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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 IL CORN GROWERS ASSOCIATION

The IL Corn Growers Association is a nonpartisan membership organization that represents Illinois' corn farmers interests and seeks to develop long-term solutions to issues facing farmers. The IL Corn Growers Association represents the 50,000 farmers growing more than 11 million acres of corn in Illinois. Currently, farmers are struggling through a downturn in commodity markets coupled with significant increases in the cost of doing business. Freight can be considered an important "input" in farming operations. Whether paid directly by the farmer or indirectly through lower prices received, farmers typically absorb a significant portion of transportation costs. Therefore, the efficiency, effectiveness, and competitiveness of our entire transportation network is critical to farmers.

Illinois is the nation's second largest corn-producing state. In recent crop years, Illinois has produced approximately 2.3 billion bushels of corn (roughly 13–14% of total U.S. production), ranking second only to Iowa. Of that production, a substantial share is used in-state for ethanol (both wet and dry mill), livestock feed, and other processing, while more than one billion bushels (over 25 million metric tons) are typically available as net exports or for movement beyond the state. These volumes move primarily by truck to elevators and then by rail or barge to domestic feed markets, processors, and export positions.

Illinois corn farmers, like those across the Corn Belt, are pure price-takers. Futures prices and basis are highly volatile. Costs of production (seed, fertilizer, fuel, land, and interest) have remained elevated while revenue is determined by markets over which farmers have no control. Disruptions or cost increases anywhere in the supply chain—reduced transport capacity, higher freight rates, unreliable service, or demurrage—are absorbed by farmers through weaker basis. This reduces net revenue, limits planning and investment decisions, and negatively affects local and regional economies. Movement of commodities produced on farms is not the only concern for farmers - inputs like fertilizer and manufactured grain-

products (like ethanol and animal feeds) all move by rail. Reliable, competitive rail service is essential to Illinois' agricultural economy.

Farmers themselves do not ship corn beyond the first collection point, yet major disruptions from the proposed UNION PACIFIC CORPORATION AND UNION PACIFIC RAILROAD COMPANY—CONTROL—NORFOLK SOUTHERN CORPORATION AND NORFOLK SOUTHERN RAILWAY COMPANY (UP-NS) merger could expose them to significant risk.

Relative to corn shipments, eastern (NS) and western (UP) carriers have different operating models and metrics, but one commonality: they both operate in Illinois. As an example of these differences, freight booked on eastern carriers is typically booked by the receiver. With limited exceptions, freight booked on western railroads is generally booked by the shipper. This merger is a classic example of how these two models could clash in our state.

This merger could potentially lead to broader market access for Illinois producers. Conversely, service disruptions or railroad policies designed to force greater perceived efficiency onto the shippers could easily interrupt markets or devalue shipper assets, all leading to lower farmgate prices.

After consulting elevators, other transportation modes, and end users, we currently withhold support or opposition to the proposed Union Pacific–Norfolk Southern merger. We seek the following concessions, either voluntarily agreed to by the applicants or imposed by the Surface Transportation Board, to protect the competitive position, service reliability, and net returns of Illinois corn farmers and the elevators that serve them.

Concession 1 – STB Oversight: The proposed merger is the first of its kind under the 2001 STB merger rules. Given the magnitude of the proposed merger, we request the STB oversight period be at least seven years if the merger is approved. We further request that all concessions agreed to or imposed be in effect for the entire oversight period. Because corn is planted, grown, and harvested once per year, and rotated with soybeans and other crops, a seven-year planning horizon allows for adjustments to planting decisions.

Concession 2 – Grain Rate and Service Arbitration: In their July 27th supplemental information filing, the Union Pacific offered to establish arbitration systems for both rate and service disputes. The grain industry has a long-established arbitration system in place. We would like the railroad to commit to an arbitration system dedicated solely to agriculture. The grain industry operates on extremely tight margins making professional arbitration services uneconomical. A dedicated system, comprised of both grain traders and transportation personnel, would increase access to this service and ensure it is economical to both sides in a dispute.

Concession 3 – Tariff Rate Setting: It is well established that the driving force behind this merger is the desire to capture more intermodal shipments and other non-agriculture freight. In the UP's filing they claim this merger will ultimately result in the removal of over two million truckloads off American roads. Without commenting on the validity of these projections, it seems that they are not suggesting the merger will reduce truck movements of grains. Based on this assumption, the grain industry is concerned that rail rates for grain will rise disproportionately to other commodities. Therefore, we request that tariff grain rates do not increase beyond a reasonably projected level of inflation.

Concession 4 – Cross Gateway Rates: Relative to the grain trade, this merger can present new market access to different parts of the country. For example, western Cornbelt shipments to the Southeast feed markets. Through arbitrage, the grain industry has always been able to meet excess demand from excess supply areas. However, the railroad should not circumvent normal grain flow patterns to achieve operating metric targets like increasing traffic or revenue by incentivizing "unnatural" movements. To ensure this does not occur, the railroad should not offer lower rates for west-east/east-west movements than exist for east-east/west-west shipments.

