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BEFORE THE
SURFACE TRANSPORTATION BOARD

DOCKET NO. FD 36873

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

COMMENTS OF UNITED PARCEL SERVICE, INC.

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I. INTRODUCTION

United Parcel Service, Inc. ("UPS") submits these comments to the Surface Transportation Board ("Board") in order to provide the Board with information that may be relevant to its consideration of Union Pacific Corporation's ("Union Pacific's") and Norfolk Southern Corporation's ("Norfolk Southern's") merger application. UPS is the largest intermodal shipper in the United States, and the ways that it incorporates rail service into its overall transportation network differentiate it from many other intermodal shippers. UPS hopes this information will assist the Board in its analysis of the complex factual and economic issues raised by the Applicants and the other parties to this proceeding.

At this time, UPS has not conducted an in-depth analysis of the voluminous record in this proceeding and does not have a position on the merits of the Application. These comments should not be viewed as either supporting or opposing the Application. As the Board considers the Application, approval conditions that other participants in this proceeding may request, and any other approval conditions that the Board may itself consider, UPS requests that the Board also consider the potential impact such conditions may have on UPS and its use of our nation's railroads.

II. BACKGROUND

A. UPS and Its Nationwide Transportation Network

UPS is a global package delivery and logistics provider founded in 1907 and headquartered in Atlanta, Georgia. UPS provides transportation and delivery services through an integrated air and ground network serving the United States and more than 200 countries and territories. UPS

also provides logistics and distribution services designed to support increasingly complex supply chains.[1]

UPS has been partnering with U.S. Class I railroads for over fifty years. For its long-haul ground shipments, UPS routinely utilizes railroads for transportation.[2] UPS consolidates individual packages into containers or truck trailers which are then loaded onto rail cars for transport. Union Pacific, Norfolk Southern, CSX, BNSF, CPKC, CN, and FEC all provide intermodal rail service to UPS.[3]

Railroads play a very important role in UPS's national ground transportation network. UPS coordinates the schedules of its internal operations with those of its partner railroads to make sure that its customers' packages are always in motion—from their pickup to delivery. UPS devotes substantial resources towards making each link in the chain that makes up its transportation network as seamless and efficient as possible—including coordinating the timing of interline rail connections between rail partners to minimize any dwell time.

B. Importance of UPS's Services to the U.S. Economy

UPS's U.S. Domestic Package business offers both time-definite air services and day-definite ground transportation of packages throughout the United States. It serves substantially all business and residential ZIP codes in the contiguous United States. In 2025, UPS delivered approximately 15 million ground packages per day in the U.S. These services depend on an extensive physical network and precise coordination among package pickups, sortation operations,

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[1] United Parcel Service, Inc., Annual Report (Form 10-K), Item 1, Business (filed Feb. 17, 2026), https://www.sec.gov/Archives/edgar/data/1090727/000162828026008432/ups-20251231.htm.
[2] Progressive Railroading, *UPS relies heavily on railroads to keep the giant Chicago Area Consolidation Hub on schedule*, https://www.progressiverailroading.com/intermodal/article/UPS-relies-heavily-on-railroads-to-keep-the-giant-Chicago-Area-Consolidation-Hub-on-schedule--37645 (Sept. 2013).
[3] *See id.*

line-haul transportation, destination facilities, and final delivery.[4] Its broad customer base includes businesses of every size as well as individual consumers, and its services are used throughout the economy.[5]

For commercial shippers, a shipment often forms part of a broader sequence of business activities. Manufacturers and industrial customers may use package transportation to receive parts, tools, replacement components, and materials needed to operate or maintain their facilities. Distributors and retailers rely on timely deliveries to support inventory replenishment, fulfillment schedules, and commitments to their own customers. Healthcare customers and other businesses may have similarly demanding requirements for consistent and predictable shipment movement. As a result, the importance of reliable transportation services extends beyond the movement of any individual package.

UPS's ability to provide reliable and timely transportation services is therefore important not only to its own operations, but also to the businesses and consumers that depend on it. UPS transports an estimated 5% of U.S. gross domestic product (GDP) each day. Where a shipment contains an input needed for manufacturing or another commercial activity, shipment delays may complicate production planning, inventory management, or other time-sensitive operations. Moreover, where deliveries are consolidated and moved through a nationwide network such as the network that UPS operates, disruptions at a major transportation connection can affect shipments traveling to numerous destinations. Consequently, UPS and its customers have a strong operational interest in the reliability and continuity of the railroads on which its services depend.

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[4] United Parcel Service, Inc., Annual Report (Form 10-K), Item 1, Business (filed Feb. 17, 2026), https://www.sec.gov/Archives/edgar/data/1090727/000162828026008432/ups-20251231.htm.
[5] United Parcel Service, Inc., Annual Report (Form 10-K), Item 1, Business (filed Feb. 17, 2026), https://www.sec.gov/Archives/edgar/data/1090727/000162828026008432/ups-20251231.htm.

C. UPS's Longstanding Reliance on Rail Transportation

Rail transportation is an important element of UPS's domestic ground transportation network, particularly for long-distance shipments. The intermodal combination enables UPS to move substantial volumes of packages efficiently and cost-effectively. A single intermodal container can carry approximately 1,800 to 2,000 UPS packages.

