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BEFORE THE SURFACE TRANSPORTATION BOARD

Union Pacific Corporation and Union Pacific Railroad Company—Control—Norfolk Southern Corporation and Norfolk Southern Railway Company

Finance Docket No. 36873

JOINT COMMENTS OF THE NATIONAL ASSOCIATION OF WHEAT GROWERS AND U.S. WHEAT ASSOCIATES IN OPPOSITION TO THE PROPOSED MERGER

November 18, 2026

The National Association of Wheat Growers (NAWG) and U.S. Wheat Associates (USW) (collectively, the Associations) respectfully submit these comments opposing the proposed combination of Union Pacific Railroad (UP) and Norfolk Southern Railway (NS) in Finance Docket No. 36873. NAWG represents the policy interests of wheat growers throughout the United States, while USW works to develop, maintain, and expand international markets for U.S. wheat. Together, our organizations represent the interests of growers and the export marketing system that depends on competitive, affordable, and reliable rail transportation.

The Associations request that the Surface Transportation Board (Board) deny the revised application. The Applicants have not demonstrated, from the perspective of wheat growers, that this transaction would meaningfully enhance rail competition, broaden access to competing carriers, or result in more competitive rail rates. The potential for faster single-line movements is worth examining; it is not, by itself, proof that captive wheat customers will gain negotiating leverage, lower transportation costs, or recieve reliable alternatives when service fails.

I. Rail competition is central to wheat growers' access to domestic and export markets

Wheat is grown far from many of its major domestic milling destinations and export gateways. For wheat growers in the Northern and Central Plains, the distances to Pacific Northwest ports, Gulf export facilities, Mexico, and Eastern flour mills frequently make long-haul trucking an impractical substitute for rail service. The consequences of limited rail competition are therefore transmitted beyond the railroad's immediate customer: higher transportation charges, service delays, and less predictable car availability can weaken local grain bids, raise delivered prices, and reduce U.S. wheat's competitiveness in foreign markets.

USDA's Economic Research Service reported that rail carried approximately 50 to 60 percent of U.S. wheat exports during 2014–2019. [1] The importance of rail is even more pronounced for particular classes and trade lanes. USDA's Agricultural Marketing Service (AMS) reported that more than 90 percent of hard red winter wheat exported to Mexico in 2024 moved overland by rail. For a representative Kansas-origin wheat route to the U.S.–Mexico border in the third quarter of 2025, USDA estimated a rail cost of $41.96 per metric ton—approximately $1.14 per bushel—out of total transportation costs of $48.94 per metric ton. [2] These historical figures demonstrate materially that railroad rates and service affect wheat's delivered cost.

II. The transaction has not been shown to enhance competition for wheat movements

NAWG and USW's longstanding policy opposes additional U.S. rail mergers unless the merging parties can demonstrate increased competition that provides greater access and more competitive rail rates for wheat shipments. Our organizations also support competitive access for rail shippers, reasonable-cost reciprocal switching, secondary rail-market transparency, and effective resolution of rail rate and service disputes. [3] In 2023, both Associations publicly expressed concern that the Canada Pacific–Kansas City Southern merger would further reduce competitive options for agricultural shippers. [4] Our opposition to the present transaction reflects those consistent policy concerns, not an objection to rail investment or operational improvements as such.

The Board's major-merger framework imposes a particularly demanding public-interest standard. The 2001 Major Rail Consolidation Procedures were adopted after earlier consolidations and service failures, and require applicants to demonstrate competitive enhancements rather than merely preventing the loss of existing options. [5] The proposed UP–NS combination, the first major combination examined under those heightened procedures, must satisfy that burden with evidence of benefits for the customers who rely on the network.

UP and NS have argued that single-line service could reduce interchange friction for wheat moving from Kansas or North Dakota to flour mills and food markets in the eastern United States. USDA's February 2026 review specifically identified this claimed benefit. [6] The Associations recognize the possibility of more efficient routings. But a shorter transit plan does not answer whether a particular wheat shipper will have a second commercially viable carrier, whether an independent interchange option will remain competitive, or whether the railroad will have incentives to pass operational savings through to shippers.

Gateway access merits particular scrutiny. USDA's review described limitations in the Applicants' initial committed gateway pricing approach, including coverage restricted to certain interline moves and concerns regarding unit-train traffic and the duration of commitments. [6] The Board should examine the revised application and supplements to determine whether these concerns have in fact been cured. For wheat, the distinction matters: shuttle and unit-train operations, country-elevator access, and competitive connections between western origins and eastern destinations are fundamental—not incidental—to effective competition. General assurances that gateways will remain open on "commercially reasonable" terms should not substitute for durable, enforceable rights and transparent pricing.

