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KANSAS CORN GROWERS ASSOCIATION

BEFORE THE

SURFACE TRANSPORTATION BOARD

Finance Docket No. 36873

UNION PACIFIC CORPORATION AND UNION PACIFIC RAILROAD COMPANY

—CONTROL—

NORFOLK SOUTHERN CORPORATION AND NORFOLK SOUTHERN RAILWAY COMPANY

COMMENTS OF THE NATIONAL CORN GROWERS ASSOCIATION

November 18, 2026

The Kansas Corn Growers Association ("KCGA") appreciates the opportunity to submit the following comments to the Surface Transportation board ("STB") on the proposed rail merger between the Union Pacific ("UP") and Norfolk Southern ("NS") heretofore referred to collectively as Applicants.

The KCGA represents more than 1,100 members on state and national legislative and regulatory issues and actively works with our partner organizations to maximize the voice of Kansas corn producers. As such, the KCGA fully supports the comments submitted by its national affiliate, the National Corn Growers Association ("NCGA").

Whether participating in interstate commerce, shipping ethanol to California or intrastate commerce, sending corn and distillers' grains from North Central Kansas to Southwest Kansas, corn growers have relied on a robust and reliably freight rail transportation system since nearly the founding of the state. The geographic layout of Kansas has largely been determined by the railroad as a means of moving agricultural products to markets. Many towns ceased to exist due to a lack of rail service while others physically relocated to take advantage of the opportunities provided by the railroad. Railroads move corn and corn byproducts, including ethanol, domestically and internationally every day. KCGA members depend on a reliable, efficient, economically viable and competitive rail system. Any disruption to the freight system could have a major impact on Kansas famers and the rural economy.

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In general, KCGA opposes further consolidation in the railroad industry unless it can be demonstrated that such a transaction would actively enhance competitive service, reduce shipping rates and demonstrate a positive impact on agricultural transportation costs and reliability. As it currently stands, KCGA does not believe Applicants have demonstrated this transaction meets any of those tests. As such, KCGA encourages the STB to take the comments outlined below, as well as the conditions set forth by NCGA, into consideration when reviewing this proposed rail merger.

Shipping rates and costs are amongst the highest concerns of farmers in Kansas. Increased costs are not the sole concern of shippers. Corn growers have very little control over the price they receive from their crop and possess no market power to pass higher costs on to their consumers. As such, farmers bear the largest burden of increased shipping costs.

Farmers located far from destination markets often rely on rail as the only practical way to reach those markets. As such, rail rates largely determine the net price farmers receive. Every increase in rail rates for grain production is likely to come out of farm income.

However, the negative impacts are not reserved for farmers near a terminal facility alone. Increased shipping rates usually have a trickle-down effect. Grain elevators are often the customer of other grain elevators. If a farmer delivers grain to an elevator that is not a terminal facility, and that elevator's primary customers are not end-users like ethanol plants, feedlots or other grain processing facilities, a terminal facility is often the next step in the supply chain. Increased freight costs reduce the price a terminal facility is willing and able to pay to farmers and other grain elevators farmers deliver to. A decreased price to these intermediary delivery points reduces the price they're able to pay to farmers.

The primary alternative method of grain transportation to rail in Kansas is truck. While trucks are a less efficient option for grain movement, increased rail rates may force some grain onto the highways. This increased demand ultimately leads to higher rates for truck traffic, not to mention the downstream effects of wear and tear on state and county highways.

Further, in Kansas, corn generally flows towards the Southwest corner of the state, where there are substantial cattle feeding operations and dairies, either by truck or by rail. The increased cost of shipping corn and distillers' grains to these areas of high usage compresses margins for both the end-user and the farmer. This ultimately leads to higher food costs and inflationary pressure impacting everyday consumers as well.

These costs also make U.S. corn less competitive on the world market for exports. Our transportation system must compete against alternative suppliers like Brazil, Argentina and Ukraine. When our freight costs increase, it decreases the ability of our farmers to field competitive prices to our end-users, which lowers demand, prices and farm income for growers across the country, not just those who ship by rail.

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Unfortunately, KCGA believes shipping rate increases are an inevitable outcome of the proposed merger between the UP and NS. Applicants are likely to finance the cash portion of the transaction through debt. Meanwhile, they have not demonstrated that new traffic alone will be large enough to service the debt and fund the necessary capital investments in their operating plans. Higher rates on existing traffic, especially the captive agricultural traffic, will be the likely source for funding.

