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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 National Corn Growers Association ("NCGA") appreciates the opportunity to submit the following comments to the Surface Transportation Board ("STB" or "the Board") on the proposed rail merger between Union Pacific (UP) and Norfolk Southern (NS).

Established in 1957, NCGA represents nearly 36,000 dues-paying corn growers in 48 states, and the interests of more than 500,000 farmers who contribute through corn checkoff programs in their states. NCGA and its affiliated associations in 27 states work together to help protect and advance corn growers' interests. For nearly two centuries, freight rail has been essential in moving US corn, bridging the gap between farms and market opportunities. Railroads move corn and corn byproducts, including ethanol, domestically and internationally every day. Thus, NCGA's membership relies on reliable, efficient, economical, and competitive rail systems. Any disruptions to the freight system could have a major impact on Americas famers and the rural economy.

As a general position, NCGA will only support transportation industry consolidation when such transactions are structured to enhance competitive service, protect shipping rates and routing options, and demonstrate no net negative impact on agricultural transportation costs or reliability. On the current record, applicants have not demonstrated that this transaction meets those tests. In conducting its review, NCGA encourages the STB to take the comments outlined below into consideration when reviewing this proposed rail merger.

I. Competition & Rates

Whether moving grain to market, delivering fertilizer, or shipping products across the country and beyond, the agricultural supply chain relies heavily on competitive freight railroads. Farmers and grain handlers are operating on razor-thin margins and often depend on rail as the most cost-effective means of getting their product to market. NCGA is concerned that consolidation at the scale proposed in this merger will decrease competition and raise freight rates.

According to internal analysis conducted by NCGA, applicants will finance the cash portion of the transaction, estimated at $15 to $20 billion, largely with debt. They have not demonstrated that new traffic alone can service that debt and fund the necessary initial capital investment their operating plan requires. If it cannot, the likely source of the difference is higher rates on existing traffic, especially captive agricultural traffic. Grain shippers are already exposed to this risk: USDA's Agricultural Marketing Service has reported that rail rate indices for grain have risen faster than those for other commodity groups[1].

Many grain elevators and ethanol plants are currently served by only one railroad, and this transaction would reduce the remaining options for others. A shipper served by only one railroad has nowhere else to take its business, and a larger rail provider carrying new debt from an expensive merger activity would have both the incentive and the ability to raise rates. Many studies that focused on the impact mergers have on rail rates found that rates are generally lower in regions with more competition as multiple rail lines compete for business[2]. The applicants have identified AgRail, LLC in Bloomington, Illinois as a grain facility that would go from two serving railroads to one, along with agricultural facilities in Danville, Illinois and Des Moines, Iowa that would go from three to two. These are all very grain-dense areas. When elevators, ethanol plants, and other agricultural shippers have fewer rail options, the railroad that serves them can raise rates without consequence.

These increased costs are not borne by shippers. Corn growers are price takers, not price makers: they have little control over the price they receive for their crop and no market power to pass higher costs to their customers, so they are forced to absorb them. For growers located far from their destination markets, with no other cost-effective transportation alternative, rail is the only practical way to reach those markets, and the rail rate largely determines the net price they receive. Every increase in rail rates for grain production is likely to come directly out of farm income. Ensuring that competition is enhanced and not decreased is of utmost priority for corn growers across the country.

The effect is direct and measurable. A grain train carries roughly 3,500 bushels of corn, thus the $225-per-car increase Union Pacific (UP) has announced on corn tariff rates for the

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[1]Surface Transportation Board, Office of Economics, Annual Rail Rate Index Study: 1985–2022, at 3, fig. 4.1 (June 5, 2024).

