

BEFORE THE SURFACE TRANSPORTATION BOARD

STB Docket No. FD 36873

Union Pacific Railroad Company—Control—Norfolk Southern Railway Company

NOTICE OF INTENT TO PARTICIPATE

310587

Filed by:

American Rail Center (ARC)

Matt Jacobs, President

Service Address: edward.arc.stb@gmail.com

Date: December 23, 2025

ENTERED

Office of Chief Counsel

December 23, 2025

Part of

Public Record

I. EXECUTIVE SUMMARY

American Rail Center (ARC), a neutral terminal and transload service provider with CSX-served facilities throughout the Eastern United States, submits this Notice of Intent to Participate in the above-captioned proceeding. ARC respectfully urges the Board to carefully examine the competitive consequences of the proposed acquisition of control by Union Pacific Railroad Company (UP) over Norfolk Southern Railway Company (NS).

The transaction, as proposed, threatens to foreclose interchange competition for critical Western-origin commodities, including soda ash, plastic resins, and other industrial and bulk materials and risks displacing independent terminal service providers through vertically consolidated routing. ARC intends to participate actively and offer operational testimony and policy recommendations in support of access parity, gateway protection, and public interest safeguards.

II. IDENTITY AND INTEREST OF ARC

ARC is a non-carrier provider of before- and after-linehaul rail services, operating CSX-served transload, warehouse, and terminal facilities throughout the Eastern U.S. ARC's customers depend on Class I carriers to deliver rail traffic to its facilities via competitive interchange and routing structures.

ARC does not own railroads and is thus structurally reliant on open access to gateways and the ability of shippers to direct freight movements across rail carriers. As a neutral service provider, ARC's competitiveness is defined by the availability of interchange options, not proprietary access or captive routing. Any restructuring that consolidates end-to-end control by a single merged carrier places ARC's customers and operations at direct risk.

III. COMPETITIVE HARM: FORECLOSURE AT GATEWAYS AND ROUTING DISCRETION

The proposed UP-NS transaction presents structural risks that extend beyond any single commodity. As a non-carrier service provider, ARC is reliant on the continued viability of competitive interchange for a wide range of rail-moved commodities, including but not limited to soda ash, plastic resins, industrial minerals, building materials, agricultural products, and other bulk or carload traffic.

While soda ash and plastics provide useful examples, ARC's broader concern is the emergence of systemic origin monopolies and routing control in markets where UP already exercises dominant access. The merger would allow these monopolies to extend downstream, displacing CSX-routing options and neutral transload terminals like ARC.

A. Soda Ash (Illustrative Example)

More than **90% of U.S. soda ash production** originates in southwestern Wyoming, a region served exclusively by UP. ARC currently handles soda ash via UP-CSX interchanges into CSX-served Eastern markets. If UP gains control over NS, soda ash traffic could be absorbed into a single-line UP-NS route—bypassing CSX entirely and disqualifying ARC from participation.

This is a textbook case of **vertical foreclosure**: a carrier with origin market dominance extends control to downstream destinations through elimination of competitive routing. ARC's terminals, though physically rail-served, would be excluded due to lack of carrier neutrality—not lack of demand or performance.

B. Plastics and Gulf Coast Commodities (Illustrative Example)

The Texas Gulf Coast, home to the nation's largest production of polyethylene, polypropylene, and other plastic resins, is also predominantly served by UP. ARC's CSX-served facilities currently provide last-mile distribution capacity for these commodities. If the merger is consummated, UP-NS would gain end-to-end control, enabling it to reroute plastic resin traffic to NS-served or proprietary terminals and bypass ARC's infrastructure.

This expansion of routing dominance would harm market diversity, raise access barriers for independent facilities, and reduce options for captive shippers and receivers across the Eastern U.S.

C. Broader Impact Across Unlisted Commodities

ARC stresses that its concerns are not limited to soda ash and plastics. The fundamental threat posed by the UP-NS transaction is the network-level consolidation of routing power, particularly in lanes where UP controls origin access and NS controls destination access.

This structure poses risks across many commodities that flow into the Eastern U.S., including:

- Fertilizers and agricultural inputs
- Construction aggregates
- Chemicals and industrial feedstocks
- Food-grade products and dry bulk
- Metals and scrap
- Forest and paper products

For each of these sectors, loss of interchange competition and neutral service provider access will result in:

- Fewer routing options
- Rate increases through captive exposure
- Loss of terminal diversity and service quality

These harms are not speculative. They mirror outcomes seen in previous transactions where open gateways were not enforced, and independent service providers like ARC were marginalized in favor of proprietary or carrier-aligned facilities.

