JIM SHERMAN
DIRECTOR POWER SUPPLY AND STRATEGY EXECUTION

DAIRYLAND POWER COOPERATIVE

312913

ENTERED
Office of Chief Counsel
November 17, 2026
Part of
Public Record

November 17, 2026

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

Re: Dairyland Power Cooperative Concerns with UP-NS Proposed Merger

Dear Chairman and Members of the Board:

Dairyland Power Cooperative is a generation and transmission cooperative serving member cooperatives and municipal utilities across the Upper Midwest. Our responsibility is to provide safe, reliable and affordable power to our members and the rural communities they serve. Dairyland's ability to meet that responsibility depends in part on a competitive and dependable freight rail system.

Dairyland and our members rely on rail to move coal to our generating stations to support the electric grid. As electricity demand grows and our energy system evolves, reliable rail service and competitive transportation options will become even more important.

The proposed combination of Union Pacific and Norfolk Southern raises serious concerns for Dairyland because it would further consolidate an already concentrated freight rail industry. For utilities and other rail-dependent shippers, fewer competitive options can mean greater dependence on a single railroad and less ability to respond when service or commercial problems arise. For Dairyland, those risks ultimately affect fuel availability, project schedules, costs and our ability to reliably serve our members.

Fuel supply and materials
Dairyland has a diverse and evolving generation portfolio, but coal continues to play an important role in maintaining reliability, particularly during extreme weather and other periods of system stress. We depend on consistent rail service to ensure fuel is available when it is needed.

Other shippers also depend on rail to move steel, aggregates, lumber, transformers and other large equipment. Delays or disruptions in supply chains can affect projects needed to support the economy, economic development and maintain a reliable electric grid.

Greater rail concentration creates additional risk for these already critical supply chains. When utilities and other shippers have fewer competitive transportation options, they also have less flexibility to respond to service problems, reroute shipments or manage costs. For the rural communities Dairyland serves, those consequences can ultimately affect the affordability and reliability of an essential service.

Competition and market power
Dairyland's concerns about this transaction are consistent with positions our members have already taken. In Dairyland's 2025 member resolutions, we specifically supported rail competition and protection for shippers from unfair economic actions, including action by the Surface Transportation Board to prevent the exercise of market power in the rail industry.

Dairyland's concerns are also informed by firsthand experience. In particular, Dairyland has seen the impacts that rail consolidation can have on service reliability as the merged entities integrate their systems. For example, in the aftermath of the merger of the Union Pacific and Southern Pacific Railroads Dairyland, as well as other coal shippers, experienced a substantial and prolonged disruption in service that lasted approximately 18 months. This service disruption had a significant impact on our coal deliveries during that period and presented substantial challenges to our ability to serve our members.

Through its joint ownership in a facility, Dairyland has also witnessed the impact that the threat of retaliatory business practices by one of the applicants can have on business decisions and operations. That experience reinforces our concern about further consolidation and the importance of maintaining meaningful competitive alternatives for rail customers.

That experience is particularly relevant as the Board considers further consolidation of the freight rail industry. When a shipper has limited alternatives, even the threat of retaliatory action affecting critical rail service can create significant concern. Further consolidation risks increasing that imbalance by reducing the competitive options available to shippers.

Reliability and rural communities

Dairyland's members serve homes, farms, businesses and communities throughout the rural Midwest, covering Wisconsin, Minnesota, Iowa and Illinois. We are committed to safe, affordable and reliable electricity for our members.

A significant rail service disruption, embargo or prolonged slowdown could constrain fuel deliveries or delay equipment and materials needed to maintain and expand the electric system. In communities where transportation alternatives may already be limited, further reducing rail competition introduces risk that ultimately extends beyond Dairyland to the members and communities we serve.

For these reasons, Dairyland believes the proposed merger raises serious questions about competition, market power, service reliability and the long-term cost of doing business in the communities we serve. The Board should not approve further consolidation.

We respectfully urge the Board to closely scrutinize this transaction and its effects on utility shippers, rural communities and rail competition.

Thank you for your consideration.

Sincerely,



James O. Sherman, Jr
Director, Power Supply & Strategy Execution

CC: All Parties of Record

CERTIFICATE OF SERVICE

I hereby certify that on this 17th day of November, 2026, I caused copies of the foregoing to be served: (i) by email or by first-class mail, postage prepaid upon all parties of record in this proceeding; and (ii) upon the other individuals that the Board identified for service in its Decision No. 5 served on September 26, 2025.

/s/ Andrew B. Kolesar III
Andrew B. Kolesar III