

**LETTER OF COMMENT OF DANIEL A. (ALEX) NAGEL
WITH ATTACHED LETTER**

Daniel A. (Alex) Nagel

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Member-Board of Directors – All Aboard Minnesota

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Submitted pursuant to the Board’s invitation for public comment on the
completeness of the revised and amended application filed 4-30-26.

Filed via STB E-Filing Portal – Docket No FD 36873

Surface Transportation Board

395 E St SW

Washington, DC 20423-0001

Re: Docket No. FD 36873 – Letter of Comment On Completeness

Union Pacific Corporation and Norfolk Southern Corporation – Control

Dear Members of the Board – Please find attached my comments regarding the revised and
amended application in Docket No. FD 36873. I submit these comments as a former Class
I railroad employee and a current Board of Directors member of All Aboard Minnesota.

Sincerely,

Daniel A. (Alex) Nagel

Brooklyn Center, MN 55430

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5-8-26

BEFORE THE U.S. SURFACE TRANSPORTATION BOARD

WASHINGTON, DC

Docket No. FD 36873

UNION PACIFIC CORPORATION-CONTROL-NORFOLK SOUTHERN CORPORATION

LETTER OF COMMENT OF DANIEL A. (ALEX) NAGEL

U.S. Surface Transportation Board

395 E Street SW

Washington, DC 20423

Re: Docket No. 36873 – Letter of Comment

Union Pacific Corporation-Control-Norfolk Southern Corp

Dear Members of the Board,

I would like to respectfully submit this Letter of Comment in Docket No. FD 36873 concerning the amended application filed on 4-30-26 by Union Pacific Corporation and Norfolk Southern Corporation. I am an experienced railroad professional who recently retired on 8-1-25 after a 32-year career with CPRS/CPKC (1995-2025) and IAIS (1987-1989). In addition to being an avid and dedicated student of the railroad industry since my youth, I have also been active in membership roles with the Minnesota Freight Advisory Committee and am in the beginning stages of starting my own freelance railroad consulting business. I was also elected to the Board of Directors at All Aboard Minnesota; a passenger rail advocacy group in the summer of 2025 where I not only handle treasury duties but also provide a wealth of knowledge of the industry and its practices and operations that can have an impact on current passenger train operations not only in Minnesota but the upper Midwest as well. I am also active in a number of other rail-related projects and participate regularly in industry-related conferences and webinars to stay abreast of the latest trends and developments within the industry. The views expressed in this letter are strictly my own.

From reviewing the amended application submitted by Union Pacific (UP) and Norfolk Southern (NS), while the issue of Schedule 5.8 which covers the conditions and

circumstances that could allow UP to terminate the merger agreement with NS appears to be met satisfactorily, there are a number of other items where the applicants have not either (a) provided satisfactory information that would substantiate their claims regarding the benefits of their proposed transaction or (b) have completely neglected to provide any information or argument on how this proposed transaction might affect not only other Class I and Regional/Shortline carriers but also shippers and Amtrak passengers and operations as well. I'd like to have an opportunity to outline these issues from my perspective.

