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BEFORE THE
SURFACE TRANSPORTATION BOARD

Docket No. FD 36873

UNION PACIFIC CORPORATION AND UNION PACIFIC RAILROAD COMPANY

— CONTROL —

NORFOLK SOUTHERN CORPORATION AND NORFOLK SOUTHERN RAILWAY COMPANY

COMMENTS OF CORNERSTONE CHEMICAL COMPANY

Cornerstone Chemical Company ("Cornerstone") respectfully submits these comments regarding the proposed combination of Union Pacific Railroad Company ("UP") and Norfolk Southern Railway Company ("NS").

Cornerstone operates a major chemical manufacturing complex in Waggaman, Louisiana, near the New Orleans rail gateway. Rail transportation is an essential component of Cornerstone's supply chain and manufacturing operations. Cornerstone depends upon reliable and competitively priced rail service for the movement of raw materials and finished chemical products and maintains significant infrastructure and rail equipment to support those operations.

Cornerstone recognizes that the proposed UP–NS transaction may create meaningful benefits for industrial shippers. At the same time, the transaction presents significant potential risks involving rail competition, shipper negotiating leverage, local service reliability, gateway access, and network integration.

Accordingly, Cornerstone does not believe the potential benefits of the transaction should be considered independently from the protections necessary to ensure that those benefits are actually realized by rail customers. Should the Board approve the transaction, Cornerstone respectfully urges the Board to impose appropriate and enforceable conditions designed to preserve and enhance competition, protect existing gateways and routing alternatives, and ensure reliable service to industrial shippers.

I. Potential Benefits of a Combined Network

Cornerstone recognizes the potential operational advantages of creating additional single-line service between points currently requiring interchange between UP and NS.

For certain traffic moving between the Gulf Coast and destinations in the eastern United States, eliminating an interchange could potentially reduce transit time, interchange dwell, variability, and administrative complexity. Improved transit reliability could also improve railcar cycle times and reduce the number of railcars and associated inventory required to support a given level of business.

These are meaningful potential benefits for chemical manufacturers.

For industrial shippers, however, the value of a larger single-line network will ultimately depend upon whether those theoretical efficiencies translate into measurable improvements in actual service. Cornerstone therefore encourages the Board to evaluate the transaction based not only upon projected network efficiencies but upon specific, measurable commitments regarding transit time, reliability, local switching performance, railcar cycle time, and customer service.

II. Preservation and Enhancement of Rail Competition

Cornerstone's principal concern is the potential for additional Class I consolidation to further increase the imbalance in commercial negotiating leverage between railroads and individual industrial shippers.

Cornerstone has extensive experience negotiating rail transportation rates and services with UP. While Cornerstone maintains a productive working relationship with its current UP representatives, its historical experience has demonstrated the substantial commercial leverage that a Class I railroad can possess when negotiating with an industrial facility dependent upon rail transportation.

Further consolidation raises the possibility that this leverage could increase.

Cornerstone therefore believes it is important that the Board evaluate not only instances where the number of railroads directly serving a facility may decrease, but also whether the transaction could reduce practical competitive alternatives available to shippers through gateways, interchange arrangements, terminal railroads, alternative routings, transloading, or other competitive options.

Cornerstone's location near the New Orleans rail gateway provides access to an unusually diverse rail network. Connectivity through the New Orleans area, including the New Orleans Public Belt Railroad and connections with multiple Class I carriers, provides strategically important transportation alternatives.

Cornerstone strongly encourages the Board to ensure that the proposed transaction does not diminish the practical or economic viability of these alternatives.

If the transaction is approved, Cornerstone recommends that the Board require the combined railroad to preserve existing gateways and interchange opportunities and prohibit commercial or operational practices that would effectively disadvantage competitive routings through those gateways.

Where appropriate, the Board should also consider reciprocal switching, trackage rights, terminal access, or other competitive remedies where necessary to preserve or enhance meaningful rail competition.

II.A. Neutral Dispatching and Operational Control of the New Orleans Gateway

The New Orleans gateway presents a specific competitive concern beyond preservation of existing interchange rights. The New Orleans Public Belt Railroad (NOPB) owns the Huey P. Long Bridge and maintains its rail infrastructure, but dispatching authority over the bridge corridor is exercised by UP. NS dispatches the New Orleans Terminal Back Belt Line on the east side of the gateway. These distinctions between infrastructure ownership, operating rights, and dispatching authority warrant close examination.

If the proposed combination is approved without appropriate safeguards, dispatching of these two critical connecting corridors could come under the control of a single combined railroad that also competes with other carriers for traffic moving through New Orleans. Even where competing railroads retain legal access rights, the practical value of those rights depends on fair, reliable, and timely train movements, including dispatching priorities, congestion management, and access to connecting yards and interlockings.

