NCRR-2

BEFORE THE
SURFACE TRANSPORTATION BOARD

312985

ENTERED
Office of Chief Counsel
November 18, 2026
Part of
Public Record

FD 36873

UNION PACIFIC CORPORATION AND UNION PACIFIC RAILROAD COMPANY
—CONTROL—
NORFOLK SOUTHERN CORPORATION AND NORFOLK SOUTHERN
RAILWAY COMPANY

COMMENTS AND REQUEST FOR CONDITIONS OF THE NORTH CAROLINA RAILROAD COMPANY

Robert A. Wimbish
Fletcher & Sippel LLC
29 North Wacker Drive, Suite 800
Chicago, Illinois 60606-3208
rwimbish@fletcher-sippel.com
(312) 252-1500

ATTORNEY FOR NORTH CAROLINA RAILROAD COMPANY

Dated: November 18, 2026

BEFORE THE
SURFACE TRANSPORTATION BOARD

FD 36873

UNION PACIFIC CORPORATION AND UNION PACIFIC RAILROAD COMPANY
—CONTROL—
NORFOLK SOUTHERN CORPORATION AND NORFOLK SOUTHERN
RAILWAY COMPANY

COMMENTS AND REQUEST FOR CONDITIONS OF THE
NORTH CAROLINA RAILROAD COMPANY

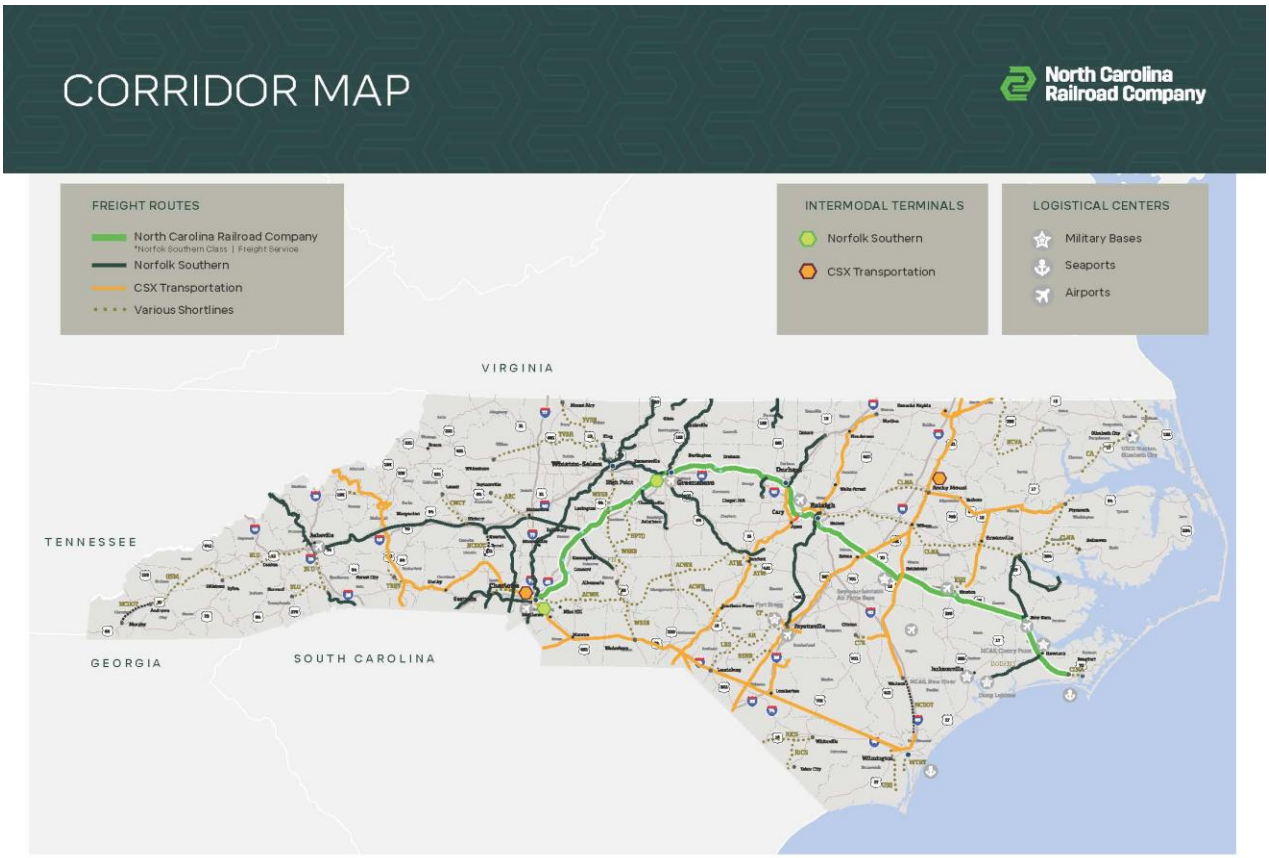
INTRODUCTION AND SUMMARY OF POSITION