Another source of concern is potential for rail service disruptions. The railroad system is a finely tuned ecosystem of interconnected components. Disruptions in service on railroad have deleterious effects on the other railroads that are not necessarily part of their business operation. Short delays can create backlogs, increase costs and undermine the fluidity of the entire system, especially the agricultural supply chain.

The UP has been particularly problematic. During the application process, the UP has imposed container surcharges and designated constrained markets due to capacity limits on its western network. The UP has also used over 1,000 embargoes to relieve congestion, more than any other railroad by a factor of ten. That record leads to serious concerns on whether the Applicants have the capacity to absorb the projected increase in new traffic without disrupting service areas in which they currently operate.

Operational delays become especially concerning when dealing with the shipment of crop inputs like fertilizer, including anhydrous ammonia, which must be moved with safety restrictions. Farmers operate under relatively strict planting and application windows, which can be threatened if delays occur. Fertilizer cost is already among the highest priorities for farmers and higher rail rates or less reliable delivery only threatens to exacerbate the issue at a time when farmers are most vulnerable.

Roughly a third of the Kansas corn crop is processed into fuel ethanol, which also produces dried distillers' grains ("DDGs"), an essential component of the cattle feeding industry. Ethanol and DDGs also heavily rely on rail traffic to reach blenders, ports and cattle feeding operations, making reliable and competitive rail service for these corn byproducts critical. Ethanol alone accounts for hundreds of thousands of rail carloads a year. The Applicants' Committed Gateway Pricing proposal originally excluded hazardous materials and unit trains from protections, which ethanol mostly relies on, leaving shippers at risk to monopoly pricing premiums and aggressive rate hikes.

Ethanol and DDGs in the state of Kansas are particularly beholden to the rail industry. While not necessarily beholden to the UP or NS, DDGs flow via rail to the Southwest corner of the state, while significant portions of Kansas ethanol production moves to California or Canada. New ethanol purchase agreements between the U.S. and Mexico will only increase the amount of Kansas ethanol transported by rail as Kansas has several direct railroad lines into Mexico.

Any disruption to the flow of ethanol due to Committed Gateway Pricing will have ripple effects through the entire system, which will be particularly felt in Kansas. As such, KCGA shares the concerns

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regarding Committed Gateway Pricing and movement of ethanol as outlined in the NCGA comments under Section IV. Corn Products: Ethanol & Distiller Grains.

A further third of Kansas corn production, as well a significant portion of Kansas ethanol production, goes into the export markets. Rail carries corn from the Midwest to export terminals in the Pacific Northwest, to inland waterway terminals on the Mississippi and Illinois Rivers for barge shipment to the Gulf, and, for Kansas, directly into the heart of Mexico. Each of these corridors runs through, or depends on, gateways where the UP and NS now interchange with other carriers. If the merger were to be approved, the combined railroad would threaten the competitive nature of each of those transportation arteries. Lack of competition has historically led to higher rail rates and slower turn speeds at congested gateways, which can ultimately impact whether a sale goes to a U.S. farmer or one of our foreign competitors.

The above issues are compounded in the current agricultural economy where corn growers are operating on low commodity prices, high input costs and difficult margins. Disruptions in the transportation sector leads to drains on economic activity from rural communities. Even modest increases in transportation costs or declines in reliability would cause irreparable economic harm to growers.

The KCGA does not support the proposed merger between the UP and NS. Applicants have not demonstrated that it would actively enhance competitive service, reduce shipping rates and demonstrate a positive impact on agricultural transportation costs and reliability. Should the STB approve the transaction despite the above concerns, KCGA encourages the board to not do so on the Applicants' terms alone.

Kansas Corn fully supports the conditions outlined by the NCGA. These conditions include:

- Requiring Applicants to meet published, enforceable service standards for grain, corn product and fertilizer traffic;
- Requiring Committed Gateway Pricing to cover grain, corn products including ethanol and distillers' grains, and fertilizer without expiration;
- And provide a meaningful remedy if Applicants' promised benefits fail to materialize.

The KCGA appreciates the opportunity to provide comment on the proposed transaction. However, the KCGA does not support approval by the STB. Corn growers have no feasible alternative to the freight rail system, while farmers have historically borne the brunt of increased costs caused by continued consolidation. The KCGA reserves the right to participate further in this proceeding, including through reply comments and at any public hearing. We thank you for the opportunity to provide comments to the STB on the proposed rail merger acquisition between NS and UP.

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KANSAS CORN GROWERS ASSOCIATION

Sincerely,



Taylor Williamson
Director of Policy and Economics
Kansas Corn Growers Association

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.

Respectfully submitted,

X 

Taylor Williamson
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Kansas Corn Growers Association

CC: Parties of Record

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