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November 18, 2026
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BEFORE THE SURFACE TRANSPORTATION BOARD

FD NO. 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 CALIFORNIA STATE TRANSPORTATION AGENCY

I. Introduction and Summary

Pursuant to 49 U.S.C. § 11325 and Decision No. 30 in the above-captioned proceeding, the California State Transportation Agency (CalSTA) hereby submits comments and requests for conditions on the proposed acquisition of control of Norfolk Southern Corporation and Norfolk Southern Company (NS) by Union Pacific Corporation and Union Pacific Railroad Company (UPRR), as reflected in the Amended Railroad Control Application filed April 30, 2026, as supplemented July 7 and July 27, 2026 (collectively, the Application). CalSTA is California's cabinet-level transportation agency. Its departments include the California Department of Transportation (Caltrans), which funds the State's three state-supported intercity passenger rail routes, and the California High-Speed Rail Authority (Authority). CalSTA filed a Notice of Intent to Participate (NOIP) on May 26, 2026.

California has a substantial interest in the continued reliability of passenger rail, efficient freight movement, impacts on California businesses and workers, community impacts, and protecting the benefits of state and local investments in infrastructure shared with freight carriers. The proposed UP-NS transaction warrants examination not just on the basis of projected changes in freight volumes across UPRR's California network, but also on train lengths, utilization of line capacity, coordination on publicly supported projects, protection of existing passenger service commitments, and accommodations for future passenger services. The State funds passenger trains that run on UPRR track, has invested billions of public dollars in UPRR infrastructure to make room for those trains, and is building a high-speed rail system that must be constructed and operated next to, across, and in places on UPRR right-of-way.

Under 49 U.S.C. § 11324, the Surface Transportation Board (STB or Board) must determine whether a proposed merger is consistent with the public interest and may impose conditions to protect transportation service. Consistent with that authority, California requests that any approved merger ensure that the State's passenger rail services, public rail investments, and high-speed rail program are not materially adversely affected relative to pre-merger conditions. When the Board updated its major consolidation procedures in 2001, it explained that the rules "substantially increase the burden on applicants to demonstrate that a proposed transaction would be in the public interest, by requiring them, among

other things, to demonstrate that the transaction would enhance competition where necessary to offset negative effects of the merger, such as competitive harm or service disruptions[1]." If the Board approves the transaction, CalSTA requests the Board to make that standard enforceable through the conditions summarized in Section VI of this letter.

Timing compounds the risk of this proposed merger. If the STB approves the transaction in 2027, integration of the new railroad may overlap the 2028 Olympic and Paralympic Games in Los Angeles. Southern California Regional Rail Authority (Metrolink) and Pacific Surfliner services on shared corridors will be essential to moving spectators and workers during the Games and delays resulting from poor integration of UPRR and NS will severely disrupt the region's ability to transport international and national visitors to the Games. These will be the first Games held in the United States since 2002, and the federal government expects them to be the largest Olympics ever. The consequences of failure would reach well beyond ordinary delay and would undercut the significant public investment and years of planning and threaten the tens of billions of dollars in economic activity the Games are expected to bring.

[1] U.S. Department of Transportation, Surface Transportation Board, Major Rail Consolidation Procedures (June 15, 2001), 66 Fed. Reg. 32582, https://www.federalregister.gov/documents/2001/06/15/01-14984/major-rail-consolidation-procedures.

California learned in the late 1990s that the greatest risk of a rail merger arrives during integration, not at approval. The service crisis that followed the Union Pacific and Southern Pacific merger required emergency action by the STB. The conditions requested here are designed to prevent California's passenger network from absorbing that risk again, and the conditions CalSTA requests are grounded in those lessons.

II. California's Intercity Passenger Rail Interests

Union Pacific hosts part of California's three state-supported intercity routes and every Amtrak long-distance train serving the State except the Southwest Chief. The three state-supported routes alone carried nearly 4.1 million riders in 2025, which represents more than 28% of the ridership of the entire state-supported Amtrak routes nationally[2].

Service	**Managing agency**	**Union Pacific territory in California**	**2025 ridership**
Pacific Surfliner	LOSSAN Rail Corridor Agency	Coast Line, Moorpark to San Luis Obispo	2,043,059

[2] Amtrak, *FY25 Year-End Ridership Fact Sheet* (November 2025), https://media.amtrak.com/wp-content/uploads/2025/11/FY25-Year-End-Ridership-Fact-Sheet.pdf.