The North Carolina Railroad Company ("NCRR") submits these comments and requests for protective conditions in response to the application filed by Union Pacific Corporation ("UP") seeking Surface Transportation Board ("Board") authorization under 49 U.S.C. §§ 11321–11326 to acquire control of Norfolk Southern Corporation and its rail carrier subsidiaries, including Norfolk Southern Railway Company ("NS") (collectively, the "Applicants").

NCRR holds a unique, indispensable position within the national freight and passenger network—and specifically within the eastern footprint of the proposed UP/NS system. Chartered in 1849, NCRR is a private corporation whose voting stock is wholly owned by the State of North Carolina. NCRR owns the vital 317-mile corridor extending from Charlotte, through the Piedmont Triad

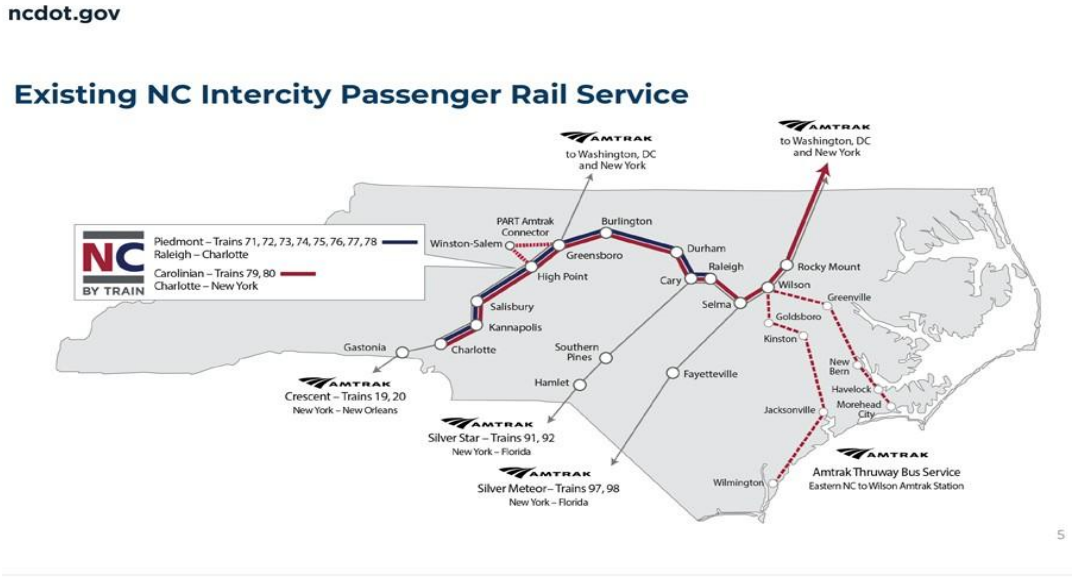
(Greensboro/High Point/Winston-Salem) and the Research Triangle (Raleigh/ Durham/Cary), to the deepwater Port of Morehead City on the Atlantic coast.

