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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 November 18, 2022. Please contact me if you have any questions.

Sincerely,

Tonya W. Conley

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

November 18, 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.

Results for our key performance indicators declined over the past week. Over the course of the last six weeks, the number of trains holding per day gradually increased. This increase was initially driven by trains holding for crew but has since transitioned to other reasons as the network slowed and resources were not in the correct location. The increase in crew holds was driven by a shift in geographic mix, an increase in total crew starts, and a decrease in available TE&Y employees at some locations, even though our total number of TE&Y employees has increased as we continue to graduate new hires and our overall crew availability increased to 85.4% in the reporting period. Despite the recent performance challenges, both Manifest TPC and Intermodal TPC were this past week within the goal range in our service recovery plan.

This progress report will continue to focus on the initiatives originally identified in Union Pacific's 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 1,031 employees, including 808 since May 6, 2022.² The train, engine, and yard ("TE&Y") training pipeline currently has 522 employees. During this reporting period,³ 60 trainees entered training, 25 trainees dropped out, and 101 trainees completed training.

For the week ending November 11, 2022, Union Pacific's data show that on average 85.4% of Union Pacific's total qualified TE&Y employees were available to work on a given day. Available workforce are those active TE&Y employees not in a recall, bump, or training status, and those not laid off absent from their working assignment. On average, 5.7% of Union Pacific's workforce

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

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

³ These numbers cover the reporting period from October 29, 2022, to November 11, 2022.

were on vacation/personal leave, 2.2% were on FMLA, 2.1% took time off for illness, and 4.6% were unavailable to work for other reasons.⁴

Union Pacific currently has 195 borrow-outs across the system, down 16 since our last report as we continue to reallocate resources across the network to match crew supply to crew demand. All borrow-outs are currently located across the Northern region. These geographically flexible workforce resources are critical to our efforts to support the movement of freight across the Northern region.

a) Locomotive Initiatives

Union Pacific has added almost 200 units to our operable fleet since the beginning of the year to handle the additional gross ton miles that are currently being tendered. Additionally, we have increased the number of locomotives we will modernize in 2022 by ~11%. Approximately 71% of the expanded program has already been completed. We will be modernizing additional locomotives in 2023 in our efforts to further improve the reliability, fuel efficiency, and emissions performance of Union Pacific's locomotive fleet.

Train velocity on the network has improved by 9% since mid-April. This improved velocity helps generate additional locomotive supply and volume capacity across Union Pacific's network.

b) Freight Car Initiatives

Union Pacific continues to evaluate opportunities to match UP-controlled freight car supply with freight car demand. This will become critical as we approach the holiday season and as we continue to monitor demand within the broader economy. In addition, we continue to work with our customers to help reduce the number of excess private cars on the network. As we shared with Surface Transportation Board Members in meetings over the last few weeks, Union Pacific has been working with customers to reduce excess inventory in order to relieve congestion resulting from elevated operating inventory.

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 5% to 190,460 cars on the network.
3. Cars per Carload: Cars per carload realized a 2% decrease to 8.7 as carloads have decreased by ~6% since our last update.

⁴ To provide insight into Union Pacific's crew availability, Union Pacific is providing additional bi-weekly information since April 1, 2022, in the Addendum.

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

4. First Mile-Last Mile (“FMLM”): FMLM improved 2 points to 92% 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% and has been within our stated goal range for the last nine weeks.
 - iii. TPC Intermodal: TPC Intermodal improved by 3 points to 76% versus the April benchmark and was within our stated goal range for the third straight week.

B. Conclusion

Union Pacific continuously assesses the network and adjusts our resources to ensure network fluidity and to meet customer demand. With the adjustments made to relocate crew resources and our initiatives to further reduce system-controlled and private inventory, we anticipate our service performance will recover and eventually exceed the levels realized in early October. Additionally, Union Pacific is prepared for the upcoming Thanksgiving holiday and working to ensure staffing levels are appropriate for expected volume.

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. Crew availability is amended as follows with the corresponding data in the below table:

Union Pacific’s data show the average percentage of Union Pacific’s total qualified TE&Y employees available to work on a given day. Available workforce is defined as those active TE&Y employees not in a recall, bump, or training status, and those not laid off absent from their working assignment. The following chart illustrates the key drivers of 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>
4/1/2022	83.9%	7.3%	2.2%	1.8%	4.9%
4/15/2022	83.1%	7.6%	2.0%	1.6%	5.6%
4/29/2022	83.7%	7.6%	2.0%	1.6%	5.2%
5/13/2022	83.5%	7.4%	2.3%	1.6%	5.1%
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%
9/16/2022	84.5%	6.9%	2.4%	1.8%	4.4%
9/30/2022	85.7%	6.4%	2.0%	1.4%	4.5%
10/14/2022	84.5%	6.7%	2.3%	1.8%	4.7%
10/28/2022	84.6%	6.3%	2.2%	2.0%	4.9%
11/11/2022	85.4%	5.7%	2.2%	2.1%	4.6%

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