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HIGHLINE GRAIN GROWERS INC

www.highlinegrain.com

November 13, 2026

Surface Transportation Board
395 E Street, SW
Washington, DC 20423

Re: Comments on the Proposed Union Pacific – Norfolk Southern Merger No. FD 36873

Dear Members of the Board:

I am the CEO of HighLine Grain Growers, Inc., headquartered in Waterville, Washington, and am writing to oppose the proposed merger of Union Pacific (UP) and Norfolk Southern (NS). Competitive freight rail service is critical to our business. HighLine Grain Growers has used rail for many decades and moves approximately 1 million metric tons of agricultural commodities annually. As an agricultural cooperative, we are stewards of a multi-generational farm platform and have recently invested tens of millions of dollars in infrastructure connected to the rail network. These farm families expect to rely on these investments for generations to come. My concerns extend beyond our operation to the damage this merger would do to the competitive position of U.S. agriculture domestically and abroad. As a 30-year veteran of the grain business, I can attest to the harm a merger like this one would cause to agricultural markets across the country.

Loss of competition on a national scale. Today, for most shipments, shippers can move product to and from suppliers and customers across the country using multiple combinations of the four large U.S. Class I railroads (UP, NS, BNSF, and CSX) and, on certain routes, the Canadian railroads CN and CPKC. Where UP or NS now serves only one end of a route, a combined UP-NS can be expected to use its considerable pricing power to serve the whole route, or as much of it as possible. Each such shift removes a competitive option from the national network. The ability to mix and match business among railroads lets shippers respond to changing market conditions and gives us leverage in rate negotiations. A merger eliminates the tools we use to build an efficient, cost-effective supply chain, and given UP's track record, I expect the added leverage to be used to raise rates.

Greater supply-chain risk. Competing railroads also give shippers protection against service disruptions on any one carrier. When a shipper can route around a problem, a failure stays contained. Without that alternative, a service breakdown on a combined UP-NS would leave shippers with no practical choice but to wait it out or pay more. Because our national supply chains run across these interconnected railroads, the loss of that protection is a risk for the whole economy, not only for individual shippers.

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The proposed remedies do not fix the problem. The Open Gateway Commitment promises to keep gateways open on "commercially reasonable" terms. That is too vague for any shipper to build a supply chain strategy around, and it leaves UP many ways to steer traffic onto the combined system. Committed Gateway Pricing (CGP) excludes substantial volumes of traffic by commodity, type of service, and interchange location. It also sets rates at the 70th percentile of "comparable" UP-NS traffic, with UP controlling the comparability criteria. For shippers who negotiate better-than-average rates today, that is an immediate increase. CGP is also expected to end after three to five years, which is no protection for businesses that depend on rail for decades. The Targeted Access Program and Rate Arbitration apply only to certain shippers, and only after harm has occurred. They amount to an invitation to sue, which is slow, expensive, and uncertain, and no help to a shipper managing its supply chain in real time.

The threat of retaliatory behavior is real. The viral video of UP's CEO stands as a self-attestation of the threat of retaliation. This behavior is simply an extension of a long-standing tradition of extracting as much margin as possible from the marketplace. This point alone conflicts with the Board's criteria to enhance competition and be consistent with the public interest.

I respectfully urge the Board to deny the merger. While the suggested alternative — *to require enforceable, lasting conditions that prevent harm to shippers before it occurs and preserve the competitive options we have today* — may be tempting, the history of mergers shows that nothing of the sort has worked to date. Thank you for considering my comments.

Respectfully,



Paul Katovich - CEO
HighLine Grain Growers, Inc.
Waterville, WA

Cc: Parties of Record