Map 1: North Carolina Railroad Map



Pursuant to a long-term exclusive freight Trackage Rights Agreement ("TRA") executed in 1999 (and subsequently extended), NS operates and maintains the entirety of the NCRR corridor, which also hosts North Carolina's rapidly expanding intercity passenger rail service in partnership with the North Carolina Department of Transportation ("NCDOT") and Amtrak.

Map 2: North Carolina Intercity Passenger Rail Service



The proposed combination of UP and NS would result in historic changes to the nation's freight rail network. NCRR recognizes the potential macroeconomic benefits of an integrated transcontinental rail network and supports some of the overarching concepts of the UP/NS transaction—including its stated objectives of diverting highway truck volumes to rail and creating new single-line market lanes for North Carolina shippers. However, NCRR is concerned about the structural risks of a consolidation of this magnitude.

A careful review of the Applicants' operating plan reveals a troubling geographic disparity across NCRR's infrastructure—a veritable "tale of two railroads." While the Applicants project robust intermodal volume growth over the western portion of the NCRR corridor between Charlotte and Greensboro (which forms the lifeblood of NS's New Jersey-to-Atlanta main line), the Application pays

virtually no discernible attention to local freight service, infrastructure investment, or port connectivity across the eastern two-thirds of the NCRR corridor between Greensboro, Durham, Raleigh, Goldsboro, and the Port of Morehead City.

NCRR's eastern corridor also serves the bulk of North Carolina's critical agriculture sector. North Carolina's livestock industry, including poultry, pork, and dairy, accounts for 74 percent of the state's farm cash receipts, and is heavily concentrated in the eastern half of the state. These sectors depend upon rail for feed grain and feed ingredient delivery, and any disruption to feed shipments significantly risks production, animal welfare, and the economy.

North Carolina is one of the fastest-growing economic engines in the United States, consistently ranked among the top states in the nation for business. It must be treated by the combined UP/NS network as a premier origin, destination, and industrial growth market—not merely as a high-speed pass-through conduit for freight moving between external metropolitan markets. To ensure that this transaction satisfies the statutory mandate of 49 U.S.C. § 11324(b)(1) to preserve the "adequacy of transportation to the public" and fulfills the pro-competitive requirements of the Board's 2001 Major Rail Consolidation Rules (49 C.F.R. part 1180), NCRR respectfully requests that any Board approval of the proposed transaction be expressly conditioned upon the targeted commercial, operational, and governance protections set forth herein.

IDENTITY AND INTEREST OF THE NORTH CAROLINA RAILROAD COMPANY

A. Infrastructure, Governance, and the NCRR–NS Partnership

For more than 175 years, NCRR has served as the foundational spine of North Carolina's transportation economy. Wholly owned by the State of North Carolina since the State completed its buyout of private minority shareholders in 1998, NCRR operates as a self-sustaining business enterprise charged with a public-interest mission: to manage, improve, and protect NCRR's rail properties in a manner that enhances both freight and passenger rail service while driving statewide economic development.

Under the above-referenced landmark 1999 TRA, NS holds exclusive freight operating rights over the 317-mile NCRR corridor and bears contractual responsibility for maintaining the track and signal infrastructure to rigorous operational standards. NCRR understands, and would expect, that NS's contractual responsibility under the terms of the TRA would continue under any proposed railroad consolidation transaction involving NS.

Rather than passively collecting lease revenues, NCRR actively reinvests its capital directly back into the corridor and across the State's broader rail network. Through a unique tripartite relationship among NCRR, NS, and NCDOT, hundreds of millions of public and private dollars have been deployed to construct double-track segments, lengthen passing sidings, eliminate grade crossings, upgrade bridges, and modernize signaling across the corridor.

B. Economic Development, Ports, and National Defense

NCRR functions as North Carolina's premier agent for rail-driven economic development, investing in lead tracks, industrial spurs, and mega site readiness both along the 317-mile corridor and across the state as a whole. As North Carolina experiences surging investment in advanced manufacturing, automotive assembly, life sciences, clean energy, agriculture, and logistics, NCRR works hand-in-hand with local communities and industrial prospects to anchor new carload and intermodal business to the rail network.

