to be served electronically on counsel for Weskan Grain LLC and Kansas & Oklahoma Railroad, LLC, and the Administrative Law Judge assigned to this matter.

/s/ Michael L. Rosenthal