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Ms. Cynthia T. Brown
Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E Street, SW
Washington, D.C. 20024

Re: **Docket No. EP 711 (Sub-No. 1) – *Reciprocal Switching***

Dear Ms. Brown:

Enclosed please find an Overview of Union Pacific's Hearing Testimony as requested by the Board in its Notice of Public Hearing issued on December 27, 2021, in the above-referenced proceeding.

Sincerely,

James B. Boles

Enclosure

BEFORE THE
SURFACE TRANSPORTATION BOARD

Docket No. EP 711 (Sub.—No. 1)

RECIPROCAL SWITCHING

**OVERVIEW OF UNION PACIFIC RAILROAD COMPANY'S
HEARING TESTIMONY**

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In Reciprocal Switching, EP 711 (Sub-No. 1) (STB served July 27, 2016), the Surface Transportation Board (“Board”) proposed new regulations which would require rail carriers to establish switching arrangements in certain circumstances. In a decision served December 27, 2021, the Board announced its plan to hold a public hearing concerning the proposed regulations and invited interested persons to appear and testify, while simultaneously requesting information on the scope of participants’ expected testimony. Union Pacific Railroad Company (“Union Pacific”) appreciates the opportunity to participate at the hearing and submits this overview in response to the Board’s Order.

As previously disclosed, attending the hearing on behalf of Union Pacific will be Jennifer Hamann, Executive Vice President and Chief Financial Officer, Eric Gehringer, Executive Vice President Operations, and Kenny Rocker, Executive Vice President Marketing & Sales, accompanied by Michael Rosenthal, Covington & Burling LLP. Ms. Hamann, Mr. Gehringer, and Mr. Rocker will use Union Pacific’s allocated time to describe how the proposed regulations will negatively impact customers who depend on Union Pacific to provide safe, reliable, and efficient links in a national supply chain that must be fluid and growing. The points Union Pacific’s witnesses will highlight include:

- Union Pacific’s core business strategy is to provide safe, reliable, and efficient rail service with the recognition that the service we provide is vital to all national supply chain stakeholders. Union Pacific understands our operations must remain synchronized with our supply chain partners through development and deployment of our resources to meet their needs.
- Union Pacific is committed to providing our customers with positive experiences. Union Pacific is keenly aware these experiences are intrinsically interwoven into the fabric of Union Pacific’s success.
- The current regulatory framework allows Union Pacific to plan and efficiently manage operations on our network, which is vital to fulfilling our integral role in the national supply chain.
- The proposed regulations would fundamentally alter the current commercial and operating environment, disrupting Union Pacific’s ability to plan and manage our network and

resources by adding layers of uncertainty, complexity, and inefficiency. These changes would reduce our capacity to respond to growing demand for rail service and degrade the customer experience.

- The proposed regulations would decrease investment in capital projects and technology needed to serve changing and growing demand. Regulatory intervention along the lines proposed would distort the market signals that would otherwise guide Union Pacific's investment decisions.
- A decrease in the reliability and efficiency of the service we provide our customers would occur under forced switching. Providing reliable, efficient service requires extensive planning and preparation. The proposed regulations would make resource allocation decisions more difficult, weakening the integral link that we provide in our customers' supply chains.
- Additional switching wastes critical resources, degrades first-mile and last-mile service, poses additional safety risks, and introduces new, unnecessary risks of failure that affect our customers and our workforce.
- The proposed regulations would degrade the customer experience by offering less visibility to shippers who choose switching and are currently requesting more visibility. This would frustrate the advancements Union Pacific is now implementing at the customers' request to improve their overall service experience.
- These proposals would negatively impact all customers, not just those who seek forced switching. Reduced investment, difficulty allocating resources, operating inefficiencies, and service failures affect all customers across our network. These harms cannot be confined to customers actually using such a regulatory option and the greatest negative impacts would be borne by other customers.
- Rail is the most environmentally friendly mode of transportation. It is important rail stays a competitive and strong mode of transportation in the supply chain to serve the American consumer effectively and efficiently and to remain a vital stakeholder in the nation's supply chain.

Date: February 14, 2022

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