Service	Managing agency	Union Pacific territory in California	2025 ridership
Capitol Corridor	Capitol Corridor Joint Powers Authority	Most of the 170-mile route linking Auburn, Sacramento, Oakland, and San Jose	1,138,753
Gold Runner (formerly San Joaquins)	San Joaquin Joint Powers Authority	Oakland to Martinez; Stockton to Sacramento	899,903

California is more than a tenant on these lines. Caltrans funds the operation of the state-supported routes and owns much of the rolling stock. The State's historical investment inventory identifies approximately $3.3 billion in public investment since the 1990s in projects benefiting UPRR infrastructure in California, including public funding for private infrastructure on UPRR property to provide capacity for passenger service; this figure represents investment in those projects rather than payments directly to UPRR or a quantified value of UPRR's benefits. To illustrate this, the Valley Rail program, funded primarily through CalSTA's Transit and Intercity Rail Capital Program (TIRCP), is paying for trackwork and siding extensions on UPRR's Sacramento Subdivision, including work on UPRR property to accommodate a future second main track that UPRR requires. The

Sacramento to Roseville 3rd Track Project, also funded with significant State investment, will add approximately 8 miles of third mainline track along the existing UPRR corridor between Sacramento and Roseville to support passenger rail service. Between Moorpark and San Luis Obispo, the State is planning for over $400 million in capital projects largely on UPRR right of way[3] to improve passenger service for the Pacific Surfliner.

As noted in the Commuter Rail Coalition's letter to the STB dated November 12, 2026, UPRR and NS also benefit from substantial federal investment. The organization highlighted that, in the preceding year, grant funding from the Federal Railroad Administration (FRA), Federal Transit Administration (FTA), and Federal Highway Administration (FHWA) for improvements to the nation's rail infrastructure totaled nearly $16 billion. This public investment is particularly relevant when considering the capital expenditure programs of UPRR and NS in Fiscal Year 2026 totaled $3.5 billion and $2.1 billion, respectively.[4]

UPRR's lines are also key to the growth the State has already planned. The 2024 California State Rail Plan, released by CalSTA and Caltrans and certified by the FRA, sets out an integrated rail network for 2050 with key milestones expected in

[3] LOSSAN Rail Corridor Agency, Annual Business Plan: Fiscal Years 2026–2027 and 2027–2028 (2026), Orange County Transportation Authority, https://www.octa.net/pdf/LOSSAN_Business_Plan_FY26-27-FY27-28.pdf?n=2026.
[4] Commuter Rail Coalition, *Comments and Request for Conditions of the Commuter Rail Coalition, in Union Pacific Corporation and Union Pacific Railroad Company—Control—Norfolk Southern Corporation and Norfolk Southern Railway Company*, November 12, 2026, page 4.

the short and midterm horizons and more than $65 billion of rail projects underway that will be completed within the next ten years. Many of the plan's service increases depend on UPRR track, including more service between Sacramento and the San Joaquin Valley in the near term, new service from San Jose to Salinas and San Luis Obispo, and in Southern California regular all-day service on corridors that include UPRR segments, with integrated service aimed at the 2028 Olympic and Paralympic Games. The FRA has also selected eight California corridors for its Corridor Identification and Development Program. This growth is publicly funded, already in development, and reasonably foreseeable.

The Applicants' forecasts in California indicate freight growth, while also assuming that there will not be any change in passenger train services. But as described above, California has planned passenger growth that is publicly funded and already in development, so any analysis of the proposed transaction's effects should account for that growth. The key question is therefore whether additional or longer freight trains and changes in terminal activity can be accommodated on corridors already shared with passenger trains.

For example, one location where the Application forecasts increased freight traffic is Lathrop. Merged carrier traffic would use the UPRR Fresno Subdivision and would cross the Stockton diamond with the BNSF Stockton Subdivision. The resulting increased congestion and delays at the diamond could negatively

impact passenger services. Completion of the planned grade separation of the Stockton diamond crossing may be necessary to mitigate the increase in merged carrier traffic.

III. California's Commuter Rail Interests

California's commuter railroads depend on UPRR for their passenger rail operations. Some California commuter railroads utilize UPRR track to operate their service, and conversely UPRR utilizes publicly owned commuter corridors to move its freight and satisfy its common carrier obligations. On each corridor, the public agency's ability to operate, expand, or modernize service relies on UPRR's review and agreement.

- **Metrolink.** The Riverside Line operates on UPRR track between Los Angeles Union Station and Riverside. Metrolink's Ventura County Line also uses Union Pacific's Coast Line north of Moorpark, and Union Pacific holds rights and operates freight over publicly owned lines in the region.
- **San Joaquin Regional Rail Commission Altamont Corridor Express (ACE).** ACE operates on UPRR track between Stockton and Santa Clara. Its Valley Rail extensions to Ceres and Merced, and to Natomas in Sacramento, will also operate on UPRR track.
- **Peninsula Corridor Joint Powers Board (Caltrain).** Caltrain owns the corridor between San Francisco and San Jose, and UPRR operates freight

over it under trackage rights. South of Tamien, Caltrain's Gilroy service runs on UPRR track. Because UPRR owns that segment, Caltrain's electrified service ends in San Jose and Gilroy riders remain on diesel trains.