A train with 100 containers may be carrying 200,000 individual shipments at one time. This illustrates the substantial volume of shipments that can be transported in a single rail movement.[6] The line-haul transportation that UPS's rail partners provide to it is an essential part of UPS's integrated ground delivery network.[7] In order for UPS to meet its day-definite service expectations, it must coordinate all of the operations that comprise UPS's integrated transportation network. Accordingly, UPS depends not only on sufficient rail capacity, but also on predictable transit times, reliable schedules, and timely transfers between transportation modes. Delays in rail service or capacity constraints can affect subsequent sorting, transportation, and delivery operations, potentially impairing UPS's ability to meet its customers' delivery expectations.

Rail network connectivity between rail carriers is also important to UPS's operations. Long-distance shipments may require transportation over multiple rail networks, including connections between western and eastern rail carriers. The availability, timing, and commercial terms of these connections can affect the transportation options available to nationwide shippers. For UPS, dependable interline connections and commercially reasonable access to connecting rail networks provide important operational flexibility in moving shipments between major origins and destinations. For example, access to multiple rail networks gives UPS routing flexibility and

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[6] *See* Union Pacific, "Union Pacific Plays Vital Role in E-Commerce Ground Deliveries" (Nov. 15, 2021), https://www.up.com/aboutup/community/inside_track/211115-up-plays-vital-role-ecommerce.htm.
[7] *See id.*

options to bypass network upsets caused by adverse weather conditions, natural disasters, accidents, etc.

In sum, UPS has a substantial interest in reliable rail service, predictable transit times, sufficient rail network capacity, routing flexibility, and efficient intermodal connections. These characteristics support UPS's ability to provide timely delivery services to the manufacturers, suppliers, distributors, retailers, and consumers that rely on the timely movement of goods throughout the United States.

III. THE INTEGRATION OF RAIL SERVICE INTO UPS'S DELIVERY NETWORK

UPS is able to provide the fast and reliable transportation service on which its customers rely by carefully orchestrating each leg of a package's journey. Handoffs between parts of the network are coordinated in order to minimize the time it takes to hand off shipments between those different parts of the network. UPS applies these same principles to its rail partners, including by using rail services to expedite transit. For example, UPS's shipments travel on high-priority intermodal trains. These trains carry UPS shipments as well as the shipments of other rail customers, including less-than-truckload and truckload carriers.[8]

UPS seeks to minimize dwell time at terminals as much as possible. UPS drivers meet arriving trains when they arrive and have loads out of the terminal gate within minutes of train arrival. This is far different than the typical intermodal customer for whom loads may dwell at an inland terminal for hours, days, or weeks before being picked up by drayage providers to move to a customer location.

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[8] Transport Topics, *UPS, BNSF Cooperate to Speed Shipments By Loading Trailers on Flatcars Near Chicago*, https://www.ttnews.com/articles/ups-bnsf-cooperate-speed-shipments-loading-trailers-flatcars-near-chicago (Aug 6, 2007).

UPS's operations at its largest ground sortation facility—the Chicago Area Consolidation Hub ("CACH")—illustrate how UPS works with its rail partners, including BNSF, Union Pacific, CSX, and Norfolk Southern to transport packages for its customers.[9] On a typical day, CACH sorts, consolidates, and distributes up to 2 million packages (3.5 million packages at peak) and is staffed with thousands of employees.[10]

Trucks meet trains transporting packages destined for sortation at the CACH upon arrival. UPS's containers/trailers are off-loaded from the trains onto those waiting trucks as quickly as possible. The trucks then take the containers to the CACH which is located in close proximity to all of its rail partners' rail facilities in Chicago. Upon arrival at the CACH, the containers are unloaded, and the packages are sorted.

All of the steps in the operations at the CACH are carefully planned. Train arrival times are negotiated and scheduled with UPS's rail partners so that they are sequenced in a manner that spreads the arrivals out over the course of the day so that the sortation capacity of the CACH is not overwhelmed. The sequencing is also designed to minimize any idle time. Train departure times are also negotiated and scheduled with UPS's rail partners so that sufficient time is allowed to enable the CACH to sort the incoming packages and reload packages onto rail containers/trailers for their outbound leg, while minimizing any additional dwell time. In order to make the operations at CACH work efficiently, UPS depends upon its rail partners to adhere to their schedules. When trains are delayed, time in transit for the delayed packages will increase

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[9] Progressive Railroading¸*UPS relies heavily on railroads to keep the giant Chicago Area Consolidation Hub on schedule*, https://www.progressiverailroading.com/intermodal/article/UPS-relies-heavily-on-railroads-to-keep-the-giant-Chicago-Area-Consolidation-Hub-on-schedule--37645 (Sept. 2013).

[10] *See* Progressive Railroading¸*UPS relies heavily on railroads to keep the giant Chicago Area Consolidation Hub on schedule*, https://www.progressiverailroading.com/intermodal/article/UPS-relies-heavily-on-railroads-to-keep-the-giant-Chicago-Area-Consolidation-Hub-on-schedule--37645 (Sept. 2013). Estimates updated based on internal figures.

depending on the severity of the delay. An arrival delay also means that sortation facilities at the CACH remain idle until the train arrives.

IV. CONCLUSION

UPS hopes that the information in its comments is helpful to the Board in its consideration of the Application. To the extent that the Board considers imposing any conditions on the Applicants based upon the comments of other parties to this proceeding, UPS respectfully requests that the Board consider any impact such conditions may have on UPS and its use of the U.S. rail network.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that on November 18, 2026, I caused a true and correct copy of the foregoing Comments of United Parcel Service, Inc. to be served electronically or by first-class mail on the Secretary of Transportation, the Attorney General of the United States, Administrative Law Judge Jenifer Soulikias, and all parties of record in this proceeding.

/s/ Bradley S. Lui
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Attorney for United Parcel Service, Inc.

Dated: November 18, 2026