[2]Park, J.J., Babcock, M.W., Lemke, K. and Weisman, D.L. (2001), Simulating the Effects of Railroad Mergers. Southern Economic Journal, 67: 938-953. https://doi.org/10.1002/j.2325-8012.2001.tb00382.x

2026 crop works out to more than 6 cents per bushel[3]. That cost is passed back through the local bid to every grower who sells to a rail-served elevator. In an example of corn trading for around $4.50 per bushel with growers needing 185 bushels of corn to buy one ton of urea, a few cents per bushel could be the difference between a profit and a loss[4]. Over time, higher freight costs also make U.S. corn less competitive against alternative suppliers from Brazil, Argentina, and Ukraine, lowering demand and prices for growers across the country, not only for those who ship by rail.

II. Service Reliability & Quality

With fewer competing rail providers, the quality of service available to agricultural shippers must be protected. UP and NS use different operating models, and no previous Class I merger has been integrated without significant service disruption. Any disruptions to the freight system, whether caused by operational misalignments, infrastructure closures, or labor shortages, can cause immediate risks to U.S. farmers. It is imperative that we emphasize the importance of avoiding all rail service disruptions, as even short delays can create backlogs, increase costs, and undermine the fluidity and reliability of agricultural supply chains.

UP's recent performance gives reason for concern. While this application has been pending, UP has imposed container surcharges and designated constrained markets because of capacity limits on its western network. In 2022, the Board ordered a public hearing and spent months addressing UP's use of over 1000 embargoes to relieve congestion on its network, with ten times as many embargoes as any other railroad[5]. That record bears directly on whether Applicants have the ability to absorb the new traffic they project without disrupting service to the shippers they currently serve.

Beyond the differences in their operational models, the two networks also serve the agriculture sector very differently. Freight trains carrying corn in the Western U.S. generally run more than 100 cars, while the majority of corn trains terminating in the East run fewer than 100 cars, because Eastern feed mills, processors, and elevators were built for 65- to 85-car trains. A combined network that favors the largest train sizes would disadvantage Eastern receivers and smaller shippers. These effects will be felt most where the two railroads overlap. UP and NS both operate in 10 of the Board's Business Economic Areas, concentrated in Illinois, Iowa, Missouri, and Louisiana, which together hold roughly over a billion bushels of export-ready corn

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[3]Press Release, Surface Transp. Bd., STB Issues Findings on Union Pacific Embargoes (Apr. 17, 2024), https://www.stb.gov/news-communications/latest-news/pr-24-17/.

[4]Krista Swanson, *Future Fertilizer Fears: Farmers Say Fertilizer Risk Intensifies in 2027*, Nat'l Corn Growers Ass'n (Apr. 8, 2026), https://www.ncga.com/stay-informed/media/the-corn-economy/article/2026/04/future-fertilizer-fears-farmers-say-fertilizer-risk-intensifies-in-2027.

[5]Nat'l Corn Growers Ass'n, Ethanol, https://www.ncga.com/key-issues/current-priorities/ethanol (last visited Oct. 23, 2026).

III. Impact on Agricultural Inputs

Corn growers rely on rail not only to move their crop to market, but also to receive the fertilizer and other critical inputs required for production. Fertilizer moves inbound to the same regions that grain moves out of, often under tight seasonal windows. According to an internal analysis conducted by NCGA, railroads move an average of about 187,000 carloads of fertilizer per year, from domestic production centers such as Florida and Wyoming and from imports, to roughly 95 destination markets across the country. Fertilizer is one of the few rail commodities that is increasing its carloads. The same analysis found that from 2018 through 2025 carloads rose about 0.7% a year, while total rail carloads fell about 0.9% a year. These are long movements, averaging about 970 miles to Western destinations and 800 miles or less to Eastern ones. Most fertilizer delivered by rail to the Eastern U.S. moves in smaller trains, the kind of traffic a Class I carrier focused on running the longest possible trains is most likely to deprioritize.

Delays in fertilizer logistics, including anhydrous ammonia, which must be moved with safety restrictions, can cost growers a planting or application window. Fertilizer is already one of corn growers' most pressing costs. According to NCGA's study on future fertilizer risks, growers experienced record fertilizer costs in 2025, needing a record 185 bushels of corn to buy one ton of urea with 90% of farmers surveyed reporting higher nitrogen prices at their local retailers[4]. Higher rail rates or less reliable delivery would add to this existing strain at a time when growers can least absorb it. The STB should treat reliable service for these inputs as an essential service to both producers and for domestic economic security.