Furthermore, the NCRR corridor is an indispensable strategic asset for international trade and national defense:

- **Port Connectivity:** The eastern terminus of the NCRR line provides direct, on-dock rail access to the Port of Morehead City, a vital deepwater gateway handling bulk, breakbulk, agricultural, and project cargo.
- **Military Readiness and Strategic Mobility:** North Carolina houses one of the largest concentrations of military personnel and installations in the nation. While certain installations in the state are served by CSX Transportation, the NCRR corridor and its connecting NS lines provide essential freight rail connectivity supporting critical Department of Defense installations in Eastern North Carolina, specifically Marine Corps Base Camp Lejeune (historically supported via the Camp Lejeune Railroad connection at Havelock) and Seymour Johnson Air Force Base in Goldsboro. Maintaining robust track capacity, equipment availability, and local switching reliability along the eastern segment of the NCRR is not merely a commercial priority; it is a matter of strategic national defense readiness.

IMPACT OF THE MERGER ON NCRR AND NORTH CAROLINA: A "TALE OF TWO RAILROADS"

Under 49 C.F.R. § 1180.1(c)(2)(ii), the Board must weigh whether a proposed consolidation poses potential harm to "essential services." Looking solely

at the Applicants' system-wide projections obscures a profound operational bifurcation across the 317-mile NCRR property:

A. The Western Segment (Charlotte to Greensboro): High-Density Mainline Pressures

Between Charlotte and Greensboro (via Salisbury), the NCRR corridor serves as the core of the NS Piedmont Division main line linking Washington, D.C., and the Northeast with Atlanta and the Southeast. The Applicants project significant intermodal and through-freight growth along this segment as traffic from UP's western network is routed into the Southeast. While NCRR welcomes freight growth, packing additional long-haul intermodal trains onto this segment without commensurate capital investment threatens to strain corridor capacity, interfere with local industry switching jobs, and degrade the on-time performance of state-supported intercity passenger trains (*Carolinian* and *Piedmont* services) that share the infrastructure.

B. The Eastern Segment (Greensboro to Morehead City): The Threat of Operational Neglect

East of Greensboro—through Burlington, Durham, Raleigh, Selma, Goldsboro, Kinston, New Bern, and Morehead City—the Applicants' operating plan is conspicuously silent. There is no discernible operational commitment to expanding local carload service, enhancing transit times, or growing volume into and out of Eastern North Carolina or the Port of Morehead City. History teaches that when Class I carriers integrate networks of this scale and pursue aggressive operating-ratio targets, lower-density regional corridors and branch lines are

frequently subjected to reduced local switching frequencies, equipment starvation, and deferred capital focus. NCRR cannot permit the eastern two-thirds of the State's flagship rail corridor to be treated as an operational afterthought while the western third is utilized primarily as a main-line bridge for overhead traffic—the proposed transaction's evident intermodal traffic "low-hanging fruit."

REQUESTED CONDITIONS TO PROTECT THE PUBLIC INTEREST IN NORTH CAROLINA

To ensure that the combined UP/NS system delivers tangible public benefits to North Carolina shippers, passengers, ports, and communities—and respects NCRR's rights as corridor owner—NCRR urges the Board to condition any approval of the transaction upon the following specific requirements:

A. Protecting North Carolina Shippers and Preserving Competitive Access

1. Local Freight Service Assurance

The Board must mandate a binding service baseline requiring the post-transaction UP/NS to maintain, at a minimum, NS's current local freight switching frequencies, train schedules, and service levels across all segments of the NCRR corridor and throughout North Carolina for at least the entirety of the Board's post-merger oversight period. Any proposed reduction in local service frequency should require prior consultation with NCRR and formal authorization from the Board.