Projected Volume Growth

When UP and NS first announced their merger agreement in late July 2025 and also in their initial submission to the STB, one of the primary arguments of the proposed transaction called for a projected 12 per cent volume growth within three years of consummation of the actual merger. Delving into this claim further, it's assumed by UP-NS that 75 per cent of that growth would come from truck-to-rail conversions alone. And while this claim certainly seems appealing from a general public standpoint (and I would personally love to see happen), you also have to consider the fact that the combined volumes of UP and NS have declined by 13 per cent over the last decade which, in my opinion, is a substantial decline. Part of this is likely because of the fact that the industry as a whole has been pricing their services for both carload and domestic/cross border domestic and marine intermodal shipments ahead of inflation but perhaps the larger looming reason is the decline in consistent timely service to customers because of the malignancy that has been plaguing the industry for more than a decade now – Precision Scheduled Railroading (PSR) which is not precision service at all and, in fact, is nothing more than asset-stripping. From reviewing the amended application submitted by UP-NS, I'm not seeing anything that really explains substantively how they actually plan to go about initiating this growth. It would be one thing if they had a detailed example(s) – even if it was for a specific commodity group or for a particular lane of traffic where they would genuinely show how they were going to offer real service and real savings for shippers – but I'm not seeing anything of the sort in their amended application. And considering how intermodal traffic would supposedly take a significant spike in volume with their proposed combination because of all the new single-haul lanes created, I'm not seeing anything of how UP-NS might address drayage costs in lanes of 750 miles or less. One other bothersome item for me is that I don't see any further breakdown of how UP-NS might be able to offer competitive intermodal services for smaller IMC's and private shippers and how trailers could be added to their intermodal mix to offer these smaller customers competitive rates and services. And just on the carload side alone, considering how PSR has effectively taken away a Class I's ability to serve the small- and medium-sized customers located on a Class I property, I don't see anything in the amended application from UP-NS side that addresses this satisfactorily.

Gateway & Block-Swapping Problems

One of the central arguments in the amended application submitted by UP-NS is the elimination of interchange frictions/delays through new single-line transcontinental service at the traditional important gateways – Chicago, St Louis, Kansas City, Memphis, Shreveport and New Orleans (and, to a lesser extent, Des Moines) where UP and NS networks touch. And while some of the claims that UP-NS make are correct up to a certain point, UP-NS does not do a satisfactory job in explaining some of the specific problems and constraints of perhaps the most unique and peculiar gateway of all – Shreveport, LA – and the Meridian Speedway; a roughly 320-mile line between Shreveport and Meridian, MS where my former employer, CPKC, enjoys a 70 per cent ownership with NS having a 30 per cent stake. Once a derelict branchline under Illinois Central Gulf (ICG) ownership, it was spun off to regional operator MidSouth in 1986 and seven years later, MidSouth was acquired by Kansas City Southern (KCS). In the mid-2000s, KCS and NS reached a deal to form a joint venture to rehabilitate and operate the line which resulted in substantial improvements with long passing sidings and installation of continuous welded rail (CWR) and centralized traffic control (CTC) and provided NS an opportunity to tap the Dallas-Fort Worth market with intermodal traffic. After the CPRS acquisition of KCS in 2023, the new CPKC subsequently – in conjunction with CSXT – acquired the Meridian and Bigbee Railroad (MNBR) to offer new intermodal service between the US Southeast and Mexico (see the new Southeast Mexico Express dubbed SMX that's been recently inaugurated). As you can imagine, what was once a very sleepy branchline with one train a day each way forty years ago under ICG ownership is now a bustling and very busy mainline and with proposed passenger service now being considered, it would only make this vital artery that much busier. Because of the heavy frequency of traffic and capacity considerations, CPKC instituted train-length limits that prohibit monster intermodal trains in the 12,000- to 15,000-foot range – the exact type of intermodal trains that a combined UP and NS want to run for efficiency gains under the dreaded umbrella of PSR. As such, these types of intermodal trains from UP and NS origination points – before they converge onto the Meridian Speedway mainline at either Shreveport or Meridian, must be broken-up beforehand to an acceptable length before movement can be allowed on the Meridian Speedway. These trains would then have to be doubled-up again after movement on the Meridian Speedway mainline on respective UP and NS properties. As you can imagine, these types of moves are extremely time-consuming and effectively eliminate any advantages from single-line service over the Shreveport gateway because all this does is simply relocate the handling/re-blocking of such trains – it does not eliminate it.

