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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:

Per the Surface Transportation Board's May 5, 2022 order, Union Pacific respectfully encloses its Service Progress Report for August 26, 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

August 26, 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.

Performance along the Union Pacific network remained consistent from our baseline performance in mid-April through our operating data reporting on August 19, 2022. Relative to our August 5th report, Operating Inventory increased by approximately 1.5% along with the 7-day carload rate declining at a rate of 1%. Car velocity remained flat as compared to the last report and remains on the upper end of our performance since mid-June. As the demand on the network shifts and changes, Union Pacific continues to adjust the transportation plan, when necessary, to ensure network fluidity. Our crew supply continued to improve as trains held for crew as reported decreased from 51 per day in mid-April to 16 per day for the 7-day period ending August 19th. This is the lowest number reported in 2022. In addition, our recrew rate has been below 8% for the last four weeks, and the availability of our active workforce surpassed 84% for the first time since May.

This progress report will continue to focus on the initiatives originally identified in its Service Recovery plan dated May 20, 2022: (1) crew initiatives and availability, (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 considers the supply of both crew and locomotive resources, including the projected demand and current efficiency rates for each resource.

1. Crew Initiatives and Availability¹

Year to date, Union Pacific has graduated 642 employees, including 419 since May 6, 2022.² The train, engine, and yard ("TE&Y") training pipeline currently has 467 employees. During this reporting period,³ 66 trainees entered training, 24 trainees dropped out of training, and 45 trainees completed training. Union Pacific is on track to meet its goal of hiring and training 1,400 TE&Y employees in 2022.

For the week ending August 19, 2022, Union Pacific's data shows that on average 84% of Union Pacific's total qualified TE&Y employees were available to work on a given day. Note however, "available" workforce are active TE&Y employees not in a recall, bump, or training status, and not laid off absent from their working assignment. On average, 8.6 % of Union Pacific's workforce

¹ Union Pacific has defined each availability category in the Report Addendum.

² Union Pacific highlights the graduation rate since the publication of the Board's May 5, 2022, Decision on Railroad Reporting.

³ These numbers are inclusive of the reporting period from August 6, 2022, to August 19, 2022.

was on vacation/personal leave, 2.3% were on FMLA, 1.7% laid off for illness, and 5.1% were unavailable to work for other reasons.⁴

Additionally, Union Pacific has 221 borrow outs currently in service. These borrow outs are solely concentrated in the Northern Region of the network.

2. Locomotive Initiatives

Union Pacific has restored 90 of 300 additional locomotives for 2023 anticipated volumes. Additionally, 56% of the 2022 locomotive modernization program is complete. This modernization will improve the reliability of Union Pacific's locomotive fleet.

Train velocity on the network has improved by 8% since mid-April. This improved velocity helps generate additional locomotive supply across Union Pacific's network.

3. Freight Car Initiatives

With the improvement in network performance, Union Pacific paused its storage efforts and reduced the percentage of stored UP-controlled freight cars to between 4 to 5% of its fleet from the original goal of 8% to 10%. In addition, based on the fluidity of the network, Union Pacific will add a number of additional Bulk sets, by the end of August.

A. Union Pacific's key performance indicators discussed below show improved network fluidity.⁵

1. Car Velocity: Since mid-April, car velocity improved by 8% to 190 miles per day on the Union Pacific network.
2. Operating Inventory: Union Pacific decreased operating inventory by 3% to 195,601 cars on the network.
3. Cars per Carload: Cars per carload realized a 5% decrease to 8.4.
4. First Mile-Last Mile ("FMLM"): FMLM improved 1 point to 91% compared to the mid-April metric.
5. Trip Plan Compliance ("TPC")
 - i. TPC Bulk: TPC Bulk improved by 8 points to 74%.
 - ii. TPC Manifest: TPC Manifest improved by 8 points to 67%.

⁴ To provide insight into Union Pacific's crew availability, Union Pacific is providing additional bi-weekly information since May 27, 2022, in the Addendum.

⁵ The baseline date for comparison of these metrics is the week ending April 15, 2022.

- iii. TPC Intermodal: TPC Intermodal degraded by 12 points to 61% versus the April benchmark.

B. Conclusion

Union Pacific continues to assess the network and match and adjust our resources to ensure network fluidity. We are positioned to add even more crew resources in the next 45 days as a result of additional graduates. Furthermore, carload volumes and operating inventory traditionally decrease over the Labor Day holiday. Labor Day will provide the network with an opportunity for a small reset, and we anticipate that this reset will also serve as a tailwind for improvement of our key metrics moving forward.

ADDENDUM TO PROGRESS REPORT

For the bi-weekly service progress reports previously submitted, Union Pacific amends its prior submissions to “provide additional context for their employment numbers, such as by including data in their plans and progress reports on the daily average number of employees not available for service, and if feasible, the cause of such unavailability.” STB EP 770(1) Decision, June 13, 2022. As such, crew availability is amended as follows with the corresponding data in the below table:

Union Pacific’s data shows the average percentage of Union Pacific’s total qualified TE&Y employees who were available to work on a given day. Note that “available” workforce is defined as active TE&Y employees not in a recall, bump, or training status, and not laid off absent from their working assignment. The following chart illustrates the key drivers of workforce availability for Union Pacific’s workforce. These numbers are a percentage average of all groups of qualified TE&Y employees. The key drivers for crew availability are defined as follows: (1) Available to Work, (2) Vacation/Personal leave (“PL”) – paid vacation days or Personal Leave Days of compensated absences, (3) Family Medical and Leave Absences (“FMLA”), (4) Illness – Layoff Sick or Layoff Sickness in Family, and (5) Other – all other layoff categories including HP (Health and Medical), Bereavement Leave, Missed Call, Layoff Personal Reasons, No Show, or layoff on call, among others.

<u>Week Ended</u>	<u>Available</u>	<u>Vacation/PL</u>	<u>FMLA</u>	<u>Illness</u>	<u>Other</u>
5/27/2022	83.3%	7.6%	2.2%	1.7%	5.2%
6/10/2022	82.4%	8.2%	2.2%	1.7%	5.5%
6/24/2022	81.9%	8.5%	2.6%	2.0%	5.0%
7/8/2022	79.0%	10.8%	2.7%	2.0%	5.5%
7/22/2022	81.7%	8.6%	2.3%	1.8%	5.6%
8/5/2022	81.9%	8.1%	2.5%	1.9%	5.6%
8/19/2022	84.0%	6.9%	2.3%	1.7%	5.1%

Union Pacific will continue to update its crew availability in its bi-weekly service progress reports.