2. Freeze on Minimum Unit Train Sizes for Agricultural Shippers

North Carolina's massive poultry, pork, and livestock industries rely heavily on inbound unit trains of grain and feed ingredients originating in the Midwest, many of which terminate along the eastern portion of the NCRR corridor. In recent years, Class I carriers employing Precision Scheduled Railroading ("PSR") have unilaterally increased minimum car-count requirements for unit trains, forcing local agricultural receivers either to pay punitive single-car/manifest rates or to spend millions of dollars in uncompensated capital expanding their private unloading tracks. The Board must impose a strict freeze on minimum unit train car-count requirements for North Carolina agricultural shippers at pre-transaction levels, ensuring that the merged carrier does not manufacture false mainline "efficiencies" by shifting infrastructure costs onto North Carolina farmers and agribusinesses.

3. Meaningful Expansion of the Applicants' Commercial Remedies (Targeted Access, Committed Gateway Pricing, and Rate Dispute Resolution)

In their application and supplemental filings, the Applicants have proposed voluntary commercial frameworks—including a Targeted Access program, Committed Gateway Pricing ("CGP"), and a Rate Dispute Resolution mechanism—purportedly to mitigate competitive harm. As currently structured, however, these programs contain fatal exclusions that render them largely illusory for North Carolina shippers. The Board must modify and expand these programs as mandatory conditions of approval:

- ***Inclusion of Contracted Traffic:*** All three programs—Targeted Access, CGP, and Rate Dispute Resolution—must be expanded to cover traffic moving under private rail transportation contracts (49 U.S.C. § 10709) as those contracts expire or come up for renewal. Because the overwhelming majority of carload and agricultural traffic in North Carolina moves under contract rather than public tariff, excluding contracted business strips these remedies of any practical utility.

- ***Inclusion of Unit Trains in Targeted Access:*** The Targeted Access program must be expanded to explicitly include unit train movements, which are vital to North Carolina's agricultural, energy, and bulk commodity sectors.

- ***Expansion of Committed Gateway Pricing (CGP) to CN and CPKC Gateways:*** To prevent vertical foreclosure and preserve competitive multi-line routing for North Carolina shippers sourcing grain, fertilizer, lumber, and industrial inputs from the Upper Midwest and Canada, the CGP program must be expanded to include interline gateways with Canadian National ("CN") and Canadian Pacific Kansas City ("CPKC").

B. Supporting North Carolina Intercity Passenger Rail Service

The NCRR corridor is the backbone of North Carolina's nationally recognized intercity passenger rail program, hosting multiple daily frequencies of the state-supported *Piedmont* and *Carolinian* services between Charlotte and Raleigh (and points north). The State of North Carolina, NCDOT, and NCRR have invested heavily in corridor capacity to support both existing passenger frequencies and planned expansions—including higher-frequency intercity service, the S-Line corridor integration, and regional commuter initiatives.

NCRR fully supports and incorporates by reference the comments and protective requests submitted in this docket by NCDOT regarding passenger rail

operations. As a condition of merger approval, the Board must require the merged UP/NS to:

- Strictly preserve existing passenger rail schedules, host-railroad dispatching priority, and on-time performance standards across the NCRR corridor; and

- Actively cooperate with NCRR and NCDOT in executing planned passenger rail capacity expansions and frequency increases, ensuring that post-merger freight train density or increased train lengths between Charlotte and Greensboro do not bottleneck passenger rail reliability or foreclose future passenger rail growth.

C. Advancing North Carolina Economic Development, Ports, and Network Resilience

1. Retention of Dedicated, North Carolina-Based Industrial Development Personnel

Successful rail industrial development requires intimate, boots-on-the-ground knowledge of local topography, municipal utility capabilities, state incentive structures, and corridor engineering. Currently, NS maintains dedicated industrial development personnel based in North Carolina who work directly alongside NCRR's economic development team to recruit rail-served industries. In this railroad consolidation of unprecedented size, scope and potential impact, centralized corporate restructuring in Omaha or Atlanta could easily eliminate localized commercial presence. The Board should require UP/NS to maintain dedicated, full-time industrial development staff physically based in North Carolina throughout the oversight period to ensure seamless coordination with NCRR and state economic developers.