Concession 5 – Shortline Railroads Interchanges: Several Illinois shippers have facilities, including unit train loaders, located on several shortlines to include the Toledo, Peoria & Western Railroad; the Tazewell & Peoria Railroad; the Kankakee, Beaverville & Southern Railroad; and the Bloomer Shippers Connecting Railroad. For the viability of these shipper facilities and the farmers they serve, it is imperative that the railroad guarantee the maintenance of existing interchanges and continue to offer interchange and tariffs at existing price spreads. In addition to guarantees on switching rates, the railroad must also align demurrage schedules on shortlines with days of service. For example, if the Class I only provides switching to the shortline once a week, shippers on the line should get seven free days. Conversely, if the Class I provides service five times a week, the shortline shippers should get one free day.

Concession 6 – Continuation of "Pegasus" program: The Norfolk Southern operates a "Pegasus" shuttle system serving Decatur, IL and Lafayette, IN. This program allows elevators within a 90 miles radius to ship 50-car shuttle trains. There has been significant consolidation in the elevator industry with the combined companies making focused investments to convert elevators as unit loaders (+100 cars). However, these companies still operate elevators that can only utilize smaller sized trains. Discontinuation of this program would seriously devalue these assets.

Concession 7 – Performance Standards: The railroads force performance standards on shippers through demurrage and other charges. However, the railroads do not penalize

themselves for poor or untimely performance. We request the railroad to commit to a guaranteed performance standard (release of train and pulling train from station).

Concession 8 – Timely Dispute Resolution: Railroads must commit to timely (less than three months) resolution of rate and service disputes. The grain industry operates on extremely low margins. Significant delays in settling disputes require shippers to dedicate operating revenues over extended periods of time, impacting their overall profitability.

Concession 9 – Performance Metrics Reporting: STB has required railroads to publish various performance metrics such as velocity, cars online, dwell time, carloadings, etc. through the oversight period. For transparency and monitoring of performance, we request the merged railroad to publish metrics of each rail network and the combined railroad. This will allow shippers and market participants and observers to objectively see performance in the respective systems.

Concession 10 – Demurrage: Railroads have poor track records on timely train delivery to rail shippers. Performance varies among carriers, but Norfolk Southern's service is not exemplary. This, coupled with the lack of a dedicated local grain customer service representatives, magnifies the problem. In this day and age of technological advancements, it is astonishing that railroads are unable to fully track trains and railcars to give precise delivery notification. The promise of positive train control and a promise to usher in a new era of railroad transparency leaves much to be desired. Instead, there remains a disregard for consistent, reliable, and transparent service. Most shippers only operate one loading crew, so unpredictable train releases make workforce scheduling difficult. Unpredictable releases hinder shippers' ability to efficiently load a train to earn timely loading rebates while increasing the likelihood that they will face demurrage penalties. Two potential remedies exist. First, extend the free load out period from 24 hours to 30 hours. A second remedy would be to start the loadout clock at the next six-hour increment if the train is released outside of normal business hours. For example, if the railroad releases the train at 2:00 a.m., the demurrage clock starts at 6:00 a.m.

Concession 11 – Loading/Unloading Performance Rebates: Many railroads offer performance rebates for timely loading or unloading of trains. However, one railroad abruptly cancelled this rebate mid-year. Although these rebates are not large, they are not insignificant and many shippers have included them in their capital repayment plans. We request that any performance rebate decision remain in place for a minimum of one year once announced or agreed upon.

Concession 12 – Rate Discrimination based on Loading Configuration: Illinois grain elevators use a variety of track configurations to handle unit trains. Some elevators have

installed loop tracks to accommodate unit trains. Other elevators, especially those located within towns, can load unit trains but utilize “ladder” trackage systems. If the incentive is for shippers to utilize unit trains, the railroads should not set tariff rates disproportionately against “ladder” shippers.

Concession 13 – Dedicated Customer Service: The merged railroad must operate a dedicated corn desk, ideally located in Illinois, but at a minimum in the central time zone. Many shippers mentioned Norfolk Southern previously had a grain customer service rep located in Decatur, IL. This is no longer the case. Currently customer service is routed through the Atlanta office, with no specific point of contact to resolve issues in a timely and expedited manner.

Concession 14 – Private Grain Cars: Many corn receivers utilize their own fleet of owned or leased grain cars. The merged railroad should maintain current rate spreads between private cars and railroad-owned equipment.

Concession 15– Grain Rail Council: Through our national partner, we have participated in various grain councils with other railroads. We request the merged railroad convenes a grain industry council where system updates, performance, and stakeholder engagement can take place. The council will be a venue to promote rail activity and learn of opportunities and challenges in the forthcoming crop year and markets overall.

Respectfully submitted,



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Certificate of Service

I certify that on this day, the 18th day of November, 2026, the foregoing comments of the IL Corn Growers Association have been electronically filed with the surface Transportation Board and served on all parties of record in this proceeding by email or first-class mail.

Respectfully submitted,



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Dated: November 18, 2026

CC: Parties of Record