Cornerstone does not assert that discriminatory dispatching has occurred or that existing agreements necessarily permit it. Rather, Cornerstone requests that the Board evaluate whether the transaction would create new incentives or opportunities to disadvantage competing railroads and their customers, and whether existing contractual and regulatory protections would be sufficient.

Cornerstone understands that a proposal has been advanced in this proceeding for a neutral New Orleans terminal railroad to acquire portions of the Back Belt and independently dispatch key gateway trackage. Cornerstone does not endorse a particular applicant or ownership structure at this stage. However, the proposal illustrates that structural alternatives to unified Class I dispatching deserve substantive consideration.

Cornerstone respectfully requests that, as a condition of any approval, the Board evaluate and, where justified, require independent and competitively neutral dispatching of the Huey P. Long Bridge, the New Orleans Terminal Back Belt, and associated critical gateway connections. Any arrangement should provide transparent, nondiscriminatory dispatching protocols; objective train-priority and access standards; auditable performance reporting; effective dispute-resolution and enforcement mechanisms; and protection of existing carrier and shipper rights. The Board should consider NOPB or another genuinely independent terminal operator, subject to demonstrated operational feasibility and appropriate governance safeguards.

III. Local Service Reliability Must Receive Particular Attention

While much of the discussion surrounding the proposed transaction understandably focuses on the potential benefits of a transcontinental rail network, Cornerstone believes that **first-mile and last-mile railroad service to industrial facilities deserves equal attention.**

Cornerstone performs its own switching operations within its Waggaman manufacturing complex. Cornerstone personnel operate the site's locomotives, receive inbound railcars delivered to the facility, classify and spot those cars within the plant, assemble outbound railcars, and prepare outbound cuts for interchange with UP.

UP's local service responsibility therefore primarily involves the **timely delivery of inbound railcars to Cornerstone and the timely pickup of outbound railcars prepared by Cornerstone for movement.**

Cornerstone's historical experience with this local service has been inconsistent. Examples have included scheduled or expected inbound deliveries not occurring; outbound railcars not being picked up as expected; individual outbound cars being left behind during pickup; railcars not destined for Cornerstone being delivered to the facility; and, on occasion, Cornerstone-destined railcars bypassing the local Avondale gateway, traveling significantly beyond their intended routing—including movements into Texas—before being redirected and ultimately delivered to Cornerstone.

These types of service failures create operational consequences that extend beyond simple transit delays. Delayed inbound deliveries can affect the availability of raw

materials or equipment required to support manufacturing operations. Delayed or incomplete outbound pickups can consume limited plant rail capacity, increase railcar cycle times, and delay delivery to customers. Misrouted or incorrectly delivered equipment creates additional operational work and can further reduce network and equipment efficiency.

Because Cornerstone controls its own internal switching operation, these experiences also illustrate an important distinction for the Board's consideration: **a manufacturing facility can operate its internal rail system efficiently while still experiencing significant disruption from inconsistent first-mile and last-mile Class I service.**

Cornerstone therefore encourages the Board to evaluate the proposed transaction not only based upon projected improvements in long-haul transit times and elimination of interchange between UP and NS, but also upon whether the combined railroad will provide reliable service at the local terminal and industrial-customer level.

If the transaction is approved, Cornerstone recommends that post-merger service monitoring include metrics capable of measuring this portion of the transportation chain. Appropriate measures should include, among others:

- scheduled or expected inbound deliveries versus actual deliveries;
- scheduled or expected outbound pickups versus actual pickups;
- completeness of outbound pickups, including cars left behind;
- accuracy of cars delivered to industrial facilities;
- frequency and duration of misrouted or excessively circuitous movements;
- dwell time between arrival at the serving terminal and delivery to the customer;
- dwell time between customer release and railroad pickup;
- transit time and transit-time variability; and
- loaded and empty railcar cycle time.

Where practical, these measures should be compared against pre-merger performance so that the Board and affected shippers can determine whether the transaction produces the service improvements represented by the Applicants.

For Cornerstone, the potential value of a larger single-line network will ultimately depend upon the combined railroad's ability to execute reliably at both ends of the movement. **Eliminating an interchange hundreds of miles away provides limited benefit if a railcar**

subsequently experiences excessive dwell, misrouting, or inconsistent delivery and pickup at the local level.

IV. Merger Integration and Service Assurance

Cornerstone is also concerned about the potential for temporary or prolonged service disruptions during integration of two very large railroad systems.

Integration involving operating practices, information technology systems, dispatching, terminals, yards, crews, equipment management, customer service functions, and commercial organizations presents significant complexity.

For chemical manufacturers, substantial rail service disruptions can create consequences extending beyond transportation cost. They can affect plant inventory, production schedules, railcar availability, storage capacity, customer supply, and potentially safe and efficient facility operations.