IV. Corn Byproducts: Ethanol & Distiller Grains

Each year roughly 30-35% of field corn goes into fuel ethanol which is the second-largest market for U.S. corn[6]. That production also generates over 37 million tons of dried distillers' grains (DDGs), a critical livestock feed ingredient sold domestically and exported abroad[7]. Because ethanol and DDGs rely heavily on rail to reach blenders and ports, maintaining reliable, competitive rail service for ethanol is critical to the value of every bushel sold into that market. 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 mainly relies on, leaving shippers at risk to monopoly pricing premiums and aggressive rate hikes.

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[4]Krista Swanson, *Future Fertilizer Fears: Farmers Say Fertilizer Risk Intensifies in 2027*, Nat'l Corn Growers Ass'n (Apr. 8, 2026), https://www.ncga.com/stay-informed/media/the-corn-economy/article/2026/04/future-fertilizer-fears-farmers-say-fertilizer-risk-intensifies-in-2027.

[6]Nat'l Corn Growers Ass'n, Ethanol, https://www.ncga.com/key-issues/current-priorities/ethanol (last visited Oct. 23, 2026).

[7]Krista Swanson, Extracting More from Each Bushel: Corn in Fuel & Feed Use, Nat'l Corn Growers Ass'n (Dec. 3, 2025), https://ncga.com/stay-informed/media/the-corn-economy/article/2025/12/extracting-more-from-each-bushel-corn-in-fuel-and-feed-use.

In their July 27 supplemental filing, Applicants extended Committed Gateway Pricing to agricultural and other bulk unit-train customers[8]. While it is a step in the right direction, the filing still falls short in three respects. First, Applicants have not made it clear whether ethanol or distillers grains qualify as agricultural bulk traffic, or whether export movements are included. Second, the program specifically only applies to cross country traffic interchanged with Burlington Northern Santa Fe Railway (BNSF) or CSX Transportation at the four mid-continent gateways, and excludes shippers served by Canadian National Railway (CN) or Canadian Pacific Kansas City (CPKC), leaving many ethanol plants and corn processors outside its reach. Third, Committed Gateway Pricing is set to expire when the oversight period ends, even though the loss of competition it is meant to offset would be permanent. NCGA is appreciative of the Applicants' July decision to extend Committed Gateway Pricing to agricultural unit trains but asks the Board to confirm that ethanol and distillers' grains, including export movements, are covered as well.

V. Exports & Maintaining U.S. Transportation Advantage

U.S. corn competes with Brazil, Argentina, and Ukraine for export markets often by narrow margins, so maintaining an efficient, low-cost transportation system is extremely important in holding a competitive advantage in global markets. Roughly 78% of all U.S. corn exports are processed through the Port of New Orleans, much of it gathered by rail and barge through St. Louis[9]. The Terminal Railroad Association (TRRA) of St. Louis and the Kansas City Terminal (KCT) Railway are critical neutral gateways for that trade serving as the highest density agricultural export regions on the inland waterway system. Short line railroads also connect many country elevators to the Class I network. Any change that weakens these gateways or the short lines' access to multiple carriers will directly raise costs for both imports and exports.

U.S. corn reaches global markets through several rail corridors. Unit trains carry corn from the Midwest to export terminals in the Pacific Northwest. Rail moves corn directly into Mexico, the largest buyer of U.S. corn. In the heart of the Corn Belt, rail delivers grain to inland waterway terminals on the Mississippi and Illinois Rivers for barge shipment to Gulf export elevators. The St. Louis area alone, served by TRRA, hosts river terminals operated by Archer Daniels Midland (ADM), Bunge, Cargill, Consolidated Grain and Barge Company (CGB), CHS Inc., and Louis Dreyfus. Each of these corridors run through, or depend on, gateways where UP and NS now interchange with other carriers. Today those interchanges give shippers a choice, with competition between UP, NS, and other railroads. If the merger were to be approved, the combined railroad would have control on both sides of many of these connections and would

