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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

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:

Union Pacific respectfully encloses its Service Progress Report for July 15, 2022. Please contact me if you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "James B. Boles", written over the typed name.

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 15, 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 Revised Plan, filed on June 23, 2022, are leading to better service.

In monitoring the network over the past two weeks, the anticipated increase in crew holds were realized and affected Union Pacific's performance. Network performance improved the week ending July 1st as the impact of elevated crew holds associated with Father's Day and Juneteenth were absorbed, and the network began to cycle in a normalized manner. However, elevated crew holds around the July 4th weekend materialized as expected, with an increase of approximately 90% compared to the prior week, which stalled performance improvement.

Additionally, a series of variability events in and around four major terminals in the southeast portion of the network interrupted the scheduled flows of our freight cars and locomotives. These events were a decisive factor in the decrease shown in the car velocity metric for the week ending July 8th. The impact of the events described above on operating inventory was partially offset by reduced carloads associated with the July 4th holiday. With these two holiday weekends (i.e., Father's Day/Juneteenth and July 4th) behind us, the natural tailwind associated with reduced carloadings following July 4th holiday, and improving crew supply, our key performance network indicators should improve.

This progress report will continue to 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 continuously evaluating the network and utilizes its supply and demand analysis to synchronize resources and capacity. 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 486 employees, including 263 since May 6, 2022.¹ The train, engine, and yard ("TE&Y") training pipeline currently has 504 employees. Union Pacific is on track to meet its goal of hiring and training 1,400 TE&Y employees in 2022.

Additionally, Union Pacific has 184 borrow outs currently in service.

¹ Union Pacific highlights the graduation rate since the publication of the Board's May 5, 2022, Decision on Railroad Reporting.

2. Locomotive Initiatives

Union Pacific has restored 76 of 300 additional locomotives for 2023 anticipated volumes. Additionally, 42% of the 2022 locomotive modernization program is complete. This modernization will improve the reliability of Union Pacific's locomotive fleet.

Train velocity has improved by 7% since mid-April. This improved velocity helps generate additional locomotive supply across Union Pacific's network.

3. Freight Car Initiatives

Union Pacific has 7% of its system-controlled freight car fleet stored after recently returning approximately 900 cars back into service to support additional carload volume. Additionally, 40% of Union Pacific's private car customers achieved mutually agreed-upon targets to remove excess cars from the system. Over 3,000 excess cars of private inventory have been removed.

B. Union Pacific's key performance indicators discussed below show improved network fluidity.²

1. Car Velocity: Since mid-April, car velocity improved by 5% to 186 miles per day on the Union Pacific network.
2. Operating Inventory: Union Pacific decreased operating inventory by 7% to 188,176 cars on the network.
3. Cars per Carload: Cars per carload realized an 8% decrease to 8.1, which is a positive improvement and directly correlates to product moving from origin to destination faster.
4. First Mile-Last Mile ("FMLM"): FMLM improved by 1 point to 91%.
5. Trip Plan Compliance ("TPC")
 - i. TPC Bulk: TPC Bulk improved by 4 points to 70%.
 - ii. TPC Manifest: TPC Manifest improved by 6 points to 65%.
 - iii. TPC Intermodal: TPC Intermodal degraded by 4 points to 69% versus the April benchmark.

C. *Conclusion*

Union Pacific will continue to assess the network and match and adjust our resources to ensure network fluidity. Now that we are past the July 4th holiday, Union Pacific expects crew availability to improve, which should serve as a tailwind to improve performance moving forward.

² The baseline date for comparison of these metrics is the week ending April 15, 2022.