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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 December 16, 2022. Please contact me if you have any questions.

Sincerely,

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

December 16, 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, and Interim Update, filed on December 2, 2022, are leading to better service.

Results for our key performance indicators improved this week as inventory dropped by approximately 12,000 cars since the week ending November 25th. Car Velocity, Manifest TPC, and Intermodal TPC all posted their best weekly number since we initiated our EP770 reporting. The improvement was also reflected in our EP724 trains held numbers as the number of trains held dropped below 100 per day for the first time in seven weeks.

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 1,164 employees, including 941 since May 6, 2022.² The train, engine, and yard ("TE&Y") training pipeline currently has 556 employees. During this reporting period,³ 224 trainees entered training, 31 trainees dropped out, and 55 trainees completed training.

For the week ending December 9, 2022, Union Pacific's data show that on average 84.6% 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, 5.3% of Union Pacific's workforce were on vacation/personal leave, 2.2% were on FMLA, 2.6% took time off for illness, and 5.3% were unavailable to work for other reasons.⁴

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 November 26, 2022, to December 9, 2022.

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.

Union Pacific currently has 218 borrow-outs across the system, up 33 since our last report as we continue to actively work to reallocate resources across the network to match crew supply to crew demand. Nearly 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. Approximately 83% of our expanded 2023 locomotive modernization 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 20% since mid-April. This improved velocity helps generate additional locomotive supply 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 customers to reduce excess private car inventory 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 14% to 202 miles per day on the Union Pacific network – best performance since we began reporting in April.
2. Operating Inventory: Union Pacific decreased operating inventory by 10% to 181,739 cars on the network.
3. Cars per Carload: Cars per carload realized a 9% decrease since mid-April to 8.1.
4. First Mile-Last Mile ("FMLM"): FMLM was flat at 90% compared to the mid-April metric.

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

5. Trip Plan Compliance (“TPC”)

- i. TPC Bulk: TPC Bulk improved by seventeen points versus our April benchmark to 82% and is above our stated goal.
- ii. TPC Manifest: TPC Manifest improved by thirteen points versus our April benchmark to 73% and is above our stated goal.
- iii. TPC Intermodal: TPC Intermodal improved by fifteen points to 89% versus the April benchmark and has been within or above our stated goal range for seven straight weeks.

B. Conclusion

Union Pacific will continue to assess the network and adjust our resources to preserve the improvement realized since Thanksgiving, ensure network fluidity, and to meet customer demand.

Our seven-day metrics will be challenged in the coming weeks as the network has reacted to three significant derailments on primary corridors and a major winter storm that impacted the North Platte terminal and our route to the Southern Powder River Basin (SPRB). As a result of the derailments, several trains enroute were stopped until the tracks were placed back into service which resulted in trains being recrewed and decreased the productivity of our locomotive fleet. Furthermore, we have staged several loaded and empty coal trains as the roads across portions of Wyoming and Nebraska were closed for an extended period, which prevented us from having crews available to operate these trains.

Moving forward for the remainder of December, we anticipate that inventory could potentially creep up slightly between now and the Christmas holiday if carloads increase which is typical based on historical trends. However, we remain confident that as we recover from the variability above, continue to adjust our resources to match train demand and execute our inventory initiatives, we will hold and build on the recent performance improvement.

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%
11/25/2022	81.3%	9.3%	2.4%	2.9%	4.1%
12/9/2022	84.6%	5.3%	2.2%	2.6%	5.3%

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