[8]Union Pac. R.R., Customer Notice CN2026-20, More Competition, More Access, More Accountability for You (July 28, 2026), https://www.up.com/announcements/customer-news/2026/CN2026-20.
[9]John Reidy, New Orleans Leads Global Grain Ports, World-Grain.com (May 2, 2024), https://www.world-grain.com/articles/19939-new-orleans-leads-global-grain-ports.

have every incentive to keep traffic on its own lines, even when another carrier offers a better rate or faster service. These shippers would lose rate and service leverage and the cost of reaching export markets would rise.

A higher rail rate or a slower turn at a congested gateway can decide whether a sale goes to a U.S. or a foreign supplier. The same corridors also bring imported fertilizer inland to growers. NCGA therefore asks the Board to ensure that the divestiture of NS's interests in TRRA and KCT preserves those terminals' neutrality, that the Chicago, St. Louis, Memphis, and New Orleans gateways remain open on commercially reasonable terms, and that short lines keep access to more than one Class I carrier if approved.

VI. Impacts on the Farm Economy & Downstream Consolidation

Corn growers are currently operating on very thin or negative margins. Disruptions in transportation reduce effective capacity. Reduced capacity raises freight rates, and higher freight rates come back to farmers as weaker basis: a wider gap between the local cash price they receive and the futures price, driven largely by what it costs to move grain to market. Over time, those costs shift competitiveness to other origins and drain economic activity from rural communities. Even modest increases in transportation costs or declines in reliability would cause irreparable economic harm to growers.

A Farm Journal survey of more than 1,200 growers commissioned by NCGA and the American Soybean Association (ASA), shows that "nearly two-thirds of growers are moderately or very concerned about the farm economy, and 46% are more concerned about their farm financial situation than they were a year ago"[10]. The survey also found that only 41% of corn growers expect their crop to be even marginally profitable[10]. In this environment, a transaction that raises freight costs or weakens service would come at the worst possible time. The harm would not be confined to individual farms. When basis weakens across a region, it lowers farm income, land values, and the spending that supports rural economies.

Approval of this transaction is likely to prompt further consolidation among the remaining Class I carriers. Applicants' own July 27 filing estimates that a BNSF–CSX combination would leave 18 shippers going from two serving railroads to one and 39 facilities going from three to two[8]. The Board should consider these cumulative effects now. It should also ensure that any conditions it imposes here remain effective if another major merger follows.

The Board has already recognized this risk. In accepting the revised application, it observed that "it is increasingly difficult to remedy certain competitive harms directly and proportionately" as the industry consolidates, and it directed Applicants to address whether a later merger

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[8]Union Pac. R.R., Customer Notice CN2026-20, More Competition, More Access, More Accountability for You (July 28, 2026), https://www.up.com/announcements/customer-news/2026/CN2026-20.

[10]Am.Soybean Ass'n & Nat'l Corn Growers Ass'n, Financial Pressure Persists Across Corn and Soybean Farms (Sept. 22, 2026), https://www.ncga.com/stay-informed/media/the-corn-economy/article/2026/09/financial-pressure-persists-across-corn-and-soybean-farms.

involving BNSF, CSX, CN, or CPKC would make the conditions proposed here less effective[11]. Further consolidation would leave U.S. shippers with two transcontinental railroads. The regulatory framework the Board administers was built for an industry with many Class I carriers, not for two highly profitable systems that together control most of the nation's rail traffic. Farmers, with no comparative alternative to rail, would have the most to lose. NCGA urges the Board to weigh this transaction as the likely first step toward that outcome, not as isolated consolidation.

