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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 September 9, 2022. Please contact me if you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "James B. Boles".

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

Biweekly Service Progress Report

September 9, 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 remains improved versus our baseline performance in mid-April. This performance has been consistent since mid-July as operating inventory and carloads incrementally increased. These increases were concurrent with our add-back actions for system-controlled cars and Bulk sets. These actions support incremental volume opportunities as our supply of crew and locomotive resources improved. This improvement is visible within our trains held data over the past two reporting periods as the combined count of trains holding on a given day for a crew or locomotive is at its lowest levels of 2022. Furthermore, the total count of trains holding per day the last two weeks is now at January 2022 and early-February 2022 levels. As a result, Union Pacific's car velocity has been above 190 miles per day ("mpd") in four of the last five weeks even though operating inventory hovered near 195,000 cars.

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 716 employees, including 493 since May 6, 2022.² The train, engine, and yard ("TE&Y") training pipeline currently has 492 employees. During this reporting period,³ 118 trainees entered training, 19 trainees dropped out, and 74 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 September 2, 2022, Union Pacific's data shows that on average 84.6% 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, 6.4% of Union Pacific's

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 20, 2022, to September 2, 2022.

workforce was on vacation/personal leave, 2.2% were on FMLA, 1.7% laid off for illness, and 5.1% were unavailable to work for other reasons.⁴

Additionally, Union Pacific added 32 borrow outs since our last report for a total of 253 borrow outs across the system, nearly all are located across the Northern region. These resources are critical to our efforts to support the movement of freight across this portion of our network.

2. Locomotive Initiatives

Union Pacific has restored 94 of 300 additional locomotives for 2023 anticipated volumes. Additionally, 60% 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 11% 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%. Furthermore, Union Pacific added several additional Bulk sets in August. Moving forward, we will continue to evaluate additional Bulk opportunities based on the fluidity of the network.

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

1. Car Velocity: Since mid-April, car velocity improved by 9% to 192 miles per day on the Union Pacific network.
2. Operating Inventory: Union Pacific decreased operating inventory by 3% to 195,493 cars on the network.
3. Cars per Carload: Cars per carload improved 8% to 8.2.
4. First Mile-Last Mile ("FMLM"): FMLM improved 3 points to 93% compared to the mid-April metric.
5. Trip Plan Compliance ("TPC")
 - i. TPC Bulk: TPC Bulk improved by 17 points to 83%, which is the Union Pacific's best performance on this metric since reporting began in mid-April 2022.

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.

- ii. TPC Manifest: TPC Manifest improved by 9 points to 68%.
- iii. TPC Intermodal: TPC Intermodal degraded by 9 points to 64% versus the April benchmark.

B. Conclusion

Union Pacific continues to assess the network and match and adjust our resources to ensure network fluidity as we add even more crew resources moving forward. While Labor Day provided the network with an opportunity to shed some inventory, this progress will be partially offset by a multiple day outage, caused by a derailment that damaged a bridge, between Des Moines, Iowa and St. Paul, Minnesota. Despite this outage, we still anticipate continued performance improvement moving forward into the fall.

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%
9/2/2022	84.6%	6.4%	2.2%	1.7%	5.1%

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