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July 1, 2022

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Via Electronic Filing

The Honorable Martin Oberman, Chairman
Surface Transportation Board
395 E Street, SW
Washington, DC 20423-0001

The Honorable Michelle Schultz, Vice Chairman
Surface Transportation Board
395 E Street, SW
Washington, DC 20423-0001

The Honorable Patrick Fuchs
Surface Transportation Board
395 E Street, SW
Washington, DC 20423-0001

The Honorable Robert Primus
Surface Transportation Board
395 E Street, SW
Washington, D.C. 20423-0001

The Honorable Karen Hedlund
Surface Transportation Board
395 E Street, SW
Washington, D.C. 20423-0001

ENTERED
Office of Proceedings
July 1, 2022
Part of
Public Record

Re: Docket No. EP 770(1) – Urgent Issues in Freight Rail Service

Dear Chairman Oberman, Vice Chairman Schultz and Board Members Fuchs, Primus, and Hedlund:

Per the Surface Transportation Board's May 5, 2022 order, Union Pacific respectfully encloses its Service Progress Report for July 1, 2022. Please contact me if you have any questions.

Sincerely,

James B. Boles

Enclosure

cc: Ms. Cynthia T. Brown, Chief,
Section of Administration, Office of Proceedings

Surface Transportation Board

Docket No. EP 770 (Sub-No. 1)

Urgent Issues in Freight Rail Service—Railroad Reporting

Union Pacific Railroad Company

Service Progress Report

July 1, 2022

Union Pacific EP 770(1) Service Progress Report

The Surface Transportation Board has directed Union Pacific to file a progress report to describe how the Railroad's improvement actions, as outlined in the service recovery plan filed on May 20, 2022, and Amended Plan, filed on June 23, 2022, are leading to better service.

Our improvement over the past two months was temporarily interrupted this past Father's Day and Juneteenth weekend (June 18-20) as we experienced elevated TE&Y layoffs, which resulted in additional trains being held. These layoffs were layered on top of two significant derailments on our Kansas sub between Topeka and Kansas City, KS just one week apart on June 17th and June 24th, and suspension of our operations for a period of time across a portion of the Shafter and Lynndyl subs in Utah as a result of a wildfire. Car Velocity has slowed, which increased freight car inventory. Train velocity has also slowed consuming more locomotive capacity within the existing fleet. The impact of these events will be reflected in the metrics below.

This progress report will focus on the initiatives originally identified in its Service Recovery plan dated May 20, 2022: (1) crew initiatives, (2) locomotive initiatives, and (3) freight car initiatives. Additionally, this progress report will update the Board on Union Pacific's key performance indicators.

A. Update on Union Pacific's key initiatives.

Union Pacific is synchronizing its resources and capacity to improve service. This analysis takes into consideration the supply of both crew and locomotive resources, including the projected demand and current efficiency rates for each resource.

1. Crew Initiatives

Year to date, Union Pacific has graduated 411 employees, including 188 since May 6, 2022. The train, engine, and yard ("TE&Y") training pipeline currently has 540 employees, which is an increase of 80 employees since May 6, 2022.

Union Pacific will have 188 borrow outs in place by July 8th. Union Pacific is on track to meet its goal of hiring and training 1,400 TE&Y employees.

2. Locomotive Initiatives

Union Pacific has restored 64 of 300 additional locomotives for anticipated 2023 volumes. Additionally, 42% of the 2022 locomotive modernization program has been completed. This modernization will improve the reliability of Union Pacific's locomotive fleet.

Train velocity has improved by 5% since mid-April. This improved velocity helps generate additional locomotive supply across Union Pacific's network.

3. Freight Car Initiatives

As we saw network improvements, we paused our efforts of storing system-controlled cars. Currently, Union Pacific has stored 7% of its system-controlled freight car fleet. Additionally, 40% of Union Pacific's private car customers had achieved mutually agreed-upon targets to remove excess cars from the system; currently over 1,500 excess cars of private inventory have been removed since mid-April.

B. Union Pacific's key performance indicators discussed below show improved network fluidity.¹

1. Car Velocity: Since mid-April, car velocity has improved by 5% to 186 miles per day on the Union Pacific network.
2. Operating Inventory: Union Pacific has decreased operating inventory by 6% to 189,612 cars on the network.
3. Cars per Carload: Cars per carload has seen a 4% decrease to 8.5, this directly correlates to product moving from origin to destination faster.
4. First Mile-Last Mile ("FMLM"): FMLM has improved by 1 point to 91%.
5. Trip Plan Compliance ("TPC")
 - i. TPC Bulk: TPC Bulk has improved by 4 points to 70%.
 - ii. TPC Manifest: TPC Manifest has improved by 9 points to 68%.
 - iii. TPC Intermodal: TPC Intermodal has degraded by 10 points to 63% versus the April benchmark.

C. Conclusion

While we faced headwinds in this measurement period from Father's Day, Juneteenth, and service outages from derailments and a wildfire, Union Pacific will continue to assess the network and match demand against our available resources in order to help ensure fluidity along our mainline. As we head into the Fourth of July holiday weekend, we expect TE&Y layoffs that may result in delayed trains. We will focus on maximizing the use of our available assets in order to minimize the impact of the upcoming holiday as much as possible.

¹ The baseline date for comparison of these metrics is the week ending April 15, 2022. The current comparison is June 18-24, 2022.