VII. Conditions NCGA Asks If the Board Approves this Application

NCGA does not support the proposed transaction as currently structured. On the present record, Applicants have not shown that it would enhance competitive service, protect shipping rates and routing options, serve the public interest, or avoid a net negative impact on agricultural transportation costs and reliability. Should the Board nonetheless approve the transaction, it must not do so on Applicants' terms alone. NCGA urges the Board to impose, at a minimum, the following conditions, each of which must be specific to agricultural traffic, measurable, and enforceable.

First, to enhance competitive service, Applicants should be required to meet published, enforceable service standards for grain, corn product, and fertilizer traffic. Those standards should cover on-time arrival, transit time, first- and last-mile performance, and car supply for shuttle and dedicated equipment, with a prompt arbitration remedy when Applicants fall short. NCGA supports Applicants proposed expedited reciprocal switching triggers of 70% of the original estimated time of arrival and 85% spot-and-pull performance, but switching ordered under that process should last longer than the six months Applicants propose.

Second, to protect shipping rates and routing options, Committed Gateway Pricing should cover grain, corn products including ethanol and distillers' grains, and fertilizer, in both unit-train and manifest service, and it should not expire when the oversight period ends. Rates for corn, ethanol and other corn products, and fertilizer should be held at 2026 levels, or allowed to rise no faster than inflation, for the duration of oversight. Agricultural shippers served by a single railroad already have no choice but to pay the rate they are offered. The cost of this transaction must not be passed on to captive shippers who have nowhere else to go.

Third, to ensure no net negative impact on agricultural costs and reliability, shippers must have a meaningful remedy if Applicants' promised benefits fail to materialize. The proposed $2 million cap on service damage per incident is inadequate for large agricultural shippers and should be raised. Applicants must report agricultural service, car supply, and rate data to the Board throughout oversight, and the Board's agricultural advisory bodies should have the opportunity to review those reports. Finally, these conditions must remain in force if another

[11] *Union Pac. Corp.—Control—Norfolk S. Corp.*, Docket No. FD 36873 (Decision No. 21), 91 Fed. Reg. 32,171 (May 29, 2026).

Class I merger is proposed. The Board itself has asked whether a later merger involving BNSF, CSXT, CN, or CPKC would make the conditions proposed here less effective. NCGA asks the Board to answer that question now, so that the protections it grants today are not undone by the next transaction.

Taken together, these conditions are reasonable, measured steps that reflect the standard set by the 2001 rules. They would give agricultural shippers confidence that the benefits Applicants promise will be shared, and that the risks will not fall on them alone.

VIII. Conclusion

U.S. corn growers rely on the railroad system and want to emphasize the importance of keeping these systems intact, affordable, and efficient. It is important to note that rail is not a convenience for corn growers, rather, it is essential in how their crop reaches feed mills, ethanol plants, and export terminals, and how the fertilizer for next year's crop reaches their fields. Because corn growers are price takers, every added dollar in freight costs and every hour of delay comes out of the price they receive, ultimately deteriorating on-farm basis and the economic health of rural communities. The Board's decision in this proceeding will shape the cost and reliability of that service for decades.

The 2001 rules require Applicants to show that this transaction would enhance competition and deliver public benefits that outweigh its harms[12]. For corn growers, Applicants have not made that showing. Their central public benefit, diverting truck traffic to rail, does little for commodities that already utilize rail to move their products. Their proposals leave captive shippers exposed to higher rates, place Eastern and smaller shippers behind higher volume traffic, and would leave the industry one step from a Class I duopoly.

For these reasons, NCGA opposes the transaction as proposed. Corn growers have no feasible alternative to the freight rail system and farmers should not bear the cost of a transaction designed only to benefit more profitable industries. NCGA 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 Surface Transportation Board on the proposed rail merger acquisition between Norfolk Southern and Union Pacific.

Sincerely,



Matt Frostic
President
National Corn Growers Association

[12] *Major Rail Consolidation Procedures*, 66 Fed. Reg. 32,582 (June 15, 2001) (codified at 49 C.F.R. pt. 1180).

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,



Abigail Meier
Manager, Public Policy & Regulatory Affairs
National Corn Growers Association

CC: Parties of Record