III. Historical mergers demonstrate the costs of service disruption to agriculture

The wheat industry has experienced the consequences when the integration of major railroads fails. Following UP's 1996 acquisition of Southern Pacific, the 1997–1998 service crisis disrupted agricultural transportation across the western United States. The National Academies, drawing on a Government Accountability Office assessment, reported that many grain shippers waited 30 days or longer for railcars, and that Kansas-to-Gulf wheat shipments sometimes took more than 30 days—four to five times normal transit time. [7] These were real disruptions to the movement of agricultural commodities, not merely abstract concerns about network concentration.

The same National Academies review also documented rail service disruptions following the 1999 division of Conrail between CSX and NS, while acknowledging that the causes and severity differed from the UP–Southern Pacific episode. [7] We do not assert that this particular transaction would necessarily reproduce those failures. We do submit that the history places the burden squarely on Applicants to substantiate credible integration, contingency, staffing, equipment, and shipper-protection plans before the Board exposes the wheat supply chain to similar risks.

A second historical illustration is the cost of constrained rail capacity even without a merger. USDA documented grain-shuttle secondary-market bids approaching $1,300 per car in October 2022, with industry reports of bids reaching $2,500 per car during a period of rail uncertainty and service strain. [1] Those figures should not be confused with a forecast of merger-related costs; they show that agricultural shippers can face considerable additional expense when dependable rail capacity becomes scarce. Wheat buyers ultimately need grain that arrives on time, at a predictable landed price, and in the contracted quality and quantity.

V. Requested disposition

Wheat growers do not negotiate rail rates with Class I railroads. Yet, freight charges and delays reach the farm gate through the basis offered by elevators and grain merchandisers. Railroads, when left to their own devices and unchecked by either competition or regulation, may operate in ways that are uncompetitive and contrary to the public interest. Higher freight charges and operational inefficiencies that may result have impacts on the supply chain, which can undermine farmer profitability, raise domestic food prices and reduce export competitiveness. It is for these fundamental reasons that NAWG and USW oppose this merger. The existing record and past industry experience do not establish that further concentration would deliver the enhanced competition, competitive access, dependable service, and rate benefits that the wheat industry requires. America's wheat growers and their customers cannot afford a rail network with fewer meaningful choices, higher delivered costs, or uncertain service. The Board should protect competitive transportation as a vital component of domestic food supply chains and the competitiveness of U.S. wheat in global markets.

Respectfully submitted,



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Mike Spier
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U.S. Wheat Associates

References for Final Citation and Exhibit Review

Staff compilation for joint review. Check record-citation conventions and update applicants' proposal descriptions against the operative revised application before filing.

[1] USDA Economic Research Service, "U.S. Wheat Exports Depend on Rail Transportation," Sept. 13, 2023. https://www.ers.usda.gov/amber-waves/2023/september/u-s-wheat-exports-depend-on-rail-transportation

[2] USDA Agricultural Marketing Service, Grain Transportation Report, Dec. 18, 2025, pp. 4–5 (2024 Mexico HRW mode share; third-quarter 2025 Kansas wheat rail and landed costs). https://www.ams.usda.gov/sites/default/files/media/GTR12182025.pdf

[3] NAWG, 2026 Policy Book, Transportation Nos. 2–4, 6–9 (renewed Nov. 2024 or Feb. 2024). Internal NAWG policy document; verified for this draft.

[4] NAWG & U.S. Wheat Associates, "CP-KCS Merger Approval Disappoints National Wheat Organizations," Mar. 15, 2023. https://uswheat.org/cp-kcs-merger-approval-disappoints-national-wheat-organizations/

[5] STB, Major Rail Consolidation Procedures, 5 S.T.B. 539 (2001), Ex Parte No. 582 (Sub-No. 1). https://www.stb.gov/wp-content/uploads/BV-5-Sep00-Dec01-539.pdf

[6] USDA Agricultural Marketing Service, Grain Transportation Report, Feb. 12, 2026, pp. 4–6 (initial application; claimed wheat service improvements; gateway pricing). https://www.ams.usda.gov/sites/default/files/media/GTR02122026.pdf

[7] Transportation Research Board/National Academies, Freight Capacity for the 21st Century, Special Report 271 (2003), ch. 3, pp. 64–65 (citing GAO 1999). https://www.nationalacademies.org/read/10568/chapter/5

[8] NAWG, Comments on CP–KCS merger, FD 36500, Feb. 28, 2022 (precedent for NAWG's concerns about captive shippers and reciprocal switching). https://wheatworld.org/wp-content/uploads/KCS_CP_Merger_Comment_STB.pdf

[9] U.S. Wheat Associates, Comments and Request for Conditions, FD 36500, Feb. 28, 2022 (previous wheat-specific rail advocacy). https://dcms-external.s3.amazonaws.com/DCMS_External_PROD/1646157633946/304024.pdf

CERTIFICATE OF SERVICE

I hereby certify that I have caused this document to be served electronically or by first class mail, postage pre-paid, on the Secretary of Transportation, the Attorney General of the

United States, Applicants' representatives, Administrative Law Judge Jenifer Soulikias, and all parties of record in this proceeding.



Anthony Pena

November 17, 2026