Cornerstone therefore supports rigorous Board oversight of the Applicants' Service Assurance Plan and recommends that any approval include clear contingency procedures for industrial shippers experiencing merger-related service deterioration.

Such protections should include an expedited escalation process, clearly identified customer-service and operating contacts, transparent performance reporting, and access to alternative rail service where sustained service failures occur.

V. Protection of Long-Term Manufacturing Investment

Reliable and competitive rail transportation is also important to long-term manufacturing investment.

Chemical manufacturing facilities make capital decisions over long time horizons. Cornerstone invests significant capital in rail infrastructure, railcar fleets, storage facilities, loading and unloading equipment, and other assets necessary to support rail transportation.

Cornerstone is presently evaluating additional rail infrastructure to support the future needs of its manufacturing site.

The economic value of these investments depends in substantial part upon the continued availability of reliable and reasonably competitive rail transportation.

For this reason, rail competition should not be viewed solely as a transportation procurement issue. Reliable service and competitive transportation alternatives influence manufacturers' decisions regarding plant expansions, infrastructure investment, production capability, and the location of future investment.

The Board should therefore consider whether the proposed transaction strengthens or diminishes the environment necessary to support continued investment in U.S. chemical manufacturing.

VI. Requested Conditions and Oversight

If the Board determines that the proposed transaction is in the public interest, Cornerstone respectfully recommends that approval include conditions sufficient to ensure that the transaction's claimed benefits are realized without materially reducing transportation alternatives available to industrial shippers.

At a minimum, Cornerstone encourages the Board to:

1. **Preserve major existing gateways and interchange options**, including commercially viable access through the New Orleans gateway and terminal railroad connections.
2. **Protect competitive routing alternatives** and prevent practices that would unnecessarily disadvantage traffic moving through competing Class I railroads, short lines, terminal railroads, or alternative gateways.

Require an independently administered, competitively neutral dispatching arrangement for the Huey P. Long Bridge, New Orleans Terminal Back Belt, and associated gateway connections where the Board determines that combined UP–NS control would threaten effective competition. Such an arrangement should include nondiscriminatory dispatching protocols, transparent performance metrics, independent oversight, and enforceable remedies.

3. **Establish measurable service-performance benchmarks**, including local switching performance, terminal and interchange dwell, transit reliability, and railcar cycle times.
4. **Require transparent post-merger reporting** comparing actual performance with pre-merger baselines and the service improvements represented by the Applicants.
5. **Provide expedited remedies for sustained service failures**, including access to alternative service where appropriate.

6. **Require robust merger-integration contingency plans**, particularly for chemical, energy, agricultural, and other industrial facilities where prolonged rail disruption could affect manufacturing operations or critical supply chains.
7. **Maintain meaningful Board oversight for a sufficient period following implementation** and retain the ability to impose additional conditions if anticipated benefits do not materialize or unforeseen competitive or service harms emerge.
8. **Evaluate the cumulative effect of additional Class I consolidation**, including the possibility that this transaction could encourage additional combinations and further alter the competitive structure of the North American freight rail industry.

VII. Conclusion

Cornerstone recognizes that a combined UP–NS network could create meaningful operational efficiencies and new single-line transportation opportunities. Cornerstone would welcome improvements in transit time, reliability, railcar utilization, network visibility, and accountability.

Those potential benefits, however, must be balanced against the risks associated with additional concentration in an already highly consolidated industry.

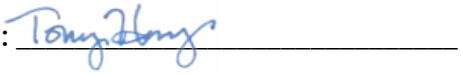
For Cornerstone, the fundamental issue is not simply the size of the combined railroad. It is whether the transaction will result in **better service, greater efficiency, and meaningful transportation alternatives for rail customers—or whether increased consolidation will instead result in greater market power without corresponding customer benefits.**

Cornerstone respectfully urges the Board to require that the Applicants demonstrate measurable shipper benefits and, if the transaction is approved, impose enforceable conditions protecting competition, gateway access, local service reliability, and alternative transportation options.

Cornerstone appreciates the opportunity to provide these comments and the Board's consideration of the interests of chemical manufacturers and other industrial rail customers.

Respectfully submitted,

CORNERSTONE CHEMICAL COMPANY

By: 

Name: Tony Henry

Title: Director, Supply Chain & Logistics

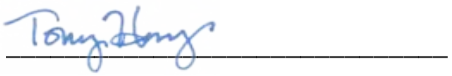
Waggaman, Louisiana

Date: November 16, 2026

CC: Parties of Record

CERTIFICATE OF SERVICE

I hereby certify that on November 16, 2026, I served a copy of the foregoing comments of Cornerstone Chemical Company in Finance Docket No. 36873 upon all Parties of Record in this proceeding by electronic mail.



Tony Henry
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Date: November 16, 2026