



BUILDING AMERICA®

ENTERED
Office of Proceedings
July 29, 2022
Part of
Public Record

July 29, 2022

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

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 29, 2022. Please contact me if you have any questions.

Regards,

A handwritten signature in black ink, appearing to read "Whitney C. Larkin".

Whitney C. Larkin

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 29, 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.

Key performance indicators remain favorable compared to the baseline period. However, network performance slipped since the last report due to the variability of extreme heat across a broad swath of the network, resulting in elevated trains held for resources in addition to heat orders resulting in reduced authorized speeds that a train can operate across the impacted territories. These orders are issued to ensure the safe operation of our trains. The impact of this activity is reflected in our performance metrics.

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 continuously evaluates the network by utilizing its supply and demand analysis to synchronize resources and capacity. This analysis takes into account 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 535 employees, including 312 since May 6, 2022.¹ The train, engine, and yard ("TE&Y") training pipeline currently has 553 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 203 borrow outs currently in service.

2. Locomotive Initiatives

Union Pacific has restored 80 of 300 additional locomotives for 2023 anticipated volumes. Additionally, 48% 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 4% since mid-April. This improved velocity helps generate additional locomotive supply across Union Pacific's network.

3. Freight Car Initiatives

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

With the improvement in network performance, Union Pacific paused its storage efforts and began returning stored system-controlled cars to service. Currently, Union Pacific is working towards reducing the percentage of stored system-controlled freight cars to 4 to 5% of its fleet by mid-August. Over 2,000 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 2% to 181 miles per day on the Union Pacific network.
2. Operating Inventory: Union Pacific decreased operating inventory by 5% to 191,431 cars on the network.
3. Cars per Carload: Cars per carload realized a 4% decrease to 8.5.
4. First Mile-Last Mile ("FMLM"): FMLM is flat as compared to the mid-April metric.
5. Trip Plan Compliance ("TPC")
 - i. TPC Bulk: TPC Bulk improved by 7 points to 73%.
 - ii. TPC Manifest: TPC Manifest improved by 9 points to 68%.
 - 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. Union Pacific is confident that crew availability will continue to improve which we anticipate will serve as tailwind for improvement of our key metrics moving forward. Furthermore, as we approach another tropical storm season along the Gulf Coast, Union Pacific is prepared to react if the network is impacted by a tropical event.

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