2. Binding Commitment to Maintain the Western North Carolina Mainline Gateway (Morristown, TN – Asheville – Salisbury, NC)

In late 2024, Hurricane Helene caused catastrophic damage to NS's AS Line through Western North Carolina, severing the vital mountain gateway linking Morristown, Tennessee, through Asheville to the NCRR corridor at Salisbury, North Carolina. Following monumental recovery efforts, NS reopened this corridor as an active through-route in 2026. This line is not only an essential economic lifeline for Western North Carolina industries, but also the primary direct geographic conduit linking the Midwest and the UP network directly into the Piedmont corridor at Salisbury. To prevent post-merger network rationalization from downgrading this recently restored artery, the Board must condition approval upon a binding commitment by UP to maintain the Morristown–Asheville–Salisbury line as an active, maintained through-freight route.

3. Commercial Promotion and Service Plan for the Port of Morehead City

The Board should require the Applicants to develop and submit, in consultation with NCRR and the North Carolina State Ports Authority, a formal commercial and operational plan to promote single-line and interline rail traffic into and out of the Port of Morehead City, ensuring that the eastern terminus of the NCRR corridor is actively marketed within the combined UP/NS system.

4. Preservation of Strategic Military Rail Readiness

The post-transaction UP must be required to maintain infrastructure standards, interchange protocols, and car-supply responsiveness sufficient to

guarantee uninterrupted strategic rail mobility serving Marine Corps Base Camp Lejeune, Seymour Johnson Air Force Base, and associated defense logistics nodes along the NCRR corridor.

D. Ensuring the Continued Functioning of NCRR–NS Governance Agreements

Finally, the success of the NCRR–NS partnership rests upon active, bilateral governance under the 1999 Trackage Rights Agreement. Under the TRA, capital planning, capacity modeling, passenger-freight integration, and engineering modifications along the 317-mile corridor are coordinated through a joint Project Planning Committee ("PPC").

When NS is absorbed into a massive transcontinental enterprise headquartered in Omaha, Nebraska, there is a distinct risk that localized decision-making authority will become diluted, delaying time-sensitive industrial lead approvals, public works crossings, and passenger rail capacity projects. As the owner of the physical infrastructure over which NS operates, NCRR expects its property rights, contractual interests, and long-term infrastructure objectives to be rigorously respected. Accordingly, the Board must condition approval upon:

- An explicit affirmation that UP assumes and will strictly honor all terms, maintenance standards, and capacity covenants of the NCRR–NS Trackage Rights Agreement and related operating agreements post-transaction; and

- A post-transaction mandate that UP assign senior-level executive and operational personnel with direct decision-making authority to participate actively in the NCRR–NS Project Planning Committee (PPC), ensuring that NCRR is meaningfully and timely consulted in the development of any post-merger operating plans, train-length

modifications, or capital investment decisions that could materially affect the NCRR corridor.

CONCLUSION

The North Carolina Railroad Company values its decades-long partnership with Norfolk Southern and recognizes the transformative potential of a combined UP/NS network. However, the public interest in North Carolina demands that the entire 317-mile NCRR corridor—from the Piedmont manufacturing core to the agricultural heartland, military installations, and the Port of Morehead City in the East—share equitably in the promised benefits of this consolidation.

WHEREFORE, the North Carolina Railroad Company respectfully requests that the Surface Transportation Board condition any authorization of the proposed control transaction in this docket upon the explicit, binding adoption of the conditions set forth above.

Respectfully submitted,

/s/ *R. A. Wimbish*

Robert A. Wimbish
Fletcher & Sippel LLC
29 North Wacker Drive, Suite 800
Chicago, Illinois 60606-3208
rwimbish@fletcher-sippel.com
(312) 252-1500

ATTORNEY FOR NORTH CAROLINA RAILROAD COMPANY

Dated: November 18, 2026

CERTIFICATE OF SERVICE

I hereby certify on behalf of the North Carolina Railroad Company that I have this 18th day of November, 2026, served the foregoing Comments and Request for Conditions upon all parties of record in the FD 36873 docket and in all related sub-dockets.

/s/ *R. A. Wimbish*
Robert A. Wimbish