IV. California High-Speed Rail Authority Interests

The California High-Speed Rail Authority is actively completing the construction of a high-speed passenger rail line from Los Angeles to San Francisco and cannot complete its system without UPRR's cooperation. High-speed rail is built next to UPRR infrastructure in the Central Valley, is planned on UPRR right-of-way between San Jose and Gilroy, and shares publicly owned corridors where UPRR holds freight rights.

The 2024 California State Rail Plan outlines the State of California's goals for advancing intercity, commuter and high-speed rail services in California. The State's plan relies on Gold Runner and ACE to connect to high-speed rail in the Central Valley, including at Merced. Capitol Corridor and Pacific Surfliner services as well as the State's commuter services will also provide key connections.

In Southern California, the long-term vision includes extending California High-Speed Rail service from Los Angeles to the Inland Empire and San Diego. The proposed corridor will connect to Brightline West service between Las Vegas and Rancho Cucamonga, as well as locations future east, including the Coachella Valley. Specifically, the State of California envisions the potential for

a blended service between Los Angeles and the Inland Empire, to include high-speed rail service, which will operate in shared corridors at varying speeds with other passenger services. This blended service approach will utilize existing corridors to reduce right-of-way needs and construction costs while leveraging the benefits of infrastructure upgrades. Although the State has not selected a specific east/west corridor, UPRR owns two subdivisions—the Alhambra Subdivision and the Los Angeles Subdivision—which are suitable for serving these future commuter and High-Speed Rail needs in Southern California. Therefore, California has an interest in ensuring that the proposed merger does not preclude the state's opportunity to utilize these important corridors.

V. California's Freight Rail and Port Interests

California's ports are a national asset and key to the nation's supply chain resiliency. The State's 12 major ports handle about 40 percent of the nation's containerized imports, and the Ports of Los Angeles and Long Beach are the busiest container ports in the country. CalSTA does not regulate ports, but the State has a vested interest in keeping goods moving freely through them. That movement supports economic activity across California and throughout the national supply chain. California pursues this through funding partnership and long-range planning efforts such as the California Freight Mobility Plan.

Rail is central to that effort. About a quarter of the cargo moving through the Port of Long Beach travels by on-dock rail and California has made significant

investments in this space. Since 2018, California has awarded nearly $5 billion through the Trade Corridor Enhancement Program to fund freight infrastructure improvements on federally designated Trade Corridors of National and Regional Significance. Hundreds of millions of dollars of that has gone to rail and port projects. CalSTA and the California Transportation Commission have also awarded over $200 million to increase rail capacity at the Ports with the full Pier B project projected to triple on-dock rail volume. These public dollars have been invested in a port complex served by multiple Class I railroads where carriers compete on price and service. Additional projects in CalSTA's $1.2 billion Port and Freight Infrastructure Program portfolio are dedicated to rail improvements that intersect with UPRR infrastructure.

California shares the Applicant's stated goal of creating greater mode shift of the movement of freight from highways to rail. The Application projects that the combined network would shift 2.1 million truckloads a year to rail, and California would welcome that result as California's climate, air quality, and equity commitments guide how the State plans and invests in its transportation and goods movement network. Senate Bill 32 (2016) requires greenhouse gas emissions to fall 40 percent below 1990 levels by 2030, with the goal of achieving net-zero emissions by 2045. The State's air quality goals also establish a path to meeting federal health-based air quality standards for ozone and fine particulate matter while reducing methane emissions and black carbon

emissions by 2030. The challenges are particularly acute for communities near ports, rail yards, and freight corridors, which carry much of that burden. Any changes to freight traffic resulting from the proposed merger therefore have direct implications for the State's ability to meet its climate, air quality, and equity commitments.

However, mode shift also largely depends on competition. As previously noted, the Applicants must show how this proposed merger will enhance competition rather than merely preserve it. California has an interest in maintaining shipper choice to prevent discretionary cargo from being diverted to other ports that are perceived to offer better rail connectivity options.

VI. Requested Conditions

CalSTA requests that the STB attach the following conditions on the proposed acquisition to protect the vital public interest in robust passenger rail operations and supply chain resiliency in the event it approves the transaction. CalSTA intends these conditions to be practical, enforceable, and commercially reasonable.

1. **Honor existing agreements.** Every agreement, settlement, memoranda of understanding, and commitment between UPRR and a California public agency, and every Amtrak agreement governing service in California, must remain in full force and bind the merged carrier. This should include, but is not limited to, access, dispatching, capacity, construction, and

maintenance. CalSTA requests that within 90 days after consummation, the merged carrier should certify to the STB that it has assumed each such agreement, listed by party.