But my concerns are not limited strictly to the Shreveport gateway. The mystical, magical Chicago gateway has long been an issue – even in the days of multiple eastern and western carriers that reached Chicago. While a proposed UP-NS combination would enjoy a unique advantage of being able to bypass the congested Chicago gateway with the former Wabash mainline between Kansas City and Toledo, OH which would obviously be huge for both long-haul domestic and marine intermodal shipments, there would still be an increased amount of traffic going through an already-congested Chicago gateway and given how PSR has already resulted in a number of yards and terminals eliminated over the last decade,

this will lead to even more friction and delays whether traffic moves over the IHB or the BRC between the two properties. Kansas City would not be immune to issues either even though both UP and NS currently can interchange traffic at Kansas City West Bottoms with both roads enjoying trackage rights on the Kansas City Terminal Railroad (KCT) but a combined UP-NS could be compelled to attempt to divert extra traffic over the Kansas City gateway instead of a more traditional movement over the UP and ex-CNW Overland Route mainline via Council Bluffs and Fremont and considering how vital the Kansas City gateway is to not only UP-NS but also BNSF and CPKC, this could result in substantial delays for all involved railroads.

The UP-SP Precedent

Perhaps the most egregious error of either the STB or predecessor ICC was the 1996 decision allowing the combination of UP and Southern Pacific/Denver & Rio Grande Western (SP/DRGW) that effectively eliminated any chance of maintaining a three-system west and a three-system east. UP by that time had already acquired Missouri Pacific (MP), Western Pacific (WP), Missouri-Kansas-Texas (MKT) along with traditional Overland Route partner Chicago & North Western (CNW). SP/DRGW should have been allowed to become a part of CPRS and still **should** be divested to CPKC that would allow for real competition to truly exist in the west. As we saw with UP's acquisition of CNW in 1995; a road that it had heavy influence on since the 19th century and should have been one of the most seamless and easiest transitions of all, suddenly became plagued with severe congestion and service disruptions that prompted Trains Magazine to call it at the time the biggest American railroad traffic jam since World War I and took a significant amount of time before problems with that combination were minimized. But those problems were dwarfed by the subsequent UP-SP/DRGW combination that was allowed to happen in 1996 that resulted in delays and congestion across thousands of miles of track and subsequently saw rail cars being stranded on sidings or in yards for weeks and months and chemical and agricultural shippers being forced to shut down facilities due to raw material shortages not to mention the detrimental affects that cascaded onto connecting railroads at connecting gateway points that caused problems and congestion on their systems. Amtrak, too, suffered from the devastating consequences of this combination for an extended period of time. To me, it's interesting – if not outright astounding – that the amended UP-NS application fails to make any reference whatsoever to this catastrophic meltdown that occurred as a result of the UP-SP combination. Moreover, UP-NS fail to offer anything substantial in their amended application as to how to avoid a similar or potentially even more catastrophic meltdown should the proposed transaction be approved by STB. Given the fact that the new merger rules issued in 2001 by STB were something of a direct result of the UP-SP combination fiasco, I find this very concerning to say the least.

Possible Affects On Other Class Is, Regionals & Passenger Rail

A UP-NS combination – if approved by STB, even with conditions – poses substantial risks for the rest of the railroad industry as UP-NS would effectively control nearly 40 per cent of rail traffic moving in North America. Moreover, it would necessitate the other two primary players – Burlington Northern Santa Fe Railway (BNSF) and CSX Transportation (CSXT) to seek amalgamation with each other to counter the transcontinental reach of UP-NS that would reduce the number of Class I railroads in the US from six to four which would also ultimately lead to higher rates for shippers across the board on both carload and intermodal shipments. It could also place Canadian National (CN) and CPKC in somewhat precarious positions as well. Perhaps even more concerning is the broad effects it would have on regional and shortline railroads that depend on their Class I connections. Iowa Interstate Railroad (IAIS) is a perfect example as it serves the corridor between Chicago and Council Bluffs. While IAIS focuses more on online business since its inception back in 1984 and has seen impressive growth in just the last twenty years alone with its strong customer base, it still has important connections with CPKC at Davenport, IA, CN at Council Bluffs, IA, BNSF at both Rock Island, IL and Council Bluffs, IA, NS at Des Moines, IA and UP at Council Bluffs, IA. The NS connection at Des Moines in particular is important to IAIS as they receive a sizable amount of traffic there for Cargill and other industries. Should the UP-NS transaction be approved, this interchange point could virtually be reduced to nothing as UP-NS would have no incentive to short-haul itself. And how much traffic at the Chicago gateway from NS might be lost to IAIS if UP-NS is approved? Inevitably, a regional railroad such as IAIS would stand to suffer long-term in the event that UP-NS is approved and they may indeed be forced to gravitate toward either CPKC or CN if BNSF and CSXT followed suit.