IV. HISTORICAL CONTEXT: CONRAIL DIVESTITURE EXPERIENCE

Before the 1999 Conrail breakup, ARC handled over 10,000 carloads annually through a unified, Conrail-served terminal network. As a result of the Board-approved division of Conrail assets between CSX and Norfolk Southern, ARC's operational territory was fractured, splitting infrastructure that had previously supported integrated shipper flows across a single carrier.

This realignment severed key routing corridors and gateways, effectively dislocating ARC from its established customer base. While ARC's physical assets remained rail-served, their functional competitiveness was eliminated through loss of linehaul access.

At the same time, the Conrail transaction introduced new competitive pressure on ARC from both carriers' internal transload operations and third-party facilities that were not previously Conrail-served but retained or gained dual-service by CSX and NS. The elimination of Conrail as an operating railroad created a systemic advantage for these terminals. Even facilities that had not previously competed with ARC directly suddenly became more competitive—simply by virtue of their post-divestiture positioning within the new CSX or NS networks.

This restructuring enabled formerly less-competitive terminals, now dual-served or linehaul-favored to rapidly gain market share, displacing ARC's historical volumes. ARC, by contrast, was effectively stranded: its service geography fragmented, its customer relationships disrupted, and its commercial role diminished not due to inefficiency, but by regulatory redesign.

The merged carriers compounded these effects by expanding their in-house proprietary terminals, eroding shipper discretion, and narrowing the role of neutral providers. ARC's volume collapsed by over 90%, falling from more than 10,000 carloads per year to fewer than 1,000.

This outcome illustrates the long-term structural harm that can result from merger transactions that fail to preserve competitive access for neutral, independent service providers. The UP-NS proposal now presents an even broader-scale risk: consolidating origin and destination control across multiple commodity lanes, key interchange points, and regional supply chains.

ARC urges the Board to avoid repeating the conditions that produced this displacement and to instead prioritize access continuity, interchange parity, and structural safeguards in its merger review.

V. POLICY POSITION: CONDITIONAL SUPPORT BASED ON ACCESS PARITY

ARC does not oppose the development of transcontinental or end-to-end service models where they promote system efficiency. However, such efficiencies must not be achieved through the foreclosure of neutral terminal access or the displacement of routing competition.

ARC supports the transaction only under the following conditions:

- **Open Gateway Provisions:** Ensure that all current UP–CSX and NS–CSX interchange points remain open and commercially viable.
- **Dual-Served Market Protections:** Require dual-service options at major origin and destination markets where feasible, particularly for bulk commodities.
- **Neutral Access Enforcement:** Prevent post-merger diversion of traffic to proprietary terminals when neutral CSX-served terminals are operationally viable.
- **Rate and Service Transparency:** Implement post-merger rate monitoring and service-level reporting for lanes that previously involved interline routing.
- **Oversight Period:** Retain active Board jurisdiction and enforceability over access and service-related conditions for no less than 7 years post-transaction.

VI. PARTICIPATION AND REPRESENTATION

ARC respectfully requests full party status and intends to participate actively in the proceeding through:

- Submission of operational data and verified statements
- Filing of policy and legal comments
- Coordination with similarly situated stakeholders
- Participation in hearings or oral arguments, if applicable

Although ARC is not retaining expert witnesses at this time, its operational history and first-hand merger experience provide a substantive basis for evaluating the competitive impacts of this transaction.

VII. CONCLUSION

The proposed UP–NS merger poses a material threat to the viability of independent, CSX-served transload service providers like ARC. Past experience with the Conrail breakup demonstrates how failure to preserve routing parity and access structure can permanently displace neutral facilities and consolidate market power.

ARC urges the Board to require clear competitive safeguards and affirm that access diversity, gateway functionality, and shipper discretion remain cornerstones of the national rail policy under 49 U.S.C. §§ 10101 and 11324.

Matt Jacobs

President

American Rail Center

419-704-9690 Mobile

419-661-9360 Office

MJacobs@americanrailcenter.com

CERTIFICATE OF SERVICE

I hereby certify that a copy of this Notice of Intent to Participate has been served electronically on:

- STB Electronic Service: eservice@stb.gov
- All parties of record in STB Docket No. FD 36873

Date: December 23, 2025

Matt Jacobs

Matt Jacobs

President