2. **Passenger rail representations become conditions.** CalSTA requests to the STB that the merged carrier must adhere to its representations on the record regarding passenger service. These include its representation that the transaction "will not result in any adverse impact to passenger operations" and its route-by-route statements that capacity is sufficient to maintain current passenger service levels and any agreed upon growth in passenger service levels. This should apply to each passenger service operating on UPRR track in California. The STB should ensure the merged carrier's responsibility for the accuracy of these representations, not only for its efforts to meet them. The STB should ensure the merged carrier remedies any resulting harm to California passenger service in contradictions to its representations in the Application.

3. **Preservation of the intended benefit of publicly funded capacity.** A central public-capital concern is that transaction-related freight growth might consume capacity created by infrastructure investments made principally to support passenger operations, potentially requiring further public expenditures to maintain or restore intended operating benefits. The STB should ensure that any capacity built or improved with public funds for

passenger service may not be used to absorb merger-related freight growth in a way that degrades passenger service, impacts agreed passenger slots, or negatively impacts planned growth already agreed upon. Where Applicants' operating plan relies on a public project for capacity, the STB should require equivalent capacity be provided and funded at the merged carrier's sole expense.

4. **Passenger coordination unit:** Before consummation of the merger, the STB should require the merged carrier to establish a California-specific passenger coordination unit with sufficient authority over design review, engineering coordination, construction administration, and day-to-day operating issues for California public agencies, staffed by people familiar with federal and state grant requirements. The STB should ensure that any transaction-related staffing, centralization or changes in operating priorities does not materially affect pending commitments and funded work with California rail agencies.

5. **No integration during the 2028 Olympic and Paralympic Games.** The STB should restrict the implementation of major integration activities affecting Southern California passenger corridors between June 1 and September 30, 2028. This includes dispatching, operating system, and train plan changes. The merged carrier must coordinate a Games operating plan with Caltrans, Metrolink, and the LOSSAN Rail Corridor Agency.

6. **High-speed rail cooperation.** The STB should ensure that the merged carrier must: not unreasonably obstruct the development of high-speed rail; negotiate in good faith and carry out construction agreements; agree to remove existing UPRR restrictions on overhead, electrification of shared tracks; negotiate in good faith should public agencies seek to add overhead electric power to tracks used by the merged carrier; and honor existing agreements with the California High Speed Rail Authority.

7. **Right of First Refusal.** During the oversight period, before the merged carrier sells, leases, discontinues, abandons, or materially downgrades any California line that hosts existing or funded passenger service or planned future high speed rail service, the STB should require that the merged carrier negotiate in good faith and provide the state with a right of first refusal to acquire UPRR rights-of-way, tracks, and access rights in California needed for passenger services. Lines that are critical to the States' plan include but are not limited to, the UPRR Sacramento Subdivision, UPRR Martinez Subdivision, UPRR Coast Subdivision, and the Metrolink Valley Subdivision.

8. **Performance Monitoring and Reporting.** For a minimum of ten years after approval of the Transaction, the Board should require the Applicants to provide all rail partners and the Board with regular reports sufficient to identify Transaction-related effects on each passenger rail operator's

service. The reports should address, for instance, on-time performance, delay minutes and causes, freight-train interference, terminal holds, blocked or occupied main tracks, slow orders, maintenance windows, dispatching conflicts, and compliance with agreed passenger operating windows. This should include California-specific data: route-level passenger performance, train counts, average train lengths, changes in yard and terminal activity, and incidents of blocked public grade crossings, with particular attention paid to communities near rail corridors, yards and ports. This will allow the STB, the State, and affected agencies to identify community impacts resulting from the transaction and address them through the STB's oversight process. Reports should go to STB and to CalSTA, Caltrans, and the affected agencies.

VII. Conclusion

California has a direct public interest and business stake in how this transaction is implemented. If the STB does approve this merger, consistent with 49 U.S.C. § 11324 CalSTA asks the STB to impose the conditions set out above and require the oversight described in this letter to protect the public interest and ensure transportation service in California is not materially harmed. At a minimum, this requires ensuring that the merged railroad holds the State and its partner agencies harmless from the effects of the transaction. That means honoring the commitments UPRR has made to California public agencies and bearing the

cost of any harm the transaction causes to the network Californian's rely on, the State's public investments, or the high-speed rail program.

CalSTA will continue to participate in this proceeding.

Sincerely,

Jen-Ann Lee

Deputy General Counsel

California State Transportation Agency

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CERTIFICATE OF SERVICE

I, Jen-Ann Lee, hereby certify under penalty of perjury that on this 18th day of November 2026, I caused a copy of the foregoing to be served by email or by first-class mail, postage prepaid on all parties of record in this proceeding, the Secretary of Transportation, the Attorney General of the United States, and Administrative Law Judge Jenifer Soulikias.

By: */s/ Jen-Ann Lee*
Jen-Ann Lee
Deputy General Counsel
California State Transportation Agency