The current (skeletal) Amtrak national network outside of the NEC sees a vast amount of passenger service currently operating on lines of both UP and NS and neither of the two applicants have ever been known to be “Amtrak-friendly”. In today’s reality of PSR which undoubtedly would be notched up if a UP-NS combination were approved, this could indeed prove to be very detrimental to existing passenger rail service that currently operates on UP and NS properties as extensive delays because of excessively-long freight trains that inevitably plug up a network and cascades to other areas of the combined system. And the opportunities to bring an expanded passenger rail network could be hindered as network capacity constraints would ultimately limit that amount of traffic any one line could handle – even with CTC and longer sidings.

Conclusion

Given the fact that the applicants have failed to substantively show proof on a number of fronts as to how this combination would prove beneficial for shippers over the long-term, how they would genuinely create organic growth on both the carload and intermodal sides, how they fail to demonstrate that this combination would reduce delays and friction at traditional gateway points, how they fail to address possible service disruptions and meltdowns that occurred with previous combinations and the possible ill-effects it could

have on other railroads and passenger rail, I urge the board to REJECT this proposed transaction. I want to make clear that I'm not against true coast-to-coast transcontinental mergers – quite the contrary. But I'm dead-set against a resulting duopoly that would occur if the board were to approve the UP-NS transaction as it would ultimately result in BNSF and CSXT seeking similar amalgamation. What should have happened YEARS ago was UP taking both the CNW and the Pennsylvania Railroad (PRR) in one fell swoop that would have given UP the reach it wanted without becoming so large it would become unwieldy. Likewise, I would have then paired the Santa Fe (ATSF) with the New York Central (NYC) while putting the Hill Lines (CBQ, GN, NP, SPS) with Baltimore & Ohio/Chesapeake & Ohio (BO/CO) and then put Milwaukee Road (MILW) together with Erie Lackawanna (EL). In a scenario like that, you have true competition balancing itself out with larger systems, yes, but **manageable** systems that aren't mammoth in size. In the final analysis, while the applicants in this case have seemingly met the deficiencies addressed in the board's Decision No. 9, the many issues that arise from the refiling by the applicants on 4-30-26 for Docket No. FD 36873 have not been addressed substantively and thus this transaction should be rejected by the Board.

I appreciate the Board's consideration of my comments in this letter. Please feel free to contact me anytime if you have any questions or concerns.

Sincerely,

Daniel A. (Alex) Nagel

Retired, Revenue Accounting Senior "C" – Canadian Pacific Kansas City Railroad Company
Member-Board of Directors – All Aboard Minnesota
Brooklyn Center, MN 55430
5-8-26

NOTICE OF FILING WITH STB

BEFORE THE U.S. SURFACE TRANSPORTATION BOARD

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Docket No. FD 36873

**UNION PACIFIC CORPORATION-CONTROL-NORFOLK SOUTHERN
CORPORATION**

U.S. SURFACE TRANSPORTATION BOARD

395 E Street SW

Washington, DC 20423

RE: Docket No. FD 36873 – All Parties Of Record

Union Pacific Corporation-Control-Norfolk Southern Corp

This is formal notification of my submission to all affected parties - CC: All Parties of Record.

Sincerely,

Daniel A. (Alex) Nagel

2813 67th Lane North

Brooklyn Center, MN 55430